



China Mengniu Dairy Company Limited

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：2319

ANNUAL REPORT 2018 年報



CORPORATE PROFILE

公司簡介

China Mengniu Dairy Company Limited (the “Company”; stock code: 2319) and its subsidiaries (the “Group” or “Mengniu”) manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with **MENGNU** as its core brand. Mengniu’s diversified products include liquid milk (such as UHT milk, milk beverages and yogurt), ice cream, milk formula and other products (such as plant-based protein beverage and cheese). Mengniu made it on the “Global Dairy Top 20” list published by Rabobank, placing itself among the top 10 of dairy industry in 2017 and 2018 consecutively. By the end of December 2018, the Group’s annual production capacity of dairy products reached 9.75 million tons. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue chip Chinese dairy product enterprise.

中國蒙牛乳業有限公司(「本公司」；股份代號：2319)及其子公司(統稱「本集團」或「蒙牛」)於中國生產及銷售優質乳製品。憑藉其主要品牌**蒙牛**，蒙牛已成為中國領先的乳製品生產商之一。蒙牛提供多元化的產品，包括液態奶(如UHT奶、乳飲料及酸奶)、冰淇淋、奶粉及其他產品(如植物蛋白飲品、奶酪)。蒙牛於二零一七年及二零一八年連續兩年於荷蘭合作銀行公佈的「全球乳業20強」佔據全球首十名。截至二零一八年十二月底，本集團乳製品的全年生產能力達975萬噸。二零一四年三月，蒙牛獲納入恒生指數成份股，成為首家中國乳製品企業藍籌股。



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HIGHLIGHTS

摘要

For the Year Ended 31 December	截至十二月三十一日止年度	2018 二零一八年 RMB Million 人民幣百萬元	2017 二零一七年 RMB Million 人民幣百萬元
Revenue	收入	68,977	60,156
Gross Profit	毛利	25,784	21,183
Profit Attributable to Owners of the Company	本公司擁有人應佔利潤	3,043	2,048
Net cash flows from operating activities	經營業務產生的淨現金流量	6,364	5,505
Earnings per Share (RMB)	每股盈利(人民幣元)		
– Basic	– 基本	0.779	0.526
– Diluted	– 攤薄	0.778	0.526

- In 2018, Mengniu continued to be named among the “Global Dairy Top 10” by Rabobank for two years in a row, BrandZ™’s list of top 20 most valuable Chinese brands for the fourth consecutive year and topping the list of brand contribution. In 2019, for the first time, Mengniu made it among Brand Finance’s list of the top 500 most valuable brands of the world.
- Mengniu introduced the “Power of Nature, Born for Greatness” brand proposition which gained unprecedented success by tying in with 2018 FIFA World Cup (“World Cup”) themed marketing. During the period of World Cup, the brand power of Mengniu increased significantly, climbing to the top spot of the industry for the first time in five years.
- Mengniu’s room temperature products saw a significant boost in sales volume, while overall sales recorded considerable growth and the business gained a bigger market share; the share of chilled products remained the first in the market for the 13th consecutive year. Core products delivered steady performance while its innovative new products performed brilliantly; the ice cream business achieved sales that had grown at a high single-digit rate. The milk formula business, which had turned around to profit and capitalized on the growth momentum, managed significant growth.
- During the year, Mengniu consolidated and established new business divisions, focusing on businesses with high potentials including overseas markets, fresh milk, plant-based protein beverage and yogurt, with which the overall deployment witnessed initial satisfactory results.
- Mengniu strengthened its digital marketing development and reinforced channel and Point of Sales (“POS”) constructions, while promoting new retail model via B2B and empowering distributors to enhance its sales capability.
- Mengniu further optimized the deployment in quality milk sources and production lines in order to enhance the efficiency of its supply chain. Also, it established a factory in Indonesia as its second overseas factory, which is also the first liquid milk factory of Mengniu located in overseas markets, serving to speed up the entry to Southeast Asian markets.
- 於二零一八年，蒙牛第二年蟬聯荷蘭合作銀行公佈的「全球乳業十強」，並連續第四年入選BrandZ™最具價值中國品牌榜前20強，及躍居品牌貢獻總榜第一名。蒙牛更在二零一九年首次躋身Brand Finance的全球最具價值品牌500強。
- 蒙牛提出「自然力量，天生要強」的品牌主張，配合2018 FIFA世界盃(「世界盃」)主題營銷獲得空前成功，世界盃期間，蒙牛品牌力大幅提升，五年以來首次位列行業第一。
- 蒙牛常溫產品銷量顯著提升，整體銷售增長可觀，進一步增加市場份額；低溫產品的市場份額連續第13年保持第一，核心產品表現穩健，創新產品表現亮眼；冰淇淋業務實現高單位數增長。奶粉業務在扭虧為盈的基礎上，銷售乘勢而上，持續大幅增長。
- 蒙牛在年內整合設立新業務群，聚焦海外市場、鮮奶、植物基蛋白飲品、奶酪等高潛力業務，整體佈局初顯成效。
- 蒙牛加強數字化營銷建設，深化渠道和終端建設，推廣B2B新零售模式，賦能經銷商，提升銷售力。
- 蒙牛進一步優化優質奶源及生產線的佈局，提升供應鏈效率，並於印尼設立海外第2間工廠，該工廠亦是蒙牛在海外市場的第一間液態奶工廠，以加速進軍東南亞市場。

HIGHLIGHTS 摘要

Revenue by Product Mix (For the year ended 31 December)

按產品劃分之收入(截至十二月三十一日止年度)

RMB Million 人民幣百萬元

Liquid Milk
液態奶Ice Cream
冰淇淋Milk Formula
奶粉Other Products
其他產品

2018

59,388.6

2,723.4

6,017.4

847.7

2017

53,015.0

2,513.1

4,042.1

585.4

Revenue by Product Mix in Liquid Milk Segment (For the year ended 31 December)

按液態奶產品劃分之收入(截至十二月三十一日止年度)

RMB Million 人民幣百萬元

UHT Milk
UHT奶Milk Beverages
乳飲料Yogurt
酸奶

2018

29,688.7

9,998.3

19,701.6

2017

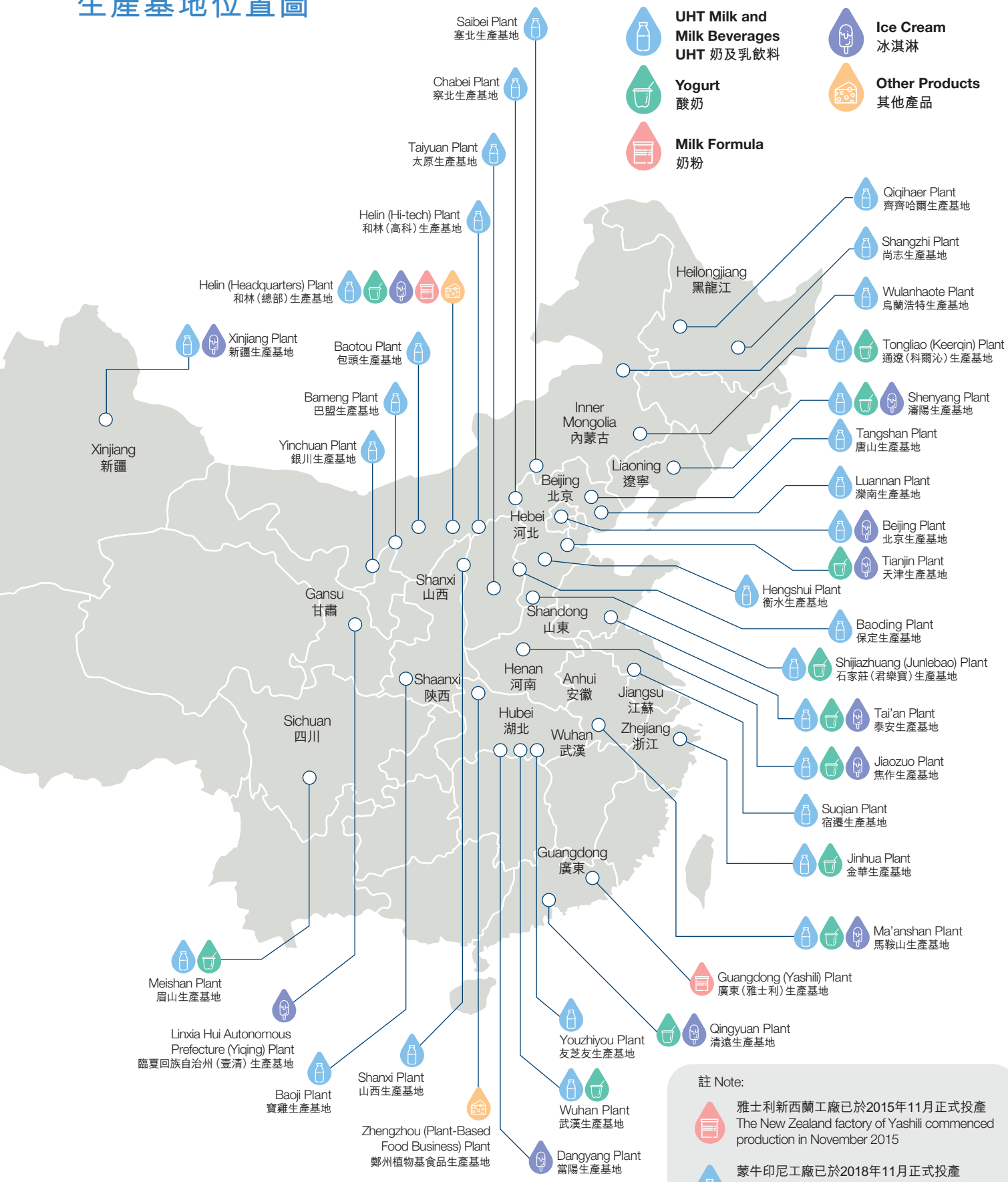
25,689.2

9,879.8

17,446.0

PLANT MAP

生產基地位置圖



- UHT Milk and Milk Beverages**
UHT 奶及乳飲料
- Yogurt**
酸奶
- Milk Formula**
奶粉
- Ice Cream**
冰淇淋
- Other Products**
其他產品

註 Note:

- 雅士利新西蘭工廠已於2015年11月正式投產
The New Zealand factory of Yashili commenced production in November 2015
- 蒙牛印尼工廠已於2018年11月正式投產
The Indonesia factory of Mengniu commenced production in November 2018

MAJOR AWARDS AND ACHIEVEMENTS

主要獎項及殊榮

THE GROUP AND ITS MANAGEMENT

- Included in the “Global Dairy Top 20” list published by Rabobank for the tenth consecutive year and climbed into the world’s top 10 for the second consecutive year.
- Ranked among the top 3 for “The Best CEO”, “The Best CFO” and “The Best Investor Relations Program” in the consumer/staples category published in the 2018 All-Asia Executive Team Survey conducted by the Institutional Investor magazine.
- Granted the “Blue Book of Poverty Alleviation for Enterprises (2018) – Excellent Case in Poverty Alleviation” by the State Council Leading Group Office of Poverty Alleviation and Development and the Chinese Academy of Social Sciences.
- Honoured with the “Asia Responsible Entrepreneurship Award 2018 – Social Empowerment Category” conferred by Enterprise Asia.
- Mengniu was one of the first four enterprises to receive the honourable title of “Climate Leader Plant” from the Energy Foundation and China Council for an Energy Efficient Economy, making itself the only enterprise to receive this honour in the dairy product industry in China. With the award of “2017-2018 Top 10 Food Safety Enterprise” granted by the Organizing Committee of China Food Safety Annual Conference, Mr. Jeffrey, Minfang Lu, Chief Executive Officer, was awarded the title of “2017-2018 Outstanding Food Safety Entrepreneur”.

MENGNIU'S BRANDS

- Ranked among the top 20 in the BrandZ™ 2018 list of the most valuable Chinese brands.
- Ranked among Brand Finance’s list of the top 500 most valuable brands in the world.
- On the “China Brand Power Index (C-BPI)” list published by the Ministry of Industry and Information Technology of the PRC, Mengniu’s chilled yogurt held the championship in China’s yogurt industry for the eighth consecutive year and *Yoyi C* retained the championship in C-BPI Brand Power in the probiotics drinks industry.
- *Mengniu* was ranked second on the list of “Most Chosen Brands in China” in the consumer research statistics of Kantar Worldpanel.

MENGNIU'S PRODUCTS

- *Milk Deluxe Organic Milk* and *Reeborne Organic* infant milk series respectively garnered the “Gold Award” and “Quality Formula Award” conferred by the 12th Biofach China.
- The pure milk of *Modern Dairy* won the Gold Award from Monde Selection for the fifth consecutive year.
- The milkshake milk product *Burnlooking* won the “Innovation Award for the First Weight Management Milk” and the *Champion BB-12* yogurt won the “Innovation Award for the First Dual Functional Healthcare Yogurt” in the 12th Inner Mongolia International Dairy Expo and Summit.
- Yashili International Infant Nutrition Co., Ltd. was granted the title of “Benchmark Enterprise for Dairy Product Quality and Safety Management” jointly awarded by the China Dairy Industry Association and Chinese National Committee of the International Dairy Federation.

本集團及管理層

- 連續十年入選荷蘭合作銀行的「全球乳業20強」榜單，並連續第二年位居全球前十
- 在《機構投資者》雜誌2018年度亞洲區公司管理團隊調查中，分別獲必需消費品行業類別的「最佳CEO」、「最佳CFO」及「最佳投資者關係工作」頭三位殊榮
- 榮獲國務院扶貧辦和中國社會科學院頒發的「《企業扶貧藍皮書2018》企業扶貧優秀案例獎」
- 榮獲亞洲企業商會頒發的「2018亞洲企業社會責任—社會公益發展獎」
- 蒙牛成為四家首批獲得能源基金會與能效經濟委員會 • 中國頒發「氣候領袖企業」榮譽稱號的企業之一，並成為國內乳品行業中唯一獲此殊榮企業。榮獲中國食品安全年會組委會頒發的「2017-2018年食品安全十強企業」，總裁盧敏放先生榮獲「2017-2018年食品安全優秀企業家」稱號

蒙牛品牌

- 榮獲BrandZ™2018最具價值中國品牌榜20強
- 榮獲Brand Finance全球最具價值品牌500強
- 在中國工業和信息化部的中國品牌力指數(C-BPI)中，蒙牛低溫酸奶連續第八年蟬聯C-BPI中國酸奶行業品牌力榜首，*優益C*蟬聯C-BPI乳酸菌飲料行業品牌力榜首
- 蒙牛在凱度消費者指數的調研中，位列「中國市場消費者首選品牌榜」第二名

蒙牛產品

- 特侖蘇有機純牛奶及蒙牛瑞哺恩有機嬰兒奶粉系列分別獲得「第十二屆中國國際有機產品博覽會產品金獎」及「優質配方獎」
- 現代牧業純牛奶連續5年榮膺世界食品品質評鑒大會金獎
- 在「第十二屆內蒙古乳業博覽會暨高峰論壇」中，優燃纖維奶昔牛奶榮獲「首款體重管理牛奶創新獎」，*冠益乳BB-12*酸奶榮獲「首款雙功能保健酸奶創新獎」
- 雅士利國際嬰幼兒營養品有限公司獲得由中國乳製品工業協會及國際乳品聯合會中國國家委員會聯合授予的「乳品質量安全管理標杆企業」稱號

世界品质 天生要强

蒙牛远销全球各地 赢得更多用户信赖





蒙牛®

强



CEO'S STATEMENT 總裁致辭

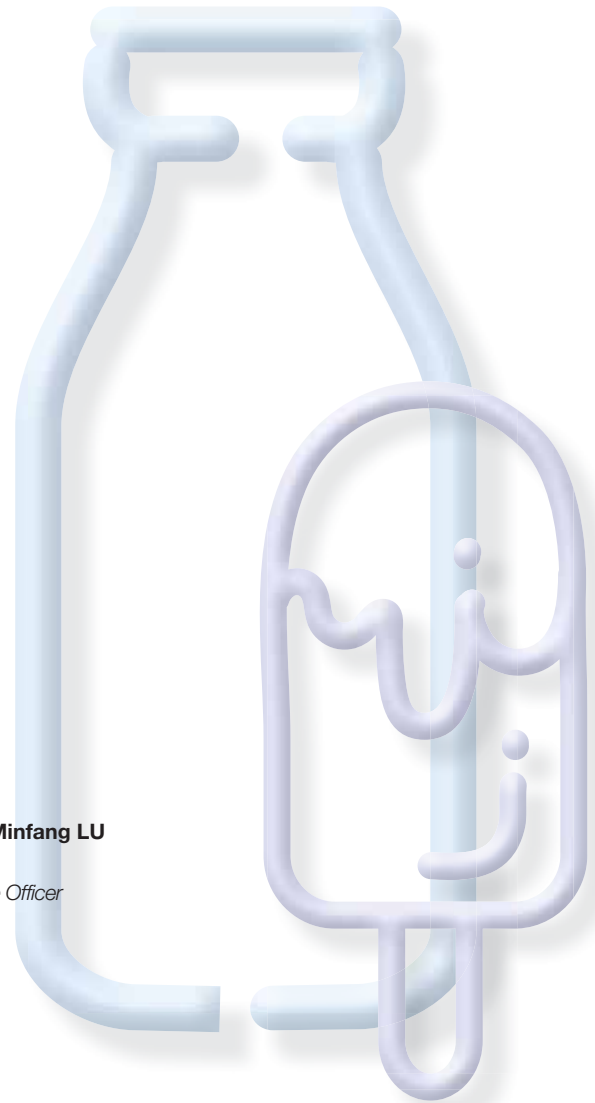


Mr. Jeffrey, Minfang LU

盧敏放先生

Chief Executive Officer

總裁



Despite facing a challenging economic environment and intensified industry competition in 2018, Mengniu did not rely on price competition. Quite the opposite, it remained steadfast in upholding its set strategies of focusing on nutrition and health, increasing the quantity and improving the quality of new products, using differentiated products to seize market share and carrying out World Cup-themed marketing in full strength with the parent brand and the sub-brands working in collaboration. It also upgraded channel deployment, stepped up expanding e-commerce and new retail sales, optimized supply chain efficiency and developed new business, so as to create new growth drivers for itself. Successful strategic planning and effective execution of the plans enabled Mengniu to speed up business growth and enter a high-quality and sustainable development mode. The structure of the Group's traditional business has gradually optimized while new businesses are ready to gain ground. Mengniu has developed and grown from "Mengniu of Inner Mongolia" 20 years ago into "Mengniu of the world", as evidenced by it being named again among the "Global Dairy Top 10" by Rabobank.

二零一八年，儘管面對經濟環境挑戰及行業競爭加劇，蒙牛並沒有依賴價格競爭，相反，蒙牛仍然堅守既定戰略，聚焦營養健康，持續提升新品數量和質量，以差異化產品攻佔市場，並透過母子品牌協同作戰，大力進行世界杯主題營銷，以及升級渠道佈局，進一步拓展電商及新零售銷售，優化供應鏈效率，發展新業務，打造蒙牛增長新引擎。成功的戰略規劃及高效的戰略執行，助力蒙牛業務增長提速，進入了高質量、可持續的發展模式。本集團的傳統業務結構已日趨完善，新興業務正蓄勢待發，蒙牛亦已從二十年前的「內蒙牛」逐漸壯大為全球知名的「世界牛」，蟬聯荷蘭合作銀行公佈的「全球乳業十強」。

CEO'S STATEMENT 總裁致辭



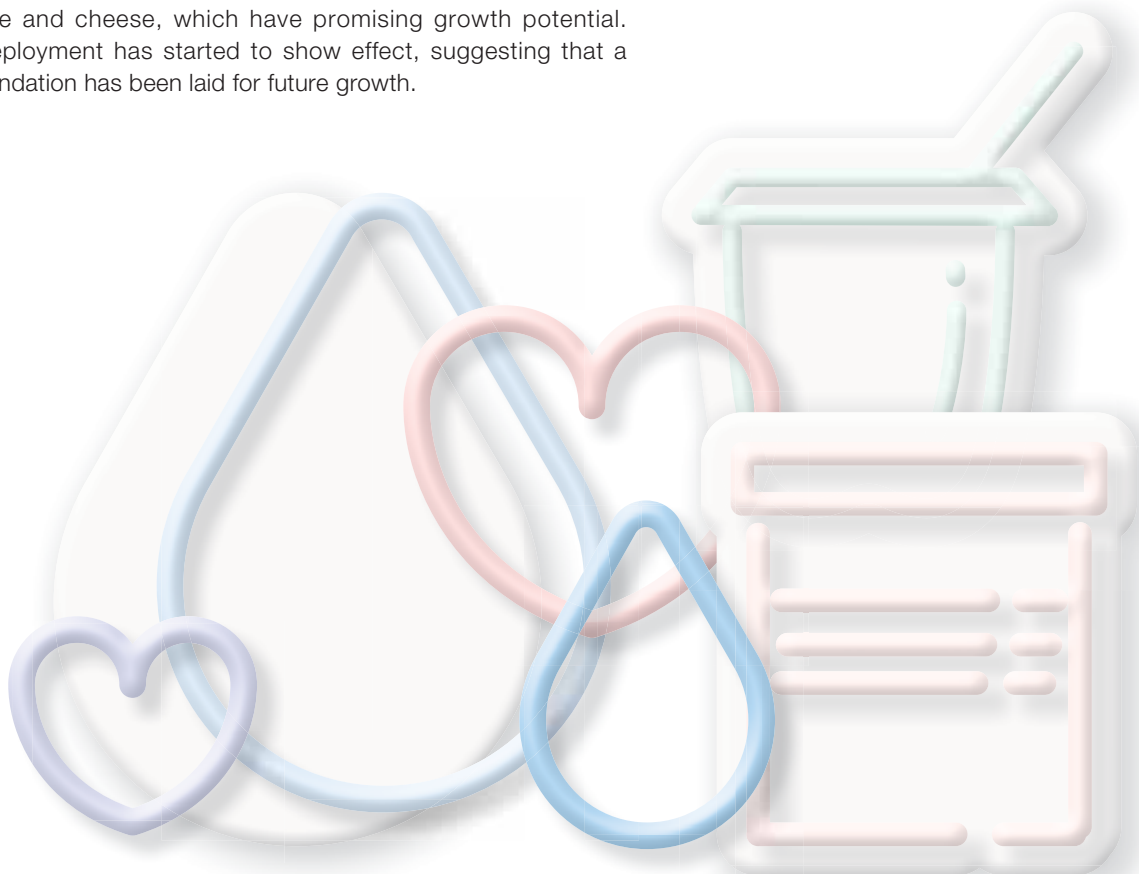
Mengniu's new product category-based business division system is operating efficiently. Each business segment performed well during the year. By focusing on core product categories and premium products, and drawing on its core competitiveness, that is, its ability to innovate, the Group continued to exert on research and development of innovative products during the year, targeting at premium, nutritious and healthy products, and launched over 40 new products. These efforts, together with the extensive World Cup marketing campaign, had enabled the Group to achieve outstanding results for the year.

蒙牛按產品種類劃分的新事業部制高效運營，各業務板塊齊頭並進。本集團聚焦核心品類及明星產品，以創新作為核心競爭力，於年內持續發力產品創新研發，推進產品向高端化、營養化、健康化升級，推出40多款新品，配合聲勢浩大的世界杯營銷戰，取得了豐碩的成果。

CEO'S STATEMENT 總裁致辭

During the year, Mengniu's room temperature product business achieved considerable growth. Each of *Mengniu* and *Milk Deluxe* branded milk achieved double-digit growth, with growth rate further increased in the year. New products launched during the year, such as the *Just Yoghurt* easy-to-carry bottle series *Xiaomanyao* and room temperature fruit pulp yogurt both performed satisfactorily since their debut, contributing to the sales of room temperature yogurt reaching new heights. Mengniu's chilled products retained solid leadership in the industry, with *Mengniu* branded yogurt recording steady growth, whereas the functional yogurt *Champion*, at the drive of the new *BB-12* yogurt grew shoulder-to-shoulder with the star probiotics drink *Yoyi C*. Furthermore, the innovative *Bio Kaquzi* product performed brilliantly and *European Charcoal Yogurt* recorded explosive growth in sales. As for ice cream business, at the major promotional efforts mounted for the flagship brand *Suibian* and the launch of a number of new products, it achieved sales that had grown at a double-digit compound annual growth rate over the last three years, leading in growth speed in the industry. Having turned around to profit and capitalizing on the strong growth momentum gathering, the milk formula business achieved a substantial increase in sales. At the same time, the Group integrated and set up new business divisions to help develop overseas markets and businesses, such as fresh milk, plant-based beverage and cheese, which have promising growth potential. Such deployment has started to show effect, suggesting that a solid foundation has been laid for future growth.

年內，蒙牛的常溫業務增長可觀，蒙牛和特侖蘇品牌牛奶取得雙位數增長，增速進一步提升。而蒙牛在年內推出便攜式瓶裝設計的純甄小蠻腰以及常溫果粒酸奶等新品，上市以來成績理想，令常溫酸奶銷售表現再創高峰。蒙牛的低溫產品穩佔行業領先地位，蒙牛品牌酸奶增長穩健，功能酸奶冠益乳在新品BB-12酸奶的帶動下與明星乳酸菌飲品優益C齊頭並進，創新產品碧悠卡趣滋表現亮眼、歐式炭燒酸奶銷售更取得爆發式增長。冰淇淋業務聚焦第一大品牌隨變進行大型促銷活動，加上推出多個新品，實現銷售連續三年雙位數的複合增長率，增速領先行業。奶粉業務在扭虧為盈的基礎上，銷售乘勢而上，持續大幅增長。同時，本集團整合設立新業務群，聚焦海外市場、鮮奶、植物基、奶酪等高潛力業務，整體佈局初顯成效，為未來增長奠定了堅實的基礎。



GEO'S STATEMENT 總裁致辭

In 2018, Mengniu was an Official 2018 FIFA World Cup™ (“World Cup”) Sponsor and also the first dairy product brand to cooperate with FIFA as a global sponsor and the first food and beverage brand in China as a World Cup global sponsor. The sponsorship saw Mengniu’s international brand influence board new heights. Mengniu also appointed Lionel Messi (“Messi”), the former FIFA World Player of the Year, as brand ambassador to promote its “Born for Greatness” brand proposition, making “Born for Greatness” buzzwords of the year, helping strengthen the international brand image of Mengniu. Working as one team, all the different departments rolled out in concert the World Cup marketing campaign of the Group and achieved outstanding results. During the large-scale integrated marketing activity “FIFA World Cup Fun, Scan the Code for Red Packet 100%” (“Scan the Code for Red Packet”), with more than 200 million times of code scanning, the Group had in-depth interaction with consumers, sharing together with them the excitement of the World Cup. During the World Cup marketing campaign, Mengniu’s brand influence increased notably, ranking first in the industry the first time in five years, according to Kantar Millward Brown’s research.

Boasting high quality products and an international brand image, Mengniu has represented the country at international and national events. During the year, apart from being an official partner of the Shanghai Cooperation Organization Business Forum, it also participated in the first China International Import Expo. Managing breakthrough in overall brand power, Mengniu continued to make it among the top 20 in the BrandZ™ list of Most Valuable Chinese Brands for the fourth consecutive year and climbed to first place this year in brand contribution. In addition, in 2019, for the first time, the Group made it on to Brand Finance’s list of top 500 most valuable brands in the world.

二零一八年，蒙牛品牌力全面升級，成為2018 FIFA世界盃(「世界盃」)全球官方贊助商，亦是首個作為FIFA全球贊助商的乳品品牌及首個作為世界盃全球贊助商的中國食品飲料品牌，蒙牛品牌的國際影響力更上一層樓。蒙牛並聘請前世界足球先生里奧·梅西(Lionel Messi，簡稱「梅西」)簽約成為品牌代言人，傳播「天生要強」的品牌主張，使「天生要強」成為年度熱詞，進一步深化蒙牛的國際化品牌形象。本集團各部門凝心聚力、全面部署，在世界盃營銷戰中取得驕人業績，在「玩轉FIFA世界盃，掃碼紅包100%」(「掃碼紅包」)大型整合營銷活動期間，蒙牛與消費者深入互動，共享世界盃激情，掃碼人次超過兩億。世界盃營銷活動期間，蒙牛的品牌影響力顯著提升，根據華通凱度的調研，其品牌影響力五年來首次位列行業第一。

蒙牛憑藉高品質、國際化品牌形象，屢屢作為「國家名片」亮相國際級、國家級盛會，年內除成為上海合作組織工商論壇的官方合作夥伴外，亦進駐首屆中國國際進口博覽會。憑藉品牌力的全面突破，蒙牛連續四年入選BrandZ™最具價值中國品牌榜前20強，更躍居品牌貢獻總榜第一名，此外，蒙牛亦在二零一九年首次躋身Brand Finance的全球最具價值品牌500強。

CEO'S STATEMENT 總裁致辭

Adhering to its “developing routes to market and enhancing channel penetration” strategy, Mengniu took its sales deployment reform further, practiced refined management of sales and optimized its supply chain model, and in turn was able to enhance sales capability. By steadily expanding traditional channels and tapping the power of e-commerce and new retail channels, it was able to systematically expand its sales points and enlarge its market coverage and penetration in towns and villages as well as campuses. Mengniu’s e-commerce division achieved all its core targets for 2018 and boasted an over 50% growth in sales, surpassing the industry average. Mengniu stepped up strategic cooperation with e-commerce merchants such as JD.com and Tmall and achieved outstanding performances on e-commerce platforms during such shopping carnivals as “Double 11” and “Super Brand Day”. At the same time, dedicated to developing new product types and new channels, Mengniu became strategic partners with Ist.1688.com and Huixiadan.net and tailored and launched unique products that match the characteristics of the different channels. In the advent of the Big Data era, Mengniu initiated the “Smart Network Action” during the year. By applying its standardized management system on sales channels and building a professional integrated smart marketing network system to provide digital marketing and channel expansion solutions, the Group aims to help itself and its distributors reap fully the benefit of digitalization. Moreover, while optimizing the Customer Relationship Management (“CRM”) membership system, Mengniu also coordinated collaboration among different brands in integrating consumer Big Data across brands to enhance grouping and more thorough understanding of consumers and ultimately, with the help of digital technology, realize precision marketing.

During the year, Mengniu continued to optimize global deployment, dedicating in building a global industrial chain that connects milk source to production and sales, and also in-house research and development to quality control. The Group also made new “Mengniu speed” record by building its second overseas factory, this latest in Indonesia, in 172 days. The factory is also the first liquid milk factory of Mengniu set up overseas, the purpose of which is to enhance the competitiveness of Mengniu in Southeast Asian markets hence hasten its business expansion in those markets.

蒙牛通過進一步深化銷售佈局變革，精細化銷售管理，優化供應鏈模式，落實「通路精耕、渠道下沉」策略，銷售力得到全面提升，透過穩步拓展傳統渠道，借勢電商及新零售渠道，有序擴張銷售網點，發力村鎮市場及校園渠道。蒙牛電商事業部達成二零一八年的全部核心指標，銷售額增長超過五成，高於行業平均增速。蒙牛持續深化與京東、天貓等電商的戰略合作，在各電商平台表現脫穎而出，於「雙十一」、「超級品牌日」等營銷活動戰績碩果累累。另一方面，蒙牛著重新品類、新渠道拓展，與零售通及惠下單達成戰略合作，因應不同渠道特性推出專屬產品。大數據時代背景下，年內「智網行動」正式啟動，旨在通過標準化的管理系統落實到銷售渠道的各層面，打造專業營銷一體化的智網系統，提供全數字化營銷及渠道拓展解決方案，助力蒙牛集團及經銷商數字化戰略的全面實現。此外，蒙牛在優化 Customer Relationship Management（「CRM」）會員體系的同時，協同不同品牌打破產品界限，深度融合跨品牌消費者大數據，提升消費者分群能力及洞察能力，達致數字化精準營銷。

蒙牛在年內繼續完善全球化佈局，致力構築一條打通從奶源到生產銷售、自研發到質量管控的全部環節的全球化產業鏈。本集團更刷新「蒙牛速度」，以172天於印尼設立海外第二間工廠，該工廠亦是蒙牛在海外市場的第一間液態奶工廠，以提升蒙牛在東南亞市場的競爭力，加速進軍東南亞市場。

GEO'S STATEMENT 總裁致辭

Mengniu continued to join force with its three major shareholders to align its operations with international standards and apply the resources available to it from around the world so as to develop itself into a world-class dairy enterprise. Upholding the core value of no compromise on quality, Mengniu adopts refined management practices on quality across the entire industrial chain to make sure it can provide products of consistent quality to consumers. At the same time, as a representative of Chinese enterprises bearing social responsibility, Mengniu has continued to implement charitable campaigns like the “Inclusive Nutrition Plan” and also pushed forward its sustainable development strategy, so as to bring happiness to more people.

The dairy industry in China is moving closer to achieving the target of completing revitalization by 2025 and the industry is advancing into a “golden decade” of rapid growth. Looking forward, Mengniu will continue its current business strategies to enhance core competitiveness, including investing resources into the *Mengniu* parent brand to help bolster sales of sub-brands, strengthening digital marketing-related construction, stepping up channel and POS construction to empower distributors, pursuing B2B new retail mode in greater depth and enhancing sales capability, fortifying R&D capabilities for achieving product innovation and upgrade, as well as optimizing deployment of quality milk source and product lines to boost supply chain efficiency. In addition, Mengniu will pool resources to develop new businesses and products under its key brands, and push forward market upgrade and channel development, to power rapid growth of its new businesses.

Mengniu will celebrate its 20th anniversary in 2019, another milestone in its hundred-year journey of development and also the starting point of its next stage of advancement. In 2019, Mengniu will strive to excel on all fronts from products, brands, sales channels, to innovation and culture. The Mengniu team will diligently carry on the “Born for Greatness” Mengniu spirit and build a powerful army that embraces the wolf team culture of “must-win” and “win-win”, opening the new “Mengniu of the world” era.

Jeffrey, Minfang LU
Chief Executive Officer

Hong Kong, 27 March 2019

蒙牛持續攜手三大股東，對標世界級標準，利用全球資源，打造世界級的乳製品企業。蒙牛堅守以質量為核心的價值觀，細化全產業鏈質量管理，為消費者帶來優質如一的產品。同時，作為民族企業，肩負著社會責任，蒙牛持續推行「營養普惠計劃」等公益活動，深入推進可持續發展戰略，為更多人創造點滴幸福。

二零二五年乳業全面振興的目標正逐步接近，中國乳製品行業正邁向快速發展的「金色十年」。展望未來，蒙牛將延續現時的業務戰略，以持續提升核心競爭力，包括持續提升對蒙牛母品牌的投入，拉動子品牌的營銷；加強數字化營銷建設，深化渠道和終端建設，賦能經銷商，深化B2B新零售模式，提升銷售力；持續強化研發能力，實現產品的創新升級；以及進一步優化優質奶源及生產線的佈局，提升供應鏈效率。蒙牛並將集中資源，深入發展新業務，聚焦重點品牌，升級市場及渠道的發展，以推動新業務的快速增長。

二零一九年將是蒙牛發展的二十週年，是蒙牛百年征途的又一里程碑，亦是全新的起點。蒙牛將力爭贏在二零一九一要贏在產品、贏在品牌、贏在渠道、贏在創新、贏在文化。蒙牛人將秉承「天生要強」的蒙牛精神，以「必贏、共贏」的狼性團隊文化打造「要強鐵軍」，開啟「世界牛」的新時代。

盧敏放
總裁

香港，二零一九年三月二十七日

纯甄[®]



纯

纯甄品牌代言人：张芝兴

甄甄酸牛奶 好喝到底



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

INDUSTRY REVIEW

In 2018, the overall economy of China continued to grow with consumption remaining steady. The country's GDP for the year amounted to approximately RMB90 trillion, representing an increase of 6.6% year-on-year. Total Retail Sales of Consumer Goods were approximately RMB38 trillion, up by 9.0% year-on-year.

As for the dairy industry, it maintained healthy development thanks to government policies supportive of revival of the industry. The continuous consumption upgrade and a growing middle class in China have given the dairy industry the drive to upgrade and optimize product structure, and the unfolding of the new consumption era is pushing dairy industry players to meet consumers' demand for healthy, readily accessible and personalized products. As such, high-end, healthy, diversified dairy products have become growth engines of the industry, and leading players are resorting to developing new and high-quality dairy products to seize market share. The consumption power of residents in third-tier and fourth-tier cities is growing while the penetration rate of dairy products has been low, which means that the penetration potential in lower-tier cities is another major growth driver of the industry. With Internet use more and more prevalent and the new online retail business developing rapidly, large dairy enterprises like Mengniu are seizing the opportunity to integrate online and offline channels to develop the "new retail" model that merges seamlessly purchase and marketing scenarios. Moreover, empowered by Big Data, they are able to enhance consumption experience and meet consumer demands at all times, thereby markedly elevate the value of dairy products.

At the introduction of new products and active brand marketing by the industry, liquid milk sales continued to register strong growth. The keen interest of consumers in healthy products have translated into demand for room temperature yogurt, high-end pure milk and chilled fresh milk products, turning them into growth engines of the industry. In addition, as the quality of domestic milk formula continues to improve, both foreign and domestic infant milk formula brands have been developing in equally strong strides in the China market. Consumption upgrade has also turned products like organic infant milk formula and goat milk powder into impetus of sales growth for milk powder industry. By the end of December 2018, a total of 1,195 infant milk product formulas had gained approval under the infant milk formula registration policy launched by the Chinese government. With players lacking in competence weeded out, the industry has further consolidated, which is conducive to high quality and strong brands seizing market shares.

行業回顧

二零一八年，國內整體經濟持續增長，消費依然穩健。年內，中國國內生產總值約為人民幣90萬億元，同比增長6.6%；中國社會消費品零售總額約為人民幣38萬億元，按年增長約9.0%。

在國家政策支持乳業振興的背景下，乳業保持健康發展。國內消費持續升級和中產階級的壯大，推動了乳製品行業的升級及產品結構優化。新消費時代驅使乳製品行業迎合消費者對健康、即時性及個性化的追求，高端、健康、多元的乳製品成為行業增長的驅動力，市場領先者均以研發新產品及高質量乳製品搶佔市場。三四線城市居民消費力增強，而乳製品消費滲透率尚低，亦成為乳製品行業增長的另一主要推動力。互聯網使用愈見普及，新興網上零售高速增長，大型乳企如蒙牛正把握當前機遇，積極進行線上線下渠道整合，融合發展「新零售」模式，讓購買和營銷場景無縫切換，並且透過大數據賦能，提升購物者的體驗和隨時滿足消費者的需求，以實現乳製品產品價值的飛躍。

在行業致力開發新品以及品牌營銷下，液態奶銷售繼續維持強勁增長。大眾對健康的熱切追求促使常溫酸奶、高端純牛奶及低溫新鮮乳製品產品越來越受歡迎，成為行業增長引擎。此外，隨著國產奶粉的品質持續提升，中國嬰幼兒配方奶粉市場中，外資和國產品牌呈現均衡發展，消費升級亦令有機嬰幼兒配方奶粉、羊奶粉等成為奶粉行業的銷售增長點。截至二零一八年十二月底，中國政府實施的嬰幼兒奶粉配方註冊制一共批准了1,195個嬰幼兒配方乳粉產品配方，優勝劣汰下，行業集中度進一步提高，有利優質及富實力的品牌搶佔市場。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

In June 2018, the State Council of the PRC issued a circular to further revive the milk industry and improve the quality and safety of domestic dairy products, aiming to, with quality, safety and green development as ultimate targets, facilitate supply-side structural reform to lower cost, optimize industry structure, improve quality, build brands and enhance vitality of the industry, as well as strengthen standards, technological innovation, policy support, law enforcement and monitoring, and enhance consumption, all to the end of speeding up construction of the production system, operation system and quality and safety system of a modern dairy industry. The new policy is expected to help boost the quality, efficiency and competitiveness of the dairy industry, contributing to modernization of the industry. Additionally, the individual income tax reform in China taking effect in 2019 is expected to increase residents' disposable income, hence support the steady growth of consumption expenditure. That plus the prevailing consumption upgrade will brace the healthy development of the dairy industry.

Currently, dairy industries in different parts of the world are not developing at the same speed. Compared with Europe and North America, emerging markets, especially those in Asian regions, are facing pressure from such as tight production resources, lagging in technological strength and lower per capita consumption, therefore have lots of room for development and faster consumption growth. To tap the enormous market potential, dairy enterprises in China need to gain a place on the international stage, insist on the internationalization process of "bringing in, going out" to quickly enhance competitiveness, strive for a unified global dairy industry and look for more cooperation opportunities. As a leading dairy product enterprise in China, Mengniu had pressed forward with internationalization in the past year, gradually developing a global dairy community.

中國國務院於二零一八年六月頒佈《關於推進奶業振興、保障乳品質量安全的意見》，以優質安全、綠色發展為目標，推進供給側結構性改革，以降成本、優結構、提質量、創品牌、增活力，強化標準規範、科技創新、政策扶持、執法監督和增加消費培育，加快構建現代奶業在生產、經營和質量安全的體系，預期新政將進一步提高奶業發展質量、效益和競爭力，推動奶業現代化。此外，國家個人所得稅改革自二零一九年起實施，預期將增加居民的可支配收入，支持消費支出的穩定增長，加上消費升級的大趨勢，有利乳業的穩健發展。

目前全球乳業發展不均勻，新興市場特別是亞洲地區相對歐洲和北美洲而言，呈現生產資源較緊缺、乳業科技水平相對較落後、人均消費量較低等特徵，發展空間廣闊，消費增長亦更為快速。要撬動巨大的市場空間，中國乳企需要融入國際舞台，堅持「引進來、走出去」的國際化進程，快速提升競爭能力，體現世界乳業一體化，謀求更多合作機會。蒙牛作為國內領軍乳品企業之一，亦於過去一年為國際化積極向前，逐步向建立全球乳業共同體邁進。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

BUSINESS REVIEW

Business Division Performance

Room Temperature Product Business

With consumers' needs in mind, Mengniu's room temperature product business pursued product and marketing innovation and stepped up route-to-market ("RTM") development, tying these efforts in with World Cup themed marketing. As such, it saw a significant boost in brand influence and the sales volume of products. Overall sales recorded considerable growth and the business gained a higher market share. *Mengniu Pure Milk* and high-end pure milk *Milk Deluxe* both achieved double-digit growth in sales. New products launched during the year, such as the *Just Yoghurt* easy-to-carry bottle series *Xiaomanyao* and fruit pulp yogurt, also achieved satisfactory results, sending the sales performance of room temperature yogurts to new heights.

During the year, the high-end pure milk brand *Milk Deluxe* focused on developing its sub-categories as well as continuing product upgrade. Following the launch of a super high-end product tailored for sports enthusiasts, namely *M-PLUS High Protein Milk*, in 2017, staying loyal to the high-end brand positioning of *Milk Deluxe* during the year, the new *Milk Deluxe Organic Milk* product that features the "DreamCap™" packaging was launched, giving *Milk Deluxe* a strong boost to achieve continued rapid sales growth. *Just Yoghurt* mounted the World Cup themed marketing activities with "Pure Flavor, Full Enjoyment" as the slogan, and with the help of focused advertising, effective online and offline interactive marketing plus launching the high-end easy-to carry bottle yogurt series *Just Yoghurt Xiaomanyao*, the sales of *Just Yoghurt* was boosted. Mengniu continued to launch the grapefruit flavor, enriching the *Just Yoghurt Xiaomanyao* product line at the end of the year. In addition, Mengniu unveiled to the market its first weight management fiber-rich milkshake milk product *Burnlooking* and its first hydrolyzed collagen jelly product *Ningchun*. In response to consumers' demand, these products were launched in an innovative sales mode via social marketing and publicity platforms, capturing the eyes of the health and beauty conscious mass.

Chilled Product Business

Mengniu's chilled product division made great advancement in various professional aspects, including production techniques, product research and development ("R&D"), packaging design, as well as probiotics and nutritional content. Mengniu also continued to strengthen cooperation with its strategic shareholder Danone SA and its subsidiaries (the "Danone Group") on product R&D and production techniques, which brought fruitful results. In 2018, Mengniu continued to hold the leading share in the chilled product market for the 13th consecutive year and achieved double-digit revenue growth. Core products delivered steady performance while the functional yogurt *Champion* and star probiotics beverage *Yoyi C* both grew in equally strong strides, with brand power increasing and staying at the top in the market. *European Charcoal Yogurt* prided strong sales, claiming a larger share of market, and the new meal replacement yogurt *Bio Kaquzi* also performed brilliantly.

業務回顧

事業部表現

常溫業務

蒙牛常溫業務圍繞消費者需求，以產品創新、營銷創新、深化渠道精耕(Route to Market，簡稱「RTM」)等戰略配合世界盃主題營銷，品牌影響力及產品銷量顯著提升，整體銷售增長可觀，進一步增加市場份額。蒙牛純牛奶和高端純牛奶特侖蘇均取得雙位數增長，而蒙牛在年內推出便攜式瓶裝設計的純甄小蠻腰以及果粒酸奶奶等新品，上市以來成績理想，常溫酸奶奶銷售表現再創高峰。

年內，高端純牛奶品牌特侖蘇聚焦細分產品和產品持續升級，繼於二零一七年推出針對泛運動人群的超高端M-PLUS高蛋白質牛奶後，於年內繼續圍繞其高端品牌定位，以富有特色的「夢幻蓋」包裝全新推出特侖蘇有機純牛奶，推動特侖蘇銷售持續高增長。純甄圍繞世界盃主題開展營銷活動，以「味道純純，盡享精彩」為口號，集中投放廣告以及有效實施線上線下互動營銷，並且推出高端便攜式瓶裝設計新品純甄小蠻腰酸奶奶，成功刺激純甄的銷售；蒙牛再順勢於年底推出紅西柚口味，進一步豐富純甄小蠻腰酸奶奶的產品類別。此外，蒙牛在市場推出首款體重管理牛奶慢燃纖維奶昔牛奶及首款水解膠原蛋白晶瑩果凍產品凝純。順應消費者需求，創新銷售模式，通過社交營銷平台傳播推廣，成功吸引注重健康及愛美的消費人群。

低溫業務

蒙牛低溫事業部在工藝技術、產品開發、包裝設計、菌種、營養等多個專業領域均顯著提升；蒙牛亦持續深化與戰略股東Danone SA及其子公司（「Danone集團」）在產品研發及技術工藝等方面的合作，並取得了豐碩成果。二零一八年，蒙牛低溫產品的市場份額連續第13年保持行業第一，收入實現雙位數增長。核心產品表現穩健，功能酸奶奶冠益乳與明星乳酸菌飲品優益C齊頭並進，品牌力持續提升並保持第一，歐式炭燒酸奶奶銷售強勁，市場佔有率進一步提升，新品代餐酸奶奶悠卡趣滋表現亮眼。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

During the year, Mengniu launched a number of new chilled products, which bolstered growth of the chilled product business. Since the new product *BB-12* was launched in 2017, *Champion* has focused on enhancing market penetration via strengthening education of the health benefits of the functional yogurt to reinforce the “professional and functional” positioning of the brand, and as such, recorded outstanding sales performance during the year. The well received *Yoyi C LC-37* series, a revolutionary probiotics product launched in 2017, took on a new World Cup themed packaging during the year and, at the complement of the “Scan the Code for Red Packet” activity, further enhanced sales. Moreover, targeting for nationwide deployment, the *European Charcoal Yogurt* series appeared in new packaging and had new flavors added, which resulted in explosive sales growth during the year. At the end of 2017, Mengniu optimized *Bio*'s product structure by launching a leading-edge product *Bio Kaquzi*, the first domestic meal replacement yogurt with mixed grains and yogurt separately packed, in order to meet the growing demand of domestic consumers for food replacement. Mengniu also launched another leading-edge product *Bio Shuangcenglaoru*, the first stirred Fruit on the Bottom (“FOB”) yogurt of Mengniu in November 2018.

Milk Formula Business

As for the milk formula business, Yashili International Holding Ltd (“Yashili”, stock code: 1230), in which the Group holds approximately 51% stake, owns five brands including *Yashily*, *Dumex*, *Reeborne*, *Doraler* and *Arla Baby & Me*, which are positioned in agreement with its comprehensive product strategies and are scientifically and effectively managed for the product lines to cover all-tier markets: mid-range, high-end and super high-end. Yashili was on the first published list of enterprises with the most infant formulas registered following the implementation of the country's infant milk formula registration policy. By the end of 2018, Yashili had completed registration of 48 formulas in 16 product series of its own brands and also the cooperative brand *Arla*. The Group's another milk formula brand *Junlebao* also completed registration of 27 formulas in 9 product series, reflective of the recognition it enjoys for product quality.

In 2018, Yashili continued to enrich its brand mix and improve product structure, and completed its comprehensive branding upgrades. It launched its new logo and a new brand image with the brand slogan of “Do Our Best for Your Loved Ones” in April 2018. On the back of honors such as CCTV's “Craftsmanship Brand” and “Official Powdered Milk of the 2018 FIFA World Cup™ (for Greater China)”, it mounted all-round brand promotion on various platforms. Yashili also strengthened its penetration into counties, townships and third- and fourth-tier cities via the mother-and-baby store channels, supplemented by modern trade channels and e-Commerce channels to grow its business. The business, which had turned around to profit, had sales climbing during the year, managing significant growth.

年內，蒙牛推出多款低溫新品，助力低溫業務增長。*冠益乳*自二零一七年推出*BB-12*新品以來，著力提升產品的市場滲透率，通過強化保健功能酸奶的教育傳播，鞏固其「專業功能性」酸奶定位，在年內銷售表現突出。*優益C*於二零一七年推出顛覆活性乳酸菌品類的創新產品*LC-37*系列，深受消費者歡迎，在年內更推出世界盃主題包裝，配合「掃碼紅包」活動，進一步推動產品銷售。此外，蒙牛的歐式炭燒酸奶佈局全國，推出新包裝、新口味拓展產品系列，年內銷售出現爆發式增長。蒙牛亦針對國內消費者日益強烈的代餐需求，於二零一七年底推出國內首創的復合穀物與酸奶分室包裝代餐酸奶*碧悠卡趣滋*，並於二零一八年十一月推出蒙牛第一款攪拌型Fruit on the Bottom(「FOB」，即底層有水果的意思)酸奶—*碧悠雙層酪乳*等尖端產品，優化*碧悠*的產品結構。

奶粉業務

奶粉業務方面，本集團持有約51%股份的雅士利國際控股有限公司(「雅士利」，股份代號：1230)，旗下有*雅士利*、*多美滋*、*瑞哺恩*、*朵拉小羊*和*Arla寶貝與我*五大品牌，以全方位的產品戰略定位，科學高效地管理各產品線，實現對中端、高端和超高端等層級市場的全面覆蓋。隨著中國嬰幼兒奶粉配方註冊制的實施，雅士利成為首批公佈名單中獲得嬰幼兒奶粉註冊配方數量最多的企業，截至二零一八年底已完成旗下產品連同合作品牌*Arla*在內的16個系列共48個配方的註冊，本集團旗下另一品牌*君樂寶*亦已完成9個系列27個配方的註冊，產品質素備受認可。

二零一八年，雅士利繼續致力豐富品牌矩陣，完善產品結構，並完成品牌的全面升級，以「匯你所想，為你所愛」的品牌主張，於二零一八年四月推出嶄新品牌標誌及形象。在獲得「CCTV·匠心品牌」及「2018世界盃官方指定奶粉(大中華區)」等殊榮的支持下，配合多元化平台進行全方位品牌推廣，以及聚焦母嬰渠道並輔以商超、電商渠道深入滲透縣、鎮級及三、四線城市拓展業務，使奶粉業務在扭虧為盈的基礎上，在年內銷售乘勢而上，持續大幅增長。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Ice Cream Business

Tapping into the World Cup craze, the ice cream business division focused on 12 key products of its flagship brand *Suibian* and rolled out extensive promotion titled “Shake for Red Packets, Win Tickets to the World Cup”, appealing to consumers online and offline through integrated promotion on television, the Internet and via outdoor advertisement. The extraordinary exposure plus the appointment of Kris Wu, who has a massive young fan base, as brand ambassador enabled the Group to enhance interaction with consumers and in turn boost sales volume and gain market share. And, the promotional efforts targeting major cities with rippling effect also helped pushed up sales nationwide. In 2018, the division achieved sales that had grown at a high single-digit rate. Gross profit margin of the business also increased notably.

During the year, Mengniu launched a total of 28 new ice cream products. For instance, *Suibian* expanded and optimized its product offerings by introducing such high-end products as the double-layer crunchy Belgian chocolate and cherry jam ice cream and strawberry and chocolate flavor ice cream. The high-end brand *Deluxe* launched the new product wonder color crunchy ice cream to drive sales of the brand. *Ice+* introduced various new products, including the special football shape passion fruit flavor ice cream launched in cooperation with Messi, which won the hearts of consumers. New products were also added to *Mengniu Russian* series and *Mood for Green* series, etc.

New Business Development**Cheese Business**

To grasp growth opportunities in the cheese market in China, Mengniu established a cheese business division responsible for three major areas of development, namely retail, deep processing of dairy products and cheese for catering service. By strengthening cooperation with Arla Foods, the largest dairy enterprise in Europe, the Group strived to develop the cheese market with new products, new formula, new packaging, new brand image and new marketing approach as its means, aiming to realize the aspiration of “building a strong cheese industry to help make the healthy China dream come true”. In the first half of 2018, Mengniu and Arla Foods together introduced *Arla* shredded mozzarella under the professional catering brand *Arla Pro*, the first cheese product customized for China market and produced in Mengniu’s factories, helping Mengniu enter the business of high-end cheese for catering. Together with Arla Foods, it also became the official sponsor of the 2018 World Fencing Championships, thus strengthening brand promotion. The Group also entered the cheese retailing business by launching new kids cheese cup and kids cheese sticks under the children dairy product series *Arla Little Explorer* last November. Such products are 100% imported from Denmark.

冰淇淋業務

冰淇淋事業部借勢世界盃熱播效應，聚焦第一大冰淇淋品牌隨變的12個重點產品，開展「隨變搖紅包，贏世界盃門票」大型主題促銷活動，電視、網絡、戶外廣告整合宣傳，線上線下全方位覆蓋消費者，通過超高曝光率和代言人青年偶像吳亦凡的粉絲效應，增強與消費者的互動，拉動銷量，搶佔市場份額，並且聚焦重點城市，驅動全國銷量，於二零一八年實現銷售高單位數增長，毛利率亦明顯提升。

年內，蒙牛總共推出了28個冰淇淋新品，例如隨變推出雙脆層比利時巧克力櫻桃果醬夾心冰淇淋及草莓巧克力口味雪糕等高端產品，以拓展產品系列，優化產品結構。高端品牌蒂蘭聖雪推出絢彩脆皮冰淇淋，帶動該品牌銷售。Ice+推出多款新品，包括聯手梅西推出足球形狀定制產品一百香果口味雪泥等，深受消費者喜愛。蒙牛俄式系列、綠色心情系列等冰淇淋品牌亦有新品推出。

新業務發展**奶酪業務**

為抓緊中國奶酪市場的增長機遇，蒙牛設立奶酪事業部發展零售、乳品深加工及餐飲奶酪三大業務，透過加強與歐洲最大乳品企業Arla Foods合作，利用新產品、新配方、新包裝、新品牌形象以及新營銷，積極開拓奶酪市場，致力實現「奶酪振興，助推營養健康中國夢」。蒙牛聯合Arla Foods引進專業餐飲品牌*Arla Pro*，於二零一八年上半年推出第一款專為中國市場定制並在蒙牛工廠生產的愛氏晨曦馬蘇里拉乾酪絲，進軍高端餐飲奶酪業務，並與Arla Foods成為二零一八年世界擊劍錦標賽官方贊助商，加強品牌推廣。去年十一月，本集團亦推出100%丹麥原裝進口的愛氏晨曦小探險家兒童奶制品系列新品，涵蓋兒童奶酪杯及兒童奶酪條，進軍奶酪零售。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Fresh Milk Business

To align with international standards, the fresh milk business division leveraged the high quality raw milk resources of China Modern Dairy Holdings Ltd. (“China Modern Dairy”, stock code: 1117) and adopted world-leading production technology system to produce excellent quality fresh milk. During the year, Mengniu launched a total of 17 fresh milk SKUs, with *Shiny Meadow* fresh milk as the main product targeting the high-end market. Boasting high original protein and calcium contents, *Shiny Meadow* aims to lead a healthy lifestyle in a new era. During the year, the brand was the sole title sponsor of the 1st International Indie Coffee Festival in China, an endeavor to enhance brand influence. The other new product launched during the year was *Greenhouse* fresh milk that targets the mid-range to high-end markets. Using 360 relevant standards to measure milk at source to ensure freshness and also standing out in having higher protein content than peer products, it won market preference.

Since established in late 2017, Mengniu’s fresh milk business division has worked hard to establish its business model, build up the service capability of its fresh milk supply chain and deploy sales channels that cover to date about 30 major cities in Eastern, Southern, Northern and Central China. Taking the characteristics of fresh milk consumers and product positioning into account, major channels have been employed to introduce fresh milk products to markets in core regions to enhance product exposure, thereby lay a sound foundation for the fresh milk business to develop.

Plant-based Protein Beverage Business

In 2018, Mengniu’s plant-based protein beverage brand *ZhiPuMoFang* focused on the soymilk category, promoting *Silk Americano Soymilk*’s positioning as “trendy and healthy, of international quality and great new tastes”. The Group mounted precision marketing for the product by highlighting the advanced American production standards that it met and the 40-year history of the *Silk* brand, and achieved significant growth in sales as compared with the previous year. At the same time, *ZhiPuMoFang* added a new high-end product on the basis of *Silk Americano Soymilk*’s original taste and almond flavor, launching the North American mixed berries flavor series during the year. That helped enhance the overall gross profit margin of the brand. In addition, *Silk Americano Soymilk* also strengthened B2B cooperation with Starbucks, offering plant-based solutions to all of the soymilk-based coffees of its partner and expanding cooperation in more regions and outlets. It also took advantage of the channel resources of Mengniu’s liquid milk business to rally new customers, increase the number of sales points, enhance profitability of each individual store and strengthen POS control.

鮮奶業務

鮮奶事業部對標國際品質，利用中國現代牧業控股有限公司（「中國現代牧業」；股份代號：1117）的優質原奶資源，採用國際領先生產技術系統，生產優質好鮮奶。年內，蒙牛共推出了17個鮮奶單品，主打產品有佈局高端市場的*每日鮮語*鮮牛奶，以原生高蛋白質及原生高鈣引領新時代健康生活方式，*每日鮮語*更於年內獨家冠名中國首屆國際獨立咖啡節，以提升品牌的影響力。另一款新推出的*新鮮工廠*鮮牛奶佈局中高端市場，以360項新鮮標準打造源頭上的新鮮，產品蛋白質含量高於對標產品的優勢，獲得市場青睞。

蒙牛鮮奶事業部由二零一七年年底開設至今，建立商業模式，打造鮮奶供應鏈服務能力，佈局銷售渠道，現已覆蓋至華東、華南、華北、華中等大區約30個重點城市。結合鮮奶消費人群及產品定位，圍繞核心區域市場，聚焦重點渠道展開產品鋪市，不斷提升產品曝光度，為鮮奶業務的發展建立了良好基礎。

植物基蛋白飲品業務

二零一八年，蒙牛的植物基蛋白飲品品牌*植樸磨坊*聚焦豆奶品類，以「時尚健康、國際品質、創新美味」為產品定位，推廣*Silk*美式豆奶，憑藉源自美國的先進生產標準和四十年的品牌保證，以精準營銷作為驅動力，銷售額較上一年度大幅增長。同時，*植樸磨坊*在*Silk*美式豆奶原味及巴旦木風味基礎上再新增高端品類，於年內推出全新北美混合莓果系列產品，助力提升品牌整體毛利率。此外*Silk*美式豆奶亦強化與星巴克的B2B合作，為其所有豆奶底咖啡提供植物基解決方案，不斷拓展合作區域及網點，並借勢蒙牛液態奶業務渠道資源，逐步拓展新客戶、增加網點數量、提升單店盈利能力及加強終端掌控力。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Overseas Business

In 2018, the overseas business division adhered to the strategy of “leveraging the World Cup to deploy business across Southeast Asia” in expanding business. It organized marketing roadshows in Hong Kong, Singapore and Myanmar for *Just Yoghurt*, *Yoyi C* and ice cream products to help raise the influence of the *Mengniu* brand and drive sales, which resulted in double-digit growth in export volume of the Group’s products for the fifth consecutive year. Mengniu’s *Yoyi C* factory in Indonesia commenced operation in November 2018. It has a designed daily production capacity of 130 tons and will contribute to the integration of production, supply and sales all in one place and be able to also supply products to major ASEAN countries in the future, as such help boost Mengniu’s competitiveness in the Southeast Asian market, and in turn speed up implementation of the internationalization strategy of the Group.

Quality Management

Mengniu has aligned with international benchmark enterprises observing ISO9001, FSSC22000 and HACCP standards, and tying them in with its organizational accountability system to establish a three-tier quality and safety management system. The system comprises 26 management modules taking care of from quality management planning to implementation, evaluation and improvement, reinforcement and protection across the entire industrial chain, and covers all business and quality related processes in ranches, feed and veterinary drugs management and at the retail-end, among others, and with the entire chain traceable, the safety and quality of products are assured. For its new business divisions like overseas business, fresh milk and e-commerce operation, Mengniu has drawn up three-year quality assurance plans that cover aspects including their quality and safety management system, organizational structure setting and division of labor and special guidance has been provided to their personnel, and regarding their equipment and relevant craftsmanship.

The milk source business division has strived to improve the quality of milk supply by multiple ways and means, including adopting a risk alert mechanism to keep check on the risk exposure of each milk source and plant, and with regard to use of medications on dairy cattle. It also enhanced environment and safety management at the ranches and strengthened professional training of ranch personnel. During the year, Mengniu prided a 100% passing rate of inspections conducted by 37 inspection bodies on a total of 29,354 raw milk samples from 47 projects of its milk source departments randomly selected.

海外業務

二零一八年，海外事業部圍繞「全面借力世界盃、全面佈局東南亞」的戰略拓展業務，聚焦純甄、優益C、冰淇淋等產品，在香港、新加坡、緬甸等地開展營銷路演活動，提升品牌影響力，推動銷售，促使本集團產品出口銷量連續五年呈雙位數高增長。蒙牛優益C印尼工廠亦於二零一八年十一月正式投產，該工廠設計日產能130噸，它的投產將實現在當地的產供銷一體模式，並在未來供應東盟主要國家，以提升蒙牛在東南亞市場的競爭力，有力推動集團國際化戰略的快速實施。

質量管理

蒙牛依據ISO9001、FSSC22000及HACCP標準，對標國際先進標杆企業，結合組織權責矩陣，建立三級質量安全管理體系，形成從質量管理策劃到全產業鏈執行、評價改進、支持保障的質量安全管理體系共26個管理模塊，涵蓋了從牧場、飼料、獸藥管理到終端零售，覆蓋全業務與質量相關的所有過程，且全程可追溯，有力保障產品的安全質量。蒙牛並重點推動海外、鮮奶、電商等新事業部在質量安全管理體系、組織架構設置及職責分工方面的工作，製定三年質量規劃，以及對人員、設備、工藝等環節作專項指導。

奶源事業部致力從多維度提升供奶方質量，包括全面啟動風險預警機制，排查各奶源、工廠及奶牛用藥等方面的風險。其亦提高牧場環境安全管理，及加強牧場專業人才培養。年內，37家抽檢機構對蒙牛所轄各奶源部累計抽檢了47個項目共29,354個原奶樣品，合格率達100%。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

As for the room temperature business division, it embraces the management direction of “refining quality”. Using the new internal laser code printing technology, it is able to carry out double tracking of products and optimize the quantitative inspection management mode of production plants. During the year, it developed 109 food safety fast inspection techniques and started applying them in scale. In the area of new product development, it used Big Data analysis on testing new products and implemented a risk assessment mechanism for new products before they are deemed good for launch, plus setting testing standards for pilot test, incubation test, trial production and product stability, so as to effectively control the quality of new products.

The chilled business division continued to implement Danone Group’s newly revised Food Safety Item (“FSI”) standards, introducing new product management procedure and the Store Check method for management of quality at the retail-end and continuing to implement FSI food safety audits and Nepture cleansing verification, therefore integrating the good practices of Danone Group with Mengniu’s business operations to achieve new breakthroughs in management and control of safety of chilled products. During the year, the division pushed ahead with standardizing process of construction and management of the cold chain at the retail-end and was able to significantly reduce the defrosting rate of chilled products.

The ice cream business division improved product packaging and management of the production process, which contributed to standardization of the business process. It also completed reforming OEM management, upgrading its laboratory and stepping up standardization of food safety protection. As for the cheese business division, it continued to upgrade techniques and craftsmanship to ensure various benchmarks agree with the features of new products. Also, the division and Arla Foods together performed audits based on European food safety management standards and better defined quality and safety control and management procedures. The fresh milk business division pressed ahead with construction of its quality and food safety management system with emphasis on three aspects, namely food safety management, quality control at factories and quality management at the retail-end. It had zero food safety incident in 2018.

常溫事業部以「精益質量」為管理方向，利用內噴碼鐳射新技術對產品實現雙重追蹤，優化工廠的計量檢定管理模式，在年內開發了109項食品安全快速檢測技術，並進行規模化應用。新產品開發方面則運用大數據分析對新產品進行測試，落實新品立項前期風險評估機制，以及中試、保溫試驗、試產、產品穩定性等測試標準，有效把控新產品質量。

低溫事業部持續推行Danone集團新版食品安全標準(Food Safety Item，簡稱「FSI」)，引入新品管理流程和終端質量管理Store Check方法，持續推行FSI食品安全審核及Nepture清洗驗證，將Danone集團的優秀做法，與蒙牛實際業務融合，實現低溫食品安全管控的新突破。年內，低溫事業部亦全面推動終端冷鏈建設管理的標準化進程，使低溫脫冷率大幅下降。

冰淇淋事業部改善了包裝及生產流程管理，使業務流程更標準化，並且完成了OEM管理的改革，以及升級改造化驗室和加強食品安全防護的標準化。奶酪事業部則繼續提升技術工藝，保障各項指標符合新品特性，同時聯合Arla Foods以歐洲食品安全管理標準進行審核，細化品質安全管控工作。鮮奶事業部從食品安全管理、工廠質量監控、終端質量管理三方面穩步推進質量與食品安全管理體系建設工作，二零一八年實現食品安全事件零發生率。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

In addition, 2018 was the “Year of the National Standard Revision for Dairy Products”. In response to the country implementing national standards to revitalize the industry, Mengniu took the initiative to participate in drafting the industry standards. It reported to the Ministry of Industry and Information Technology the standards for “condensed milk” and “the testing results of β -casein in dairy and related products”, proof of its commitment to taking the quality of China’s dairy industry to a new height. In addition, during the year, Mengniu was the only enterprise in the dairy product industry which has been given approval to setup the “National Innovation Base of Technical Standards (for the dairy industry)”. It established five sub-bases for, namely quality milk sources production, application of intelligent manufacturing, R&D of dairy technology, development of testing technology and standardized services, and brought together various industry experts and 76 research institutions, testing institutions and enterprises to form a joint unit to develop a world-leading dairy industry standard innovation center.

Milk Source Development

In 2018, Mengniu analyzed systematically the current situation of its industrial chain. By effectively “adjusting deployment, optimizing structure and rationalizing pace”, it was able to achieve a balance between supply and demand in milk source development, which helped enhance the Group’s business performance. Moreover, Mengniu continued to apply its “Excellent Milk Source Operation and Management Model” to help enhance the management level and efficiency of supplier ranches, while kicking off digitalization of milk source operation to enable information sharing among ranch management and the raw milk supply chain, facilitating upgrade of the industrial chain.

The milk sources of Mengniu are primarily in Northwestern, Northeastern and Northern China, areas ideal for rearing dairy cattle. During the year, Mengniu was able to increase the proportion of milk supply from ranches of its investee companies, including China Modern Dairy, Inner Mongolia Fuyuan Farming Co., Ltd. and YuanShengTai Dairy Farm Limited, etc. Moreover, it actively expanded overseas milk sources, in such countries as Denmark, Australia and New Zealand, known for their rich milk supply to ensure the Group has access to continuous supply from quality milk sources. During the year, the percentage of milk sources of Mengniu from standardized ranches and scaled farms was maintained at 100%.

此外，二零一八年是「乳製品國家標準修訂年」。為響應國家標準將全面落實奶業振興的要求，蒙牛主動參與行業標準起草，向工業和信息化部積極申報了「濃縮乳」和「乳及其製品中 β -酪蛋白的測定」標準，致力於引領中國乳品行業質量邁向新高度。另一方面，蒙牛更於年內獲批為乳製品行業唯一的「國家技術標準創新基地(乳業)」籌建單位，設立品質奶源生產、智能製造應用、乳品技術研發、檢測技術研製、標準化服務五個分基地，現時已組織了多名行業權威專家，並召集76家科研機構、檢測機構及企業組成共建單位，將聯手打造成國際一流的乳製品行業標準創新中心。

奶源管理

二零一八年，蒙牛系統分析產業鏈現狀，奶源建設通過「調佈局、優結構、理節奏」有效舉措，實現供需有效平衡，助力集團業績提升。蒙牛並持續圍繞「奶源卓越運營管理模式」，致力提升供方牧場管理水平和效率，同時啟動數字化奶源建設，以實現牧場管理與原奶供應鏈的信息共享，推動產業鏈整體升級。

蒙牛的奶源地主要分佈在中國西北、東北、華北適宜養牛的黃金奶源帶。年內，蒙牛持續提升參股公司的牧場，包括中國現代牧業、內蒙古富源牧業有限責任公司、原生態牧業有限公司等的供奶比例，同時積極開拓海外奶源，將奶源地延伸至丹麥、澳大利亞、新西蘭等地的黃金奶源帶，確保本集團持續得到優質奶源供應。年內，蒙牛規模化、集約化的奶源比例持續達到100%。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Mengniu has continued to enhance the quality of milk source and, via optimizing analysis indicators and classification methods, improve supply management to support development of high-end differentiated products. Combining outstanding local and overseas experiences and taking reference of two core indicators in relation to microorganism and somatic cells, Mengniu has drawn up a set of grading standards for raw milk. The system is integrated with the raw milk pricing and payment mechanism, and protein content benchmarks are used to aid raw milk classification for meeting the different requirements of different products, thereby allowing the Group to achieve maximum economic benefit and has enhanced supply of quality raw milk. During the year, Mengniu's "Sensory and Nutrition Map of China's Raw Milk" project started smoothly, with a professional flavor evaluation team sent to analyze the nutritional content and flavor differences of raw milk from various regions and of different kinds, providing reference for product innovation.

During the year, Mengniu continued to align with the advanced Standard Operation Procedure ("SOP") for ranch management used by its Danish partner Arla Foods and the AsureQuality safety management standard from New Zealand, one of the most-respected food quality and safety certification standards in the world. It also took to greater depth the operation of the "Mengniu Ranch Quality and Safety Management System" and together with the China-Denmark Milk Technology Cooperation Center, which it set up jointly with Arla Foods, rolled out the "Heat Stress Alleviation Project" and "Regional Ranch Cost-cutting and Efficiency-enhancing Pilot Project", which effectively helped ranches improve delicacy management and further align with international ranch management standards, and ultimately enhanced the competitive strengths of Mengniu's products.

As the first mover in the dairy industry to embrace digitalization, Mengniu applies digital management across its raw milk supply chain, aiming for connection of "cattle-ranch-dairy enterprise-third party" information across the country and, by building a "Digital Milk Source" information platform, to enable sharing of information among ranch management and the raw milk supply chain, so as to drive effective industry development. The "Digital Milk Source" project will go online by stage. In 2018 and 2019, the focus is to build the overall framework of the digital management platform and set up systems for forecasting milk yield, herd record keeping, recording output per cow, veterinary drugs management, and clearing and settlement. In 2020 and 2021, intelligent hardware facilities will be gradually available for automatic collection of daily ranch operation data. The Group expects to, from 2022 onwards, gradually achieve delicate and standardized ranch management with the support of the digital management platform, to help it improve ranch resources utilization and lower ranch operating cost.

蒙牛持續提升奶源品質，並透過優化對原奶的分析指標及分類方法，改善原奶的供應管理，支持蒙牛開發高端差異化產品。蒙牛融合國內外優秀經驗，圍繞微生物及體細胞兩項核心指標建立原奶分級標準，與原奶計價支付體系結合，並以蛋白指標值為分類標準對原奶進行分類，滿足不同產品的用奶需求，實現經濟效益最大化，提升優質原奶的供應。年內，「中國原奶感官營養地圖」項目亦順利啟動，由專業感官評價團隊對不同地區、不同原奶加以分析其營養指標及風味的差異性，為產品創新提供決策依據。

年內，蒙牛繼續就牧場管理對標丹麥Arla Foods先進牧場標準化操作規程(Standard Operational Procedure, 簡稱「SOP」)及國際上認可度最高的食品品質安全認證之一的新西蘭AsureQuality安全管理標準等，深化「蒙牛牧場質量安全管理體系」的運作執行，並攜手與Arla Foods共同成立的中國一丹麥乳品技術中心實施了「熱應激改善項目」及「區域試點牧場降本增效項目」，有效提升牧場細節管理，令其進一步與國際牧場管理水準接軌，加強蒙牛產品的競爭優勢。

作為乳業數字化先行者，蒙牛將數字化管理應用於原奶供應鏈，目的是貫通全國範圍內的「牛—牧場—乳企—第三方」信息，透過打造「數字奶源」的信息化平台，實現牧場管理與原奶供應鏈的信息共享，推動行業高效發展。「數字奶源」項目將分階段逐步上線，在二零一八至二零一九年先重點搭建數字化管理平台的整體框架，建立奶量預測、牛群檔案、單產、獸藥及結算的系統；在二零二零至二零二一年，將逐步配套智能化硬件設施，實現牧場日常運營數據的自動化採集。預計從二零二二年以後，將逐步通過數字化管理平台，進一步實現牧場精細化、標準化管理，提高牧場資源利用率，降低牧場營運費用。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

In 2018, China announced the strategy to revive the country's dairy industry and Mengniu responded with efforts to consolidate different resources, build an exclusive Internet financing platform for ranches to help supplier ranches lower financing costs and promote transformation and upgrade of milk source bases. At the same time, benefiting from tightening Mengniu-ranch cooperation, both the operational efficiency and overall profitability of the ranches improved, resulting in win-win and synergistic benefits for upstream and downstream dairy operations.

Corporate Digital Strategy

In 2018, Mengniu speeded up executing its digital strategy, actively optimizing the digital architecture to aid intelligent manufacturing, supply chain management and understanding of consumer behaviors. The Group is striving for digitalization of sales, channels, staff work quality, manufacturing, integration of manufacturing, supply and sales, resources integration and decision-making, that it may evolve to become the "Digital Mengniu".

Mengniu has taken on the responsibility of leading the industry in building the "Smart Dairy Enterprise" and giving "Made in China" a new and more superior definition. During the year, it steadily proceeded with the intelligent manufacturing digital factory project using Big Data analysis to help with lowering cost and heightening efficiency, and upgrading up- and down-stream operations along its industrial chain. At the heart of the project is a manufacturing execution system capable of "smart" workshop production and operation management, which when integrated with the Group's automated data collection platform and automated production facilities as well as other operation management information systems, can enable true interconnection of facilities and operation systems. Phase VI of the Helin Factory and the Jinhua Factory were the first to complete upgrading their intelligent manufacturing mode. Mengniu's active pursuit of the intelligent manufacturing digital factory project has won the recognition of the Ministry of Industry and Information Technology, which awarded it the "China Intelligent Manufacturing Pilot Demonstration Enterprise" honor, warranting its position as an intelligent manufacturing enterprise matching "Made in China 2025" and "Germany's Industry 4.0" standard. The progressive implementation of the intelligent manufacturing digital factory project will drive the dairy industry in upgrading its traditional operation model with focus on automation, informatization and integration.

二零一八年，國家提出奶業振興戰略，蒙牛亦以行動配合，整合多方資源，搭建牧場專屬的互聯網融資平台，協助供應方牧場降低其融資成本，促進奶源基地的轉型升級。同時，得益於蒙牛與牧場進一步深化合作，牧場運營效率及綜合盈利能力進一步提升，取得奶業上下游的協同共贏。

企業數字化戰略

二零一八年，蒙牛加速推動數字化戰略，積極完善智能製造、供應鏈管理、消費者洞察等方面的數字化建設，以營銷數字化、渠道數字化、全員質量數字化、生產數字化、產供銷集成數字化、資源整合數字化、決策數字化為目標，全面打造「數字蒙牛」。

蒙牛以帶頭建設「智能乳企」及定義「中國製造」新高度為己任，在年內穩步推進智能製造數字化工廠項目，利用大數據分析降本增效，對上下游產業鏈進行升級。此項目以建設「智慧型」車間生產運營管理的製造執行系統為核心，結合數據自動採集平台，集成企業自動化生產設備及其他經營管理信息化系統，真正實現設備互聯、系統互通。目前，和林六期工廠及金華工廠已率先完成智能製造模式升級。蒙牛積極推進智能製造數字化工廠項目，獲得國家工信部認可，獲「國家智能製造試點」示範單位榮譽，並成為「中國製造2025」與「德國工業4.0」的乳業智能製造對標企業。智能製造數字化工廠項目的逐步實施，將推動乳品製造業由傳統模式向自動化、資訊化、高度集成化升級。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

In May 2018, Mengniu kicked off the intelligent supply chain project that integrates Internet of Things (“IoT”) technology and modern supply chain management methods and employs Big Data analysis to realize intelligent, networked and automated supply chain operation and management. With Big Data of actual sales volume as basic reference, the Group is able to more accurately forecast demand, more efficiently schedule production and optimize deployment of marketing resources, factory production resources and logistics resources to enhance the operational efficiency of its supply chain. The Group intends for the project to connect with Alibaba Cloud and other of its cooperative projects, allowing sharing of data and more effective collaboration, and ultimately help the Group lower cost and enhance effectiveness of its operations.

Furthermore, Mengniu launched its smart network project across the nation in August 2018, aiming to build a smart network online system. The system will link up the POS, the operations of distributors, member sales companies and Mengniu headquarters, allowing visible POS management and connection with Enterprise Resource Planning (“ERP”) system. It is a system that integrates business and financial functions and covers multiple brands and multiple distribution formats tailored to meet the business needs of distributors, empowering them in opening up channels, improving cost management, reducing staff costs and boosting sales management efficiency.

In June 2018, Mengniu collaborated with Alibaba Cloud to commence its consumer Big Data project entailing setting up a consumer data processing center and a “people-oriented” Mengniu consumer behavior analysis system. By establishing a unified data standardization system and an information management platform that serve the entire Group, and through integration of data and employing identity identification technology to label consumers, their behaviors and preferences, delicacy management of operation and accurate targeting of consumers and reaching them via multiple channels are possible. At the same time, through different marketing activities, useful information can be collected continuously to amass for the Group valuable consumer data assets to support marketing decision-making and give the Group yet stronger competitive advantages.

Looking ahead, Mengniu will continue to reinforce its digital competitive advantages, unearth the value of its data asset and build a digital industrial chain, all to the end of achieving at full strength the goals of its “2020 Informatization Strategy”.

蒙牛於二零一八年五月正式啟動智慧供應鏈項目，結合物聯網技術和現代供應鏈管理方法，以大數據分析為基礎，實現供應鏈的智能化、網絡化和自動化技術與管理，基於實際銷售量的大數據，實現更精準的需求預測和更高效的生產排期，以及更完善的營銷資源規劃、工廠生產資源、配送資源的佈局，提升供應鏈運營效率。該項目將和阿里雲與蒙牛的其他合作項目結合起來，共享數據，高效協作，助力本集團降本增效。

此外，蒙牛於二零一八年八月在全國正式啟動智網項目，旨在上線智網系統。智網系統將打通零售終端、經銷商、分子銷售公司及蒙牛總公司的運營系統，實現可視化的售點管理，對接企業資源計劃法(「ERP」)系統，是為客戶量身打造的業務財務一體化、多品牌兼容、多形式分銷的運營體系，滿足經銷商業務需求，為經銷商賦能提供系統支持，以打通渠道，提升費用管理，減少人員成本，增強銷售管理效率。

二零一八年六月，蒙牛消費者大數據項目啟動。蒙牛與阿里雲合作，建立消費者數據處理中心，構建以「人」為核心的蒙牛消費者洞察體系。該項目通過建立全集團統一的資料規範體系及資料管理平台，通過資料整合和身份識別打通技術，進行消費者、行為、偏好等多維度標籤，驅動精細化運營，實現多渠道精準觸達消費者，同時借助營銷活動不斷收集資料，持續積累高價值消費者數據資產，為營銷決策提供支援，深化企業競爭優勢。

未來，蒙牛將持續鞏固智能化競爭優勢，深挖數字資產價值，構築數字化產業鏈，全力衝刺「2020 信息化戰略」目標。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Branding Strategy

During the year, Mengniu focused on the World Cup themed marketing that highlighted its new brand proposition “Power of Nature, Born for Greatness” to help it with furthering its strategy to take its brand international. As an Official 2018 FIFA World Cup™ Sponsor, Mengniu gained exposure at the event venues and a total of 161 products of 27 brands in its four product categories were awarded the titles of “Official Drinkable Yogurt of the 2018 FIFA World Cup™”, “Official Pre-packaged Ice Cream of the 2018 FIFA World Cup™”, “Official Milk of the 2018 FIFA World Cup™ (for Greater China)”, and “Official Powdered Milk of the 2018 FIFA World Cup™ (for Greater China)”. The famous Argentinean football player and former FIFA World Player of the Year Messi was appointed as ambassador of the *Mengniu* brand, together with other celebrities namely Li Yifeng, Zhao Liying, Kris Wu, William Chan, Zhang Yixing, TFBOYS and Celina Jade helping with promotion, Mengniu’s brand spirit was perfectly represented and the brand proposition of “Born for Greatness” became buzzwords of the year. The World Cup ties also helped plant Mengniu’s international brand image deep into people’s heart. Moreover, with the parent brand and the sub-brands working in collaboration and using diverse communication channels for the World Cup themed marketing, the Group achieved excellent interaction with consumers.

Starting early 2018, Mengniu embarked on upgrading the packaging and marketing material for all product lines to align with the World Cup theme, undertaking all-round strategic deployment to roll out forcefully a series of integrated marketing activities which received fantastic responses. Of all the marketing initiatives, between March and July 2018, Mengniu launched a large-scale integrated marketing campaign named “Scan the Code for Red Packet”. Upon purchase of Mengniu’s room temperature, chilled and ice cream products, consumers can scan the QR code on the packaging for a chance to receive WeChat red packets of different amounts. In addition, another part of the promotion also encouraged consumers to collect fun cards for an opportunity to win a World Cup tour. The marketing activity had taken full advantage of social media platforms to increase interaction with consumers, not only attracting their attention, but also effectively pushing up the rate of repeated purchase of products. The activity which ended on 31 July 2018 registered accumulatively over 230 million times of QR code scannings from more than 74 million participants. According to data collected and survey findings of Kantar Millward Brown, during the period of its World Cup themed integrated marketing campaign, the brand power of Mengniu had increased by 11.4% against the same period in the previous year, climbing to the top spot of the industry the first time in five years. Consumer preference for the Mengniu brand and willingness to purchase both improved across the country.

品牌策略

年內，蒙牛聚焦世界盃主題營銷，提出「自然力量，天生要強」的全新品牌主張，持續深化品牌國際化戰略。蒙牛作為2018 FIFA世界盃全球官方贊助商亮相世界盃賽場，旗下4大品類共27個品牌的161個產品獲得「2018 FIFA世界盃全球官方飲用酸奶」、「2018 FIFA世界盃全球官方預包裝冰淇淋」、「2018 FIFA世界盃官方牛奶(大中華區)」和「2018 FIFA世界盃官方奶粉(大中華區)」的殊榮。阿根廷知名球星、前世界足球先生梅西簽約成為蒙牛品牌代言人，加上李易峰、趙麗穎、吳亦凡、陳偉霆、張藝興、TFBOYS、盧靖姍等多位明星協助宣傳，完美詮釋品牌精神，使「天生要強」的品牌主張成為年度熱詞，蒙牛的國際化品牌形象隨著世界盃風靡全球深入人心。本集團借勢世界盃主題營銷，通過母子品牌協同聯動及多元化的渠道宣傳，帶動全集團品牌更好的發展。

二零一八年初起，蒙牛對全線產品包裝及營銷物料進行世界盃主題升級，並透過全方位戰略部署，聚焦聚勢開展了一系列整合營銷活動，取得空前反響。其中，蒙牛於二零一八年三月至七月期間推出「掃碼紅包」大型整合營銷活動，凡消費者購買蒙牛常溫、低溫及冰淇淋產品，掃描包裝上的二維碼即有機會贏取金額不等的微信現金紅包，同時，消費者亦可通過趣味集卡環節參與抽獎，贏取世界盃旅遊機會。此營銷活動最大化利用社交平台特性，增強與消費者的互動性，吸引消費者關注的同時有效拉動了產品的複購率。截至二零一八年七月三十一日活動結束，活動掃碼人次已突破2.3億，總參與人數超過7,400萬。根據華通凱度的調研和檢測數據，世界盃整合營銷活動期間，蒙牛的品牌力同比提升11.4%，五年來首次位列行業第一，全國消費者對蒙牛品牌的喜好度及購買意願亦獲提升。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

During the World Cup period, Mengniu kicked off the charitable activity called “Show Your Skills, Young Footballers!” to help youngsters in China realize their football dream. Twenty-four outstanding young football players from different parts of the country were selected by Mengniu and four star team captains, namely Fan Zhiyi, Li Yi, Luis Figo and Yang Chen, and led by their honorary team captain, the young actress Guan Xiaotong, they visited Russia and had a match with the Russian youth football team during the World Cup event period. The match was broadcasted on Jiangsu Television, letting the audience see the power that can foster development of football in China in the future while reinforcing the positive image of Mengniu as a national dairy brand.

During the World Cup period, all of Mengniu's brands launched their respective marketing activities tied in with the World Cup theme to consolidate brand power. Among room temperature and chilled product brands, *Just Yoghurt* saw its brand power strengthened by integrating core World Cup advertising resources and crucial exposure on CCTV5, complemented by the “Shake the Bottle, Drink the Best” interactive online and offline marketing activity. Mengniu's *Yoyi C* collaborated with Meitu Inc. to initiate an interactive activity called “Show your Football Fan Faces” that enticed football fans to enjoy the new experience of taking AR selfie of their faces. The initiative was a big success, attracting about 200 million times of active participation, among young consumers. As for the ice cream business, the star brand *Suibian* was the focus of World Cup related marketing resources. A large-scale promotion event “*Suibian* Shake the Red Packets, Win World Cup Tickets” was launched to stimulate consumer demand, and benefitting from brand ambassador influence, interaction with consumers was enhanced, which in turn boosted consumer awareness and preference of the brand and gave a big push to sales. As the iconic high-end ice cream brand, *Deluxe* presented a special World Cup edition ice cream called *Royal Deluxe* crunchy oat ice cream to football fans at the event venue, and by engaging the media and key opinion leaders, managed to take consumer awareness of the brand and its brand reputation to new heights.

Moreover, with enhanced international brand image, Mengniu became a brand representative of the country at international and national events. In June 2018, Mengniu, as the official partner of Shanghai Cooperation Organization Business Forum, had its *Mengniu Pure Milk* product series and star products such as *Milk Deluxe*, *Just Yoghurt Xiaomanyao*, and *Deluxe* made their debuts at the forum as designated products. In November 2018, Mengniu's *Milk Deluxe* pure milk, *Just Yoghurt* room temperature yogurt, *Deluxe* ice cream, and *Shiny Meadow* fresh milk gained exposure in the first China International Import Expo, helping strengthen Mengniu's international brand image.

蒙牛於世界盃期間開展《踢球吧！少年強》主題公益活動，助力中國少年足球夢。活動期間，蒙牛攜手范志毅、李毅、菲戈(Luis Figo)及楊晨四位明星隊長，在全國範圍內選拔出24位優秀足球少年，在名譽隊長、青年演員關曉彤的帶領下前往俄羅斯，於世界盃期間與俄羅斯少年隊切磋球技，並在江蘇衛視播出該比賽，展示中國足球的未來力量，鞏固民族乳業品牌的正能量形象。

世界盃期間，各品牌全方位圍繞世界盃主題開展營銷活動，深化品牌影響力。常溫及低溫品牌方面，*純甄*整合世界盃核心廣告資源及CCTV5關鍵權益展示，配合「搖瓶喝出彩」線上線下互動營銷活動，使品牌影響力進一步提升。蒙牛*優益C*攜手美圖公司，發起「Show出你的球迷臉」互動活動，開創球迷臉AR自拍互動新體驗，參與互動人次約二億次，成功吸引年輕消費者積極參與。冰淇淋業務方面，蒙牛以世界盃品牌資源為依託，聚焦明星品牌*隨變*，開展「*隨變*搖紅包，贏世界盃門票」大型主題促銷活動，刺激消費需求，同時藉助代言人粉絲效應，加強與消費者的互動，提升品牌關注度及好感度，拉動銷售。*蒂蘭聖雪*冰淇淋作為高端冰淇淋典範，專為本屆世界盃推出*蒂蘭聖雪*麥片脆皮雪糕予現場球迷，同時聯動媒體及意見領袖，刷新品牌的知名度及美譽度。

此外，蒙牛深化國際化品牌形象，成為各種國際級、國家級盛會的「國家名片」。二零一八年六月，蒙牛作為上海合作組織工商論壇的官方合作夥伴，旗下蒙牛*純牛奶*系列產品及明星產品*特侖蘇*、*純甄小蠻腰*、*蒂蘭聖雪*集體亮相該峰會，成為會議指定產品。同年十一月，蒙牛旗下*特侖蘇*純牛奶、*純甄*常溫酸牛奶、*蒂蘭聖雪*冰淇淋、*每日鮮語*鮮牛奶四款產品進駐首屆中國國際進口博覽會，進一步深化蒙牛的國際品牌形象。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

During the year, all of Mengniu's sub-brands were active in implementing their respective brand promotion strategy in line with their brand positioning. For instance, *Milk Deluxe* was a Platinum Partner of the 2018 China Open tennis tournament, allowing it to gain maximum exposure of its healthy and active brand image via various channels. *Milk Deluxe Organic Milk* launched during the year was also the title sponsor of Hunan Television's "Super-Vocal" singing contest and that helped extend the reach of brand communications and also fortify the high-end image of the product. Another milk product tailored for sports enthusiasts, namely *Milk Deluxe M-PLUS High Protein Milk*, continued to sponsor the 2018 Beijing Marathon with the communication theme "The Next Step Is Better". The new product *Fruit Milk Drink Fruit Yogurt* boosted brand awareness by employing different publicity channels including online and offline advertising and with its brand ambassadors Li Yifeng and Zhao Liying rallying support of their fans for the product. *Champion* succeeded in raising brand acceptance by having super star William Chan as the brand ambassador in *BB-12* product advertising. In addition, Mengniu speeded up developing overseas markets after its *Yoyi C* factory in Indonesia began operation. Mengniu also for the first time designated the star product brand *Yoyi C* as a parent brand in overseas markets to help it gradually realize the vision of grooming *Yoyi C* to become the "Number One" yogurt brand in Southeast Asia.

Milk formula brand *Yashili* unveiled its new brand logo and image during the year. It also became the "Official Powdered Milk of the 2018 FIFA World Cup™ (for Greater China)" and named as CCTV's "Craftsmanship Brand". Moreover, it cooperated with TV shows such as "Memory of the Taste", "Super Baby" and "Beautiful Mom" to do publicity, coupled with in-depth promotion and interaction via diverse channels. It thus has boosted the confidence of its channel partners and consumers.

In 2018, Mengniu continued to gain consumer recognition and endorsement by authoritative organizations, including continuing to be named among the "Global Dairy Top 10" by Rabobank, BrandZ™'s list of top 20 most valuable Chinese brands for the fourth consecutive year and topping the list of brand contribution the latest. On the "2018 China Brand Power Index (C-BPI)" list published by the Ministry of Industry and Information Technology of the PRC, Mengniu's chilled yogurt came first in C-BPI Brand Power in China's yogurt industry for the eighth consecutive year, while Mengniu's *Yoyi C* retained the top position in C-BPI Brand Power in the probiotics drinks industry. According to the research statistics of Kantar Worldpanel, the Consumer Reach Point of Mengniu rose to over one billion, placing it second on the list of Most Chosen Brands in China. Moreover, the Group's *Mengniu*, *Milk Deluxe* and *Just Yoghurt* brands received the "China Satisfaction Brand" honor from China Enterprises Evaluation Association. Also, in 2019, for the first time, Mengniu made it among Brand Finance's list of the world's top 500 most valuable brands.

年內，蒙牛旗下各子品牌亦積極實施配合自身定位的品牌宣傳策略，例如特倫蘇以白金合作夥伴身份贊助2018中國網球公開賽，透過多渠道將品牌曝光最大化，傳遞健康積極的品牌形象；其於年內推出的特倫蘇有機純牛奶，亦冠名贊助湖南衛視《聲入人心》歌唱比賽節目，深化品牌傳播，強化產品高端性；另一針對運動人群的特倫蘇 *M-PLUS* 高蛋白牛奶，則繼續贊助2018北京馬拉松活動，詮釋「下一步更好」的溝通主題；新品真果粒美粒酸奶通過線上線下廣告投放、代言人李易峰、趙麗穎的粉絲營銷等多種傳播途徑，提升知名度；冠益乳以人氣偶像陳偉霆代言 *BB-12* 產品廣告，增加品牌好感度。此外，隨著優益C印尼工廠正式營運以加速開拓海外市場，蒙牛首度將明星產品品牌優益C創立成為海外母品牌，逐步推動優益C成為東南亞酸奶類第一品牌的願景。

奶粉品牌雅士利在年內發佈了全新品牌標誌及形象，並成為「2018 FIFA世界盃官方奶粉(大中華區)」及「CCTV●匠心品牌」，此外，其與電視節目如《最愛故鄉味》、《超級小達人》及《媽咪妳最美》等合作宣傳，配合多元渠道進行深入推廣互動，提升渠道和消費者信心。

於二零一八年，蒙牛持續獲得消費者認可及權威機構背書，包括蟬聯荷蘭合作銀行公佈的「全球乳業十強」；連續四年入選BrandZ™最具價值中國品牌榜前20強，並躍居品牌貢獻總榜第一名；在中國工業和信息化部二零一八年中國品牌力指數(C-BPI)排名中，蒙牛的低溫酸奶連續第八年蟬聯C-BPI中國酸奶行業品牌力榜首，蒙牛優益C也蟬聯C-BPI乳酸菌飲料行業品牌力第一名。根據凱度消費者指數的調研，蒙牛於年內以突破10億人次的消費者觸及數，位列中國市場消費者首選品牌榜第二名。此外，本集團旗下蒙牛、特倫蘇、純甄品牌亦榮獲中國企業評價協會的「中國滿意品牌」稱號。於二零一九年，蒙牛更首次躋身Brand Finance的全球最具價值品牌500強。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Sales Management

During the year, Mengniu's business divisions stepped up execution of RTM strategy, with more effort put into channels in third- and fourth-tier cities and in exploring channels in village and town markets and also school campuses. They also pushed forcefully to develop e-commerce channels and open up new retail channels, and used channel resources, brand advantages and the digital platform to enhance sales efficiency, strengthen channel and POS control, and foster establishment for carrying out efficient distribution, precision marketing and all-channel marketing.

The room temperature product business division managed to optimize its RTM deployment, enhance penetration of products at the retail-end, and help its distributor to improve their POS service capability and efficiency. While safeguarding the interest of distributors, the division forged strategic partnership with such platforms as Huixiadan.net and Ist.1688.com. Leveraging the "New Retail" mode and the "Penetration into Towns and Villages Project", it was able to hasten penetration of third- and fourth-tier cities as well as village and town markets. It also, via rolling out the "Spark Program", strengthened POS coverage in towns and villages.

The chilled product business division operates in a total of 14 major sales management regions. During the year, it achieved leading share in all channel sales, with new retail business performance exceeding sales target. To enhance RTM, in April 2018, the division started tapping core and type A market channels to develop sample markets. In 2018, by focusing on star product categories, insisting on value marketing and enhancing product price premium, the division was able to achieve satisfactory growth in sales of new products. Furthermore, via implementing such innovative channel measures as promoting sales efforts with on-site visits and assistance by all staff of the division at the POS, traditional channels were enhanced and new channels were expanded, resulting in steady expansion of the POS network.

For the milk formula business, adhering to the channel strategy of "Focus on the Mother-and-baby Store Channel for Infant Formula Products, KA Modern Trade Channel for Nourishment Products, and All-round Development for New Channels and New Products", a product line-based management and organizational structure was thus established. It also actively expanded its sales network, penetrating county, township and third- and fourth-tier cities, to drive balanced development of the milk formula business.

In bolstering ice cream sales, the Group had its eyes on key cities and by growing sales in them drove sales volume nationwide. All sales channels performed well, with core traditional channels managing steady sales growth and sales via modern channels climbing quickly. Specialty channels including catering outlets, soft-serve ice cream stores, experience stores and gift projects were also deployed, contributing to remarkable specialty channel growth.

銷售管理

年內，蒙牛各事業部深化RTM策略，加大三、四線城市銷售渠道的投入，拓展鄉鎮市場及校園渠道，並著力開拓電商渠道和建設新零售渠道，以及透過渠道資源、品牌優勢和數字平台提升銷售效率，加強對渠道與終端銷售點的控制，推動高效分銷、精準營銷以及全域營銷的建設。

常溫事業部進一步完善RTM佈局，提高鋪市鋪貨率，提升經銷商終端服務能力及效率。在維護經銷商利益的前提下，常溫事業部與「惠下單」及「零售通」等平台達成戰略合作，借力「新零售」，聯合「鎮村通」工程，加速滲透三四線城市及鄉鎮市場，並推行「星火計劃」，加強鎮村終端覆蓋。

低溫事業部共有14個銷售管理大區，於年內銷售實現全渠道份額領先，新零售業績超額達成。RTM方面，於二零一八年四月啟動核心及A類市場渠道，打造精耕樣板市場。二零一八年，通過聚焦明星品類，堅持價值營銷，提升產品溢價能力，實現了新品的良好增長。另一方面，通過「全員一線，徒步終端」等渠道創新舉措，精耕傳統渠道、拓展新渠道，穩步擴張網點數量。

奶粉業務方面，雅士利秉持「嬰配聚焦母乳嬰渠道、營養品聚焦KA商超、新渠道新產品全面發展」的渠道策略，形成以產品線為管理基礎的組織架構，積極將銷售網點擴展滲透至縣鎮及三四線城市，推進奶粉業務均衡發展。

冰淇淋銷售聚焦重點城市，以重點城市銷量增長驅動全國銷量。各渠道表現優秀，核心傳統渠道銷售穩步增長，現代渠道銷售快速發展，並全面佈局特通渠道包括推動餐飲、軟冰、體驗店、禮品項目的發展，使特通渠道增長迅猛。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Mengniu's overseas business division took full advantage of the marketing efforts tied in with the World Cup. At the same time as it worked to develop sales outlets and strengthen product penetration at the retail-end in existing markets including Hong Kong, Singapore and Macau, it also actively explored new markets in Southeast Asia and expanded coverage of its sales network to countries including Myanmar and Indonesia during the year. At the end of November 2018, Mengniu's factory in Indonesia commenced operation, giving the Group a local manufacturing and sale integrated business setup that can serve markets in major ASEAN countries in the future and help Mengniu speed up penetration of Southeast Asian markets.

As for the e-commerce division, it used Big Data to aid development of new products and upgrade of Mengniu's e-commerce operation. In May 2018, the "Mengniu E-commerce Data Big screen" was officially launched and, in June 2018, the global e-commerce Big Data application platform also began operation in Yungu in Horinger New Area, Inner Mongolia, marking the start of a new stage of digital sales and Big Data integration pursued by Mengniu. Moreover, the Group stepped up strategic collaboration with e-commerce platforms such as JD.com and Tmall, including setting up its own flagship stores for chilled and ice cream products in JD.com, and together with JD.com developed an intelligent supply chain system and offered more personalized products to consumers. Mengniu also tightened cooperation with Alibaba to drive consumption upgrade of fast-moving consumer goods and rolled out intelligent business. During the year, *Milk Deluxe* and *Silk* opened flagship stores in Tmall and they returned satisfactory sales performances. For instance, during the "Double 11" shopping festival, Mengniu achieved top total online sales volume in the dairy product industry for the fourth consecutive year and became the first dairy product brand to make sales of more than RMB100 million on the Alibaba platform. Mengniu was also the champion in sales volume of dairy products in JD.com the fourth consecutive year. In 2018, Mengniu's liquid milk claimed the top share of the online sales market for the third consecutive year. Mengniu's online sales for the year grew more than 50% year-on-year, higher than the average growth rate of the industry.

For the new retail business, Mengniu cooperated with the new retail brand Hema Xiansheng, with access to live broadcast of special Mengniu World Cup activities incorporated into the Hema Xiansheng APP, allowing connection of online and offline interaction. Mengniu also worked closer with B2B platforms including 1st.1688.com and Huixiadan.net to roll out World Cup marketing theme activities tailored for traditional sales outlets, organized online ordering club, which translated into sales growth. Mengniu also actively deployed smart un-manned convenience stores and explored social network retailing with such products as the fiber-enriched milkshake milk *Burnlooking*.

蒙牛的海外事業部借世界盃營銷強勢，在強化香港、新加坡、澳門等現有市場的售點開發和產品鋪市的同時，積極拓展東南亞市場，在年內將銷售網絡擴展至緬甸和印尼等國家。二零一八年十一月底，印尼生產工廠亦正式投入營運，該工廠將實現蒙牛在當地產銷一體的業務模式，並在未來供應東盟主要國家，以便加速滲透東南亞市場。

蒙牛電商事業部利用大數據，對新品孵化和電商運營進行全面升級。二零一八年五月，「蒙牛電商數據大屏」正式上線，全球電商大數據應用平台亦同年六月於內蒙古和林格爾新區內的雲谷啟動，標誌著蒙牛數字化行銷與大數據融合進入新階段。蒙牛並進一步深化與京東、天貓等電商平台的戰略合作，包括於京東開設低溫和冰淇淋自營旗艦店，以及聯合打造智慧供應鏈體系、提供更多的個性化定制產品。蒙牛亦升級與阿里巴巴的合作，推動快消品消費升級及開展智慧商業，年內在天貓開設**特倫蘇**及**Silk**品牌官方旗艦店，取得理想成績。以「雙十一」期間的營銷活動為例，蒙牛產品的全網銷售額連續四年位列乳製品行業第一名，在阿里全平台成為首個乳製品銷售破億元人民幣的產品品牌，以及於京東超市連續四年奪得牛奶品類銷售額冠軍。二零一八年，蒙牛旗下液態奶的線上銷售連續三年穩佔市場份額第一。蒙牛電商銷售額增長超過五成，高於行業平均增速。

新零售方面，蒙牛與新零售品牌**盒馬鮮生**合作，在**盒馬鮮生**APP內設置蒙牛世界盃專屬活動直播入口進行推廣，實現線上線下聯動。蒙牛並深化與零售通及惠下單等B2B平台合作，開展針對傳統售點的世界盃營銷活動，舉辦線上訂貨會，成功帶動銷售增長。蒙牛亦積極佈局智能無人便利店，並以纖維奶昔牛奶**優燃**等產品積極探索社交零售。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

FINANCIAL REVIEW

Revenue

Benefiting from exertion in product innovation, optimized business structure and the boosted sales volume as brought by the success of World Cup themed marketing and promotion, the Group's total revenue in 2018 was RMB68,977.1 million (2017: RMB60,155.6 million), representing an increase of 14.7% year-on-year, of which revenue from liquid milk increased 12.0% year-on-year, while that from ice-cream increased by 8.4% year-on-year, and that from the milk formula business saw a breakthrough growth of 48.9% year-on-year.

Gross profit

With a notably improved product mix and raw milk price relatively stable, gross profit of the Group for the year increased to RMB25,783.6 million (2017: RMB21,182.7 million) and gross profit margin was 37.4%, up by 2.2 percentage points as compared with last year (2017: 35.2%).

Operating expenses

To strengthen sales operation and raise brand competitiveness, the Group implemented active strategies for channel development and strengthened brand promotion during the year. As such, it incurred operating expenses of RMB22,684.8 million (2017: RMB18,548.5 million), representing an increase to 32.9%, as expressed as a percentage of the Group's revenue (2017: 30.8%).

Selling and distribution expenses for the year increased by 26.7% to RMB18,833.3 million (2017: RMB14,868.8 million), representing an increase to 27.3% of the Group's revenue (2017: 24.7%).

Advertising and promotion expenses increased by 37.8% to RMB7,005.8 million (2017: RMB5,083.1 million) and, as a percentage of the Group's revenue, increased to 10.2% (2017: 8.4%).

Administrative and other operating expenses, including impairment losses on financial and contract asset, increased by 4.7% to RMB3,851.5 million (2017: RMB3,679.7 million), accounting for 5.6% (2017: 6.1%) of the Group's revenue.

Profit from operating activities and net profit

During the year, with the Group achieving marked increase in overall revenue and gross profit and at the impact of product optimization, its EBITDA increased by 29.6% to RMB5,373.6 million (2017: RMB4,144.7 million) and EBITDA margin was 7.8% (2017: 6.9%).

Profit attributable to owners of the Company increased by 48.6% to RMB3,043.0 million (2017: RMB2,047.8 million). Basic earnings per share increased by 48.1% to RMB0.779 (2017: RMB0.526).

財務回顧

收入

受益於產品創新、佈局完善以及世界盃推廣營銷所帶來的銷量增長，本集團二零一八年總收入為人民幣689.771億元(二零一七年：人民幣601.556億元)，同比增長14.7%；其中液態奶收入同比增長12.0%，冰淇淋收入同比增長8.4%，奶粉業務收入同比實現48.9%的突破性增長。

毛利

由於產品結構顯著優化及原奶價格相對平穩，本集團年內毛利上升至人民幣257.836億元(二零一七年：人民幣211.827億元)，毛利率較去年上升2.2個百分點至37.4%(二零一七年：35.2%)。

經營費用

為加強銷售營運和提升品牌競爭力，本集團年內採取積極的渠道發展及加強品牌宣傳推廣，本年度經營費用為人民幣226.848億元(二零一七年：人民幣185.485億元)，佔本集團收入比例上升至32.9%(二零一七年：30.8%)。

年內銷售及經銷費用上升26.7%至人民幣188.333億元(二零一七年：人民幣148.688億元)，佔本集團收入比例上升至27.3%(二零一七年：24.7%)。

廣告及宣傳費用上升37.8%至人民幣70.058億元(二零一七年：人民幣50.831億元)，佔本集團收入比例上升至10.2%(二零一七年：8.4%)。

行政及其他經營費用，包括金融及合約資產減值損失，上升4.7%至人民幣38.515億元(二零一七年：人民幣36.797億元)，佔本集團收入比例為5.6%(二零一七年：6.1%)。

經營業務利潤及淨利潤

年內，在本集團整體業務的收入和毛利顯著增加以及產品優化的成效下，本集團息稅折舊攤銷前利潤(EBITDA)上升29.6%至人民幣53.736億元(二零一七年：人民幣41.447億元)，EBITDA利潤率為7.8%(二零一七年：6.9%)。

本公司擁有人應佔利潤上升48.6%至人民幣30.430億元(二零一七年：人民幣20.478億元)。每股基本盈利上升48.1%至人民幣0.779元(二零一七年：人民幣0.526元)。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析**Income tax expenses**

Income tax expense of the Group in 2018 was RMB649.0 million (2017: RMB594.3 million), up by 9.2% year-on-year. Effective income tax rate was 16.9% (2017: 22.6%), down by 5.7 percentage points year-on-year, mainly due to (i) the decrease in share of losses of associates during the year; (ii) a non-deductible item relating to the accounting losses on deemed disposal of partial interests in associates by the Group in the previous year; and (iii) previous unrecognised deferred tax arising from tax losses utilised during the year of 2018.

Capital expenditure

For the year ended 31 December 2018, capital expenditure of the Group was RMB3,772.3 million (2017: RMB6,650.9 million), down by 43.3% year-on-year. Of the total, RMB3,203.8 million was spent on building new production facilities and modifying existing ones and related investments, RMB313.7 million on purchasing biological assets and RMB254.8 million was invested in equities (including mainly payment of the consideration for the acquisition of Banner Baby Dairy Company Limited).

Working capital, financial resources and capital structure

For the year ended 31 December 2018, the Group's net cash inflow from operating activities increased to RMB6,363.5 million (2017: RMB5,505.4 million), primarily due to the Group's continuously optimizing product structure and enhanced working capital management.

As at 31 December 2018, outstanding interest-bearing bank and other borrowings of the Group increased to RMB14,715.3 million (31 December 2017: RMB13,950.1 million), including interest-bearing bank and other borrowings repayable within one year in the amount of RMB6,522.9 million (31 December 2017: RMB7,935.0 million). More than 60% of the total interest-bearing bank and other borrowings bore fixed interest rates. The increase in interest-bearing bank and other borrowings was mainly the result of increase in equity investments during the year.

Net borrowings (total amount of interest-bearing bank and other borrowings net of cash and bank balances) of the Group as at 31 December 2018 were RMB7,417.3 million (31 December 2017: RMB7,991.2 million).

所得稅支出

本集團於二零一八年所得稅支出為人民幣6.490億元(二零一七年：人民幣5.943億元)，同比上升9.2%。所得稅有效稅率為16.9%(二零一七年：22.6%)，同比下降5.7個百分點，主要由於(i)年內應佔聯營公司虧損減少；(ii)去年一項無稅務抵扣的視同出售聯營公司部分權益之會計損失；以及(iii)二零一八年度利用了以前年度未確認遞延稅項的稅務虧損所致。

資本支出

截至二零一八年十二月三十一日止年度，本集團資本支出為人民幣37.723億元(二零一七年：人民幣66.509億元)，同比下降43.3%；資本支出用於新建和改建生產設備及相關投入，達人民幣32.038億元；購入生物資產達人民幣3.137億元；以及股權投資(主要包括支付收購旗幟嬰兒乳品股份有限公司股權的款項)達人民幣2.548億元。

營運資金、財務資源及資本架構

截至二零一八年十二月三十一日止年度，本集團經營業務所產生的現金淨流入增加至人民幣63.635億元(二零一七年：人民幣55.054億元)，主要由於產品結構持續優化以及提升營運資金管理所致。

於二零一八年十二月三十一日，本集團之未償還計息銀行及其他借貸增加至人民幣147.153億元(二零一七年十二月三十一日：人民幣139.501億元)，其中一年內償還的計息銀行及其他借貸為人民幣65.229億元(二零一七年十二月三十一日：人民幣79.350億元)。超過六成計息銀行及其他借貸按固定利率計算。計息銀行及其他借貸增加主要為年內新增股權投資所致。

本集團於二零一八年十二月三十一日之淨借貸(計息銀行及其他借貸總額扣除現金及銀行存款)為人民幣74.173億元(二零一七年十二月三十一日：人民幣79.912億元)。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

The Group's total equity as at 31 December 2018 was RMB30,464.3 million (31 December 2017: RMB27,107.1 million). Debt-to-equity ratio (total amount of interest-bearing bank and other borrowings over total equity) was 48.3% (31 December 2017: 51.5%).

Finance costs of the Group in 2018 were RMB550.7 million (2017: RMB399.9 million), representing approximately 0.9% of the revenue (2017: 0.7%).

PRODUCTS

Combining its resource advantages and world-leading technologies, Mengniu kept exerting on product innovation and R&D, aiming at developing differentiated and high-end products, and enhancing its products in such aspects as product category, flavor and packaging. Alive to consumers' growing preference for personalized products and healthy diet, Mengniu also developed functional and customized products that promise consumers better experiences. In addition, with the help of Big Data, new media and new retail channels, it rolled out promotion and marketing initiatives to expand sales channels and achieved excellent results.

本集團於二零一八年十二月三十一日之總權益為人民幣304.643億元(二零一七年十二月三十一日：人民幣271.071億元)。債務權益比率(計息銀行及其他借貸總額除以總權益)為48.3%，(二零一七年十二月三十一日：51.5%)。

本集團於二零一八年的融資成本為人民幣5.507億元(二零一七年：人民幣3.999億元)，佔收入比重約0.9%(二零一七年：0.7%)。

產品

蒙牛結合優勢資源以及國際領先技術，持續進行產品創新和研發，積極向產品差異化、高端化發展，從品類、口味及包裝等多方面提升產品，蒙牛並按消費者追求個性化產品及注重健康飲食的大趨勢，發展功能性和定制產品，為消費者帶來更佳的體驗。此外，蒙牛更利用大數據、新媒體及新零售渠道進行推廣及營銷，大力拓展銷售渠道，成績驕人。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析


The principal businesses of the Group are liquid milk, ice cream, milk formula and other products. Their performances during the year are outlined in the table below:

本集團主要業務分為液態奶、冰淇淋、奶粉及其他產品，年內表現如下：

Product category 產品品類	Financial performance 財務表現	Highlights 動向
Liquid milk 液態奶	Revenue amounted to RMB59,388.6 million (2017: RMB53,015.0 million), accounting for 86.1% of Mengniu's total revenue (2017: 88.1%). 收入為人民幣593.886億元(二零一七年：人民幣530.150億元)，佔蒙牛總收入的86.1%(二零一七年：88.1%)。	
UHT milk UHT奶	Revenue amounted to RMB29,688.7 million (2017: RMB25,689.2 million), accounting for 50.0% of the revenue of the liquid milk segment (2017: 48.5%) 收入為人民幣296.887億元(二零一七年：人民幣256.892億元)，佔液態奶收入50.0%(二零一七年：48.5%)	<ul style="list-style-type: none"> - In May 2018, <i>Milk Deluxe</i> launched another upgraded product <i>Organic Milk</i> in the packaging that adopts the "DreamCap™" in place of the traditional drinking straw, making it yet easier to carry and more practical. - 特侖蘇於二零一八年五月推出升級產品—有機純牛奶，該產品包裝設計以「夢幻蓋」取代傳統的吸管飲用方式，提高了牛奶的便攜性及實用性。 - <i>Mengniu Pure Milk</i> took on an upgraded packaging design that agreed with World Cup themed promotion. Mengniu also launched the <i>Prime Ranch</i> high calcium milk during the year to fill the high calcium milk gift pack offer gap in the industry. - 蒙牛純牛奶採用世界盃主題升級包裝設計，配合世界盃營銷。蒙牛並於年內推出精選牧場高鈣牛奶，填補了蒙牛高鈣牛奶禮盒包裝的市場空缺。 - In late 2017, Mengniu introduced <i>Future Star A2β Casein Pure Milk</i> made with premium milk in limited supply from selected designated ranches, and has since raised the quality of children milk products. - 蒙牛於自二零一七年底推出來自專屬牧場、奶源限量供應的未來星A2β-酪蛋白純牛奶，提升兒童牛奶產品品質。 <p>Key products:</p> <ul style="list-style-type: none"> - <i>Milk Deluxe</i> - <i>Mengniu Pure Milk</i> - <i>Mengniu Flavored Milk</i> - <i>Future Star</i> - <i>Student's Milk</i> <p>重點產品：</p> <ul style="list-style-type: none"> - 特侖蘇 - 蒙牛純牛奶 - 蒙牛花色奶 - 未來星 - 學生奶



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
Milk beverages 乳飲料	<p>Revenue amounted to RMB9,998.3 million (2017: RMB9,879.8 million), accounting for 16.8% of the revenue of the liquid milk segment (2017: 18.6%) 收入為人民幣99.983億元(二零一七年：人民幣98.798億元)，佔液態奶收入16.8%(二零一七年：18.6%)</p> 	<ul style="list-style-type: none"> - Yoyi C LC-37 series, which targets the professional probiotics beverage market, has 50 billion active bacteria C in every 100 ml of the product, 500 times that of the national standard. It also has an exclusive 37°C highly active bacterial strain, making it a revolutionary probiotics product and marking a breakthrough of the technical bottleneck limiting the low temperature probiotics industry before. During the World Cup period, packaging featuring the national flag was launched for the series complemented by "Scan the Code for Red Packet" promotion and the Yoyi C brand gained popularity. - 優益C的LC-37專業型乳酸菌系列，每100毫升含有500億活的活力C菌，高於國家標準500倍，更擁有獨家37°C強活性的菌株特性，打破了低溫乳酸菌行業的技術瓶頸，成為顛覆活性乳酸菌品類的創新產品。LC-37系列在世界盃期間推出了定製版國旗瓶世界盃包裝，配合「掃碼紅包」活動，進一步提升了品牌熱度。 <p>Key products:</p> <ul style="list-style-type: none"> - Yoyi C - Fruit Milk Drink - Suan Suan Ru <p>重點產品：</p> <ul style="list-style-type: none"> - 優益C - 真果粒 - 酸酸乳
Yogurt 酸奶	<p>Revenue amounted to RMB19,701.6 million (2017: RMB17,446.0 million), accounting for 33.2% of the revenue of the liquid milk segment (2017: 32.9%) 收入為人民幣197.016億元(二零一七年：人民幣174.460億元)，佔液態奶收入33.2%(二零一七年：32.9%)</p>	<ul style="list-style-type: none"> - Just Yoghurt changed its packaging across the board to align with the World Cup theme at the beginning of the year and under the "Pure Flavor, Full Enjoyment" promotion slogan launched the new flavors mango and passion fruit, lime-matcha-avocado, and vanilla. It also introduced new PET bottle product Xiaomanyao and new grapefruit flavor and fruit pulp yogurt were added at year end. - 純甄在年初統一切換世界盃包裝，並以「味道純純，盡享精彩」作宣傳口號，推出芒果百香果、青檸抹茶牛油果和香草等新口味。純甄亦推出PET瓶裝新品小蠻腰，並且於年底新增了紅西柚口味及果粒酸奶。 - Milk Deluxe Yogurt is a product that combines patented bacteria from the United States, the exclusive technique of Danone Group from France and premium ingredients from all over the world. During the year, continuing to uphold the "Not all yogurts are Milk Deluxe" spirit, the brand explored the high-end yogurt market and launched six bottle packaging that feature paintings of nature to enhance brand image. - 特侖蘇酸奶，是結合美國專利菌種、法國Danone集團獨有工藝及全球優質食材打造而成，年內繼續成就「不是所有酸奶都是特侖蘇」的品牌精神，拓展高端酸奶市場，並推出6款自然主題藝術畫瓶裝，強化品牌形象。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
		
		<ul style="list-style-type: none"> - During the year, <i>Champion</i> stepped up promotion and education of consumers regarding its “BB-12” bacteria content to bring under the spotlight its positioning as a “professional and functional” yogurt. - 冠益乳在年內強化了其擁有「BB-12」菌種的宣傳教育，進一步突出其「專業功能性」酸奶定位。 - In late 2017, <i>Bio</i> introduced the <i>Kaquzi</i> grain mix flavored yogurt to meet demand for meal replacements. The product contains American almonds and cranberries, Australian oats and pumpkin seeds, making it the yogurt with the most of natural grain ingredients among similar products in the Mainland market. Last November, Mengniu launched <i>Bio Shuangcenglaoru</i>, its first stirred FOB yogurt. - 碧悠在二零一七年底推出卡趣滋穀物組合風味發酵乳，並主打代餐，內含美國扁桃仁、蔓越莓乾、澳洲燕麥、甄選南瓜籽，是國內酸奶市場天然原料種類最豐富的穀物蓋。去年十一月更推出碧悠雙層酪乳，這是蒙牛推出的第一款攪拌型FOB酸奶。 - <i>European Charcoal Yogurt</i> expanded the series’ packaging specifications and introduced new flavors like lime and yellow peach with pulps, etc. - 歐式炭燒酸奶拓展系列包裝規格，並推出酸青檸、黃桃果粒等新口味。 <p>Key products:</p> <ul style="list-style-type: none"> - <i>Just Yoghurt</i> - <i>Champion</i> - <i>Milk Deluxe Yogurt</i> - <i>Future Star Kid Nutritious Flavored Yogurt</i> - <i>Inner Mongolia Solid Yogurt</i> - <i>Bio</i> - <i>European Charcoal Yogurt</i> <p>重點產品：</p> <ul style="list-style-type: none"> - 純甄 - 冠益乳 - 特侖蘇酸奶 - 未來星兒童營養風味酸牛奶 - 內蒙古老酸奶 - 碧悠 - 歐式炭燒酸奶

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
Ice Cream 冰淇淋	Revenue amounted to RMB2,723.4 million (2017: RMB2,513.1 million), accounting for 4.0% of Mengniu's total revenue (2017: 4.2%) 收入為人民幣27.234億元(二零一七年：人民幣25.131億元)，佔蒙牛總收入4.0%(二零一七年：4.2%)	<ul style="list-style-type: none"> - Suibian launched the double-layer crunchy Belgium chocolate and cherry jam ice cream, made with world-class technique and a premium selection of ingredients from all over the world. It is the first of its kind in the country and is positioned as a high-end product. A new strawberry and chocolate flavor was also launched. - 隨變推出雙脆層比利時巧克力櫻桃果醬夾心冰淇淋，採用世界頂級工藝，全球甄選食材，國內首創，定位高端。此外還推出了草莓巧克力口味雪糕。 - Mengniu created a customized World Cup football-shape ice cream product – Ice+ passion fruit flavor ice cream, and also launched Ice+ pineapple popsicle and four fruits wonder popsicle, which drew much consumer enthusiasm. - 蒙牛以世界盃的足球形狀訂制冰淇淋產品—冰+百香果口味雪泥，並推出冰+鳳梨冰棒和四果奇冰棒冰，獲得消費者熱烈反響。 - The high-end ice cream brand Deluxe launched the new product wonder color crunchy ice cream, coming in three popular flavors, namely matcha, tiramisu and toffee, to please consumers' palates. - 高端冰淇淋品牌蒂蘭聖雪推出新品絢彩脆皮冰淇淋，優選時下最流行的抹茶、提拉米蘇、太妃焦糖三種口味，為消費者帶來多重美味體驗。 - Mood for Green added a new red bean flavor popsicle with the red beans prepared using a secret recipe. Another new innovative product that hit the market was the Bean Mill glutinous rice and red bean ice cream. - 綠色心情推出新口味秘制紅豆冰棒，含有大量秘方煮制紅豆。此外還推出了甜品跨界組合樂豆坊糯米紅豆雪糕，打造創新產品。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
		<ul style="list-style-type: none"> - Mengniu's Russian ice cream series had new members added, including Russian milk block ice cream and Russian chocolate flavor ice cream. They boast rich milk content, strong milk flavor and are smooth and delicate on the palate. - 蒙牛俄式冰淇淋系列推出新產品包括俄式奶磚冰淇淋和俄式巧純冰淇淋，奶含量高，奶味濃鬱，口感細膩。 - Mengniu also introduced the Mengniu Premium Ranch milk and grape flavor ice cream, marrying pure milk with grapes treated with a unique recipe to give consumers a taste of pure and aromatic sweetness. - 蒙牛並推出蒙牛優牧牛奶提子口味雪糕，純正牛奶搭配秘制提子，口感純正香甜。 <p>Key products:</p> <ul style="list-style-type: none"> - Subian - Deluxe - Mood for Green - Ice+ - Russian <p>重點產品：</p> <ul style="list-style-type: none"> - 隨變 - 蒂蘭聖雪 - 綠色心情 - 冰+ - 俄式

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
Milk Formula 奶粉	Revenue amounted to RMB6,017.4 million (2017: RMB4,042.1 million), accounting for 8.7% of Mengniu's total revenue (2017: 6.7%) 收入為人民幣60.174億元(二零一七年：人民幣40.421億元)，佔蒙牛總收入8.7%(二零一七年：6.7%)	



- *Yashily* brand is dedicated to providing basic nutrients. *Yashily Kieember* infant milk formula, canned in and imported from New Zealand, targets the mid-range to high-end market and owns the patented INFAT™ active energy system, altogether five patents enabling it to take care of the healthy growth of babies. *Yashily Kieevagour* and *Yashily Qinérshi* are tailored for the mid-range market, with *Yashily Qinérshuo* having a stronger appeal to the mass. The original *Yashily* formula completed upgrading with enriched probiotics and lactoferrin content.
- 雅士利品牌側重基礎營養，其中新西蘭原罐進口的雅士利菁珀嬰兒奶粉定位中高端市場，擁有專利INFAT™動態活力系統，五項專利全面呵護寶寶成長；雅士利菁躍及雅士利親兒適定位中端，雅士利親兒碩則定位更親民。原雅士利配方完成配方升級，強化益生菌及乳鐵蛋白。
- *Reeborne* brings Chinese babies with organic purity from the Alps. *Qinyou* series and *Organic* series of *Reeborne* completed packaging and formula upgrade and focused on penetrating the organic market, as such achieved significant growth.
- 瑞哺恩將阿爾卑斯的有機純淨帶給中國寶寶。瑞哺恩的親悠系列及有機系列已完成包裝及配方升級，並著力強化有機市場的滲透，取得顯著增長。
- *Dumex*, originated from Europe, is committed to conducting research on Chinese babies' immune system in its bid to provide professional solutions to satisfy the nutritional needs of infants and toddlers. The *Diamor* series possesses dual patents in Europe and OPO structured fat, which is easy to digest and absorb, and good for improving babies' immune system. The *Boyoujia* series contains patented prebiotics and is rich in nutrition, being amiable and easy to absorb. *Dumex* goat milk series possess easy-to-absorb small molecule protein together with whole goat milk protein and OPO, thus producing *Dumex* domestic high-end goat milk, which is good for preventing allergy. *Dumex TruYn* series is positioned to appeal more to the mass with its precious lactoferrin and OPO structured fat specially added.
- 多美滋源自歐洲，致力中國寶寶的抵抗力研究，為滿足嬰幼兒的營養需求提供專業解決方案。其中致粹系列具有歐洲雙重專利和OPO結構脂，有利於消化吸收，從而提高寶寶抵抗力。鈣優加系列含專利配方益生元組合，營養大滿罐，親和好吸收。多美滋羊奶系列小分子蛋白，更易吸收，並特含全羊乳蛋白和OPO，打造多美滋國產高端羊奶，防止過敏。多美滋初穎系列定位更親民，特別添加珍稀乳鐵蛋白和OPO結構脂。

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Product category 產品品類	Financial performance 財務表現	Highlights 動向
		<ul style="list-style-type: none"> - <i>Arla Baby & Me</i> organic formula, canned and imported from Denmark, is originated from the world's largest organic dairy producer. <i>Arla Baby & Me</i> organic formula obtains certifications in 3 areas, namely hormone-free, chemical fertilizer-free and pesticide-free. The whole single process for milk formula to be produced from fresh milk is controlled by its own ranch. Its quality organic formula contains rich DHA, whole lactose, well-proportioned prebiotics and it is positioned in the super high-end market. - <i>Arla 寶貝與我有機</i>奶粉丹麥原裝原罐進口，源自全球最大的有機乳品商。<i>Arla 寶貝與我有機</i>奶粉獲得三大有機認證，不含激素、化肥或農藥，鮮奶一次性成粉，自家牧場全程掌控。質臻有機配方，含高DHA、全乳糖、黃金比例益生元，定位超高端市場。 - Last November, Yashili launched <i>Doraler</i>, which is originated from Australia and positioned in the super high-end goat milk market. It is absolutely canned and imported from overseas, containing 100% pure goat milk protein, which is mild, smooth and easy to absorb, and contains DHA and whole lactose. - 雅士利於去年十一月推出的朵拉小羊來自澳洲，定位超高端羊奶市場，100%原裝原罐進口，100%純羊乳蛋白，溫和細膩更易吸收，並特含DHA及全乳糖。 - Yashili's products also include various adult milk powder products, such as <i>Mengniu</i> brand adult milk formula, <i>Youyi</i> brand adult milk formula, <i>Youri</i> brand middle-age and elderly milk formula, as well as <i>Future Star</i> milk powder for children's growth, and various soluble products such as <i>Zhengwei</i> brand oatmeal and <i>Yashily</i> infant and toddler nutritional rice cereal. - 雅士利的產品亦包括多種成人奶粉如蒙牛品牌成人奶粉、優怡品牌成人奶粉、悠瑞品牌中老年奶粉，以及未來星兒童成長奶粉和多個系列沖調產品包括正味品牌麥片和雅士利嬰幼兒營養米粉等。
		<p>Key products:</p> <ul style="list-style-type: none"> - <i>Yashily Kieember and Kieevagour</i> - <i>Reeborne</i> - <i>Dumex Diamor</i> - <i>Arla Baby & Me</i> - <i>Doraler</i>
		<p>重點產品：</p> <ul style="list-style-type: none"> - 雅士利菁珀、菁躍 - 瑞哺恩 - 多美滋致粹 - <i>Arla 寶貝與我</i> - 朵拉小羊

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Product category 產品品類	Financial performance 財務表現	Highlights 動向
Other Products 其他產品	Revenue amounted to RMB847.7 million (2017: RMB585.4 million), accounting for 1.2% of Mengniu's total revenue (2017: 1.0%) 收入為人民幣8.477億元(二零一七年：人民幣5.854億元)，佔蒙牛總收入1.2%(二零一七年：1.0%)	
		<ul style="list-style-type: none"> - Adjustment and upgrade were carried out for the plant-based protein beverage <i>ZhiPuMoFang</i>, a joint creation of Mengniu and WhiteWave. Its <i>Silk Americano Soymilk</i> was launched in November 2017 in two flavors – original and almond. It is made with freshly grinded soybeans and uses the unique 8-second VTIS freshness preservation technology. During the year, the North American mixed berries flavor was introduced. - 蒙牛與WhiteWave共同創立的植物蛋白飲品品牌植樸磨坊，對產品進行了調整和升級，在二零一七年十一月推出<i>Silk</i>美式豆奶，採用原豆鮮磨及特有的VTIS8秒鎖鮮技術，有原味及巴旦木兩種口味，年內再推出北美混合莓果口味。 - Mengniu joined hands with Arla Foods to introduce the professional catering brand <i>Arla Pro</i>, with <i>Arla</i> shredded mozzarella as the debut product. The product is produced in Mengniu's cheese factory, using the exclusive recipe and advanced techniques of Arla Foods plus premium imported cheese from Denmark as the ingredient, to tap China's cheese market. Mengniu also launched new kids cheese cup and kids cheese sticks under the children dairy product brand <i>Arla Little Explorer</i> in the second half year. Its formula, apart from being low-sugar and low-sodium, contains twice the protein content of other children cheese products in the market. - 蒙牛攜手Arla Foods引進專業餐飲品牌<i>Arla Pro</i>，推出愛氏晨曦馬蘇里拉乾酪絲，採用Arla Foods的獨家配方及先進工藝，臻選來自丹麥的進口奶酪為原料，並在蒙牛的奶酪工廠進行生產，進軍國內奶酪市場。蒙牛於下半年更推出愛氏晨曦小探險家兒童奶製品品牌系列新品，包括兒童奶酪杯及兒童奶酪條，配方低糖、低鈉，蛋白質含量是市場上其他兒童奶酪產品的兩倍。 <p>Key products:</p> <ul style="list-style-type: none"> - <i>Silk Americano Soymilk</i> - <i>Arla shredded mozzarella</i> - <i>Lao Qu Bei</i> - <i>Arla Little Explorer</i> <p>重點產品：</p> <ul style="list-style-type: none"> - <i>Silk</i>美式豆奶 - 愛氏晨曦馬蘇里拉乾酪絲 - 酪趣貝 - 愛氏晨曦小探險家

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

PRODUCTION

Mengniu deploys its production capacity according to the potential of relevant markets and its product strategy. As at December 2018, Mengniu had 38 production bases in China and one in New Zealand, and together with the production base in Indonesia which commenced operation at the end of November 2018, it had a total production capacity of 9.75 million tons (December 2017: 9.22 million tons).

SOCIAL RESPONSIBILITY

Aspiring to become a world-class benchmark dairy enterprise, Mengniu has aligned its operations with the United Nations Sustainable Development Goals 2030. Adhering to its corporate mission of “focusing on nutrition and health, delivering a drop of happiness for every moment and every day to more people”, it implements sustainable development strategy that covers all its business endeavors while organizing a series of long term corporate social responsibility activities like the “Inclusive Nutrition Plan”, “Golden Key of Milk Cow” and “University of Ranchers” to contribute to sustainable development of the society and the environment.

Mengniu adopts the philosophy of green and low carbon manufacturing in its production management by continuously lowering the greenhouse gas and waste emissions in order to promote the sustainable development in industry. Mengniu has established the Energy Conservation and Emission Reduction Committee headed by the CEO of the Group, and built up a three-level “Group-Business Divisions-Factories” management structure. During the year, Mengniu promoted the integrated utilization of energy and continuously increased the proportion of green and renewable energy such as solar energy, wind energy and biomass energy, such that the total greenhouse gas emission can be efficiently reduced. In 2018, with the outstanding performance in energy saving and emission reduction, Mengniu was awarded “Climate Leader Plant” by Energy Foundation and China Council for an Energy Efficient Economy, being one of the four enterprises in the first batch to win this reputation and the sole enterprise with this honor among the domestic dairy industry.

生產

蒙牛根據市場潛力及產品策略佈局產能，截至二零一八年十二月，蒙牛於全國共設有生產基地38個，新西蘭設有生產基地一個，加上於二零一八年十一月底正式運營的印尼生產基地，產能合共為975萬噸(二零一七年十二月：922萬噸)。

社會責任

為打造世界一流乳製品企業標桿，蒙牛對標聯合國2030年可持續發展目標，秉承「專注營養健康，每一天每一刻為更多人帶來點滴幸福」的企業使命，在各個業務層面深入推進可持續發展戰略，並且持續舉辦一系列例如「營養普惠計劃」、「奶牛金鑰匙」、「牧場主大學」等的長期性企業社會責任活動，為社會及環境的可持續發展作出貢獻。

蒙牛在生產管理上採用綠色低碳運營的理念，持續降低溫室氣體及廢棄物排放，推動行業可持續發展。蒙牛設立了由集團總裁親率的節能減排委員會，建立「集團—事業部—工廠」的三級管理架構，年內，蒙牛推行能源綜合利用，不斷增加太陽能、風能、生物質能等綠色可再生能源的比例，有效降低溫室氣體排放總量。二零一八年，蒙牛憑藉在節能減排方面的優秀表現，在能源基金會與能效經濟委員會•中國評選的「氣候領袖企業」項目中，成為四家首批獲得「氣候領袖企業」榮譽稱號的企業之一，並成為國內乳品行業中唯一獲此殊榮企業。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

As an important poverty alleviation project of Mengniu's unique "Nutrition-based Poverty Alleviation and Supporting Intellectual Growth" program, Mengniu's charitable "Student Milk Program" which was initiated 15 years ago was upgraded in 2017 to the "Inclusive Nutrition Plan" to match to the country's "Healthy China" strategy and call for more precise poverty alleviation. During the year, via the "Inclusive Nutrition Plan" project, Mengniu cooperated with the World Food Programme of United Nations to roll out a preschool children nutrition improvement pilot project in Xiangxi, Hunan. Moreover, the Group donated a total of approximately 4.42 million packs of student milk to 27,287 poor students and left-behind children in 91 counties in 18 provinces, and provided "lectures on nutrition" on campuses to educate schools, parents and students. In addition, Mengniu and the Research Institute of Food and Nutrition Development under the Ministry of Agriculture and Rural Affairs of the PRC jointly published the "Blue Book on Inclusive Nutrition for Children in Rural China", the objective of which is to help improve provision of nutrition to children in rural area, especially poor children, and contribute to the success of the "Healthy China 2020 strategy".

Mengniu cares about achieving "win-win growth" with its cooperative partners to support development of upstream ranches in the dairy industry. Mengniu had to date conducted 19 technical demonstration sessions under the "Golden Key of Milk Cow" program to explain latest breeding and rearing techniques to over 4,500 ranch personnel in over 1,000 ranches. As for the "University of Ranchers", it provided free training to over 10,000 ranch staffers, whereas the "Satellite Lectures" had accumulatively covered 470 innovative practical ranch technology topics reaching 39,000 times of participation, supporting multi-dimensional upgrade of herd structure, feeding management, etc. at over 1,000 ranches. The free online knowledge learning and exchange platform for the industry "Ranchers Says" launched in 2018 new video training courses given by nine experts in the national dairy industry.

作為具有蒙牛特色的「營養扶貧+扶智」的重要扶貧項目，蒙牛自二零一七年開始響應「健康中國」國家戰略和精準扶貧號召，將持續十五年之久的「學生奶計劃」公益項目全面升級成「營養普惠計劃」項目，並於年內攜手聯合國世界糧食計劃署，推行湖南省湘西學齡前兒童營養改善試點項目。年內，蒙牛的「營養普惠計劃」共向18個省、91個縣、27,287位貧困學生及留守兒童捐贈約442萬包學生奶，並進入校園為學校、家長及學生開設「營養課堂」。此外，蒙牛聯合農業農村部食物與營養發展研究所共同發佈了《中國鄉村兒童營養普惠藍皮書》，以期更好地解決鄉村兒童尤其是貧困兒童的營養改善問題，助力「2020健康中國戰略」。

蒙牛始終關注與合作夥伴的「成長共贏」，扶持上游牧業的發展。迄今為止，蒙牛舉辦的「奶牛金鑰匙」技術示範專場已經開展了19期，為1,000多個牧場超過4,500人介紹最新養殖技術；「牧場主大學」項目免費培訓牧場人員超過10,000人；衛星大講堂累計開展了470項牧場實用技術創新課題，傳播覆蓋3.9萬人次，幫扶1,000多家牧場從牛群結構、餵飼管理等多維度提升；「牛人說」線上牧業知識免費學習交流平台在二零一八年新推出了九個國家奶牛產業專家的培訓視頻課程。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Mengniu has been active in fulfilling its corporate social responsibility. Its related programs such as the “Inclusive Nutrition Plan”, “Golden Key of Milk Cow” and “University of Ranchers” have made outstanding contribution to charitable causes and, for that, Mengniu enjoys high recognition from various parties in the community. During the year, the Group received the “Golden Bee Enterprise” award at the 13th China CSR International Forum, was named among the “Top 50 Brands for Chinese Corporate Citizens’ Responsibility in 2018” and a “3-Star China Extraordinary Corporate Citizen 2018” by the China Association of Social Workers and the China Extraordinary Corporate Citizen Annual Awards Organizing Committee, and garnered the “13th Annual People’s Corporate Social Responsibility Award – Poverty Alleviation” from People’s Daily Online and the “China Corporate Social Responsibility Summit 2018 – Charitable Award” from xinhuanet.com. In addition, Mengniu’s “Inclusive Nutrition Plan” received the “Asia Responsible Entrepreneurship Award 2018 – Social Empowerment Category” from Enterprise Asia. The poverty alleviation initiative of the Group were also included in the “Blue Book of Poverty Alleviation for Enterprises (2018)” of the Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences and it received the “Excellent Case in Poverty Alleviation 2018” jointly awarded by the State Council Leading Group Office of Poverty Alleviation and Development and the Chinese Academy of Social Sciences.

蒙牛積極履行企業社會責任，憑藉「營養普惠計劃」、「奶牛金鑰匙」、「牧場主大學」等項目於公益慈善領域的傑出貢獻，獲得社會各界的高度肯定。本集團於年內獲得第十三屆中國企業社會責任國際論壇頒發的「金蜜蜂企業獎」、中國社會工作聯合會及中國優秀企業公民年會組織委員會頒發的「2018中國企業公民責任品牌50強」及「2018三星級中國優秀企業公民」殊榮、人民網頒發的「第十三屆人民企業社會責任獎—年度扶貧獎」，以及新華網頒發的「2018中國企業社會責任峰會公益慈善獎」。此外，蒙牛的「營養普惠計劃」獲亞洲企業商會頒發的「2018亞洲企業社會責任—社會公益發展獎」，其扶貧案例亦入選中國社科院企業責任研究中心的《企業扶貧藍皮書(2018)》，並獲得國務院扶貧辦和社科院聯合頒發的「2018扶貧優秀案例獎」。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

HUMAN RESOURCES

As at 31 December 2018, the Group had a total of about 41,031 employees in China, Hong Kong, Oceania and Southeast Asia, including around 2,920 employees of Yashili. During the year, total staff costs (including salaries of directors and senior executives) amounted to approximately RMB6,248.6 million (2017: RMB5,133.8 million).

In accordance with its pursuit of international development, Mengniu succeeded in changing its human resources service mode from “providing operational support” to “rendering strategical support and efficient services”, building a new operation model centered around the forging of “new business partner relationship” and facilitated by a “shared services center”. During the year, the Group set up the Human Resources Shared Services Center (“HRSSC”) that brought together 11 platform systems and through extensive use of automation technology, efficiently handled administrative duties, freeing Human Resources Business Partners (“HRBP”) and Centers of Expertise (“COE”) to focus on offering value-added services to the Group’s businesses to help them grow.

In addition, Mengniu introduced the “Five Elements of Leadership” model at the beginning of 2018 to build for the Group a unified assessment system covering leadership training, evaluation of team leaders and selection of talent for the Group, which was implemented by each business division. Mengniu also optimized all aspects of its personnel training system to provide training focusing on four areas: orientation for new recruits, general capabilities, professional skills and leadership skills, allowing every employee to receive systematic training and education pinpointing their specific requirement.

The Group renewed its corporate culture and refined the Mengniu spirit, preserving its traditional cultural genes, and at the same time enriching its cultural essence keeping up with the times. It issued the “Mengniu corporate culture manual (2018 edition)” to facilitate staff embrace of its corporate culture. In addition, through such corporate culture activities like “Keep Running Mengniu”, “Mighty Mengniu Rises to Challenges” and “Mengniu’s Gobi Desert Challenges”, the Group continued to encourage the active and aggressive “Wolf Culture” among all Mengniu staff, instilling in employees the “Born for Greatness” spirit and value.

During the year, Mengniu optimized its existing incentive system by implementing a rank-based authorization system, strengthening the connection between work incentives for individual employees and performance of the organization, and moving from focusing on labor cost control to pushing up labor cost efficiency. During the year under the long-term incentive plan in place, a total of 6,693,084 shares and 9,593,689 share options were granted under the share award scheme and the share option scheme, respectively, to employees participating in the schemes. In addition, 37,248,880 share options were granted to core management members under the share option scheme to give them stronger motivation in leading Mengniu advance towards higher business development goals and fulfill the targets of the 2020 strategy.

人力資源

於二零一八年十二月三十一日，本集團於中國大陸、香港、大洋洲及東南亞合共聘用僱員約41,031名，包括雅士利僱員約2,920名。年內僱員總成本(包括董事及高級行政人員薪金)約為人民幣62.486億元(二零一七年：人民幣51.338億元)。

蒙牛基於國際化的發展佈局，實現了人力資源服務模式從「運營支持型」向「戰略支持和高效服務型」的轉變，構建了以「新型業務夥伴關係」為核心，以「共享服務中心」建設為輔助的新運營模式。年內，本集團搭建了人力資源共享服務中心(Human Resources Shared Services Center，簡稱「HRSSC」)，通過集成11個系統平台，大規模應用自動化方式，高效完成人力資源的事務性工作，以釋放人力資源業務合作夥伴(Human Resources Business Partners，簡稱「HRBP」)和專家中心(Centers of Expertise，簡稱「COE」)更多精力專注於為集團業務提供增值服務，助力業務發展。

此外，蒙牛在二零一八年初發佈「五行領導力」模型，進一步搭建了全集團統一的領導力培養、幹部能力評價及人才選拔的評估體系，並由各事業部積極推行。蒙牛亦全方位優化了人才培養體系，以提供新員工入司、通用力、專業力及領導力四個能力的培育，讓每一名員工接受的培訓教育能夠系統化且更具針對性。

本集團更新了企業文化，重點提煉了蒙牛精神，既保留了傳統文化基因，又與時俱進豐富了文化內涵，發佈「蒙牛企業文化手冊二零一八版」，推動企業文化落地。另外，本集團通過如「奔跑吧蒙牛人」、「蒙牛人大闖關」、「蒙牛戈壁挑戰賽」等企業文化活動，繼續推進蒙牛人積極進取的「狼性文化」，使「天生要強」精神及價值觀深入人心。

蒙牛在年內優化現有激勵體系，實施分級授權，加強個人激勵與組織業績的關聯，並從人工成本管控向驅動人工效能提升變革。在現行的長期激勵計劃下，根據股票獎勵計劃及購股權計劃，本集團在年內分別向參與計劃的員工授出股票6,693,084股及購股權9,593,689份，另針對核心管理層授予購股權37,248,880份，以更有力的激勵管理層引領蒙牛力爭更高的業務發展目標和2020戰略的達成。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

PROSPECTS

The effect of supply-side structural reform of the dairy industry will become more apparent. Dairy product consumption in the market is going to enter a period of rapid growth and the dairy industry will move into a positive development cycle. In the face of consumption upgrade, the dairy product industry needs to meet new requirement in terms of quality, innovation and digital transformation. In 2019, it is expected that cost of raw milk will remain steady with mild increase and the industry will continue to see structural upgrade. From the global perspective, China's dairy industry has become a new force powering development of the global dairy industry and a "Global Dairy Community" is taking shape. The entire dairy industry is committed to revitalizing the industry, aiming for the supply-side structural reform of the industry to bring concrete results by 2020 and progress be seen with modernization of the industry that, by 2025, the overall quality level of products, competitiveness of the dairy industry and consumption penetration of China will match advanced global standards.

Looking forward, Mengniu will continue to strive for high quality and sustainable growth, and achieve breakthroughs in boosting brand power, channel power and its strength to innovate. The four major business divisions will cooperate with new business divisions in releasing the growth potential of new businesses, while consolidating the strengths of traditional businesses. The Group will push to accord with the consumption upgrade trend, pool together its advantageous resources, focus on core product categories and enhance its core products. For room temperature product business, the focus will be on speeding up growth of high-end categories like *Milk Deluxe* and *Just Yoghurt* will focus on *Xiaomanyao* to achieve higher sales target. Furthermore, Mengniu will work hard on market development for *Champion* and *Yoyi C*, and further upgrade of the product structure and market infrastructure of low temperature yogurt products to brace their leadership in the chilled product market. In addition, Mengniu will increase investment in new businesses like fresh milk to develop new growth drivers, so as to inject new vigor and vitality into the Group's business and bring synergistic benefits to its traditional businesses. Mengniu will continue to boost product innovation and upgrade by employing latest industry technologies and aligning with the world's highest standards in upgrading product packaging, flavor and function, creating new product categories, leading new trends and developing new markets, as well as optimizing upstream and downstream resources deployment.

展望

乳業供給側改革的成效將進一步顯現，乳製品市場消費正迎來快速增長的時期，乳業邁入良性發展週期。受消費升級趨勢的影響，乳製品企業正面對品質、創新和數字化轉型的全新要求，預計二零一九年原奶成本穩中有升，行業結構持續升級。全球視野下，中國乳業已經成為世界乳業發展的新動能，構建「全球乳業共同體」勢在必行。全行業正全力實現奶業振興目標，力爭二零二零年奶業供給側結構性改革取得實質性成效，奶業現代化建設取得明顯進展，到二零二五年乳品質量、產業競爭力和消費滲透率等整體水平進入世界先進行列。

展望未來，蒙牛將繼續保持高質量、可持續增長，在品牌力、渠道力、創新力全面突破。四大事業部聯動新業務群，鞏固傳統業務優勢，同時激發新業務的增長潛力。本集團將進一步迎合消費升級趨勢，集中優勢資源，聚焦核心品類，做強核心產品。常溫業務方面，加速**特侖蘇**等高端品類增長，**純甄**聚焦**小蠻腰**致力更高銷售目標；另一方面，蒙牛將繼續聚焦**冠益乳**及**優益C**的市場發展，進一步提升低溫酸奶產品結構和市場基礎，穩保低溫市場領導者地位。同時，蒙牛將加大對鮮奶等新興業務的投入，培育新的增長點，為集團業務注入新的生機與活力，同時為傳統業務帶來協同效應。蒙牛將持續發力產品創新及升級，利用乳業最新技術，對標全球最高標準，全方位提升產品包裝、口味、功能，創造新品類、引領新趨勢、開闢新市場，並持續完善上下游資源佈局。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

On the brand promotion front, taking advantage of the fully enhanced brand power credited to World Cup-tied publicity, Mengniu will continue to promote its “World-class Quality, Born for Greatness” brand concept and tighten the emotional connection between the brand and consumers, making Mengniu the most favorite brand among consumers and in turn boost sales growth. Moreover, through the synergistic cooperative efforts of the parent brand and all the sub-brands and promotional initiatives across all media and channels to fully release of media and resource power, Mengniu will be able to fortify its image as a world-class brand.

To offer more nutritious and healthier products and higher quality digital consumption experience, Mengniu will explore in depth the consumer Big Data it has amassed to understand more precisely consumers’ demands, keep pursuing digital upgrade of its entire industrial chain and effectively expand consumption scenarios. It will continue to develop its channels by expanding new channels capitalizing on the advantages of its existing thriving e-commerce channel. At the same time, it will step up execution of RTM strategy, hasten channel penetration in lower-tier markets, continue channel innovation and upgrade projects like “Penetration into Towns and Villages Project”, “Smart Network Action” and “Show Sword Action” and steadily expand sales network and increase sales volume, so that its business can excel in both quality and quantity.

In collaboration with its three strategic shareholders, namely COFCO Corporation and its subsidiaries, Danone Group and Arla Foods amba, Mengniu will aim for better quality, with a more ambitious vision and higher targets on its journey to become a world-class Chinese dairy enterprise being able to take on yet greater responsibility to society. Mengniu’s effective ties with World Cup stands as another milestone in the internationalization of the *Mengniu* brand, telling the Group to keep up the steady strides in taking its business international, to lead dairy enterprises in Asia and build a “Global Dairy Community”, realizing the sustainable development of the global dairy industry. With the *Yoyi C* factory in Indonesia in operation, Mengniu will speed up overseas business deployment and set up an Oceania center to support the deployment of “two overseas centers”, allowing its overseas business to achieve leapfrog growth.

2019 marks a new development milestone – the 20th anniversary – of Mengniu. The Group has grown and evolved from “Mengniu of Inner Mongolia” to “Mengniu of the world” as one of the top 10 dairy enterprises worldwide. Mengniu will hold fast to its determination to win belief of “Born for Greatness” to turn itself into a world-leading Chinese dairy enterprise, speed up realizing its “2020 Goal”, and enjoy new glory and thrive for a hundred years and beyond.

品牌推廣方面，蒙牛將借力世界盃品牌力全面提升乘勢而上，持續傳播「世界品質，天生要強」的品牌理念，進一步拉近品牌與消費者的情感連接，讓蒙牛成為消費者心中的至愛品牌，從而驅動銷售增長，並通過母子品牌協同聯動，全媒體全渠道傳播，釋放媒體及資源效能，深化蒙牛世界級品牌形象。

蒙牛亦將通過對消費者大數據的深入挖掘，精確把握消費者訴求，持續推進全產業鏈數字化升級，有效拓展消費場景，為消費者帶來更營養、健康、優質的數字化消費體驗。蒙牛將持續發力渠道，在現有電商渠道的優勢基礎上拓展新渠道，同時深化RTM策略，加速渠道下沉，繼續推動「鎮村通工程」、「智網行動」、「亮劍行動」等渠道創新、提升項目，穩步擴張網點及提高銷量，實現提質增量的目標。

蒙牛將持續攜手中糧集團有限公司及其子公司、Danone集團及Arla Foods amba三大戰略股東，以更高的品質、更遠的目光及更高的目標，向成為世界級中國民族乳品企業的目標邁進，肩負更大的社會責任。蒙牛將以世界盃作為品牌國際化的又一里程碑，繼續堅定的推進國際化戰略，引領亞洲乳製品企業，構建「全球乳業共同體」，實現全球乳業的可持續發展。隨著優益C印尼工廠的正式營運，蒙牛將加速海外業務佈局，建設大洋洲中心，實現「雙海外中心」佈局，力爭海外業務實現跨越式增長。

二零一九年是蒙牛發展里程碑的第二十年，並已從「內蒙牛」壯大為全球乳業十強的「世界牛」。蒙牛將堅持「天生要強」的必勝信念，打造全球領先的中國乳品企業，加速實現「2020目標」，共創百年蒙牛的新輝煌。

蒙牛®

真果粒®



「蓝朋友」超爱的真果粒

果粒粒粒喝得到



DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR

Mr. Lu Minfang, aged 50, was appointed as an executive director and chief executive officer of the Company in September 2016. Mr. Lu is the chairman and a non-executive director of Yashili International Holdings Ltd (“Yashili”), a subsidiary of the Company listed in Hong Kong and the chairman and a non-executive director of China Modern Dairy Holdings Limited (“China Modern Dairy”), an associate of the Company listed in Hong Kong. He was the chief executive officer and an executive director of Yashili before his appointment as chairman of the board of directors of Yashili. Mr. Lu was also a director of the following subsidiaries of Yashili, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited. Mr. Lu was the Vice President (Greater China) of Danone Early Life Nutrition Greater China and had been with Danone Group and Dumex Baby Food Co. Ltd. for over 10 years. During his tenure at Danone Group, he demonstrated strong strategic business and market planning capabilities. With strong leadership, management skills and in-depth market knowledge, Mr. Lu had contributed significantly to the success of Danone Group’s baby nutrition business in China. Prior to joining Danone Group, Mr. Lu spent 9 years with Johnson & Johnson (China) Company Limited and almost 4 years with General Electric Company (China). Mr. Lu has over 18 years of experience in sales and marketing and has been in general manager or senior executive roles for over 7 years. Mr. Lu has extensive experience in the management of fast moving consumer products and dairy companies and has an excellent grasp and in-depth knowledge of the PRC market. Mr. Lu obtained his Bachelor’s degree from Fudan University in Shanghai.

執行董事

盧敏放先生，50歲，於二零一六年九月獲委任為本公司執行董事及總裁。盧先生現時亦為本公司於香港上市的子公司雅士利國際控股有限公司（「雅士利」）主席及非執行董事，及本公司於香港上市的聯營公司中國現代牧業控股有限公司（「中國現代牧業」）主席及非執行董事。獲委任為雅士利董事會主席之前，彼為雅士利總裁及執行董事。盧先生亦曾為以下雅士利子公司的董事：雅士利國際有限公司、雅士利國際集團有限公司、新歐香港國際有限公司及施恩國際集團有限公司。盧先生擔任Danone早期生命營養品公司大中華區副總裁一職，曾服務Danone集團及多美滋嬰兒食品有限公司超過10年。任職Danone集團期間已展現非凡戰略業務和市場規劃能力。盧先生利用其卓越的領導能力和管理技巧，以及對市場的深入瞭解，幫助Danone集團在中國的嬰幼兒營養品業務取得巨大成功。加入Danone集團前，盧先生曾在強生（中國）有限公司任職達9年，並在美國通用電氣（中國）服務近4年。盧先生在銷售與市場領域擁有逾18年經驗，亦擔任總經理或高層管理人員職務超過7年。盧先生具有豐富快速消費品和乳業公司管理經驗，對中國市場有充分理解和豐富知識。盧先生於上海復旦大學獲得學士學位。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Ms. Wu Wenting, aged 55, was appointed as an executive director of the Company in September 2016. Ms. Wu was the executive deputy general manager and chief financial officer of China Foods Limited, a company listed in Hong Kong, until September 2016. Ms. Wu joined COFCO Group in 1992 and was the director of the Audit and Discipline Department of COFCO Corporation from 2006 to March 2014. Ms. Wu also held various positions in COFCO Group, including the deputy general manager of the Finance Department of China Liang Feng Grains Import & Export Company from 1994 to 2000 and the general manager of the Finance Department of COFCO Oils & Grains Co., Ltd. from 2000 to 2006. Ms. Wu holds a Bachelor of Arts degree in economics from Beijing Technology and Business University and a Master of Arts degree in professional accounting from Central University of Finance and Economics and has extensive experience in financial management and auditing.

NON-EXECUTIVE DIRECTOR

Mr. Yu Xubo, aged 53, was appointed as a non-executive director and chairman of the board of directors of the Company in January 2019. Mr. Yu joined COFCO Corporation and/or its subsidiaries (the "COFCO Group") in 1988 and has been the president of COFCO Corporation since April 2007. Mr. Yu has held several positions in COFCO Group, including the general manager of COFCO Futures Co., Ltd. and the vice president of COFCO Corporation. Mr. Yu is also the managing director of COFCO (Hong Kong) Limited, and holds directorship in several subsidiaries of the COFCO Group. Mr. Yu is currently a non-executive director and chairman of the board of China Foods Limited (a company listed in Hong Kong). He was a non-executive director of China Foods Limited until February 2016. Mr. Yu has also been a non-executive director of the Company until September 2016, a non-executive director and chairman of the board of China Modern Dairy until March 2017, a non-executive director of Noble Group Limited (a company listed in Singapore) until May 2017, and a non-executive director and chairman of the board of China Agri-Industries Holdings Limited (a company listed in Hong Kong) until January 2018. Mr. Yu graduated from the University of International Business and Economics and obtained a Bachelor's Degree in Economics. He subsequently also obtained an Executive Master of Business Administration degree (EMBA) from the China Europe International Business School.

吳文婷女士，55歲，於二零一六年九月獲委任為本公司執行董事。二零一六年九月前，吳女士曾任香港上市公司中國食品有限公司常務副總經理兼首席財務官。吳女士於一九九二年加入中糧集團，於二零零六年至二零一四年三月期間擔任中糧集團有限公司審計監察部總監。吳女士亦曾於中糧集團擔任多個職位，包括於一九九四年至二零零零年期間擔任中國良豐穀物進出口公司財務部副總經理及於二零零零年至二零零六年期間擔任中糧糧油有限公司財務部總經理。吳女士持有北京工商大學經濟學學士學位及中央財經大學專業會計學碩士學位，並在財務管理及審計方面擁有廣泛經驗。

非執行董事

于旭波先生，53歲，於二零一九年一月獲委任為本公司非執行董事及董事會主席。于先生於一九八八年加入中糧集團有限公司及／或其子公司（「中糧集團」），並從二零零七年四月起任中糧集團有限公司總裁。于先生曾先後出任中糧集團多個職位，其中包括中糧期貨有限公司總經理及中糧集團有限公司副總裁等。他亦現任中糧集團（香港）有限公司董事總經理，以及中糧集團若干子公司董事。于先生現任香港上市公司中國食品有限公司的非執行董事兼董事會主席，並曾擔任中國食品有限公司的非執行董事直至二零一六年二月。于先生亦曾任本公司非執行董事直至二零一六年九月、香港上市公司中國現代牧業非執行董事兼董事會主席直至二零一七年三月、新加坡上市公司Noble Group Limited非執行董事直至二零一七年五月，以及香港上市公司中國糧油控股有限公司非執行董事兼董事會主席直至二零一八年一月。于先生畢業於對外經濟貿易大學並獲經濟學學士學位，後又獲中歐國際工商學院高級管理人員工商管理碩士學位(EMBA)。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Niu Gensheng, aged 61, is a non-executive director of the Company, a member of the founding team of Yili Group, the founder of Inner Mongolia Mengniu Dairy (Group) Company Limited and the founder of Laoni Foundation. Mr. Niu graduated from the Inner Mongolia University with a degree in Administration and Management and obtained a Master's degree in Enterprise Management from the Chinese Academy of Social Sciences Graduate School. With extensive experience in and insights of China's dairy industry, Mr. Niu enjoys high reputation in the industry. In 2007, Mr. Niu was elected as one of "China's Most Influential Business Leaders" for the fifth year, and was honoured the "2007 Hong Kong Bauhinia Award." Mr. Niu is devoted to charity. He was on the list of "China's Top 10 Philanthropists" published by the Ministry of Civil Affairs of the PRC in 2007 and ranked third in the "2007 Hurun Top 10 for Charity", and was presented the first and only "Lifetime Achievement in Philanthropy Award" by the "China Philanthropists List" in 2010.

Mr. Tim Ørting Jørgensen, aged 54, was appointed as a non-executive director of the Company in April 2016. He was a non-executive director of the Company during the period from July 2012 to September 2013. Mr. Jørgensen graduated from the Copenhagen Business School in 1991 with a Master of Economics degree, specialising in international strategy and marketing. He joined Arla Foods a.m.b.a ("Arla") in 1991 and has held several management positions in Arla's international business group, including working three years in the Middle East and three years in Brazil. In 2005, he became the business group director for Arla's Danish division and, in 2007, he was appointed as executive vice president, responsible for Arla's international activities outside Scandinavia and the United Kingdom. In 2012, he was appointed to lead Arla's newly established German/Dutch business group, with the objective of establishing Arla as a leading dairy company in Germany through mergers and acquisitions. Throughout his 28 years in Arla, Mr. Jørgensen has acquired extensive management experience in international sales, brand building, supply chain efficiency and general management. Mr. Jørgensen has especially been focused on growing the business significantly both organically and through acquisitions.

牛根生先生，61歲，本公司非執行董事及伊利集團創始團隊成員、內蒙古蒙牛乳業(集團)股份有限公司創始人和老牛基金會創始人。牛先生畢業於內蒙古大學，持有行政管理學位，並在中國社會科學院研究生院取得企業管理碩士學位。牛先生對中國乳品業的認識透徹，憑藉豐富的行業經驗，於行業中擁有崇高地位。二零零七年，牛先生第五度當選「中國最具影響力的企業領袖」，並獲頒「二零零七年香港紫荊花獎」。牛先生致力於慈善事業，於二零零七年名列中華人民共和國民政部發佈的「中國十大慈善家」榜單，並於「二零零七年胡潤十大慈善榜」中排名第三，又於二零一零年獲「中國慈善排行榜」首次設立及唯一的「慈善終身成就獎」。

Tim Ørting Jørgensen先生，54歲，於二零一六年四月獲委任為本公司非執行董事。二零一二年七月至二零一三年九月，彼曾為本公司非執行董事。Jørgensen先生在一九九一年畢業於哥本哈根商學院，主修國際策略與市場推廣，榮獲經濟碩士學位。一九九一年，彼加入Arla Foods a.m.b.a (「Arla」)，曾任國際業務部多個管理職位，包括三年於中東工作及三年於巴西工作。二零零五年，彼獲晉升為Arla丹麥分公司的業務集團董事，並於二零零七年獲委任為Arla執行副總裁，負責斯堪地那維亞及英國以外地區的國際業務。二零一二年，彼獲委任負責領導Arla新設的德國／荷蘭業務部，冀通過併購將Arla建立為德國具領導地位的乳業公司。Jørgensen先生於Arla具備28年工作經驗，積累豐富國際銷售、品牌建立、供應鏈效益與綜合管理經驗。Jørgensen先生專注於以自然增長及收購方式顯著擴大業務。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Pascal De Petrini, aged 59, was appointed as a non-executive director of the Company in December 2017. He is currently Senior Vice President and Non-Executive Chairman Asia at Danone. Mr. De Petrini has been working as senior management in the food and beverage industry for more than 30 years. His experience covers the full range of businesses, including sales and purchase, factory management, supply chain, among others. Mr. De Petrini joined Danone in 1984 and worked in France in the areas of project management, factory demand and supply planning, and sales as business development director and strategic committee member. From 1998 to 2002, Mr. De Petrini was the general manager of Danone's biscuits business in China. Mr. De Petrini returned to Paris in 2002 to work in the headquarters of Danone as General Manager of Themis (global SAP program roll-out) until 2004. From 2004 to 2007, Mr. De Petrini worked in Indonesia as general manager of Aqua, a bottled water company of Danone. From 2007 to 2008, Mr. De Petrini worked as vice president of Danone's water business in Asia Pacific and was responsible for the water and beverage business in China, Indonesia and New Zealand. From 2008 to 2011, Mr. De Petrini worked as vice president of Danone's early life nutrition business in Asia Pacific and was responsible for ten countries in the region, including China. In 2011, Mr. De Petrini joined Fraser & Neave Ltd, a listed company engaged in the food and beverage business across the Asia Pacific region, as Chief Executive Officer until 2013, when he joined the Fonterra Cooperative Group Ltd as managing director of its businesses in Asia Pacific, the Middle East and Africa. In 2015, Mr. De Petrini returned to Danone as Executive Vice President of Strategic Resource Cycles till he took on his current role in 2017. Mr. De Petrini graduated from École Nationale Supérieure des Mines de Nancy in France with a Master of Science in Engineering degree in 1981 and obtained a Master of Science in Management degree from ESSEC Business School in France in 1983.

Pascal De Petrini先生，59歲，於二零一七年十二月獲委任為本公司非執行董事。彼目前於達能擔任高級副總裁及亞洲非執行主席。De Petrini先生在食品飲料行業出任高級管理層超過30年，其經驗涵蓋多個業務範疇，包括銷售及採購、工廠管理、供應鏈等各個方面。De Petrini先生於一九八四年加入達能，並於法國出任業務發展總監及戰略委員會成員，從事項目管理、工廠需求及供應規劃及銷售。自一九九八年至二零零二年，De Petrini先生出任達能餅乾業務中國區總經理。De Petrini先生於二零零二年返回巴黎，於達能總部出任Themis(推出全球SAP計劃)總經理至二零零四年。自二零零四年至二零零七年，De Petrini先生於印度尼西亞出任達能的瓶裝水公司Aqua之總經理。自二零零七年至二零零八年，De Petrini先生出任達能亞太水業務之副總裁，並負責中國、印度尼西亞及紐西蘭的飲用水及飲料業務。自二零零八年至二零一一年，De Petrini先生擔任達能亞太早期營養品業務之副總裁，並負責區內十個國家(包括中國)。De Petrini先生於二零一一年加入Fraser & Neave Ltd(一家於亞太區從事食品及飲料業務的上市公司)出任行政總裁至二零一三年，彼其時加入恒天然合作社集團有限公司，出任其亞太、中東及非洲業務之董事總經理。於二零一五年，De Petrini先生重新回歸達能出任Strategic Resource Cycles之執行副總裁，直至彼於二零一七年就任目前職位為止。De Petrini先生於一九八一年於法國的École Nationale Supérieure des Mines de Nancy畢業，取得工程碩士學位，並於一九八三年於法國的ESSEC Business School取得管理碩士學位。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Jiao Shuge (alias Jiao Zhen), aged 53, was appointed as a non-executive director of the Company in February 2004 and is a vice-chairman of the board of directors of the Company. Mr. Jiao was redesignated from a non-executive director of the Company to an independent non-executive director of the Company with effect from 12 April 2012. Mr. Jiao joined the Group in September 2002 and is currently a director and managing partner of CDH China Management Company Limited. Mr. Jiao received a Bachelor's Degree in Mathematics from Shandong University and a Master's Degree in Engineering from the No. 2 Research Institute of the Ministry of Aeronautics and Astronautics. Currently, Mr. Jiao also serves as a non-executive director and deputy chairman of WH Group Limited and an independent non-executive director of China Southern Airlines Company Limited, both companies listed in Hong Kong, a director of Joyoung Company Limited and a director of Henan Shuanghui Investment & Development Co., Ltd., both companies listed in Shenzhen. Mr. Jiao was a non-executive director of China Shanshui Cement Group Limited, a company listed in Hong Kong, from 30 November 2005 to 16 May 2014.

Mr. Julian Juul Wolhardt, aged 45, was appointed as a non-executive director of the Company in January 2006 and was redesignated from a non-executive director of the Company to an independent non-executive director of the Company with effect from 12 April 2012. Mr. Wolhardt is currently the chief executive officer of DCP Advisors, Limited focusing on private equity transactions in the Greater China region. Mr. Wolhardt was previously with KKR Asia Limited and Morgan Stanley responsible for private equity business in China. Mr. Wolhardt is a certified public accountant and certified management accountant and received a Bachelor's Degree in Accounting from the University of Illinois (Urbana-Champaign) in the United States. Mr. Wolhardt currently serves as a non-executive director of China Modern Dairy and a non-executive director of COFCO Meat Holdings Limited, both companies listed in Hong Kong. He is now also a director of Fujian Sunner Development Co., Ltd, a company listed in Shenzhen, and an independent director of Niu Technologies, a company listed on NASDAQ. He was an independent non-executive director of China Cord Blood Corporation, a company listed on the New York Stock Exchange, from April 2012 to May 2015.

獨立非執行董事

焦樹閣(又名焦震)先生，53歲，於二零零四年二月獲委任為本公司非執行董事，並為本公司董事會副主席。自二零一二年四月十二日起，焦先生由本公司非執行董事調任為本公司獨立非執行董事。焦先生於二零零二年九月加入本集團，現為CDH China Management Company Limited的董事兼執行合夥人。焦先生持有山東大學數學學士學位及航空航天工業部第二研究院工學碩士學位。焦先生目前亦擔任萬洲國際有限公司非執行董事兼副主席及中國南方航空有限公司獨立非執行董事，兩間公司均於香港上市。此外，彼目前亦分別出任兩間深圳交易所上市公司九陽股份有限公司及河南雙匯投資發展股份有限公司的董事。焦先生自二零零五年十一月三十日至二零一四年五月十六日曾任香港上市公司中國山水水泥集團有限公司非執行董事。

Julian Juul Wolhardt先生，45歲，於二零零六年一月獲委任為本公司非執行董事，並自二零一二年四月十二日起由本公司非執行董事調任為本公司獨立非執行董事。Wolhardt先生現為DCP Advisors, Limited首席執行官，專注大中華地區私募股權交易。Wolhardt先生曾任職於KKR Asia Limited及摩根士丹利，負責中國私募股權業務。Wolhardt先生為執業註冊會計師及註冊管理會計師，並於美國伊利諾大學厄巴納-香檳分校取得會計學學士學位。Wolhardt先生目前擔任中國現代牧業非執行董事，以及中糧肉食控股有限公司非執行董事，兩間公司均於香港上市。彼現亦為深圳交易所上市公司福建聖農發展股份有限公司董事及納斯達克交易所上市公司牛電科技獨立董事。於二零一二年四月至二零一五年五月，彼曾任紐約證券交易所上市公司中國齊帶血庫企業集團獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Zhang Xiaoya, aged 56, was appointed as an independent non-executive director of the Company in May 2009. Mr. Zhang is a graduate of the Shandong University and the school of management at the Beijing University of Aeronautics and Astronautics and is a senior engineer. He is currently the chairman of Zhong Ding United Dairy Farming Co., Ltd (中鼎聯合牧業股份有限公司), as well as the chairman of Beijing Xindajiating Investment Company Limited (北京信達嘉鼎投資有限公司), an independent non-executive director of New Focus Auto Tech Holdings Limited, a company listed in Hong Kong, and an independent director of Guangzhou Zhujiang Digital Group (廣州珠江數碼集團). Mr. Zhang previously served as a director and president of AirMedia Group Inc., a company listed on NASDAQ, and the chairman of Unibank Media (銀廣通傳媒集團).

Mr. Yau Ka Chi, aged 61, was appointed as an independent non-executive director of the Company in October 2016. Mr. Yau has over 30 years of professional accounting experience including 20 years in serving China enterprises. He had worked for Ernst & Young for over 20 years in its Hong Kong, Toronto and Beijing offices with primary focus on providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. During his professional career with Ernst & Young, Mr. Yau was appointed as the Professional Practice Director of Greater China from July 2007 to June 2009, the Assurance Leader for Northern China Region from July 2010 to June 2014, the Oil & Gas Industry Leader of Greater China from May 2012 to June 2015 and the Assurance Leader of the Energy & Resources Markets Segment of Greater China from July 2013 to June 2015. Mr. Yau is currently an independent non-executive director of Yihai International Holding Ltd. and China Power International Development Limited, both companies listed in Hong Kong. Mr. Yau holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois Certified Public Accountants Society and the Hong Kong Institute of Certified Public Accountants. Mr. Yau also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation, the United States.

張曉亞先生，56歲，於二零零九年五月獲委任為本公司獨立非執行董事。張先生畢業於山東大學及北京航空航天大學管理學院，為高級工程師。彼現為中鼎聯合牧業股份有限公司董事長，同時還擔任北京信達嘉鼎投資有限公司董事長、香港上市公司新焦點汽車技術控股有限公司獨立非執行董事，及廣州珠江數碼集團的獨立董事。張先生曾擔任納斯達克交易所上市公司航美傳媒集團董事兼總裁以及銀廣通傳媒集團董事長。

邱家賜先生，61歲，於二零一六年十月獲委任為本公司獨立非執行董事。邱先生擁有逾30年專業會計服務經驗，包括20年服務中國企業經驗。彼於二零一五年九月自安永會計師事務所退休前，先後於其香港、多倫多及北京辦公室任職超過20年，主要從事會計與審計、首次公開發售及公司重組專業服務。於安永會計師事務所任職期間，於二零零七年七月至二零零九年六月，邱先生獲委任為大中華區專業標準技術部主管合夥人，於二零一零年七月至二零一四年六月出任中國華北區審計服務主管合夥人，於二零一二年五月至二零一五年六月出任大中華區石油及天然氣業務主管合夥人，及於二零一三年七月至二零一五年六月出任大中華區能源和資源業審計主管合夥人。邱先生現為頤海國際控股有限公司及中國電力國際發展有限公司的獨立非執行董事，兩間公司均於香港上市。邱先生持有香港理工學院(現稱為香港理工大學)公司秘書及行政管理專業文憑，並為美國註冊會計師協會、伊利諾伊州註冊會計師協會及香港會計師公會的會員。邱先生亦持有美國伊利諾伊州財政及專業監管部頒發的執業會計師執照。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

SENIOR MANAGEMENT

Mr. Zhang Ping, aged 54, graduated from the Beijing Information Science and Technology University with a Master's Degree in Management Engineering. Mr. Zhang, who joined the Group in 2014, is currently the chief financial officer of the Group. He has over 24 years of experience in the fast-moving consumer goods industry, specializing in management of operation, finance and audit, as well as risk control. Mr. Zhang worked in Swire Beverages group companies as manager responsible for internal audit and system development, finance director, general manager of bottler manufacturing company and chief executive officer of Coca-Cola Bottlers Manufacturing Holdings Limited. Mr. Zhang is also a non-executive director of Yashili and China Modern Dairy, both companies listed in Hong Kong.

Mr. Gao Fei, aged 42, is a vice president of the Group. Mr. Gao joined the Group in 1999, and successively held the positions of regional manager, center manager, sales director and general manager of the sales department and contributed to the rapid growth of the market share of Mengniu. Mr. Gao has abundant practical experience in sales, marketing and promotion of dairy products. In 2016, he was appointed as assistant vice president of the UHT business division. He is currently responsible for operation and management of the core business of the Group. Mr. Gao obtained a Bachelor's degree from Shandong University, then an Executive Master in Business Administration degree from Tsinghua University.

Mr. Wen Yongping, aged 44, joined the Group in 1999 and is currently a vice president of the Group and the general manager of the chilled products business department. Mr. Wen graduated from the Inner Mongolia Agricultural University and obtained a Master's Degree in Food Engineering. Mr. Wen once served as the general manager of production direction centre, operations assistant vice president and milk sources vice president in the Group, and is experienced in production and operations management and milk sources management. Mr. Wen was a non-executive director of China Modern Dairy, a company listed in Hong Kong, until January 2019.

高級管理層

張平先生，54歲，北京信息科技大學管理工程學專業畢業，取得研究生學歷。張先生於二零一四年加入本集團，現任本集團首席財務官。彼於快速消費品行業累積超過24年經驗，專責營運、財務及審計之管理以及風險監控。張先生曾就職於太古飲料公司，歷任內審及系統發展經理、財務總監、裝瓶廠總經理，及可口可樂裝瓶商生產控股有限公司首席執行官。張先生亦為香港上市公司雅士利以及中國現代牧業的非執行董事。

高飛先生，42歲，為本集團副總裁。高先生於一九九九年加入本集團，歷任銷售部區域經理、中心經理、銷售總監、總經理等職，參與創造了蒙牛份額迅速領先行業的業績。高先生擁有豐富的乳製品銷售及營銷推廣實戰經驗。於二零一六年，彼獲委任為常溫事業部副總裁。現全面負責本集團核心業務的經營管理工作。高先生於山東大學取得學士學位，後又於清華大學獲得高級管理人員工商管理碩士學位。

溫永平先生，44歲，於一九九九年加入本集團工作，現任本集團副總裁、低溫事業部總經理。溫先生畢業於內蒙古農業大學，獲得食品工程碩士學位。溫先生歷任本集團生產指揮中心總經理、營運助理副總裁、奶源管理副總裁等職務，在生產運營管理及奶源管理領域擁有豐富的經驗。溫先生曾為香港上市公司中國現代牧業的非執行董事直至二零一九年一月。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Luo Yan, aged 57, joined the Group in November 2017 and is currently a vice president of the new business division. Mr. Luo graduated from the China Textile University and Fudan University, and obtained a Bachelor's Degree in Textile Engineering and a Master's Degree in Business Administration respectively. Mr. Luo joined General Mills China as national sales director in 1999; he held the position of vice president (Greater China) in 2008 and was responsible for overseeing Wanchai Ferry Business Department in the Greater China region and sales in China region. In 2013, Mr. Luo took up the role of global business director of Häagen-Dazs at General Mills Minnesota Headquarters. He continued to be the vice president (Greater China) of General Mills in 2014, and was responsible for sales in China Region, as well as the retail and food and beverage business department of Häagen-Dazs.

Mr. Zhao Jiejun, aged 42, joined the Group in 2000 and is currently an assistant vice president and the general manager of the milk sources business department of the Group, being responsible for the operation and management of the milk sources business department. Mr. Zhao graduated from the Beijing University of Aeronautics and Astronautics with a postgraduate qualification. Mr. Zhao has served successively as greater regional sales manager, sales director, general manager of operation and general manager of planning and logistics of the Group. Mr. Zhao has 18 years of experience in dairy industry, with extensive experiences in sales management of ice cream and liquid milk, as well as capabilities of total-chain conceptualization for supply chain management. He is visionary with keen market insight towards dairy industry in China. Mr. Zhao is also a non-executive director of China Modern Dairy, a listed company in Hong Kong.

羅彥先生，57歲，於二零一七年十一月加入本集團，現任新業務群副總裁。羅先生先後畢業於中國紡織大學及復旦大學，分別獲得紡織工程學士、工商管理碩士學位。羅先生於一九九九年加入通用磨坊食品中國公司，任全國銷售總監；於二零零八年擔任大中華區副總裁，分管大中華區灣仔碼頭事業部和中國區銷售。二零一三年，羅先生於通用磨坊明尼蘇達總部擔任哈根達斯全球事業部總監一職，並於二零一四年繼續擔任通用磨坊大中華區副總裁，負責中國區銷售，並兼負責哈根達斯零售和餐飲事業部。

趙傑軍先生，42歲，於二零零零年加入本集團，現任本集團助理副總裁、奶源事業部總經理，負責奶源事業部經營管理。趙先生畢業於北京航空航天大學，獲得研究生學歷。趙先生歷任本集團銷售大區經理、銷售總監、運營總經理、規劃物流總經理等職務。趙先生在乳製品行業擁有18年經驗，具有豐富的冰淇淋、液奶銷售管理經驗和供應鏈管理的全鏈條思維能力。對中國乳製品行業具有良好的遠見性和敏銳的市場洞察力。趙先生亦為香港上市公司中國現代牧業的非執行董事。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Zhang Zhaoxu, aged 45, joined the Group in July 2017, and is currently a vice president of human resources. He graduated from the Southeast University and Tianjin University and obtained a Bachelor's Degree in Engineering and a Master's Degree in management respectively. Mr. Zhang had worked for various Fortune Global 500 enterprises between 1996 and 2012, holding management roles in human resources. In 2013, he joined China Fortune Land Development Co., Ltd as general manager of the human resources centre of City Developments Group. He joined Glaxosmithkline (China) Investment Co. Ltd as human resources director of consumer healthcare products business (China region) in 2015.

Mr. Yu Weizu, aged 52, joined the Group in June 2017, and is currently a vice president in research and development and innovation. He graduated from the University of Minnesota and Seton Hall University in the United States, and obtained a Doctoral Degree in Food Science and Master's Degree in Business Administration respectively. Mr. Yu joined the Shanghai Institute of Botany of the Chinese Academy of Sciences after graduation from Fudan University in 1986; and he worked as a scientist and research and development director in companies like PepsiCo Group, Dupont, Kraft, etc. in the United States from 1994 to 2009; he joined BIMBO as vice president of research and development in 2009; he was selected as the distinguished expert of the Thousand Talents Plan and joined COFCO as chief scientist of Nutrition Health Research Institute in 2012; he joined Ingredion Group as the vice president of research and development in 2014.

Mr. Yang Zhigang, aged 46, joined the Group in June 2017, and is currently a vice president of safety and quality management. He graduated from the Huazhong Agricultural University and Central China Normal University, and obtained a Bachelor's Degree in Food Technology and Engineering and a Master's Degree in Economics respectively. Mr. Yang joined the Hubei Entry-Exit Inspection and Quarantine Bureau as deputy section manager, section manager and deputy director of the office in 1995; and he joined the registration and administration department of Certification and Accreditation Administration of the People's Republic of China as researcher, department head and vice inspector in 2002; he joined COFCO as general manager and vice director of the quality and safety management department, vice director of the audit and legal risk control department in 2013.

張朝旭先生，45歲，於二零一七年七月加入本集團，現任人力資源副總裁，先後畢業於東南大學及天津大學，分別獲得工科學士與管理學碩士研究生學歷。張先生自一九九六年至二零一二年期間先後加入多家世界五百強企業擔任人力資源管理崗位，並於二零一三年加入華夏幸福股份有限公司，任城市發展集團人力資源中心總經理，二零一五年加入葛蘭素史克(中國)投資有限公司，任消費者保健品業務中國區人力資源總監。

俞偉祖先生，52歲，於二零一七年六月加入本集團，現任研發創新副總裁，先後畢業於美國明尼蘇達大學及美國西東大學，分別獲得食品科學博士、工商管理碩士學位。俞先生於一九八六年在復旦大學畢業後加入中國科學院上海植物研究所；從一九九四年至二零零九年間先後在美國百事集團、杜邦、卡夫等公司擔任科學家和研發總監；二零零九年加入寶堡，任研發副總裁；二零一二年入選國家千人計劃特聘專家，並加入中糧集團，任營養健康研究院首席科學家；二零一四年加入宜瑞安集團，任研發副總裁。

楊志剛先生，46歲，二零一七年六月加入本集團，現任安全質量管理副總裁，先後畢業於華中農業大學及華中師範大學，分別獲得食品科技與工程學士、經濟學碩士學位。楊先生於一九九五年加入湖北省出入境檢驗檢疫局，任副科長、科長、辦公室副主任；二零零二年加入國家認證認可監督管理委員會註冊管理部，任調研員、處長、副巡視員；二零一三年加入中糧集團，任質量安全管理部總經理、副總監、審計與法律風控部副總監。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層

Mr. Zhang Yong, aged 42, joined the Group in September 2017, and is currently a vice president of strategic management. Mr. Zhang graduated from Nanjing University and Duke University in the United States and obtained a Bachelor's Degree in Biology and a Master's Degree in Business Administration respectively. Mr. Zhang joined P&G company as assistant brand manager of its marketing department in 1996; he joined Reckitt Benckiser (China) Co. Ltd. as marketing manager in 2000 while joining Boston Consulting Group as project manager in 2006; in 2010, he worked as the strategic executive director of Greater China region upon joining Starbucks Corporate Management Company Limited and he joined Booz & Company in 2010 as director of Greater China region; he joined McKinsey & Company as global vice managing partner in 2014; in 2015, he joined Sanpower Group as vice president.

Mr. Kwok Wai Cheong, Chris, aged 46, the Financial Controller and Company Secretary of the Company, joined the Group in May 2007. Prior to joining the Group, Mr. Kwok was the financial controller of a Hong Kong listed company and he also served in an international accounting firm. Mr. Kwok graduated from The Hong Kong Polytechnic University with a Bachelor's Degree in Accountancy. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

張邕先生，42歲，於二零一七年九月加入本集團，現任戰略管理副總裁，張先生先後畢業於南京大學及美國杜克大學，分別獲得生物學學士學位、工商管理碩士學位。張先生於一九九六年加入寶潔公司，任市場部助理品牌經理；二零零零年加入利潔時(中國)有限公司，任市場營銷經理；二零零六年加入波士頓諮詢公司，任項目經理；二零一零年加入星巴克企業管理有限公司，任大中華區戰略執行總監；二零一零年加入博斯諮詢公司，任大中華區總監；二零一四年加入麥肯錫公司，任全球副董事合夥人；二零一五年加入三胞集團，任副總裁。

郭偉昌先生，46歲，本公司財務總監兼公司秘書，於二零零七年五月加盟本集團。在加盟本集團前，郭先生曾任一間香港上市公司的財務總監，並曾於一間國際會計師事務所工作。郭先生畢業於香港理工大學，取得會計學學士學位，亦為香港會計師公會會員及英國特許公認會計師公會資深會員。

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CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is dedicated to ensuring high standards of corporate governance with an emphasis on a diligent board of directors, sound internal control, and increasing transparency and accountability to shareholders of the Company (the “Shareholders”). The Board acknowledges that good corporate governance practices and procedures are beneficial to the Group and its shareholders. The Company is committed to improving those practices and maintaining its ethical corporate culture.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance practices.

Throughout the year, the board of directors of the Company (the “Board”) has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code, save as disclosed in the section headed “Nomination Committee” regarding the composition of the Nomination Committee and except that the chairman of the Board was unable to attend the annual general meeting of the Company (the “AGM”) held on 4 May 2018 due to other unavoidable business engagement outside of Hong Kong.

THE BOARD

As at 31 December 2018, the Board comprised ten Directors, including two executive Directors, namely, Mr. Lu Minfang and Ms. Wu Wenting, four non-executive Directors, namely, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini and four independent non-executive Directors, namely, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi. The Chairman of the Board is Mr. Ma Jianping and the Chief Executive Officer of the Company is Mr. Lu Minfang. Mr. Jiao Shuge (alias Jiao Zhen) is a Vice-Chairman of the Board.

Subsequent to the year ended 31 December 2018 and with effect from 7 January 2019, Mr. Ma Jianping resigned as a non-executive Director and the Chairman of the Board and the chairman of each of the Nomination Committee and the Strategy and Development Committee due to change of work, and Mr. Yu Xubo was appointed as a non-executive Director and the Chairman of the Board and the chairman of each of the Nomination Committee and the Strategy and Development Committee.

The Board is responsible for the leadership and management of the Company. Key responsibilities of the Board comprise formulation of the Group’s overall strategies and policies, setting of performance and management targets, evaluation of business performance and supervision of management’s performance. The Board is also responsible for preparing the financial statements of the Company. The management is delegated with the authority and responsibility by the Board for the management and operations of the Group. The role of the management is to implement the strategies and directions determined by the Board and to work within the framework of any written procedures and instructions laid down by the Board. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the “Board Committees”) as detailed in this report.

本公司致力確保企業管治達致高水平，尤其著重組建勤勉盡職的董事會和健全的內部監控制度，以及提高透明度和對本公司股東（「股東」）的問責。董事會深知，良好企業管治常規及程序對本集團及其股東有利。本公司致力改善該等常規及保持其道德企業文化。

本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治守則（「企業管治守則」）的守則條文作為其本身的企業管治常規守則。

本公司董事會（「董事會」）已於本年度內檢討本公司企業管治常規，並確信除已於「提名委員會」一節中披露的提名委員會組成及除董事會主席因於香港境外無可避免的業務安排而未能出席本公司於二零一八年五月四日舉行的股東週年大會外，本公司已符合企業管治守則所有適用守則條文。

董事會

於二零一八年十二月三十一日，董事會由十名董事組成，包括兩名執行董事（盧敏放先生及吳文婷女士）、四名非執行董事（馬建平先生、牛根生先生、Tim Ørting Jørgensen先生及Pascal De Petrini先生）及四名獨立非執行董事（焦樹閣（又名焦震）先生、Julian Juul Wolhardt先生、張曉亞先生及邱家賜先生）。本公司董事會主席為馬建平先生，本公司總裁為盧敏放先生。焦樹閣（又名焦震）先生為董事會副主席。

截至二零一八年十二月三十一日止年度後，馬建平先生因工作調動而已辭任非執行董事及董事會主席以及提名委員會及戰略及發展委員會主席，而于旭波先生獲委任為非執行董事及董事會主席以及提名委員會及戰略及發展委員會主席，均自二零一九年一月七日生​​效。

董事會負責領導和管理本公司。董事會主要負責制訂本集團整體策略和政策，訂立績效和管理目標，評估業務表現和監察管理層表現。董事會亦負責編製本公司的財務報表。董事會向管理層轉授權力和責任，以管理和經營本集團。管理層負責實施董事會所決定的策略及指示，並在董事會制訂的任何書面程序及指示架構內工作。此外，董事會亦向本公司各個董事委員會（「董事委員會」）轉授多項責任，詳情載於本報告。

CORPORATE GOVERNANCE REPORT 企業管治報告

Biographies of the Directors are set out on pages 52 to 57 of the annual report, which demonstrate a diversity of skills, expertise, experience and qualifications of the Directors. There is no other material financial, business, family or other material/relevant relationships among the Directors.

Independence of Independent Non-Executive Directors

The independent non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise. Their role is to provide independent and objective opinions to the Board for its consideration and decisions.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent in accordance with the definition of the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policies for corporate governance of the Company and performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

During the year, the Board has performed the corporate governance functions by reviewing the Company's corporate governance practices.

董事簡歷載於年報第52頁至第57頁，當中列出董事各方面的技能、專長、經驗和資格。董事之間概無其他重大財務、業務、親屬或其他重大／相關關係。

獨立非執行董事的獨立性

獨立非執行董事具備合適專業資格、會計或相關財務管理專長。彼等職責乃提供獨立及客觀的意見以供董事會考慮及作出決定。

每名獨立非執行董事已根據上市規則第3.13條向本公司發出一份有關其獨立性的年度確認書。董事會已評估其獨立性，並作出結論，認為按上市規則的釋義，全體獨立非執行董事均為獨立。

企業管治職能

董事會負責釐定本公司的企業管治政策及履行企業管治職責，其中包括：

- (a) 制定及檢討本公司的企業管治政策及常規；
- (b) 檢討及監察董事及高級管理層的培訓及持續專業發展；
- (c) 檢討及監察本公司遵守法律及監管規定的政策及常規；
- (d) 制定、檢討及監察適用於僱員及董事的操守準則及合規手冊(如有)；及
- (e) 檢討本公司遵守上市規則附錄十四(《企業管治守則》及《企業管治報告》)的情況。

年內，董事會已透過檢討本公司的企業管治常規以履行企業管治職能。

CORPORATE GOVERNANCE REPORT 企業管治報告

DIRECTORS' TRAININGS

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company Secretary also provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided the Directors with reading materials with appropriate emphasis on the roles, functions and duties of the Directors. A summary of trainings received by the Directors during the year according to the records provided by the Directors is as follows:

董事培訓

每名新委任的董事均獲得所需的就任須知及資料，以確保其對本公司的運作及業務以及本身在相關法令、法律、規則及法規下的職責均有適當的理解。公司秘書亦會不時向董事提供有關上市規則及其他相關法律及法規規定的最新發展及變動的最新資料。

本公司鼓勵所有董事參與持續專業發展，以發展並更新其知識及技能。本公司向董事提供著重強調董事的角色、職能及責任的學習材料。根據董事所提供的記錄，董事於年內所接受的培訓概述如下：

Directors	董事	Type of trainings	培訓類別
Executive Directors	執行董事		
Lu Minfang	盧敏放		A, B, C
Wu Wenting	吳文婷		A, C
Non-executive Directors	非執行董事		
Ma Jianping	馬建平		A, C
Niu Gensheng	牛根生		A, C
Tim Ørting Jørgensen	Tim Ørting Jørgensen		A, B, C
Pascal De Petrini	Pascal De Petrini		A, B, C
Independent Non-executive Directors	獨立非執行董事		
Jiao Shuge (alias Jiao Zhen)	焦樹閣(又名焦震)		A, B, C
Julian Juul Wolhardt	Julian Juul Wolhardt		A, C
Zhang Xiaoya	張曉亞		A, C
Yau Ka Chi	邱家賜		A, C

A: attending seminars and/or conferences and/or forums relevant to the business or directors' duties

B: giving talks at seminars and/or conferences and/or forums

C: reading materials relating to directors' duties and responsibilities and regulatory updates

A: 出席與業務或董事職責有關的研討會及/或會議及/或論壇

B: 在研討會及/或會議及/或論壇上發表演說

C: 閱讀與董事職責及責任及最新規管資料有關的學習材料

CORPORATE GOVERNANCE REPORT 企業管治報告

BOARD PROCEEDINGS

The Board meets at least four times a year and additional operational meetings are also held, when required. The Company Secretary is responsible for preparing agenda and notices for the meetings. Senior management of the Group also provides the Directors with relevant information on a timely basis regarding key business developments of the Group and issues affecting the Group. Agenda and other information packages are normally delivered to the Directors before the meetings. The Directors also have independent access to the senior management in respect of operational issues. The Directors may take independent professional advice where appropriate to discharge their duties, at the Company's expenses.

The Board held four meetings during the year ended 31 December 2018 and one further meeting since 1 January 2019 up to the date of this report. Details of the Directors' attendance at the Board and Board Committee meetings and the annual general meeting of the Company held in 2018 are set out in the following table.

董事會處理事務程序

董事會每年最少舉行四次會議，並在有需要時也會舉行其他業務會議。公司秘書負責編製會議議程和通告。本集團高級管理層亦適時向董事提供有關本集團主要業務發展和影響本集團事項的資料。一般而言，議程和其他資料會在舉行會議前發給董事。董事也可就營運事宜個別與高級管理層商討。董事可在適當情況下徵詢獨立專業意見，以便履行職責，費用由本公司負擔。

董事會截至二零一八年十二月三十一日止年度舉行了四次會議，並於二零一九年一月一日至本報告日期期間舉行了一次會議。各董事出席於二零一八年舉行的董事會及董事委員會會議，以及本公司股東週年大會的情況詳情載於下表。

Directors	董事	Board Meetings* 董事會會議*	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Strategy and Development Committee 戰略及發展委員會	Annual General Meeting 股東週年大會
Executive Directors	執行董事						
Lu Minfang	盧敏放	4/4				3/3	1/1
Wu Wenting	吳文婷	4/4		2/2			0/1
Non-executive Directors	非執行董事						
Ma Jianping	馬建平	4/4			2/2	3/3	0/1
Niu Gensheng	牛根生	1/4				1/3	0/1
Tim Ørting Jørgensen	Tim Ørting Jørgensen	4/4			2/2	3/3	0/1
Pascal De Petrini	Pascal De Petrini	3/4			1/2	3/3	1/1
Independent Non-executive Directors	獨立非執行董事						
Jiao Shuge (alias Jiao Zhen)	焦樹閣(又名焦震)	3/4		2/2			0/1
Julian Juul Wolhardt	Julian Juul Wolhardt	4/4	3/3	2/2	2/2		1/1
Zhang Xiaoya	張曉亞	4/4	3/3				0/1
Yau Ka Chi	邱家賜	4/4	3/3				1/1

* During the year, the Company held four quarterly meetings to handle operational-level and investment matters. According to the Company's articles of association, the quorum for convening a Board meeting is two members.

* 本公司於年內舉行了四次季度會議，以處理運作層面及投資等事宜。根據本公司組織章程細則，召開董事會會議的法定人數為二人。

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Minutes of meetings of the Board and Board Committees are kept by the Company Secretary of the Company and are not only open for inspection by the Directors but also sent to the Directors for their records. All Directors have access to the Company Secretary of the Company, who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of the Chairman is separate from that of the Chief Executive Officer to ensure a balance of power and authority. The Chairman is responsible for overseeing the functioning of the Board while the Chief Executive Officer is responsible for managing the Group's business. For the financial year ended 31 December 2018, the Chairman of the Board is Mr. Ma Jianping, a non-executive Director, and the Chief Executive Officer of the Company is Mr. Lu Minfang, an executive Director.

The Chairman shall ensure that Board meetings are planned and conducted effectively and all Directors are properly briefed on issues arising at Board meetings. He is also responsible for ensuring that the Directors receive adequate information in a timely manner, which must be accurate, clear, complete and reliable. The Chairman shall also ensure the Board works effectively and discharges its responsibilities; all key and appropriate issues are discussed by the Board in a timely manner; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with Shareholders and that views of Shareholders are communicated to the Board as a whole.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each Director (for the avoidance of doubt, including the independent non-executive Directors) has entered into a letter of appointment with the Company for a term of three years. The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with article 112 of the Company's articles of association. Directors appointed as an addition to the Board or to fill a casual vacancy on the Board will be subject to re-election by the Shareholders at the next following annual general meeting or the next following general meeting of the Company respectively after the appointment. Also, when an independent non-executive Director proposed for re-election has served the Company for more than nine years, his or her re-election will be subject to a separate resolution to be approved at the AGM.

董事會和董事委員會的會議紀錄由本公司的公司秘書負責存置，不但可供董事查閱，同時也呈交各董事以作記錄。全體董事均可與本公司的公司秘書聯絡，而公司秘書負責確保董事會符合法規程序並就此向董事會提出建議。

主席及總裁

本公司對主席與總裁角色加以區分，以確保權力得到平衡。主席負責監察董事會履行職能，而總裁則負責管理本集團的業務。截至二零一八年十二月三十一日止財政年度，本公司董事會主席為非執行董事馬建平先生，總裁為執行董事盧敏放先生。

主席須確保董事會會議有效籌劃和進行，而在董事會會議上就產生的問題，應向全體董事妥為簡報。他亦負責確保董事及時收取充足資料，而該等資料必須準確、清晰、完備及可靠。主席亦須確保董事會有效地運作，履行應有職責，並及時就所有重要的事項進行討論，確保公司制定良好的企業管治常規及程序，採取適當步驟保持與股東有效聯繫，以及確保股東意見可傳達到整個董事會。

董事的委任、重選和罷免

每名董事(為免生疑，包括獨立非執行董事)已與本公司訂立為期三年的委聘書。董事須根據本公司的組織章程細則第112條在本公司每屆股東週年大會上輪值告退和重選。委任為董事會新增成員或填補董事會臨時空缺的董事，將於獲委任後分別在下一個本公司股東週年大會或下一個本公司股東大會上由股東重選。此外，倘獲提呈重選獨立非執行董事已於本公司在任超過九年，彼的重選將以獨立決議案形式於股東週年大會通過。

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BOARD COMMITTEES

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Company has established four Board Committees under the Board, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Development Committee, each of which is governed by specific terms of reference approved by the Board, covering its functions, duties and powers. The terms of reference of the respective Board Committees have complied with the CG Code provisions and are disclosed on the websites of the Company and the Stock Exchange and are available for public inspection at the Company's principal place of business in Hong Kong.

REMUNERATION COMMITTEE

As at 31 December 2018, the Remuneration Committee comprised three members, two of whom are independent non-executive Directors (Mr. Julian Juul Wolhardt and Mr. Jiao Shuge (alias Jiao Zhen)) and the remaining one member is an executive Director (Ms. Wu Wenting). The Remuneration Committee is chaired by Mr. Julian Juul Wolhardt.

The duties of the Remuneration Committee are to review annually and recommend to the Board the overall remuneration policy and structure for the directors and senior management to ensure that the level of remuneration is linked to their level of responsibilities undertaken. These shall include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee shall also evaluate annually the performance of the directors and the senior management and recommend to the Board specific adjustments in their remuneration and/or reward payments.

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the level of fees paid to members of the Board, market rates and factors such as each director's workload and required commitment will be taken into account. In addition, factors comprising economic and market situations, individual contributions to the Group's results and development as well as individual potential are considered when determining the remuneration packages of executive Directors.

董事委員會

為了監察本公司特定事務及協助履行其責任，本公司董事會下設四個董事委員會，分別為審核委員會、薪酬委員會、提名委員會和戰略及發展委員會。各委員會分別受限於經董事會批准的特定職權範圍，其中涵蓋了職能、職責及權力。董事委員會各自的職權範圍已遵從企業管治守則條文，並已於本公司及聯交所的網站披露，以及置放於本公司的香港主要營業地點供公眾查閱。

薪酬委員會

於二零一八年十二月三十一日，薪酬委員會有三名成員，其中兩名為獨立非執行董事 (Julian Juul Wolhardt 先生及焦樹閣 (又名焦震) 先生)，其餘一名為執行董事 (吳文婷女士)。Julian Juul Wolhardt 先生擔任薪酬委員會主席。

薪酬委員會的職責包括每年審閱董事和高級管理層的整體薪酬政策及結構，並向董事會提出有關建議，以確保薪酬水平與責任承擔相符。此應包括向董事會建議個別執行董事及高級管理層的薪酬待遇，包括非金錢利益、退休金權利及賠償金額 (包括喪失或終止職務或委任的賠償)。薪酬委員會每年亦須評估董事和高級管理層的表現，並就其薪酬及／或獎勵金應作出的特定調整，向董事會提出建議。

本公司的薪酬政策乃根據業務需要及行業慣例維持公平及具競爭力的薪酬福利。對於釐定支付予董事會各董事袍金，會考慮市場水平與各項因素，如董事工作量及所承擔的責任。此外，當釐定執行董事薪酬福利時會考慮之因素包括：經濟及市場情況、對本集團業績及發展的貢獻，以及個人潛能等。

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The Remuneration Committee held two meetings during the year ended 31 December 2018. During the year, the Remuneration Committee had performed the following:

- assessed the performance of the Directors and senior management;
- reviewed and approved the remuneration for the Directors and senior management including terms of the letters of appointment;
- reviewed the remuneration policy and made recommendations to the Board;
- reviewed the proposal of granting share options according to the Company's share option scheme, and made recommendations to the Board; and
- reviewed the proposal of granting shares according to the Company's share award scheme, and made recommendations to the Board.

薪酬委員會於截至二零一八年十二月三十一日止年度舉行了兩次會議。本年度內，薪酬委員會完成了下列各項工作：

- 評估董事及高級管理層的表现；
- 檢討及批准董事及高級管理層的薪酬，包括委聘書的條款；
- 檢討薪酬政策並向董事會提出建議；
- 審議本公司按購股權計劃授出購股權的方案，並向董事會提出建議；及
- 審議本公司按股票獎勵計劃授出股票的方案，並向董事會提出建議。

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

董事及高級管理層薪酬

截至二零一八年十二月三十一日止年度，高級管理層成員按組別劃分的薪酬載列如下：

Remuneration bands (RMB) 薪酬組別 (人民幣元)	Number of persons 人數
1,000,001–2,000,000	1
2,000,001–3,000,000	1
3,000,001–4,000,000	6
4,000,001–5,000,000	1
9,000,001–10,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 9 and 10 to the financial statements.

根據上市規則附錄十六須予披露的董事及五名最高薪人士的薪酬詳情，載於財務報表附註9與10。

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NOMINATION COMMITTEE

As at 31 December 2018, the Nomination Committee comprised four members, one of whom is an independent non-executive Director (Mr. Julian Juul Wolhardt) and the remaining three members are non-executive Directors (Mr. Ma Jianping, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini). The Nomination Committee was chaired by Mr. Ma Jianping during 2018.

Code Provision A.5.1 of the Corporate Governance Code provides that an issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company deviates from this provision as less than half of the members of the Nomination Committee are independent non-executive Directors during the year of 2018. The Directors are of the view that each of Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini is able to carry out his responsibilities as a member of the Nomination Committee in the best interest of the Shareholders notwithstanding that he is not an independent non-executive director as required under Code Provision A.5.1.

The responsibilities of the Nomination Committee are to determine the nomination policy, review the structure, size and composition, including the skills, knowledge and experiences of the Board and make recommendations to the Board regarding any proposed changes. The Nomination Committee is also responsible for identifying and nominating suitable candidates qualified to become Board members, in particular, candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result in the constitution of a stronger and more diverse Board, and makes recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors if necessary and succession planning for Directors, in particular the Chairman and the chief executive of the Company.

提名委員會

於二零一八年十二月三十一日，提名委員會有四名成員，其中一名為獨立非執行董事（Julian Juul Wolhardt先生），其餘三名為非執行董事（馬建平先生、Tim Ørting Jørgensen先生及Pascal De Petrini先生）。在二零一八年馬建平先生擔任提名委員會主席。

企業管治守則守則條文第A.5.1條規定發行人必須設立由董事會主席或獨立非執行董事擔任主席的提名委員會，成員須以獨立非執行董事佔大多數。於二零一八年期間，本公司偏離此條文，因為提名委員會中的獨立非執行董事人數不足一半。董事認為，儘管Tim Ørting Jørgensen先生及Pascal De Petrini先生均並非守則條文第A.5.1條規定的獨立非執行董事，但彼等均有能力履行其作為提名委員會成員的職責，並以股東的最佳利益行事。

提名委員會負責制定提名政策、就董事會的架構、規模和組成（包括技能、知識和經驗）作出檢討，並就任何變動方案向董事會提出建議。提名委員會亦負責物色並提名適合成為董事會成員的人選，倘若有關人選能夠在有關的策略性業務領域作出貢獻，尤其對管理層起增值作用，並且有關委任會致使董事會成員組合更為強健和全面，並就有關董事的委任或重新委任（如有需要）及董事（尤其是本公司主席及主要行政人員）繼任計劃的相關事宜，向董事會提出建議。

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The Board has adopted a director nomination policy. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. In evaluating and selecting any candidate for directorship, the following criteria should be taken into account:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Hong Kong Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

本公司董事會已採納董事提名政策。提名委員會及/或董事會應一經收到有關委任新董事的建議及人選的履歷(或相關詳情)後，根據下列標準評估該人選以決定該人選是否適合擔任董事職位。其後，提名委員會應向董事會推薦委任合適的人選擔任董事職務(如適用)。在評估及甄選董事職位人選時，應考慮以下標準：

- 性格及操守。
- 資歷，包括與公司業務及企業戰略相關之專業資歷、技能、知識及經驗，及董事會多元化政策下的多元化考慮。
- 為達致董事會多元化而採納的可計量目標。
- 香港上市規則規定的委任獨立董事的要求及根據上市規則列明之有關獨立性之指引人選是否具有獨立性。
- 人選可為董事會的資歷、技巧、經驗、獨立性及性別多元化等方面帶來的貢獻。
- 履行董事會及/或董事委員會成員職責而投入足夠時間的意願及能力。
- 董事會及提名委員會不時可就董事提名及繼任規劃而採納及/或修訂的其他符合公司業務及繼任規劃的考慮因素。

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The Board has adopted the board diversity policy to set out the approach to achieve diversity on the Board. Under such policy, board appointments will be based on merits and candidates will be considered against objective criteria, having due regard for the benefit of diversity on the Board. The selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, cultural and education background, ethnicity, professional, industry or management experience, skills, knowledge and length of service. The Company will also take into account other factors based on its own business model and specific business needs from time to time. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendation of candidates for appointment to the Board. The Nomination Committee shall monitor the implementation of the board diversity policy on an on-going basis. The Nomination Committee shall assist the Company to ensure that recruitment and selection practices at all relevant levels (including the Board and core senior management, or as the Nomination Committee considers appropriate) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee shall also assist the Company in identifying and implementing programs that will assist in the development of a broader and more diverse pool of skilled and experienced core senior management team and that, in time, their skills are expected to prepare them for board positions.

The Nomination Committee held two meetings during the year ended 31 December 2018 to discuss the amendment of its terms of reference and the Board diversity policy and the adoption of the director nomination policy during the year and to assess the independence of the independent non-executive directors of the Company and to review the structure, size, composition and diversity of the Board, etc.

AUDIT COMMITTEE

As at 31 December 2018, the Audit Committee comprised three independent non-executive Directors (Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi) in which two possess the relevant professional qualifications required under the Listing Rules. The Audit Committee is chaired by Mr. Yau Ka Chi.

The Audit Committee serves as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, risk management, internal controls and auditing. The Audit Committee assists the Board in fulfilling its responsibilities by providing an independent review of financial reporting and by satisfying itself as to the effectiveness of the Company's internal controls and as to the efficiency of the audits.

董事會已採納董事會多元化政策，旨在制定實現董事會成員多元化的方針。根據有關政策，董事會任命將用人唯才，在考慮人選時以客觀條件充份顧及董事會成員多元化的裨益。董事會甄選人選將按一系列多元化角度為基準，包括性別、年齡、文化及教育背景、種族、專業、行業或管理經驗、技能、知識及服務年期。本公司亦會因應其自有業務模式及不時的特定業務需要而考慮其他因素。提名委員會向董事會就委任人選向董事會作出推薦建議時，將繼續充分檢討該等可計量目標。提名委員會會持續地監督董事會多元化政策的執行情況。提名委員會應協助本公司確保包括董事會、核心高級管理層和提名委員會認為合適的其他人員的招聘及甄選均按適當的架構程序進行，以便能招來多元背景的人選供本公司委聘。提名委員會亦應協助本公司識別並落實有關計劃，以便培養背景更廣更多元化而富工作經驗和技能的核心高級管理層，以期假以時日可讓他們升任董事職位。

提名委員會於截至二零一八年十二月三十一日止年度舉行了兩次會議，以討論年內修訂其職權範圍及董事會成員多元化政策以及採納董事提名政策，及評估本公司獨立非執行董事的獨立程度，並檢討董事會結構、人數、組成及多元程度等。

審核委員會

於二零一八年十二月三十一日，審核委員會成員包括三名獨立非執行董事（Julian Juul Wolhardt先生、張曉亞先生及邱家賜先生），其中兩名董事擁有上市規則所規定的相關專業資格。邱家賜先生擔任審核委員會主席。

審核委員會充當其他董事、外部核數師和管理層之間的溝通渠道，因為此等人士的職責涉及財務和其他申報、風險管理、內部監控及核數事宜。審核委員會應對財務報告作出獨立審閱，並確保本身信納本公司內部監控的有效性和核數效率，藉此協助董事會履行其職責。

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The Audit Committee held three meetings during the year ended 31 December 2018. During the year, the Audit Committee has performed the following:

- met with the external auditors to discuss the general scope and findings of their audit and interim review works;
- reviewed external auditors' management letter and management's response;
- reviewed and recommended to the Board for approval of the external auditors' remuneration;
- made recommendations to the Board on the re-appointment of the external auditors;
- reviewed the external auditors' independence, objectivity and the effectiveness of the audit process;
- reviewed and monitored the integrity of financial statements, annual and interim reports, and annual and interim results announcements of the Company;
- reported to the Board on matters relating to the Audit Committee under the CG Code;
- reviewed the Group's financial controls, internal control and risk management systems;
- reviewed the amendment of the terms of reference of the Audit Committee;
- discussed auditing, internal control, risk management and financial reporting matters before recommending them to the Board for approval; and
- reviewed the arrangements that employees of the Company and those who deal with the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

審核委員會於截至二零一八年十二月三十一日止年度舉行了三次會議。在本年度內，審核委員會完成了下列各項工作：

- 與外部核數師討論其核數和中期審閱工作的一般範疇和結果；
- 審閱外部核數師的管理建議書和管理層的回應；
- 檢討外部核數師酬金並建議董事會予以批准；
- 就重新委任外部核數師事宜，向董事會提出建議；
- 檢討外部核數師的獨立性、客觀性和核數程序的有效性；
- 檢討並監察本公司的財務報表、年報和中期報告以及年度和中期業績公佈的完整性；
- 根據企業管治守則就有關審核委員會的事宜向董事會匯報；
- 檢討本集團的財務監控、內部監控及風險管理系統；
- 審閱修訂審核委員會的職權範圍；
- 就審核、內部監控、風險管理和財務報告事項，於建議董事會予以批准前進行討論；及
- 檢討本公司設定的有關本公司僱員及其他與本公司有往來者可秘密就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注的安排。

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All issues raised by the external auditors and the Audit Committee have been addressed by the senior management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of the senior management and the Board were of sufficient significance for disclosure in the annual report.

Other than the reporting responsibilities of the Company's auditors (please refer to the independent auditor's report set out on pages 105 to 112), the Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the consolidated financial position as at 31 December 2018 and the consolidated financial performance and cash flows of the Group for the year then ended.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems and for reviewing their effectiveness. The objectives of the risk management and internal control of the Group are: to rationally establish a comprehensive risk management system in a scientific manner and to apply the concepts, philosophies, procedures, methods and tools of risk management throughout the establishment and implementation of strategies for effectively managing the risks while reasonably ensuring the realization of the Group's strategic objectives and operation objectives and propelling the sustainable development of the enterprise. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has set up a comprehensive risk management and internal control system, forming a scientific and effective system for segregation of duties and three lines of defense in risk management, with the first line being each of the business units; the second line being the Risk and Internal Control Management Committee (hereinafter referred to as "Risk Control Committee"), risk management department and each of the function supervision departments while the third line being the internal audit and disciplinary review function.

高級管理層已就外部核數師和審核委員會提出的所有問題作出回應。審核委員會的工作和結果已經向董事會匯報。本年度內，需要高級管理層和董事會注意的問題的重要性不足以在年報內作出有關披露。

除本公司核數師肩負呈報責任(請參閱第105頁至第112頁所載的獨立核數師報告)外，董事知悉其須負責編製本集團的財務報表。此等財務報表須真實公平反映本集團於二零一八年十二月三十一日的綜合財務狀況及本集團截至該日止年度的綜合財務表現及現金流量。

風險管理及內部監控

董事會須全面負責維持完善有效的風險管理及內部監控系統並檢討其有效性。本集團風險管理及內部監控的目標是：通過科學合理地制訂全面風險管理體系，將風險管理的意識、理念、流程、方法和工具貫穿於戰略的制定和執行過程中，使風險管理有效落地，合理保證本集團戰略目標和經營目標的實現，促進企業的可持續發展。該風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且就避免重大的失實陳述或損失而言，僅能作出合理而非絕對的保證。

本集團已建立起全面風險管理和內部監控體系，形成科學有效的職責分工體系，建立風險管理三道防線，即各業務單位為第一道防線；風險與內控管理委員會(以下簡稱「風控委員會」、風險管理部門、各職能監督部門為第二道防線；內部審計和紀檢監察部門為第三道防線。

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Risk Management

The Group has set up a risk management framework comprising Risk Control Committee, the risk management department and the risk management commissioners of each business unit, and has clearly outlined the responsibilities of each risk management unit. The Group, through complying with the risk management framework under COSO (Committee of Sponsoring Organisations of the Treadway Commission) and by ways of introducing external consultation bodies for providing guidance and training on risk management and advocating the culture of risk management, etc., has gradually enhanced the professional standard of the risk management staff.

The Group has established a comprehensive framework for risk management, with a fundamental standard of risk management basically formulated, adopting a rotational management method of risk identification, risk evaluation, risk responses, risk control and risk reporting to commence the work on risk management, where the Audit Committee, the risk control committee of the management and the risk management department of the Group are responsible for the supervision and implementation of such measures. The risk management department of the Group follows the principle of “building the concepts of risk management, implementing the risk management policies, and focusing on significant risk management and control” and through annual full-scale identification and precise research and judgement by each of the business and function units on the risks in seven aspects, namely, the Group’s strategies, market, finance, operation, law and compliance, quality and food safety as well as sustainable development, it focuses on the control over the significant risks at the Group level and the business division/function level, and it has formulated appropriate risk response strategies to effectively reduce and avoid the adverse impact brought by such significant risks to the Group’s strategic objectives, operation objectives and sustainable development.

In 2018, the Group adopted a management principle of different levels and ranks, with significant risks against different levels and ranks assigned to the responsible departments and personnel for the formulation of appropriate strategies, measures and contingency plans on risk responses, which are implemented upon approval by the “chief decision maker” of the responsible department. The risk management department of the Group and the risk management commissioner of each of the business units performed follow-up supervision on the process and results of the significant risk responses, with an aim to recognise any outstanding risks and enhance the first line of defense with a supplement to perfect the measures on risk responses in order to deal with the material adverse factors which affect the realisation of the corporate’s strategic and operation objectives.

風險管理

本集團已建立由風控委員會、風險管理部門、各業務單元風險管理專員組成的風險管理架構，並明確風險管理各單位的職責；通過遵守COSO (Committee of Sponsoring Organisations of the Treadway Commission)風險管理框架、引進外部諮詢機構進行風險管理指導和培訓、倡導風險管理文化等方式，逐步提高風險管理人員的專業素質。

本集團已建立了全面風險管理框架，基本建立了風險管理基礎規範，採取風險識別、風險評估、風險應對、風險監控、風險報告的流程循環管理方法開展風險管理工作，審核委員會、管理層風控委員會、本集團風險管理部可據此進行監督與落地實施；本集團風險管理部遵循「樹立風險管理理念、落實風險管理政策、聚焦重要風險管控」的原則，每年度組織各業務及職能單位全面識別和精準研判集團戰略、市場、財務、營運、法律與合規、質量與食品安全、可持續發展等七個領域的風險，聚焦集團層面、事業部／職能層面的重要風險進行重點管控，制訂適當的風險應對策略，有效降低和規避重要風險對本集團戰略目標、經營目標、可持續發展的不利影響。

二零一八年，本集團採取分層分級的管理原則，針對不同層級的重要風險均落實到責任部門與責任人，制訂適當的風險應對策略、措施或應急預案，由責任部門「一把手」審批後落實。集團風險管理部及各業務單元風險管理專員對風險應對過程和結果進行跟進監督，旨在發現剩餘風險，促進第一道防線補充完善風險應對措施，以應對影響企業戰略和經營目標實現的重大不利因素。

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The chief executive officer of the Group and the Party secretary of the Group who is in charge of risk control and auditing business serve as the chairman and the executive deputy chairman of the Risk Control Committee respectively while the committee members comprise the head of the major business divisions and functional departments. The Risk Control Committee has set up a specialized risk management department which will be responsible for day-to-day management and the risk management department will report to the Risk Control Committee regularly on their works in risk management. Meanwhile, reporting will be made at least twice a year to the Audit Committee on their works in risk management and the Audit Committee will evaluate and supervise the work of the Risk Control Committee.

Internal Control

The Board is responsible for maintaining an established and effective internal control system, to safeguard the assets of the Group and the interest of shareholders, and for reviewing its effectiveness regularly. The Group has established a series of written working system covering management of production, supply and sales, quality management, financial management, legal management and administration. A stringent system is in effect to examine the performance of staff, and the staff are provided with trainings, in order to control the Group's exposure to significant risks.

Aiming at strengthening the risk management culture of the Group and minimizing the impacts of the major risks on the business and earnings of the Group, the senior management of the Group meets to actively evaluate and review the significant risks to which the Group is exposed to and reports to the Board on a regular basis. The Group also appoints external consultants, when considered appropriate, to review the Group's internal control, working systems and workflows, as well as the management systems, and to make suggestions on system enhancement.

The Board has reviewed the risk management and internal control systems of the Group for the year ended 31 December 2018 and considered them to be effective and adequate.

風控委員會由本集團總裁擔任主席，由分管風控與審計業務的集團黨委書記擔任常務副主席，委員由主要事業部及職能部門第一負責人組成，風控委員會設立專門的風險管理部門進行日常管理，風險管理部門定期向風控委員會報告風險管理工作。同時，每年至少2次向審核委員會報告風險管理工作，接受審核委員會的工作評審和監督。

內部監控

董事會有責任維持穩健而有效的內部監控機制，以保護本集團的資產及股東的權益，並定期檢討有關機制是否有效。本集團已建立了產供銷管理、質量管理、財務管理、法律管理及行政等方面的一系列書面工作制度，對員工的表現實施嚴格考核制度及為員工提供培訓，以確保本集團能夠控制面對的重大風險。

本集團的高級管理層定期舉行會議，積極評估及檢討本集團面對的重大風險，旨在強化本集團的風險管理文化，盡量減低主要風險對本集團業務及盈利所帶來的影響，並會定期向董事會彙報情況。本集團也適時聘用外部顧問，以檢討本集團的內部監控、工作制度和流程，以及管理體系等方面，並提供優化系統的建議。

董事會已審閱本集團截至二零一八年十二月三十一日止年度的風險管理及內部監控系統並認為其有效而足夠。

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Internal Audit

The Group has set up an independent internal audit department which will directly report to the Party secretary of the Group who is in charge of risk control and auditing business and the Audit Committee. In addition to maintaining objectivity and independency, the internal audit department also adheres to the management philosophy of “focusing on significant risks, prompting the improvement in management and increasing the value of the enterprise”, and the standard of “objectivity, integrity, capability and confidentiality”, with a view to constantly raising the quality of internal audit, adopting scientific and systematic ways to evaluate the effectiveness of the Group in corporate governance, risk management and control, procuring consistent improvement thereon, enhancing the value of the enterprise and reasonably ensuring the realization of corporate strategies and operation objectives.

In 2018, the internal audit department has completed the formulation of annual audit plan and the layout of audit requirements of the management approved by the management and the Audit Committee. The Audit Committee has also monitored and reviewed the effectiveness and result of the work of internal audit. Based on the risk assessment and the needs of the management, the internal audit department conducted internal audit and project audit in the risks areas that were significant to the Company and attached great importance to the follow-up and rectification in relation to the audit findings, which promoted the effective coping of significant operational risks and the improvement in management. Meanwhile, further improvements on internal audit system and operation guidance have been carried out by internal audit based on the relevant requirements of Certified Internal Auditor (CIA), such that a certification system is built up to ensure the compliance and efficient operation of organizations, which enhances the risk awareness of business units and their self-control capability through continuous efforts on improving internal control.

The internal audit department attends the Audit Committee meeting and reports the work on internal audit at least twice a year. Significant audit findings can be directly and freely reported to the Audit Committee. Resources such as the annual budget on management fee, staffing of the internal audit department and competence are guaranteed to be taken into consideration by the Audit Committee and necessary support will be provided. This is to ensure that sufficient audit resources are allocated to the internal audit department for effective fulfilment of annual work objectives and responsibilities.

內部審計

本集團已設立具有獨立性的內部審計部門，直接向本集團分管風控與審計的集團黨委書記和審核委員會彙報，內審部門遵循「聚焦重要風險、催化管理改善、增加企業價值」的管理思想，保持客觀性、獨立性原則，遵循「客觀、誠信、勝任、保密」的標準，持續提高內部審計質量，採用科學系統方法評估本集團在公司治理、風險管理和控制方面的有效性並促進其持續改善，為企業增加價值，合理保證企業戰略和經營目標的實現。

二零一八年，內部審計部門已完成經營管理層和審核委員會批准的年度審計工作計畫和管理層的審計需求，各項內審工作有效性及成果均經過審核委員會的監督和審核。內部審計部門在風險評估和管理層需求的基礎上，對企業重要的風險領域進行了內部控制審計和專項審計，並著重於審計發現的跟蹤整改，促進了重要經營風險的有效應對和管理的改善。同時，內部審計依據Certified Internal Auditor (CIA)相關要求，進一步完善了內部審計制度和操作指南，建立了保障組織合規高效運營的驗證體系，通過持續的推動內部控制的完善，強化業務單元的風險意識，提升了其自我控制的能力。

內部審計部門每年參加至少兩次審核委員會會議並彙報內審工作，對重大審計發現可不受限制地向審核委員會直接彙報。內部審計部門的年度管理費用預算、人員配備及勝任能力等資源保證得到審核委員會的關注和支持，確保內部審計部門擁有充足審計資源以有效完成年度工作目標和履行職責。

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Handling and Dissemination of Inside Information

The Group has formulated an internal Code on Information Disclosure to ensure the truthfulness, accuracy, completeness and timeliness of information disclosure of the Group in accordance with the requirements of the SFO and the Listing Rules. The Internal Code provides for detailed rules in the following areas.

- basic principles of information disclosure
- information that needs to be disclosed and the criteria thereof
- duties of the parties responsible for information disclosure
- procedures for the circulation, review and disclosure of information
- confidentiality of the undisclosed information
- information communication system with investors, securities analysts and the media, etc.
- accountability and handling measures

Disciplinary Inspection and Reporting Channels

The Group has set up a specific disciplinary inspection department, which is responsible for investigating and handling reported matters on breach of disciplines or rules, misconducts and corruptions. This is to demonstrate openly to our business partners and staff on the channels and methods of reporting. Such measures include we published the channels and methods (including phone and email) of reporting on the Group's website; we added an anti-corruption module in the "Mengniu Voice" column of China Mengniu in WeChat, in which we announced the methods of reporting and acceptance scope; we sign the anti-business bribery contracts at the same time when we sign business contracts with suppliers and business partners, in which we set out the methods of reporting; we announce the methods of reporting at our annual meetings with customers and our annual employee meetings; we announce the methods of reporting during the internal anti-corruption trainings held in our daily operations; we issue two typical case reports of discipline inspection and supervision and the methods of reporting periodically every year; and we publish the methods of reporting before the opening of bidding meetings for bidding activities. At present, the methods of reporting are published through various channels. Employees, suppliers and business partners are familiar with our methods of reporting and the channels of reporting are operating smoothly. Such measures would have a deterrent and preventive effect on matters related to breach of disciplines or rules.

處理及發佈內幕消息

本集團已制訂關於信息披露的內部守則確保本集團信息披露真實、準確、完整、及時並符合證券及期貨條例及上市規則要求。內部守則在以下方面進行了詳細規定。

- 信息披露的基本原則
- 需要披露的信息及其標準
- 負責信息披露人員的職責
- 傳閱、審閱及披露信息的程序
- 未披露信息的保密
- 與投資者、證券分析師及媒體等各方的信息交流制度
- 責任及處理措施

紀檢監察與舉報途徑

本集團已設立專門的紀檢監察部門，負責對各類違紀違規、瀆職、腐敗行為的舉報進行調查和處理，對合作夥伴和員工等相關方公示了舉報途徑和方式。這包括在本集團網頁上對外公示了舉報途徑和方式(包括電話和郵箱)；在微信企業號中國蒙牛「蒙牛之聲」一欄增設反腐倡廉模塊，公佈舉報方式和受理範圍；在公司與供應商合作夥伴簽訂業務合同的同時簽訂反商業賄賂合同，公佈舉報方式；每年在客戶大會、員工年會等重大會議時下發通知公佈舉報方式；在日常開展內部廉潔宣講教育時公佈舉報方式；每年定期下發兩期紀檢監察典型案例通報，在通報中公佈舉報方式；在招投標活動中開標會前公佈舉報方式。目前通過多種渠道公佈舉報方式，員工、供應商和業務合作方均熟知我們的舉報方式，舉報渠道非常暢通對各類違紀違規等行為起到了威懾和防範作用。

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For the year ended 31 December 2018, the Audit Committee carried out review and evaluation on the Group's risk management and internal control systems and reporting channels, the resources, the staff qualification and experience for audit functions and the effectiveness of the work undertaken and there were no significant areas of concerns identified during the evaluation of the risk management and internal control systems and reporting channels. The Board had examined the risk management and internal control systems including financial, operational and compliance controls and reviewed the evaluation performed by the Audit Committee, the management and internal and external auditors, on the effectiveness of the risk management and internal control systems of the Group and considered them effective and adequate. No significant areas of concerns were identified.

The Board also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions and their training programmes and budget and considered that they are adequate.

EXTERNAL AUDITORS

The Group's independent external auditors are Ernst & Young. The Audit Committee is responsible for the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors for the Group. In particular, the Audit Committee will, prior to the execution of contract with external auditor and the commencement of their duties, consider whether the non-audit functions will result in any potential material conflict of interest.

Details of fees paid or payable to Ernst & Young for the year ended 31 December 2018 are as follows:

Services rendered	提供的服務	2018	2017
		二零一八年 RMB'000 人民幣千元	二零一七年 RMB'000 人民幣千元
Annual audit	年度審計	4,200	4,100
Interim review	中期審閱	800	700
Other audit services	其他審計服務	2,635	2,400
Non-audit service	非審計服務		
Review on continuing connected transactions	審閱持續關連交易	50	50
Other professional services*	其他專業服務*	1,245	2,150
		8,930	9,400

* Other professional services include agreed-upon procedures services, options incentives scheme consultation service and IT consultation service, etc.

截至二零一八年十二月三十一日止年度，審核委員會對本集團的風險管理和內部監控系統的體系以及舉報途徑、履行職能的資源、人員資歷及經驗、工作開展的有效性等方面進行了檢討和評審，評估風險管理和內部監控系統以及舉報途徑概無重大事宜。董事會已審查財務、運營及合規監控等風險管理及內部監控系統，並已檢討了由審核委員會、管理層和內部及外部核數師執行有關本集團風險管理和內部監控系統有效性的評審，認為該等系統有效及足夠。概無發現重大事宜。

董事會亦檢討了本公司負責會計、內部審計及財務彙報職能方面的資源、員工的資歷及經驗、彼等的培訓計劃及預算等的足夠性，檢討後認為是足夠的。

外部核數師

本集團的獨立外部核數師為安永會計師事務所。審核委員會負責委聘外部核數師及審閱外部核數師為本集團進行的非核數工作。特別是審核委員會將於與外部核數師簽訂合約及開始履行其職責前，考慮有關非核數工作會否導致出現任何潛在重大利益衝突。

截至二零一八年十二月三十一日止年度支付或應支付予安永會計師事務所的費用詳情如下：

* 其他專業服務包括商定程序服務、期權激勵計劃諮詢服務及信息技術諮詢服務等。

CORPORATE GOVERNANCE REPORT 企業管治報告

In addition to the above fees paid or payable to the auditors, Yashili, a subsidiary of the Group listed on the Main Board of the Stock Exchange, has an amount of RMB2,983,000 (2017: RMB2,726,000) paid/payable as auditors' remuneration during the year.

The Board is satisfied with the audit fees, process and effectiveness of Ernst & Young and has recommended their reappointment as the Company's external auditors at the forthcoming annual general meeting.

STRATEGY AND DEVELOPMENT COMMITTEE

The Company has established a Strategy and Development Committee on 27 August 2009. As at 31 December 2018, the Strategy and Development Committee comprised one executive Director, Mr. Lu Minfang, four non-executive Directors, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini. The Strategy and Development Committee was chaired by Mr. Ma Jianping during 2018.

The principal duties of the Strategy and Development Committee include drawing up long-term development strategies and significant investments on financing plans of the Company, proposing significant capital investment for operation projects, and conducting studies and making recommendations on important matters that would affect the development of the Company.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for facilitating the Board process, as well as communication among Board members, with Shareholders and management. For the year ended 31 December 2018, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional trainings.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted, in terms no less exacting than, the standard required by the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all the Directors in the securities of the Company (the "Model Code"). Having made specific enquiry of all the Directors, the Company confirms that, during the year ended 31 December 2018, all the Directors have strictly complied with the Model Code.

除上述已付或應付核數師的費用外，本集團在聯交所主板上市的子公司雅士利年內已付／應付核數師酬金人民幣2,983,000元(二零一七年：人民幣2,726,000元)。

董事會滿意安永會計師事務所的核數費用、程序及有效性，並已建議在應屆股東週年大會續聘安永會計師事務所為本公司的外部核數師。

戰略及發展委員會

本公司於二零零九年八月二十七日成立戰略及發展委員會。於二零一八年十二月三十一日，戰略及發展委員會由一名執行董事(盧敏放先生)、四名非執行董事(馬建平先生、牛根生先生、Tim Ørting Jørgensen先生及Pascal De Petrini先生)組成。在二零一八年馬建平先生擔任戰略及發展委員會主席。

戰略及發展委員會的主要職責為草擬本公司長期發展策略及融資計劃的重大投資、就經營項目提出重大資本投資建議，並對影響本公司發展的重要事宜進行研究及作出建議。

公司秘書

公司秘書為本公司全職僱員，了解本公司的日常事務。公司秘書負責安排董事會工作，以及促進董事會成員、與股東及管理層之間的溝通。公司秘書確認，其於截至二零一八年十二月三十一日止年度已參加不少於15小時的相關專業培訓。

組織章程文件

本年內，本公司組織章程文件概無任何重大變動。

董事的證券交易

本公司已採納不遜於上市規則附錄十所載上市發行人董事進行證券交易的標準守則的規定準則，作為規管本公司所有董事進行本公司證券交易的行為守則和規則(「標準守則」)。對所有董事作出特定查詢後，本公司確認所有董事於截至二零一八年十二月三十一日止年度一直嚴格遵守標準守則。

CORPORATE GOVERNANCE REPORT 企業管治報告

DIVIDEND POLICY

The Company has adopted a dividend policy to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the discretion to propose, declare and distribute dividends to the Shareholders, subject to the articles of association of the Company and all applicable laws and regulations and the factors set out below.

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

INVESTOR RELATIONS AND COMMUNICATIONS

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development. When the Company announces its interim and annual results, briefings are conducted to apprise investors, analysts and the press of the Group's operating results as well as business strategies and outlook. Investor relations website is updated on a timely basis to ensure that investors are able to have access to the Company's information, latest news and reports.

股息政策

本公司已採納股息政策，以訂出本公司擬應用作為向股東宣派、派付或分派其淨利潤的原則及指引。

在建議或宣派股息時，本公司應維持充足的現金量以滿足其日常營運資金及未來發展的要求，及其股東價值。在不違反本公司章程細則及一切適用法律與法規、並受限於以下列明的因素的前提下，董事會有酌情權以向股東提議、宣派及派發股息。

- 財務業績；
- 現金流情況；
- 業務情況及戰略；
- 未來營運及盈餘；
- 資本金要求及開支計劃；
- 股東利益；
- 支付股息的任何限制；及
- 其他董事會認為相關的因素。

投資者關係及溝通

本公司採取積極政策推動投資者關係及增進溝通。本公司定期與機構投資者及財務分析員舉行會議，以確保就本公司的表現及發展維持雙向的溝通。當本公司宣佈中期及年度業績時，會以簡報會形式知會投資者、分析員及媒體有關本集團的營運業績和業務策略及展望。本集團會及時更新投資者關係網站，以確保投資者可查閱本公司的資訊、最新消息及報告。

CORPORATE GOVERNANCE REPORT 企業管治報告

Separate resolutions are proposed at general meetings for each substantially separate issue, including election of Directors. Poll voting has been adopted for decision-making at shareholders' meeting. Details of poll voting procedures were included in the circular dispatched to the Shareholders. The circular also included relevant details of proposed resolutions and biographies of the Directors standing for election.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting on requisition by Shareholders

According to the articles of association of the Company, any two or more Shareholders or any one Shareholder which is a recognized clearing house (or its nominee(s)) holding as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company shall have the right, by written requisition, to convene an extraordinary general meeting by depositing the written requisition at the principal office of the Company in Hong Kong at 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong for the attention of the Company Secretary, specifying the objects of the meeting, the name(s) and contact details of the requisitionist(s) and signed by the requisitionist(s).

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

股東大會上就每一重要事項提呈獨立的決議案，包括董事選舉。股東大會上採用投票表決方式作出決策。有關投票表決程序的詳情列載於寄發予股東的通函內。通函亦詳列有關提呈決議案的詳情及候選董事的履歷。

股東權利

應股東要求召開股東特別大會

根據本公司組織章程細則，於送達要求之日持有附帶本公司股東大會投票權的不少於十分之一繳足股本的任何兩名或以上股東或任何一名股東（為一間認可結算所（或其代理人）），有權提出書面要求召開股東特別大會。書面要求應送達本公司於香港的主要辦事處（地址：香港銅鑼灣告士打道262號中糧大廈32樓），並以公司秘書為收件人，當中須列明大會的目的、請求人的姓名及聯絡資料，並由請求人簽署。

倘董事會於送達要求之日起計21日內並無按既定程序在之後的21日內召開大會，則請求人自身或當中持有彼等全部投票權50%以上的任何請求人可按董事會召開大會的相同方式召開股東大會。惟按上述方式召開的任何大會不得於送達有關要求之日起計三個月屆滿後召開，且本公司須向請求人償付因應董事會未有召開大會而致使彼等須召開大會所合理產生的所有開支。

CORPORATE GOVERNANCE REPORT 企業管治報告

Procedures for directing Shareholders' enquiries to the Board

For enquiries to the Board, the Shareholders may contact the Company Secretary at the Hong Kong office of the Company at 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong or by email to info@mengniuir.com. The Company will endeavor to respond to their queries in a timely manner. Shareholders may also make enquiries with the Directors at the general meetings of the Company.

In addition, the Shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Procedures for putting forward proposals at general meetings by Shareholders

A Shareholder may, during the period commencing no earlier than the day after the despatch of the notice of any general meeting and ending no later than seven days prior to the date of such general meeting, give a notice in writing to the Nomination Committee of the Company of his/her intention to propose any person (other than himself/herself) for election to the office of a Director and a notice in writing signed by the person to be proposed of his/her willingness to be elected. Such notices shall be sent to 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, for the attention of the Company Secretary, specifying the name and contact details of the shareholder putting forward the proposal for election of Director and the name and contact details of the person proposed to be elected.

Other than the above concerning a proposal of a person for election as a Director, Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

股東可向董事會提出查詢的程序

股東如欲向董事會作出查詢，可聯絡本公司公司秘書，地址為香港銅鑼灣告士打道262號中糧大廈32樓，或電郵至info@mengniuir.com。本公司將盡力及時回應他們的查詢。股東亦可於本公司股東大會上向董事查詢。

此外，股東如欲查詢其持股及獲派股息的權利，可聯絡本公司的香港股份過戶登記處香港中央證券登記有限公司。

股東在股東大會提出建議的程序

在不早於寄發任何股東大會通知翌日起至不遲於該股東大會舉行日期前七日止之期間內，股東可向本公司提名委員會發出表明有意建議任何人士（不包括其本人）選舉董事的書面通知，及由該獲建議人士簽署表明願意獲選舉的通知。該等通知須送交香港銅鑼灣告士打道262號中糧大廈32樓，以公司秘書為收件人，當中須列明提出選舉董事建議的股東之姓名及聯絡資料，以及獲建議選舉的人士之姓名及聯絡資料。

除上述有關選舉董事人士的建議外，股東亦可按上述程序就有關書面要求所註明的任何事項召開股東特別大會。

REPORT OF THE DIRECTORS

董事會報告

The Board presents its report together with the audited financial statements of the Company and the Group for the year ended 31 December 2018. The business review of the Group for the year ended 31 December 2018 is set out in the sections headed “CEO’s Statement”, “Management Discussion and Analysis” and “Corporate Governance Report” of this Annual Report. The discussions therein form part of this Report of the Directors.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Group are manufacturing and distribution of quality dairy products including liquid milk (such as UHT milk, milk beverages and yogurt), ice cream, milk formula and other products (such as plant-based protein beverage and cheese) in China. There were no significant changes in the nature of the Group’s principal activities during the year under review.

Particulars of the Company’s subsidiaries are set out in note 1 to the financial statements.

The Group’s revenue is derived principally from business activities in China. An analysis of the Group’s performance for the year ended 31 December 2018 by business segments is set out in note 4 to the financial statements.

BUSINESS REVIEW

The business review of the Group including a fair review of the Group’s business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, an indication of likely future development in the Group’s business, key performance indicators, environmental policies and performance, and the Group’s key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group’s success depends is set out in the sections of this annual report headed “CEO’s Statement”, “Management Discussion and Analysis” and in the notes to the financial statements.

董事會提呈其報告，連同本公司及本集團截至二零一八年十二月三十一日止年度的經審核財務報表。本集團截至二零一八年十二月三十一日止年度的業務回顧載於本年報「總裁致辭」、「管理層討論及分析」及「企業管治報告」各節。該等討論為本董事會報告一部份。

主要業務及營運分析

本公司主要業務為投資控股。本集團的主要業務為在中國生產及銷售優質乳製品，包括液態奶(如超高溫滅菌奶(UHT奶)、乳飲料及酸奶)、冰淇淋、奶粉及其他產品(如植物蛋白飲品、奶酪)。回顧年內，本集團主要業務性質並無重大改變。

本公司子公司的詳情載於財務報表附註1。

本集團的收入主要來自在中國的業務活動。本集團截至二零一八年十二月三十一日止年度按業務分部資料劃分的業績分析載於財務報表附註4。

業務回顧

本集團的業務回顧載於本年報的「總裁致辭」、「管理層討論及分析」及財務報表附註，內容包括對本集團業務的中肯審視、對本集團面臨的主要風險及不確定因素的概述、財政年度末起所發生的影響本集團的重要事件的詳情、對本集團可能日後業務發展的預測、主要表現指標、環境保護政策及表現，以及本集團與其僱員、顧客及供應商的重要關係以及與其他對本集團有重要影響(而本集團的興盛繫於該等人士)的人士的關係。

REPORT OF THE DIRECTORS 董事會報告

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's main operations are carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Hong Kong Stock Exchange. The Group's operations are mainly regulated by Hong Kong and PRC laws. During the year ended 31 December 2018 and up to the date of this report, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Company.

Please refer to the discussions in this report and the "Corporate Governance Report" for further details on the Group's compliance with the relevant laws and regulations.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss on page 113.

The Board has recommended the payment of a final dividend of RMB0.181 (2017: RMB0.12) per share, amounting to approximately RMB710,915,000 (2017: RMB471,283,000) in total, to Shareholders whose names appear on the register of members on Thursday, 13 June 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 118 to 119 and note 52 to the financial statements. The Company's distributable reserves, calculated in accordance with statutory provisions applicable in the Company's place of incorporation, amounted to approximately RMB11,346,550,000 as at 31 December 2018 (2017: RMB11,575,796,000).

遵守法律及法規

本集團的主要業務營運由本公司在中國的子公司進行，而本公司本身在香港聯交所上市。本集團的營運主要受香港及中國法律規管。截至二零一八年十二月三十一日止年度及直至本報告日期，董事會並無得悉任何違反相關法律及法規而對本公司有重大影響的事件。

有關本集團遵守相關法律及法規的進一步詳情亦載於本報告及「企業管治報告」。

業績及分派

本集團截至二零一八年十二月三十一日止年度的業績載於第113頁綜合損益表。

董事會建議向二零一九年六月十三日(星期四)名列股東名冊的股東派付期末股息每股人民幣0.181元(二零一七年：人民幣0.12元)，合共約人民幣710,915,000元(二零一七年：人民幣471,283,000元)。

物業、廠房及設備

本集團本年度物業、廠房及設備的變動詳情載於財務報表附註15。

儲備

本集團及本公司年內的儲備變動詳情載於第118頁至第119頁綜合權益變動表及財務報表附註52。本公司於二零一八年十二月三十一日的可供分派儲備(根據本公司註冊成立地點適用的法定條文計算)約為人民幣11,346,550,000元(二零一七年：人民幣11,575,796,000元)。

REPORT OF THE DIRECTORS 董事會報告

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately RMB28,637,000 (2017: RMB20,555,000).

SHARE CAPITAL AND SHARE OPTIONS

During the year, the Company issued 346,922 ordinary shares (2017: 2,333,946 ordinary shares), fully paid, for a total consideration of RMB4.5 million (2017: RMB23.9 million) as a result of the exercise of share options under the share option scheme of the Company.

Details of movement in the Company's share capital and share options during the year are set out in notes 38 and 41 to the financial statements.

DIRECTORS

The Directors during the year ended 31 December 2018 were:

Executive Directors

Lu Minfang
Wu Wenting

Non-executive Directors

Ma Jianping
Niu Gensheng
Tim Ørting Jørgensen
Pascal De Petrini

Independent Non-executive Directors

Jiao Shuge (alias Jiao Zhen)
Julian Juul Wolhardt
Zhang Xiaoya
Yau Ka Chi

Subsequent to the end of the reporting period and up to the date of this report, Mr. Ma Jianping resigned as a non-executive director of the Company due to change of work, and Mr. Yu Xubo was appointed as a non-executive director of the Company, both with effect from 7 January 2019.

In accordance with Article 112 of the Company's articles of association, Mr. Tim Ørting Jørgensen, Mr. Zhang Xiaoya and Mr. Yau Ka Chi will retire by rotation and Mr. Yu Xubo will also retire in accordance with the Company's articles of association and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

捐款

本集團於年內捐獻約人民幣28,637,000元(二零一七年：人民幣20,555,000元)作為慈善及其他捐款。

股本及購股權

年內，本公司已根據本公司購股權計劃行使購股權而發行346,922股繳足普通股(二零一七年：2,333,946股普通股)，總代價為人民幣4.5百萬元(二零一七年：人民幣23.9百萬元)。

本公司年內股本及購股權變動的詳情載於財務報表附註38及41。

董事

於截至二零一八年十二月三十一日止年度內，董事如下：

執行董事

盧敏放
吳文婷

非執行董事

馬建平
牛根生
Tim Ørting Jørgensen
Pascal De Petrini

獨立非執行董事

焦樹閣(又名焦震)
Julian Juul Wolhardt
張曉亞
邱家賜

於報告期末後及截至本報告日期，馬建平先生因工作調動已辭任本公司非執行董事，而于旭波先生獲委任為本公司非執行董事，均自二零一九年一月七日生效。

根據本公司組織章程細則第112條，Tim Ørting Jørgensen先生、張曉亞先生及邱家賜先生將會輪值告退，而于旭波先生亦將根據本公司的組織章程細則退任，惟彼等符合資格及願意於應屆股東週年大會膺選連任。

REPORT OF THE DIRECTORS 董事會報告

The Company considers that all the independent non-executive Directors are independent pursuant to the criteria set out in Rule 3.13 of the Listing Rules and that a confirmation of independence has been received from each of them.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the senior management are set out on pages 52 to 61.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties and responsibilities in the Group and the prevailing market rate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

The articles of association of the Company provides that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal. In addition, the Company has maintained appropriate insurance in respect of potential legal actions against the Directors and its officers.

根據上市規則第3.13條所載的準則，本公司認為獨立非執行董事均為獨立人士，並已收到其各自有關獨立性的確認書。

董事及高級管理人員履歷詳情

董事及高級管理人員簡要履歷詳情載於第52頁至第61頁。

董事的服務合約

將於應屆股東週年大會提呈重選的董事概無與本公司簽訂不可由本公司於一年內免付補償(法定補償除外)予以終止的服務合約。

董事薪酬

董事袍金須於股東大會經股東批准。其他酬金經參考董事於本集團的職責及責任及現行市場薪酬水平後由本公司董事會釐定。

董事的交易、安排或合約權益

於年底時或年內任何時間，本公司或其任何子公司概無簽訂任何涉及本集團的業務而任何董事直接或間接在其中擁有重大權益的重大交易、安排或合約。

獲准許的彌償條文

本公司的組織章程細則規定每位董事或本公司其他高級職員均有權就作為董事或本公司其他高級職員在任何民事或刑事訴訟中提出答辯而招致或蒙受的所有損失或責任獲得以本公司資產向其作出彌償保證。此外，本公司已就針對董事及其高級職員的潛在法律行動購買合適的保險。

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS, LONG AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the shares of the Company or any of the Associated Corporations (including options granted under the Company's share option scheme):

董事於股份、相關股份及債權證的權益、好倉及淡倉

於二零一八年十二月三十一日，本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)(「相聯法團」)的股份、相關股份及債權證中，擁有已列入證券及期貨條例第352條規定存置的登記冊內的權益及淡倉，或如上市規則附錄十所載列，根據上市發行人董事進行證券交易的標準守則(「標準守則」)另行知會本公司和香港聯合交易所有限公司(「聯交所」)的權益及淡倉如下：

於本公司或其任何相聯法團股份的好倉(包括根據本公司購股權計劃授予的購股權)：

Name of Director 董事姓名	Nature of Interest 權益性質	Total Number of Ordinary Shares/ Underlying Share Held 持有普通股/ 相關股份總數	Percentage of the Company's Issued Share Capital ⁽²⁾ 佔本公司已發行 股本的百分比 ⁽²⁾
Lu Minfang 盧敏放	Personal Interest 個人權益	1,777,574 (L) ⁽¹⁾	0.05%
Wu Wenting 吳文婷	Personal Interest 個人權益	585,277 (L) ⁽²⁾	0.01%

REPORT OF THE DIRECTORS 董事會報告

Notes:

- (1) It represents 222,375 shares granted to Mr. Lu Minfang in which 170,193 shares remain unvested under the restricted share award scheme of the Company and 1,555,199 underlying shares in respect of the share options granted under the Company's share option scheme.

Apart from the above, the Company granted 9,312,210 share options to Mr. Lu Minfang on 24 December 2018.

- (2) It represents 126,893 shares granted to Ms. Wu Wenting in which 101,150 shares remain unvested under the restricted share award scheme of the Company and 458,384 underlying shares in respect of the share options granted under the Company's share option scheme.

- (3) The calculation is based on the number of shares as a percentage of the total number of issued shares of the Company (i.e. 3,927,708,054 shares) as at 31 December 2018.

- (L) Indicates a long position.

Details of the Company's share option scheme and restricted share award scheme are set out in the sections headed "Share Option Scheme" and "Share Award Scheme", respectively below.

Save as disclosed above, as at 31 December 2018, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of the Associated Corporations as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the sections headed "Directors' Interests, Long and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" and "Share Award Scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director, or his or her respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

附註：

- (1) 該數目指根據本公司限制性股票獎勵計劃授予盧敏放先生的222,375股股份，當中170,193股股份並未歸屬，以及有關根據本公司購股權計劃授出的購股權的1,555,199股相關股份。

除上文外，本公司於二零一八年十二月二十四日向盧敏放先生授出9,312,210份購股權。

- (2) 該數目指根據本公司限制性股票獎勵計劃授予吳文婷女士的126,893股股份，當中101,150股股份並未歸屬，以及有關根據本公司購股權計劃授出的購股權的458,384股相關股份。

- (3) 按照股份數目佔本公司於二零一八年十二月三十一日已發行股份總數3,927,708,054股的百分比計算得出。

- (L) 表示好倉。

本公司的購股權計劃及限制性股票獎勵計劃之詳情分別載於下文「購股權計劃」及「股票獎勵計劃」各節。

除上文所披露者外，於二零一八年十二月三十一日，本公司各董事及主要行政人員於本公司或任何相聯法團的股份、相關股份及債權證中，概無擁有任何登記在根據證券及期貨條例第352條規定存置的登記冊內，或根據標準守則另行知會本公司和聯交所的權益及淡倉。

董事收購股份的權利

除於上文「董事於股份、相關股份及債權證的權益、好倉及淡倉」一節及下文「購股權計劃」及「股票獎勵計劃」所披露者外，於年內任何時間，概無任何董事或其各自的配偶或未成年子女獲授出可藉收購本公司或任何其他法團實體的股份或債權證而獲利的權利，且彼等並無行使任何有關權利，且本公司或其任何控股公司、子公司或同系子公司概無訂立任何安排，以致使董事可獲得於本公司或任何其他法團實體的有關權利。

REPORT OF THE DIRECTORS 董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2018, the interests or short positions of substantial shareholders of the Company, other than the Directors or the chief executive of the Company whose interests and short positions in the shares of the Company and of the Associated Corporations are set out above, in the shares and underlying shares of the Company as recorded in the register required to be maintained under section 336 of the SFO were as follows:

主要股東權益

於二零一八年十二月三十一日，根據證券及期貨條例第336條規定存置的登記冊所記錄，本公司的主要股東（於本公司及相聯法團的股份中所擁有的權益及淡倉已於上文載列的本公司董事及主要行政人員除外）於本公司股份及相關股份中的權益或淡倉如下：

Name of Substantial Shareholder	主要股東姓名／名稱	Number of Ordinary Shares 普通股數目	Percentage of the Company's Issued Share Capital ⁽⁶⁾ 佔本公司已發行股本百分比 ⁽⁶⁾
COFCO Corporation	中糧集團有限公司	1,234,500,758 (L) ⁽¹⁾	31.43%
COFCO (Hong Kong) Limited	中糧集團(香港)有限公司	1,233,700,758 (L) ⁽²⁾	31.41%
China Foods (Holdings) Limited	中國食品(控股)有限公司	1,233,700,758 (L) ⁽³⁾	31.41%
Farwill Limited	志遠有限公司	1,233,700,758 (L) ⁽²⁾	31.41%
Colour Spring Limited	彩泉有限公司	1,233,700,758 (L) ⁽²⁾	31.41%
COFCO Dairy Holdings Limited	中糧乳業控股有限公司	1,233,700,758 (L) ⁽²⁾⁽⁴⁾	31.41%
COFCO Dairy Investments Limited	中糧乳業投資有限公司	1,233,700,758 (L) ⁽²⁾⁽⁵⁾	31.41%
Prominent Achiever Limited	互達有限公司	1,233,700,758 (L) ⁽²⁾⁽⁵⁾	31.41%
Arla Foods amba	Arla Foods amba	1,233,700,758 (L) ⁽²⁾	31.41%
Danone SA	Danone SA	1,233,700,758 (L) ⁽⁶⁾	31.41%
Danone Asia Pte Ltd	Danone Asia Pte Ltd	1,233,700,758 (L) ⁽²⁾	31.41%
Commonwealth Bank of Australia	Commonwealth Bank of Australia	196,942,000 (L)	5.01%
JP Morgan Chase & Co	JP Morgan Chase & Co	196,743,200 (L)	5.01%
		6,629,343 (S)	0.17%
		179,704,243 (P)	4.58%
FIL Limited	FIL Limited	238,165,000 (L) ⁽⁷⁾	6.06%
		12,000 (S) ⁽⁷⁾	0.01%
Pandanus Associates Inc.	Pandanus Associates Inc.	250,911,000 (L) ⁽⁷⁾	6.39%
		12,000 (S) ⁽⁷⁾	0.01%
Pandanus Partners L.P.	Pandanus Partners L.P.	250,911,000 (L) ⁽⁷⁾	6.39%
		12,000 (S) ⁽⁷⁾	0.01%
Citigroup Inc.	Citigroup Inc.	220,763,681 (L)	5.62%
		3,284,841 (S)	0.08%
		191,809,085 (P)	4.88%
Schroders Plc	Schroders Plc	236,935,170 (L)	6.03%

REPORT OF THE DIRECTORS 董事會報告

Notes:

- (1) COFCO Corporation is deemed interested in an aggregate of 1,234,500,758 shares in the Company, comprising (a) 1,233,700,758 shares in the Company through its wholly-owned subsidiary, COFCO (Hong Kong) Limited and (b) 800,000 shares in the Company through another of its wholly-owned subsidiary, COFCO (BVI) Limited. COFCO (BVI) Limited is deemed interested in 800,000 shares in the Company through its wholly-owned subsidiary, COFCO (BVI) No. 9 Limited.
- (2) COFCO (Hong Kong) Limited, Farwill Limited, Colour Spring Limited, COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited, Prominent Achiever Limited, Arla Foods amba, Danone Asia Pte Ltd are deemed interested in an aggregate of 1,233,700,758 shares in the Company under section 317 of the SFO.
- (3) China Foods (Holdings) Limited (previously known as COFCO (BVI) No. 108 Limited) is deemed interested in 1,233,700,758 shares in the Company through its wholly-owned subsidiary, Farwill Limited.
- (4) COFCO Dairy Holdings Limited is deemed interested in 1,233,700,758 shares in the Company through its subsidiary, COFCO Dairy Investments Limited.
- (5) COFCO Dairy Investments Limited is deemed interested in 296,028,044 shares in the Company through its wholly-owned subsidiary, Prominent Achiever Limited.
- (6) Danone SA is deemed interested in 1,233,700,758 shares in the Company through its subsidiary, Danone Asia Pte Ltd.
- (7) Based on the disclosure of interest filed by Pandanus Associates Inc. on 12 November 2018, FIL Limited is a controlled corporation of Pandanus Partners L.P., which is in turn a controlled corporation of Pandanus Associates Inc.
- (8) The total issued shares of the Company as at 31 December 2018 was 3,927,708,054.
- (L) Indicates a long position.
- (S) Indicates a short position.
- (P) Indicates a lending pool.

Saved as disclosed above, as at 31 December 2018, no other interests or short position in the shares or underlying shares of the Company were recorded in the register maintained under Section 336 of the SFO.

附註：

- (1) 中糧集團有限公司被視為於本公司合共1,234,500,758股股份中擁有權益，當中包括(a)透過其全資子公司中糧集團(香港)有限公司於本公司1,233,700,758股股份及(b)透過其另一全資子公司COFCO (BVI) Limited於本公司800,000股股份中擁有權益。COFCO (BVI) Limited被視為透過其全資子公司COFCO (BVI) No. 9 Limited於本公司800,000股股份中擁有權益。
- (2) 根據證券及期貨條例第317條，中糧集團(香港)有限公司、志遠有限公司、彩泉有限公司、中糧乳業控股有限公司、中糧乳業投資有限公司、互達有限公司、Arla Foods amba、Danone Asia Pte Ltd被視為於本公司合共1,233,700,758股股份中擁有權益。
- (3) 中國食品(控股)有限公司(前稱COFCO (BVI) No. 108 Limited)被視為透過其全資子公司志遠有限公司擁有本公司1,233,700,758股股份的權益。
- (4) 中糧乳業控股有限公司被視為透過其子公司中糧乳業投資有限公司擁有本公司1,233,700,758股股份的權益。
- (5) 中糧乳業投資有限公司被視為透過其全資子公司互達有限公司擁有本公司296,028,044股股份的權益。
- (6) Danone SA被視為透過其子公司Danone Asia Pte Ltd於本公司1,233,700,758股股份中擁有權益。
- (7) 根據 Pandanus Associates Inc. 於二零一八年十一月十二日提交的權益披露，FIL Limited為 Pandanus Partners L.P. 的受控法團，而後者為 Pandanus Associates Inc. 的受控法團。
- (8) 於二零一八年十二月三十一日，本公司已發行股份總數為3,927,708,054股。
- (L) 表示好倉。
- (S) 表示淡倉。
- (P) 表示可供借出的股份。

除上文所披露者外，於二零一八年十二月三十一日，根據證券及期貨條例第336條規定存置的登記冊所示，概無任何其他於本公司股份或相關股份中的權益或淡倉。

REPORT OF THE DIRECTORS 董事會報告

CONNECTED TRANSACTION**The share purchase agreement in relation to the disposal of shares in Yashili New Zealand Dairy Co., Limited (“Yashili New Zealand”)**

On 14 December 2018, Yashili International Group Limited (“Yashili (HK)”), a wholly-owned subsidiary of Yashili International Holdings Ltd (“Yashili”) which is a 51.04%-owned subsidiary of the Company, and Danone Asia Pacific Holdings Pte. Ltd. (the “Purchaser”) entered into the share purchase agreement (the “Share Purchase Agreement”), pursuant to which Yashili (HK) has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, 49% of the issued share capital in Yashili New Zealand Dairy Co., Limited (“Yashili New Zealand”) (the “Share Interest”) for a consideration consisting of two tranches (the “Disposal”). The remaining 51% of the issued share capital in Yashili New Zealand continues to be held by Yashili (HK).

The consideration for the Disposal consists of two tranches. The first tranche is the US\$ equivalent of 49% of NZ\$315,000,000 (equivalent to approximately HK\$1,686.8 million), which was determined on the basis of normal commercial terms and after arm’s length negotiation between Yashili (HK) and the Purchaser. The second tranche is the sum of: (i) the US\$ equivalent of 49% of NZ\$2,937,716 (representing the net book value of the two land lots in New Zealand as set out in the Share Purchase Agreement); (ii) the US\$ equivalent of 49% of the total comprehensive profit amount for Yashili New Zealand from 1 January 2018 to the completion date which is set out in the statement of Yashili New Zealand which is prepared within 45 days upon completion in accordance with the Share Purchase Agreement (the “Closing Date Statement”) (if positive); and (iii) the US\$ equivalent of 51% of the actual amount in tax losses forfeited by Yashili New Zealand as a direct result of the Disposal and as set out in the Closing Date Statement (which shall not exceed NZ\$1.3 million). The first tranche and part (i) of the second tranche are payable in cash by the Purchaser to Yashili (HK) on the completion date, while part (ii) and (iii) of the second tranche are payable within ten business days after the Closing Date Statement is delivered.

On 14 December 2018, Yashili (HK), the Purchaser and Yashili New Zealand entered into a shareholders’ agreement (the “Shareholders’ Agreement”) for the purpose of regulating the management of Yashili New Zealand, the relationship between Yashili (HK) and the Purchaser and their dealings in the shares of Yashili New Zealand post Completion.

關連交易**有關出售Yashili New Zealand Dairy Co., Limited (「新西蘭乳業」) 股份之股份購買協議**

雅士利國際集團有限公司(「雅士利(香港)」)為雅士利國際控股有限公司(「雅士利」)之全資子公司(雅士利為本公司擁有51.04%股權之子公司)，於二零一八年十二月十四日與Danone Asia Pacific Holdings Pte. Ltd.(「買方」)訂立股份購買協議(「股份購買協議」)，據此，雅士利(香港)已有條件同意出售，且買方已有條件同意收購Yashili New Zealand Dairy Co., Limited(「新西蘭乳業」)的49%已發行股本(「股份權益」)，代價分兩筆支付(「出售事項」)。新西蘭乳業餘下的51%已發行股本繼續由雅士利(香港)持有。

出售事項的代價分兩筆支付。第一筆付款為315,000,000新西蘭元(相當於約1,686.8百萬港元)之49%之美元等值金額，乃按正常商業條款基準並經雅士利(香港)及買方公平磋商釐定。第二筆付款為以下各項之和：(i)2,937,716新西蘭元(即買賣協議所載新西蘭兩幅地塊之賬面淨值)之49%之美元等值金額；(ii)新西蘭乳業自二零一八年一月一日至交割日期全面溢利總額(倘為正數)之49%美元等值金額，該全面溢利總額載於根據新西蘭乳業之股份購買協議於交割後45日內編製的完成日期聲明(「完成日期聲明」)中；及(iii)作為出售事項的直接結果及載於完成日期聲明的由新西蘭乳業沒收的稅項虧損實際金額的51%之美元等值金額，其數額不得超過1.3百萬新西蘭元。第一筆付款及第二筆付款之第(i)部分由買方於交割日期向雅士利(香港)支付現金，而第二筆付款之第(ii)及(iii)部分於完成日期聲明送達後之十個營業日內支付。

於二零一八年十二月十四日，雅士利(香港)、買方及新西蘭乳業訂立股東協議(「股東協議」)，以規範交割後新西蘭乳業的管理、雅士利(香港)與買方之間的關係及彼等對新西蘭乳業股份的交易。

REPORT OF THE DIRECTORS 董事會報告

Please refer to the announcement of the Company dated 14 December 2018 for further details.

The Directors (including the independent non-executive Directors) are of the view that the Share Purchase Agreement, the Disposal and the Shareholders' Agreement would enable the Yashili group to strengthen its strategic partnership with Danone and achieve greater synergies. The Directors (including the independent non-executive Directors) are of the view that the transactions are conducted on arm's length basis and on normal commercial terms and that the terms of the Share Purchase Agreement and the Shareholders' Agreement are fair and reasonable and the Share Purchase Agreement, the Shareholders' Agreement and the transactions are in the interest of the Company and its shareholders as a whole.

The Disposal is not yet completed as of the date of this annual report. Upon completion, Yashili (HK) will hold 51% of the issued share capital in Yashili New Zealand, and Yashili New Zealand continues to be a subsidiary of Yashili.

Yashili New Zealand is a company incorporated in New Zealand and an indirect wholly-owned subsidiary of Yashili. The principal business of Yashili New Zealand is to manufacture infant formula products, and under some circumstances, manufacture adult and baby nutrition products and other products of a similar kind or nature.

As at the date of signing of the Share Purchase Agreement, Yashili is a 51.04%-owned subsidiary of the Company. Since Danone Asia Baby Nutrition Pte. Ltd. ("Danone Asia") has 25.0% shareholding interest in Yashili, Danone Asia is a connected person of the Company at the subsidiary level under the Listing Rules. As the Purchaser is an indirect wholly-owned subsidiary of Danone SA (the ultimate controlling shareholder of Danone Asia and the Purchaser) and a member of Danone, it is therefore a connected person of Yashili and a connected person at the subsidiary level of the Company under the Listing Rules. Accordingly, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratio (other than the profits ratio) in respect of the Disposal exceeds 1% but is less than 5% for the Company, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

有關進一步詳情，請參閱本公司日期為二零一八年十二月十四日之公告。

董事(包括獨立非執行董事)認為，股份購買協議、出售事項及股東協議將令雅士利集團加強與達能的戰略夥伴關係，並實現更大的協同效應。董事(包括獨立非執行董事)認為，該等交易乃按公平基準及正常商業條款進行，且股份購買協議及股東協議之條款屬公平合理，而股份購買協議、股東協議及該等交易符合本公司及其股東之整體利益。

截至本年報日期，出售事項尚未完成。交割後，雅士利(香港)將持有新西蘭乳業的51%已發行股本，且新西蘭乳業仍為雅士利之子公司。

新西蘭乳業(為一間於新西蘭註冊成立之公司，並為雅士利之間接全資子公司)。新西蘭乳業的主要業務為生產嬰幼兒配方產品，及於若干情況下，生產成人及嬰兒營養品以及其他同類或同性質產品。

截至簽訂股份購買協議日期，雅士利為本公司擁有51.04%股權之子公司。由於Danone Asia Baby Nutrition Pte. Ltd. (「達能亞洲」)擁有雅士利25.0%股權，故根據上市規則，達能亞洲為本公司於子公司層面的關連人士。由於買方為達能SA(達能亞洲及買方的最終控股股東)的間接全資子公司及達能的成員公司，因此，根據上市規則，買方為雅士利的關連人士及本公司於子公司層面的關連人士。因此，根據上市規則第14A章，訂立股份購買協議及股東協議構成本公司的關連交易。由於本公司有關出售事項的最高適用百分比率(盈利比率除外)超過1%但少於5%，故出售事項須遵守上市規則第14A章項下的申報及公告規定，惟獲豁免遵守獨立股東批准規定。

REPORT OF THE DIRECTORS 董事會報告

CONTINUING CONNECTED TRANSACTION

On 31 December 2014, the Company entered into a new master sale and purchase agreement (the “2014 Master Sale and Purchase Agreement”) with COFCO Corporation (“COFCO”) to renew the existing Master Sale and Purchase Agreement pursuant to which the Group will continue to, subject to the Group’s regular review and at the Group’s option, purchase white sugar, edible oil, other raw materials and related products (including packaging materials) from COFCO, its subsidiaries and certain associated companies (collectively “COFCO Corporation Group Companies”) for a term of three years commencing from 1 January 2015 and ending on 31 December 2017, which may be extended at the Company’s option, for a further period of not more than three continuous years, subject to compliance with any relevant requirement under the Listing Rules. In view of the anticipated expiration of the term of the 2014 Master Sale and Purchase Agreement on 31 December 2017, the Company has delivered an extension notice (the “Extension Notice”) to COFCO to exercise its right to extend the term of the 2014 Master Sale and Purchase Agreement for a further three years. The Company received a confirmation from COFCO on 27 December 2017 acknowledging receipt of the Extension Notice. Following the extension of the term of the 2014 Master Sale and Purchase Agreement, the Group will continue to purchase (subject to the Group’s regular review and at the Group’s option) white sugar, edible oil, other raw materials and related products (including packaging materials) from COFCO Corporation Group Companies for a term commencing from 1 January 2018 and ending on 31 December 2020. The annual transaction amount under the 2014 Master Sale and Purchase Agreement for each of the three years ended 31 December 2018 and ending 31 December 2019 and 2020 respectively is expected not to exceed RMB1,500,000,000.

As COFCO, being a substantial shareholder of the Company, is a connected person of the Company, the transactions under the 2014 Master Sale and Purchase Agreement (as extended by the Extension Notice) constitute continuing connected transactions of the Group.

As the applicable percentage ratios in respect of the transaction value under the 2014 Master Sale and Purchase Agreement (as extended by the Extension Notice) are on an annual basis more than 0.1% but less than 5%, the continuing connected transactions under the 2014 Master Sale and Purchase Agreement (as extended by the Extension Notice) are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

持續關連交易

於二零一四年十二月三十一日，本公司與中糧集團有限公司(「中糧集團」)訂立新總購銷協議(「二零一四年總購銷協議」)以續新現有總購銷協議，據此，在本集團定期檢討及本集團有權選擇之前提下，本集團將繼續從中糧集團、其子公司及若干聯營公司(統稱「中糧集團公司」)購入白砂糖、食用油、其他原料及相關產品(包括包裝材料)，協議期為三年，自二零一五年一月一日起至二零一七年十二月三十一日止，有關期限可在本公司選擇下再延長不超過連續三年，惟須遵守上市規則下的任何相關規定。鑒於預計二零一四年總購銷協議於二零一七年十二月三十一日屆滿，本公司已向中糧集團發出延長通知(「延長通知」)，以行使其延長二零一四年總購銷協議的權利，協議期為三年。本公司於二零一七年十二月二十七日收到中糧集團確認收到延長通知。於延長二零一四年總購銷協議後，本集團將於由二零一八年一月一日起至二零二零年十二月三十一日止期間，繼續向中糧集團公司採購(在本集團定期檢討及本集團有權選擇之前提下)白砂糖、食用油、其他原料及相關產品(包括包裝材料)。截至二零一八年十二月三十一日、二零一九年及二零二零年十二月三十一日止三個年度各年，二零一四年總購銷協議項下之年度交易額預期均將不多於人民幣1,500,000,000元。

由於中糧集團(作為本公司之主要股東)為本公司之關連人士，故根據二零一四年總購銷協議(經延長通知延長)項下的交易構成本集團的持續關連交易。

由於二零一四年總購銷協議(經延長通知延長)項下交易價值之適用百分比比率按年度基準高於0.1%但低於5%，故二零一四年總購銷協議(經延長通知延長)項下之持續關連交易須遵守上市規則第14A章有關申報、公告及年度審閱的規定，惟獲豁免遵守有關獨立股東批准的規定。

REPORT OF THE DIRECTORS 董事會報告

For the year ended 31 December 2018, the total amount paid/payable by the Group to COFCO Corporation Group Companies for the purchase of white sugar, edible oil, other raw materials and related products (including packaging materials) was approximately RMB782,996,000.

China Modern Dairy Holdings Ltd. (“CMD”) has purchased feedstuffs and other related materials from COFCO Corporation Group Companies in the past and will continue to purchase feedstuffs and other related materials from COFCO Corporation Group Companies (the “CMD Transactions”) commencing from 1 January 2018. The annual transaction amount under the CMD Transactions for each of the three years ended 31 December 2018, and ending 31 December 2019 and 2020 is expected not to exceed RMB500,000,000. The aggregated annual transaction amount (i) under the 2014 Master Sale and Purchase Agreement (as extended by the Extension Notice) and (ii) of the CMD Transactions for each of the three years ended 31 December 2018 and ending 31 December 2019 and 2020 respectively is expected not to exceed RMB2,000,000,000. The applicable percentage ratios in respect of the aggregated transaction value (i) under the 2014 Master Sale and Purchase Agreement (as extended by the Extension Notice) and (ii) of the CMD Transactions for each of the three years ended 31 December 2018 and ending 31 December 2019 and 2020 respectively is on an annual basis more than 0.1% but less than 5%.

For further details about the 2014 Master Sale and Purchase Agreement and the extension of its term, please refer to the announcements of the Company dated 31 December 2014 and 28 December 2017.

For the year ended 31 December 2018, the total amount paid/payable by CMD to COFCO Corporation Group Companies for the CMD Transactions which constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules was approximately RMB170,156,000, and the pricing policies set out in the announcements have been followed when determining the price and terms of the transactions conducted during the year.

截至二零一八年十二月三十一日止年度，本集團就購入白砂糖、食用油、其他原料及相關產品(包括包裝材料)已付/應付中糧集團公司之總金額約為人民幣782,996,000元。

中國現代牧業控股有限公司(「現代牧業」)過往向中糧集團公司採購飼料及其他有關物料，且自二零一八年一月一日起將繼續向中糧集團公司採購飼料及其他有關物料(「現代牧業交易」)。截至二零一八年十二月三十一日、二零一九年及二零二零年十二月三十一日止三個年度，現代牧業交易項下之年度交易金額預期均不超過人民幣500,000,000元。截至二零一八年十二月三十一日、二零一九年及二零二零年十二月三十一日止三個年度各年，有關(i)二零一四年總購銷協議(經延長通知延長)項下及(ii)現代牧業交易之總年度交易金額預期不超過人民幣2,000,000,000元。截至二零一八年十二月三十一日、二零一九年及二零二零年十二月三十一日止三個年度各年，有關(i)二零一四年總購銷協議(經延長通知延長)項下及(ii)現代牧業交易之交易總值之適用百分比率按年度基準分別高於0.1%但低於5%。

有關二零一四年總購銷協議及延長其條款之進一步詳情，請參閱本公司日期為二零一四年十二月三十一日及二零一七年十二月二十八日之公告。

截至二零一八年十二月三十一日止年度，現代牧業就現代牧業交易已付/應付中糧集團公司構成本公司在上市規則第14A章項下之持續關連交易之總金額為約人民幣170,156,000元，且於釐定年內所進行交易之價格及條款時已遵從公告內所載的定價政策。

REPORT OF THE DIRECTORS 董事會報告

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions and the CMD Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

SHARE OPTION SCHEME

On 3 June 2016, the shareholders of the Company approved the adoption of a new share option scheme (the "2016 Share Option Scheme") in order to enable the Group to continue to offer valuable incentive to attract and retain quality personnel to work to increase the value of the shares of the Company. The 2016 Share Option Scheme shall be valid and effective for a period of 10 years commencing from 3 June 2016 and will expire on 2 June 2026.

本公司獨立非執行董事已審閱上文所載之持續關連交易，並已確認該等持續關連交易乃(i)於本集團日常及一般業務過程中進行；(ii)按正常商業條款或更佳條款而進行；及(iii)根據規管上述交易的相關協議條款進行，而該等條款屬公平、合理，並符合股東之整體利益。本公司確認其已遵守上市規則第14A章的披露規定。

本公司之核數師－安永會計師事務所獲委聘根據香港會計師公會頒佈的香港核證委聘準則第3000號「對過往財務資料進行審核或審閱以外的核證委聘」及參考實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」，對本集團的持續關連交易及現代牧業交易進行報告。安永會計師事務所已根據上市規則第14A.56條發出無保留意見函，當中載有彼等就本集團於上文披露之持續關連交易之發現及結論。本公司已向聯交所提供核數師函之副本。

購股權計劃

二零一六年六月三日，本公司股東批准採納新購股權計劃（「二零一六年購股權計劃」），以讓本集團繼續向傑出僱員提供優厚獎勵，以吸引並挽留彼等效力本集團，提高本公司股份價值。二零一六年購股權計劃自二零一六年六月三日起生效，有效期為十年，並將於二零二六年六月二日失效。

REPORT OF THE DIRECTORS 董事會報告

The following share options are granted under the 2016 Share Option Scheme during the year.

下列購股權於年內根據二零一六年購股權計劃授出。

Name or category of participant 參與者姓名或類別	Number of share options 購股權數目				As at 31 December 2018 於二零一八年 十二月三十一日	Date of grant of share options 授出購股權日期	Exercise period of share options (both dates inclusive) ⁽¹⁾ 購股權行使期間 (包括首尾兩天) ⁽¹⁾	Exercise price of share options 購股權行使價 HK\$ 港元
	As at 1 January 2018 於 二零一八年 一月一日	Granted during the year 年內授出	Exercised during the year ⁽⁴⁾ 年內行使 ⁽⁴⁾	Lapsed during the year ⁽⁴⁾ 年內失效 ⁽⁴⁾				
Executive Director 執行董事								
Lu Minfang 盧敏放	865,000	-	-	-	865,000	13.7.2017 二零一七年 七月十三日	13.7.2018 to 12.7.2022 二零一八年七月十三日至 二零二二年七月十二日	14.812
	-	690,199	-	-	690,199	7.5.2018 二零一八年 五月七日	7.5.2019 to 6.5.2023 ⁽²⁾ 二零一九年五月七日至 二零二三年五月六日 ⁽²⁾	26.05
	-	9,312,210	-	-	9,312,210	24.12.2018 二零一八年 十二月二十四日	1.4.2019 to 23.12.2023 ⁽³⁾ 二零一九年四月一日至 二零二三年十二月二十三日 ⁽³⁾	23.93
Wu Wenting 吳文婷	238,300	-	-	-	238,300	13.7.2017 二零一七年 七月十三日	13.7.2018 to 12.7.2022 二零一八年七月十三日至 二零二二年七月十二日	14.812
	-	220,084	-	-	220,084	7.5.2018 二零一八年 五月七日	7.5.2019 to 6.5.2023 ⁽²⁾ 二零一九年五月七日至 二零二三年五月六日 ⁽²⁾	26.05
Employees in Aggregate 僱員總計	9,345,915	-	(346,922)	(865,748)	8,133,245	13.7.2017 二零一七年 七月十三日	13.7.2018 to 12.7.2022 二零一八年七月十三日至 二零二二年七月十二日	14.812
	-	8,683,406	-	(347,816)	8,335,590	7.5.2018 二零一八年 五月七日	7.5.2019 to 6.5.2023 ⁽²⁾ 二零一九年五月七日至 二零二三年五月六日 ⁽²⁾	26.05
	-	27,936,670	-	-	27,936,670	24.12.2018 二零一八年 十二月二十四日	1.4.2019 to 23.12.2023 ⁽³⁾ 二零一九年四月一日至 二零二三年十二月二十三日 ⁽³⁾	23.93
	10,449,215	46,842,569	(346,922)	(1,213,564)	55,731,298			

REPORT OF THE DIRECTORS 董事會報告

Note:

- (1) The exercise period of the share options granted commences after a certain vesting period and the fulfilment of certain performance targets, and ends on a date which is no later than five years from the date of grant of such options. Further details of the share option scheme are set out in note 41 to the financial statements.
- (2) The closing price of the Shares immediately before the date of grant of the Options were HK\$25.35 as of 4 May 2018.
- (3) The closing price of the Shares immediately before the date of grant of the Options were HK\$23.5 as of 21 December 2018.
- (4) The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$24.4.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Save as disclosed above, none of the Directors or the chief executive during the year ended 31 December 2018, held any interest in, or were granted any right to subscribe for, the securities of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty related to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. Details of the valuation are set out in note 41 to the financial statements.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

附註：

- (1) 該等購股權的行使期由若干歸屬期及達成若干表現目標後開始生效，直至授出該等購股權日期起不超過五年當日為止。有關購股權計劃的進一步詳情載於財務報表附註41。
- (2) 股份在緊接購股權授出日期之前的收市價為二零一八年五月四日之25.35港元。
- (3) 股份在緊接購股權授出日期之前的收市價為二零一八年十二月二十一日之23.5港元。
- (4) 本公司股份於緊接購股權行使日期前之加權平均收市價為24.4港元。

除上文披露者外，本公司或其任何子公司於年內概無訂立任何安排，以使董事或本公司主要行政人員或其各自的聯繫人士藉收購本公司或任何其他法團股份或債權證而獲取利益。

除上文披露者外，截至二零一八年十二月三十一日止年度，概無任何董事或主要行政人員持有或獲授予任何權利認購本公司及其相聯法團(定義見證券及期貨條例)證券的任何權益，亦無行使任何該等權利。

購股權價值採用二項計價模式計算，但由於模式所採納的多項未來表現假設所存在的主觀性及不肯定因素，以及模式本身若干內在限制，故此計算方法受到某些基本限制。估值詳情載於財務報表附註41。

購股權價值隨著若干主觀假設不同變數而變動。所使用變數的任何變動或會對購股權估計公允值造成重大影響。

REPORT OF THE DIRECTORS 董事會報告

SHARE AWARD SCHEME

1) Restricted Share Award Scheme

The Company operates a restricted share award scheme (the "Restricted Share Award Scheme") to motivate the employees to maximize the value of and share the results with the Company in order to achieve sustainable development of the Group.

During the year ended 31 December 2018, the number of shares of the Company granted to selected participants was 6,693,084, of which 154,143 shares were granted to the Directors, details of which are as follows:

Name of Director 董事姓名	As at 1 January 2018 於二零一八年 一月一日	Granted during the year 年內授出	Vested during the year 年內歸屬	Forfeited during the year 年內失效	As at 31 December 2018 於二零一八年 十二月三十一日
Lu Minfang 盧敏放	164,100	88,143	82,050	-	170,193
Wu Wenting 吳文婷	70,300	66,000	35,150	-	101,150

2) Key Management Retention Plan

The Company adopted the key management retention plan (the "Retention Plan") to retain and reward the Group's key management personnel and employees with great potential and to drive the achievement of strategic objectives of the Company. According to the Retention Plan, the Company will contribute a maximum of RMB150 million for the execution of the Retention Plan.

During the year ended 31 December 2018, no share was granted under the Retention Plan.

Further details of the Share Award Scheme are also set out in Note 42 to the financial statements.

股票獎勵計劃

1) 限制性股票獎勵計劃

本公司採納一項限制性股票獎勵計劃(「限制性股票獎勵計劃」)，藉以激勵僱員為本公司創造更高價值，與本公司共享成果，推動本集團持續發展。

截至二零一八年十二月三十一日止年度，已授予獲選參與者的本公司股票數目為6,693,084股，其中154,143股股份授予董事，詳情載列如下：

2) 關鍵崗位員工留任方案

本公司採納關鍵崗位員工留任方案(「留任方案」)以挽留及激勵本集團內高潛質的關鍵管理崗位人員及僱員，並實現本公司的戰略目標。根據留任方案，本公司將就執行留任方案出資最多人民幣150百萬元。

截至二零一八年十二月三十一日止年度，概無根據留任方案授出任何股份。

股票獎勵計劃的進一步詳情亦載於財務報表附註42。

REPORT OF THE DIRECTORS 董事會報告

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out on pages 97 to 99 and the share award scheme as set out on page 100, no equity-linked agreements were entered into by the Group, or existed during the year.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the five largest suppliers of the Group combined was less than 30% of the total purchases of the Group.

The percentage of revenue attributable to the five largest customers of the Group combined was less than 30% of the total revenue of the Group.

PLEDGE OF ASSETS

As at 31 December 2018, the Group has pledged certain investment deposits, pledged deposits, land use rights, property, plant and equipment and dairy cows aggregating to approximately RMB3,503,178,000 (2017: RMB2,594,835,000).

Details are set out in the respective notes to the financial statements.

優先認購權

本公司的組織章程細則或開曼群島法例並無訂出任何有關本公司須向現有股東按比例發售新股的優先認購權規定。

購買、出售或贖回本公司的上市證券

截至二零一八年十二月三十一日止年度，本公司或其任何子公司概無購買、出售或贖回本公司任何上市證券。

股票掛鈎協議

除第97頁至第99頁所載的購股權計劃及第100頁所載的股票獎勵計劃外，本集團並無訂立或年內並無存在任何股票掛鈎協議。

公眾持股量

基於公開予本公司查閱的資料及據董事所知悉，於本報告日期，本公司已維持上市規則所訂明的公眾持股量。

管理合約

本公司於年內概無訂立或存在牽涉本公司整體業務或任何重大業務部分的管理及行政合約。

主要客戶及供應商

本集團五大供應商合共應佔的採購百分比不足本集團總採購額的30%。

本集團五大客戶合共應佔的收入百分比不足本集團收入總額的30%。

資產抵押

於二零一八年十二月三十一日，本集團已抵押的若干投資存款、保證金存款、土地使用權、物業、廠房及設備及乳牛合共約人民幣3,503,178,000元(二零一七年：人民幣2,594,835,000元)。

有關詳情載於財務報表相關附註。

REPORT OF THE DIRECTORS 董事會報告

COMMITMENTS

Details of commitments are set out in note 47 to the financial statements.

FINANCIAL SUMMARY

A summary of the results for the year and of the assets and liabilities of the Group as at 31 December 2018 and for the previous four financial periods are set out on pages 319 to 320.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 64 to 84.

AUDITORS

The financial statements have been audited by Ernst & Young. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board of Directors

Jeffrey, Minfang Lu
Chief Executive Officer

Hong Kong, 27 March 2019

承諾

有關承諾的詳情載於財務報表附註47。

財務概要

本集團於二零一八年十二月三十一日及過去四個財政年度期間的年度業績及資產負債概要載於第319頁至第320頁。

企業管治

本公司的企業管治原則及慣例載於第64頁至第84頁所載的企業管治報告內。

核數師

財務報表已由安永會計師事務所審核。應屆股東週年大會將提呈決議案，續聘安永會計師事務所為本公司核數師。

承董事會命

盧敏放
總裁

香港，二零一九年三月二十七日

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. LU Minfang
Ms. WU Wenting

Non-executive Directors

Mr. YU Xubo (*Chairman*)
(appointed on 7 January 2019)
Mr. MA Jianping (*Chairman*)
(resigned on 7 January 2019)
Mr. NIU Gensheng
Mr. Tim Ørting JØRGENSEN
Mr. Pascal DE PETRINI

Independent Non-executive Directors

Mr. JIAO Shuge (alias JIAO Zhen) (*Vice-Chairman*)
Mr. Julian Juul WOLHARDT
Mr. ZHANG Xiaoya
Mr. YAU Ka Chi

Senior Management

Mr. ZHANG Ping
Mr. GAO Fei
Mr. WEN Yongping
Mr. LUO Yan
Mr. ZHAO Jiejun
Mr. ZHANG Zhaoxu
Mr. YU Weizu
Mr. YANG Zhigang
Mr. ZHANG Yong
Mr. KWOK Wai Cheong, Chris (*Qualified Accountant & Company Secretary*)

Stock Code

Hong Kong Stock Exchange 2319

INVESTOR RELATIONS CONTACT

Ms. Willow WU
32nd Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong
Email: ir@mengniu.cn
Website: www.mengniuir.com

董事會

執行董事

盧敏放先生
吳文婷女士

非執行董事

于旭波先生(*主席*)
(於二零一九年一月七日獲委任)
馬建平先生(*主席*)
(於二零一九年一月七日辭任)
牛根生先生
Tim Ørting JØRGENSEN先生
Pascal DE PETRINI先生

獨立非執行董事

焦樹閣(又名焦震)先生(*副主席*)
Julian Juul WOLHARDT先生
張曉亞先生
邱家賜先生

高級管理層

張平先生
高飛先生
溫永平先生
羅彥先生
趙傑軍先生
張朝旭先生
俞偉祖先生
楊志剛先生
張邕先生
郭偉昌先生(*合資格會計師及公司秘書*)

股份代號

香港聯合交易所 2319

投資者關係聯絡人

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香港
銅鑼灣
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中糧大廈32樓
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CORPORATE INFORMATION 公司資料

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REGISTERED OFFICE

Maples Corporate Services Limited
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Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Center
183 Queen's Road East, Wanchai
Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Sullivan & Cromwell (Hong Kong) LLP

As to Cayman Islands Law
Maples and Calder Asia

PRINCIPAL BANKERS

Agricultural Bank of China
BNP Paribas
DBS Bank
Industrial Commercial Bank of China
Rabobank
Standard Chartered Bank

AUDITORS

Ernst & Young

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations (China) Limited

香港營業地點

香港
銅鑼灣告士打道262號
中糧大廈32樓

註冊辦事處

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P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
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Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔皇后大道東183號
合和中心46樓

法律顧問

香港法律
蘇利文•克倫威爾律師事務所(香港)
有限法律責任合夥

開曼群島法律
Maples and Calder Asia

主要往來銀行

中國農業銀行
法國巴黎銀行
星展銀行
中國工商銀行
荷蘭合作銀行
渣打銀行

核數師

安永會計師事務所

投資者關係顧問

縱橫財經公關顧問(中國)有限公司

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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Independent auditor's report

To the shareholders of China Mengniu Dairy Company Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Mengniu Dairy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 318, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

獨立核數師報告

致：中國蒙牛乳業有限公司全體股東

(於開曼群島註冊成立的有限公司)

意見

吾等已完成審計中國蒙牛乳業有限公司(「貴公司」)及其子公司(「貴集團」)載於第113頁至第318頁的綜合財務報表，包括於二零一八年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括重大會計政策概要。

吾等認為，該等綜合財務報表已根據國際會計準則理事會頒佈的國際財務報告準則真實而公平地反映 貴集團在二零一八年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

意見基礎

吾等已根據香港會計師公會頒佈的香港審計準則進行審計。吾等就該等準則下承擔的責任於本報告「核數師就審計綜合財務報表須承擔的責任」一節中進一步闡述。根據香港會計師公會專業會計師道德守則（「守則」），吾等獨立於貴集團，並已履行守則中其他職業道德責任。吾等相信，吾等獲得的審計憑證充足且能適當地為吾等的意見提供基礎。

關鍵審計事項

關鍵審計事項為吾等的專業判斷中，審計本期綜合財務報表中最重要的事項。此等事項乃於吾等審計整體綜合財務報表及就此出具意見時處理，而吾等不會就此等事項單獨發表意見。下文載有吾等的審計如何處理以下各項事項的資料。

吾等已履行本報告「核數師就審計綜合財務報表須承擔的責任」一節所述的責任，包括有關此等事項的責任。因此，吾等的審計包括執行為評估應對綜合財務報表重大錯誤陳述風險而設的程序。審計程序結果包括處理以下事項的程序，為吾等就隨附的綜合財務報表審計意見提供基礎。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key audit matter
關鍵審計事項How our audit addressed the key audit matter
審計關鍵審計事項時的處理方法*Impairment testing of goodwill and trademarks with indefinite useful lives**商譽及無限使用年期商標的減值測試*

Goodwill and trademarks with indefinite useful lives amounted to RMB6,522,866,000 representing 10% of the Group's total assets as at 31 December 2018. The impairment tests performed by management regarding various groups of cash-generating units ("CGU groups") involved significant judgement for the determination of the recoverable amounts of the CGU groups. This is a key audit matter due to the magnitude and the complexity of the management's estimates involved in the impairment testing.

二零一八年十二月三十一日，商譽及無限年期商標達人民幣6,522,866,000元，佔貴集團總資產10%。管理層就不同現金產生單位組別（「現金產生單位組別」）進行釐定現金產生單位組別可收回金額的減值測試涉及重大判斷。由於減值測試涉及管理層估計的規模及複雜程度，故此乃關鍵審計事項。

The accounting policies and related disclosures are included in note 2.4 "Business combinations and goodwill" and "Intangible assets (other than goodwill)", note 3 "Impairment of goodwill and trademarks with indefinite useful lives" and note 21 "Impairment testing of goodwill and trademarks with indefinite useful lives" to the financial statements.

會計政策及相關的披露已列入財務報表附註2.4「業務合併及商譽」及「無形資產（商譽除外）」、附註3「商譽減值及無限使用年期商標」及附註21「無限使用年期商譽及商標減值測試」。

Our audit procedures included an assessment of the 2019 budget and the financial projection for the following years prepared by management, including a comparison of key assumptions with historical or external data, and a reconciliation of the inputs used to determine the recoverable amount in the 2019 budget and the financial projection. Furthermore, we involved internal valuation specialists to assist us in evaluating the model and the inputs used including the weighted average costs of capital and expected perpetual rates. We also focused on the adequacy of the disclosures concerning those key assumptions included in note 21 "Impairment testing of goodwill and trademarks with indefinite useful lives" to the consolidated financial statements.

吾等的審計程序包括評估管理層編製的二零一九年往後年度之預算及財務預測，包括對主要假設中的歷史及外部數據進行比較，以及評估釐定以二零一九年預算及財務預測計算可回收金額所用數據的對賬。此外，吾等由內部估值專家協助評估已用模式及數據，包括加權平均資本成本、預期長遠增長率。吾等亦著重就綜合財務報表附註21「無限使用年期商譽及商標減值測試」所載主要假設所作披露是否充足。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

審計關鍵審計事項時的處理方法

Impairment testing of an investment in a material associate

於重大聯營公司的投資的減值測試

The Group's investment in China Modern Dairy Holdings Ltd. ("China Modern Dairy"), a material associate of the Group, amounted to RMB6,210,840,000, representing 9% of the Group's total assets as at 31 December 2018. The impairment test of the investment in China Modern Dairy performed by management with the assistance from an external valuer involved a significant judgement for the determination of the value in use of China Modern Dairy. This is a key audit matter due to the magnitude and the complexity of the estimates, and the uncertainty on future market circumstances.

二零一八年十二月三十一日，貴集團於中國現代牧業控股有限公司（「中國現代牧業」）（貴集團的重大聯營公司）的投資達人民幣6,210,840,000元，佔貴集團總資產9%。外部估值師協助管理層對於中國現代牧業的投資進行減值測試，當中涉及釐定中國現代牧業的使用價值的重大判斷。由於其規模、估計的複雜程度及未來市場情況的不確定性，故此乃關鍵審計事項。

The accounting policies and related disclosures are included in note 2.4 "Investments in associates and joint ventures", note 2.4 "Impairment of non-financial assets", note 3 "Impairment of non-financial assets (other than goodwill and trademarks with indefinite useful lives)" and note 22 "Investments in associates" to the financial statements.

會計政策及相關的披露已列入財務報表附註2.4「投資聯營公司及合營企業」、附註2.4「非金融資產減值」、附註3「非金融資產（無限使用年期商譽及商標除外）減值」及附註22「投資於聯營公司」。

We assessed the objectivity, independence and competence of the external valuer who performed the value in use calculation. Our audit procedures included an assessment of the 2019 budget and the five-year projection of China Modern Dairy prepared by management, including a comparison of key assumptions with historical or external data, and a reconciliation of the inputs used to determine the value in use in the 2019 budget and the five-year projection. Furthermore, we involved internal valuation specialist to assist us in evaluating the models and the inputs used, including the weighted average costs of capital, and the expected perpetual rates. We also focused on the adequacy of the disclosures concerning those key assumptions included in note 22 "Investments in associates" to the consolidated financial statements.

吾等審計程序包括評估執行使用價值計算的外部估值師的客觀程度、獨立性及能力。吾等的審計程序包括評估管理層編製的中國現代牧業二零一九年預算及五年預測，其中包含對主要假設中的歷史及外部數據進行比較，以及釐定以二零一九年預算及五年預測使用價值所用數據的對賬。此外，吾等由內部估值專家協助評估所用模式及數據，包括加權平均資本成本及預期長遠增長率。吾等亦著重貴公司就綜合財務報表附註22「於聯營公司投資」所載主要假設所作披露是否充足。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

年報所載其他資料

貴公司董事須負責編製其他資料。其他資料包括年報所載資料，但不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表的意見並不涵蓋其他資料，吾等亦不對其他資料發表任何形式的鑒證結論。

審計綜合財務報表時，吾等的責任為閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或吾等於審計過程中所瞭解的情況有重大抵觸，或似有重大錯誤陳述。基於吾等已執行的工作，倘吾等認為其他資料有重大錯誤陳述，吾等須報告該事實。在此方面，吾等並無任何報告。

董事對綜合財務報表的責任

貴公司董事遵照國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實且公允地呈列的綜合財務報表，並須負責其認為就編製不存在由於欺詐或錯誤而導致的重大錯誤陳述的綜合財務報表而言屬必要的內部監控。

編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表須承擔的責任

吾等的目標為合理確定整體綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告僅為全體股東編製，並不能作其他用途。吾等概不就本報告內容對任何其他人士承擔或接受任何責任。

合理確定屬高層次核證，但不能擔保根據香港審計準則進行的審計工作總能發現所有存在的重大錯誤陳述。錯誤陳述可源於欺詐或錯誤，倘個別或整體於合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

根據香港審計準則審計時，吾等運用專業判斷，於整個審計過程中抱持專業懷疑態度。吾等亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審計程序，獲得充足及適當審計憑證為吾等的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高。
- 瞭解有關審計的內部控制，以設計恰當的審計程序，但並非旨在對貴集團內部控制的有效程度發表意見。
- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

核數師就審計綜合財務報表須承擔的責任(續)

- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審計憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘吾等總結認為存在重大不確定因素，吾等需於核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂吾等的意見。吾等的結論以截至核數師報告日期所獲得的審計憑證為基礎，惟未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估綜合財務報表(包括資料披露)的整體列報、架構及內容，以及綜合財務報表是否已公允反映及列報相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足的審計憑證，以就綜合財務報表發表意見。吾等須負責指導、監督及執行集團的審計工作。吾等須為吾等的審計意見承擔全部責任。

吾等與審核委員會就(其中包括)審計工作的計劃範圍及時間安排及重大審計發現，包括吾等於審計期間識別出內部監控的任何重大缺陷溝通。

吾等亦向審核委員會提交聲明，說明吾等已遵守有關獨立性的相關道德要求，並就所有被合理認為可能影響吾等的獨立性的關係及其他事宜及相關防範措施(如適用)與審核委員會溝通。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Ka Yan, Augustine.

Ernst & Young*Certified Public Accountants*

Hong Kong

27 March 2019

核數師就審計綜合財務報表須承擔的責任 (續)

吾等從與審核委員會溝通的事項中，決定哪些事項對本期綜合財務報表的審計工作最為重要，因而構成關鍵審計事項。除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，吾等認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益而不應於報告中披露，否則吾等會於核數師報告中描述此等事項。

出具本獨立核數師報告的審計項目合夥人為唐嘉欣。

安永會計師事務所*執業會計師*

香港

二零一九年三月二十七日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
REVENUE	收入	5	68,977,066	60,155,622
Cost of sales	銷售成本		(43,193,440)	(38,972,927)
GROSS PROFIT	毛利		25,783,626	21,182,695
Other income and gains	其他收入及收益	5	736,255	338,179
Selling and distribution expenses	銷售及經銷費用		(18,833,306)	(14,868,755)
Administrative expenses	行政費用		(2,915,035)	(2,497,212)
Impairment losses on financial and contract assets, net	金融及合約資產減值虧損淨額		(85,262)	(83,893)
Other expenses	其他費用	6	(851,216)	(1,098,605)
Interest income	利息收入		868,257	584,011
Finance costs	融資成本	8	(550,662)	(399,872)
Share of losses of associates	應佔聯營公司虧損	22	(299,935)	(531,587)
PROFIT BEFORE TAX	稅前利潤	7	3,852,722	2,624,961
Income tax expense	所得稅支出	11	(649,001)	(594,283)
PROFIT FOR THE YEAR	本年利潤		3,203,721	2,030,678
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		3,043,030	2,047,839
Non-controlling interests	非控股股東權益		160,691	(17,161)
			3,203,721	2,030,678
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (EXPRESSED IN RMB PER SHARE)	本公司普通股擁有人應佔每股盈利(以每股人民幣元計)			
Basic	基本	14		
– For profit for the year	– 本年利潤		0.779	0.526
Diluted	攤薄			
– For profit for the year	– 本年利潤		0.778	0.526

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
PROFIT FOR THE YEAR	本年利潤		3,203,721	2,030,678
OTHER COMPREHENSIVE INCOME/ (LOSS)	其他全面收益/(虧損)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	其後期間可能重新分類至損益的其他全面收益/(虧損):			
Exchange differences:	匯兌差額:			
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額		(206,615)	194,835
Cash flow hedges:	現金流量對沖:			
Effective portion of changes in fair value of hedging instruments arising during the year	來自本年對沖工具公允值變動的實際部分	34(a)	(4,196)	30,617
Share of other comprehensive income of associates	分佔聯營公司其他全面收益		(21,181)	3,617
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	其後期間可能重新分類至損益的其他全面收益/(虧損)淨額		(231,992)	229,069
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:	其後期間不會重新分類至損益的其他全面虧損:			
Equity investments designated at fair value through other comprehensive income:	指定為以公允值計量且其變動計入其他全面收益的股本投資:			
Changes in fair value	公允值變動	25(a)/(b)	(218,287)	(270,160)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	其後期間不會重新分類至損益的其他全面虧損淨額		(218,287)	(270,160)
OTHER COMPREHENSIVE LOSS, NET OF TAX	其他全面虧損，扣除稅項		(450,279)	(41,091)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年度全面收益總額		2,753,442	1,989,587
Attributable to:	以下各方應佔:			
Owners of the Company	本公司擁有人		2,589,152	2,023,028
Non-controlling interests	非控股股東權益		164,290	(33,441)
			2,753,442	1,989,587

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	14,733,924	12,715,454
Construction in progress	在建工程	16	2,203,125	1,363,399
Investment properties	投資物業	17	73,785	59,333
Land use rights	土地使用權	18	1,120,666	1,055,968
Goodwill	商譽	19	4,681,492	4,532,899
Other intangible assets	其他無形資產	20	2,298,075	2,193,901
Investments in associates	於聯營公司的投資	22	7,202,363	7,194,010
Deferred tax assets	遞延稅項資產	23	1,041,626	665,364
Biological assets	生物資產	24	1,136,600	646,143
Derivative financial instruments	衍生金融工具	34	28,598	54,602
Other financial assets	其他金融資產	25	2,131,485	1,585,183
Long term prepayments	長期預付款	28	64,140	54,769
Total non-current assets	總非流動資產		36,715,879	32,121,025
CURRENT ASSETS	流動資產			
Other financial assets	其他金融資產	25	11,819,198	10,690,539
Derivative financial instruments	衍生金融工具	34	49,212	5,584
Inventories	存貨	26	4,281,919	3,510,268
Trade and bills receivables	應收賬款及票據	27	2,891,973	2,646,834
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	28	2,777,593	2,541,423
Pledged deposits	保證金存款	29	623,495	466,265
Cash and bank balances	現金及銀行結存	29	7,297,988	5,958,877
Assets of a disposal group classified as held for sale	分類為持有待售的處置組內資產	12	-	197,916
Total current assets	總流動資產		29,741,378	26,017,706

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

		Notes	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
		附註		
CURRENT LIABILITIES	流動負債			
Trade and bills payables	應付賬款及票據	30	7,021,542	6,342,273
Other payables and accruals	其他應付款項及預提費用	31	10,889,417	7,324,223
Interest-bearing bank and other borrowings	計息銀行及其他借貸	32	6,522,915	7,935,027
Other loans	其他貸款	33	22,912	22,912
Derivative financial instruments	衍生金融工具	34	9,705	1,222
Deferred income	遞延收入	36	170,261	160,279
Income tax payable	應付所得稅		472,366	231,899
Other financial liabilities	其他金融負債	37	-	545,594
			25,109,118	22,563,429
Liabilities directly associated with the assets classified as held for sale	與分類為持有待售的 資產直接相關的負債	12	-	2,864
Total current liabilities	總流動負債		25,109,118	22,566,293
NET CURRENT ASSETS	淨流動資產		4,632,260	3,451,413
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		41,348,139	35,572,438
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	32	8,192,400	6,015,097
Long term payables	長期應付款項	35	814	10,894
Deferred income	遞延收入	36	856,120	739,459
Deferred tax liabilities	遞延稅項負債	23	206,122	70,028
Derivative financial instruments	衍生金融工具	34	17,457	-
Other financial liabilities	其他金融負債	37	1,610,947	1,629,837
Total non-current liabilities	總非流動負債		10,883,860	8,465,315
NET ASSETS	淨資產		30,464,279	27,107,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	38	357,602	357,572
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	42	(218,717)	(262,929)
Other reserves	其他儲備	39	12,450,930	12,716,143
Retained earnings	保留利潤		12,622,549	9,793,487
			25,212,364	22,604,273
Non-controlling interests	非控股股東權益		5,251,915	4,502,850
TOTAL EQUITY	總權益		30,464,279	27,107,123

Yu Xubo
于旭波
Director
董事

Jeffrey, Minfang Lu
盧敏放
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Attributable to owners of the Company 本公司擁有人應佔										Total equity 總權益 人民幣千元				
	Treasury shares held under share capital award scheme 股票獎勵計劃下持有的庫存股份	Share premium	Share contributed surplus	Statutory reserves	Foreign currency reserve	Financial assets revaluation reserve	Share option reserve	Hedging reserve	Equity transaction reserve	Putable non-controlling interest reserve		Share of other changes in equity of associates	Retained earnings	Total	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017 於二零一七年一月一日	357,374	10,595,166*	204,677*	3,000,378*	(855,930)*	129,688*	89,515*	-	1,034,189*	(1,287,351)*	-	7,901,126	20,844,913	4,659,815	25,503,728
Profit for the year 本年利潤	-	-	-	-	-	-	-	-	-	-	-	2,047,839	2,047,839	(17,161)	2,030,678
Other comprehensive income/(loss) for the year 本年其他全面收益/(虧損):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations 換算海外業務的匯兌差額	-	-	-	-	211,115	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax 按公允價值計量且其變動計入其他全面收益的股本投資的公允價值變動，扣除稅項	-	-	-	-	-	(270,160)	-	-	-	-	-	-	(270,160)	-	(270,160)
Cash flow hedges, net of tax 現金流量對沖，扣除稅項	-	-	-	-	-	-	-	30,617	-	-	-	-	30,617	-	30,617
Share of other comprehensive income of associates 分佔聯營公司其他全面收益	-	-	-	-	-	-	-	-	-	3,617	-	-	3,617	-	3,617
Total comprehensive income/(loss) for the year 年度全面收益/(虧損)總額	-	-	-	-	211,115	(270,160)	-	30,617	-	3,617	-	2,047,839	2,023,028	(63,441)	1,989,587
Shares issued under equity-settled share option arrangements 根據以股份支付計劃發行的股票	198	-	-	-	-	-	-	-	-	-	-	-	-	-	23,881
Equity-settled share option arrangements exercised or cancelled 以股份支付計劃的購權安排行使或取消	-	-	-	-	-	-	-	12,552	-	-	-	-	-	-	12,552
Transfer of share option reserve upon exercise of share options 行使購權時將購權儲備轉入股票獎勵計劃	-	-	-	-	-	-	(7,895)	-	-	-	-	-	-	-	-
Share award scheme 股票獎勵計劃	-	-	-	-	-	-	(43,544)	-	-	-	-	-	-	-	-
Shares vested under share award scheme 根據股票獎勵計劃歸屬的股份	-	-	-	-	-	-	(66,216)	-	-	-	-	-	-	-	-
Share of other changes in equity of associates 應佔聯營公司之其他股權變動	-	-	-	-	-	-	-	-	-	(7,348)	-	-	(7,348)	-	(7,348)
Acquisition of non-controlling interests 收購非控股股東權益	-	-	-	-	-	-	-	-	(11,800)	-	-	-	(11,800)	-	(11,800)
Disposal of subsidiaries 出售子公司	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,202)
Acquisition of subsidiaries 收購子公司	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,040
Disposal of equity interests in subsidiaries without loss of control (並未失去控制權)出售子公司的股權	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of puttable non-controlling interests 核實應認可沽非控股股東權益	-	-	-	-	-	-	-	1,299	-	-	-	-	1,299	553	1,852
Dividends paid to owners of the Company 已向本公司擁有人派發股息	-	-	-	-	-	-	-	-	-	19,070	-	-	19,070	(51,123)	(32,053)
Dividends paid/payable to non-controlling interests 向非控股股東派付/應付股息	-	-	-	-	-	-	-	-	-	-	-	-	(344,816)	-	(344,816)
Transfer to statutory reserves 轉撥至法定儲備	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,116)
	-	-	-	-	-	-	-	-	-	-	-	(155,478)	-	-	-
At 31 December 2017 於二零一七年十二月三十一日	357,572	10,256,634*	204,677*	3,165,856*	(644,275)*	(140,492)*	71,530*	30,617*	1,023,508*	(1,286,291)*	(373)*	9,789,487	22,604,273	4,502,850	27,107,123
At 31 December 2018 於二零一八年十二月三十一日	357,572	10,256,634*	204,677*	3,165,856*	(644,275)*	(140,492)*	71,530*	30,617*	1,023,508*	(1,286,291)*	(373)*	9,789,487	22,604,273	4,502,850	27,107,123

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Attributable to owners of the Company 本公司擁有人權益											Total equity 總權益 RMB'000 人民幣千元	
	Treasury shares held under share award scheme 附註42 附註42	Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Share contributed surplus 實收溢餘 RMB'000 人民幣千元	Statutory reserves 法定儲備 RMB'000 人民幣千元	Foreign currency translation reserve 外幣兌換儲備 RMB'000 人民幣千元	Financial assets revaluation reserve 金融資產重估儲備 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Share award reserve 股份獎勵儲備 RMB'000 人民幣千元	Share of other associates 應佔聯營公司之其他權益 RMB'000 人民幣千元	Puttable non-controlling interest reserve 可沽非全控股股東權益儲備 RMB'000 人民幣千元		Retained earnings 保留利潤 RMB'000 人民幣千元
At 31 December 2017 Effect of adoption of IFRS 9	262,929	10,256,634	204,677	3,185,866	(644,275)	(140,492)	71,530	30,617	1,023,608	(1,288,281)	9,793,467	4,502,850	27,107,123 (6,597)
At 1 January 2018 (restated) Profit for the year Other comprehensive income/(loss) for the year	(262,929)	10,256,634	204,677	3,185,866	(644,275)	(140,492)	71,530	30,617	1,023,608	(1,288,281)	9,793,467	4,502,850	27,107,123 (6,597)
Exchange differences on translation of foreign operations Changes in fair value of equity investments at fair value through other comprehensive income, net of tax Cash flow hedges, net of tax Share of other comprehensive income of associates	-	-	-	-	(210,214)	-	-	-	-	-	-	3,999	(206,615)
Total comprehensive income/(loss) for the year	-	-	-	-	(210,214)	-	-	-	-	-	-	3,999	(206,615)
Shares issued under equity-settled share option arrangements Equity-settled share option arrangements	30	4,472	-	-	-	(218,287)	-	(4,198)	-	-	3,043,030	164,290	2,753,442
Transfer of share option reserve upon exercise of share options	-	-	-	-	-	-	46,563	-	-	-	-	4,502	4,502
Share award scheme Shares vested under share award scheme	-	1,190	-	-	-	-	(11,900)	-	-	-	3,043,030	-	2,753,442
Acquisition of non-controlling interests Disposal of subsidiaries Acquisition of subsidiaries Capital injection from non-controlling interests in subsidiaries Disposal of equity interests in subsidiaries without loss of control	44,212	(4,245)	-	-	-	-	105,190	(38,967)	-	-	105,190	-	105,190
Derecognition of puttable non-controlling interests Dividends paid to owners of the Company Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(137)	-	-	(62)	(189)
Transfer to statutory reserves	-	-	-	-	-	-	-	-	-	-	-	287,966	287,966
Transfer to statutory reserves	-	-	-	-	-	-	-	-	-	-	-	143,880	143,880
At 31 December 2018	(218,717)	9,775,224	204,677	3,383,657	(854,489)	(856,779)	182,126	26,421	1,018,371	(911,166)	12,822,549	5,251,915	30,464,279

* These reserve accounts comprise the consolidated other reserves of RMB12,450,930,000 (2017: RMB12,716,143,000) in the consolidated statement of financial position.

* 該等儲備賬戶包括綜合財務狀況表內綜合其他儲備人民幣12,450,930,000元(二零一七年: 人民幣12,716,143,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash flows from operating activities	經營業務產生的現金流量		
Profit/(loss) before tax:	稅前利潤/(虧損):	3,852,722	2,624,961
Adjustments for:	就下列各項調整:		
Interest income	利息收入	(868,257)	(584,011)
Finance costs	融資成本	550,662	399,872
Depreciation of items of property, plant and equipment	物業、廠房及設備折舊	1,738,806	1,622,015
Depreciation of investment properties	投資物業折舊	3,937	2,447
Amortisation of land use rights	土地使用權攤銷	28,843	24,536
Amortisation of other intangible assets	其他無形資產攤銷	66,865	54,852
Loss on disposal of items of property, plant and equipment	處置物業、廠房及設備虧損	29,981	28,280
Gain on disposal of a disposal group classified as held for sale	出售分類為持有待售的處置組收益	(44,147)	-
Impairment losses on financial and contract assets, net	金融及合約資產減值損失淨額	85,262	83,893
Write-down of inventories to net realisable value	存貨撇減至可變現淨值	35,316	84,998
Provision for construction in progress	在建工程撥備	-	256
Provision for property, plant and equipment	物業、廠房及設備撥備	-	7,216
Provision for other intangible assets	其他無形資產撥備	4,761	-
Amortisation of deferred income for assets other than biological assets	生物資產以外的資產的遞延收入攤銷	(90,199)	(85,354)
Share of losses of associates	應佔聯營公司虧損	299,935	531,587
Loss on deemed disposal of partial interests in associates	視同出售部分聯營公司權益之虧損	-	125,439
Loss on disposal of partial interests in an associate	出售部分聯營公司權益之虧損	-	18,204
Loss on disposal or cancellation of subsidiaries	出售或註銷子公司虧損	15,054	11,698
Fair value gain arising from re-measuring the initial equity interest in an associate upon business combination	待業務合併後重新計量最初持有聯營公司股權產生的公允價值收益	(101,038)	-
Fair value gain on zero coupon exchangeable bonds due 2022	二零二二年到期的零息可交換債券之公允價值收益	(58,009)	(2,363)
Fair value change of biological assets	生物資產公允價值變動	152,777	63,099
Foreign exchange losses/(gains), net	匯兌虧損/(收益)淨額	(14,384)	202,347
Net fair value gain on forward currency contracts	遠期外幣合約公允價值收益淨額	(2,232)	(1,483)
Net fair value gain on a convertible promissory note	可換股承兌票據之公允價值收益淨額	(61)	(3,711)
Unrealised fair value loss/(gain) of commodity futures contracts	商品期貨合約未變現公允價值虧損/(收益)	-	10,544
Equity-settled share option arrangements	以股份支付的購股權安排	51,199	12,582
Share award scheme	股票獎勵計劃	105,190	43,544
		5,842,983	5,275,448
Decrease in other financial assets – entrusted loans to certain dairy farmers	其他金融資產減少 – 授予若干奶農的委託貸款	122,511	47,667
Decrease/(increase) in inventories	存貨減少/(增加)	(719,916)	(321,015)
Increase in trade and bills receivables	應收賬款及票據增加	(95,700)	(355,449)
Increase in pledged deposits and other financial assets	保證金存款及其他金融資產增加	(138,210)	(266,502)
Decrease/(increase) in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產減少/(增加)	(53,258)	41,721
Increase in trade and bills payables	應付賬款及票據增加	111,130	975,059
Increase in other payables and accruals	其他應付款項及預提費用增加	2,410,421	1,107,137

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash generated from operations	經營業務產生的現金		7,479,961	6,504,066
Interest paid	支付利息		(454,023)	(360,906)
Income taxes paid	支付所得稅		(662,484)	(637,721)
Net cash flows from operating activities	經營業務產生的淨現金流量		6,363,454	5,505,439
Cash flows from investing activities	投資活動產生的現金流量			
Proceeds from disposal of items of property, plant and equipment	處置物業、廠房及設備所得款項		181,185	111,658
Proceeds from disposal of land use rights	處置土地使用權所得款項	18	3,708	4,597
Proceeds from disposal of biological assets	處置生物資產所得款項	24	86,746	19,338
Proceeds from disposal of a disposal group classified as held for sale	出售分類為持有待售的處置組所得款項		252,822	-
Purchase of items of property, plant and equipment	購置物業、廠房及設備		(704,626)	(616,747)
Purchase of construction in progress	購置在建工程		(2,392,160)	(1,417,340)
Purchase of land use rights	購置土地使用權	18	(20,665)	(105,894)
Purchase of other intangible assets	購置其他無形資產		(31,897)	(11,906)
Acquisition of businesses	收購業務		(54,476)	-
Purchase of biological assets	購置生物資產		(313,680)	(249,194)
Increase in investments in associates	於聯營公司的投資增加		(17,820)	(4,222,805)
Dividends received from associates	收取聯營公司股息		1,598	5,973
Disposal of partial interests in an associate	出售部分聯營公司權益		-	35,082
Acquisition of subsidiaries	收購子公司		(236,944)	(26,963)
Disposal of subsidiaries	出售子公司		-	20,683
Receipt of government grants for property, plant and equipment and biological assets	收取物業、廠房及設備及生物資產的政府補助金		227,239	225,451
Decrease of long term time deposits	長期定期存款減少		-	594,434
Purchase of time deposits with original maturity of more than three months	購置原到期日為三個月以上的定期存款		(979,975)	(114,892)
Purchase of investment deposits	購置投資存款		(9,188,603)	(9,193,003)
Withdrawal of investment deposits	收回投資存款		9,392,108	4,139,490
Increase in other financial assets	其他金融資產增加		(2,861,000)	(1,065,400)
Withdrawal of other financial assets	收回其他金融資產		1,561,000	-
Purchase of a convertible promissory note	購置可換股承兌票據		-	(182,959)
Interest received	收取利息		863,778	600,204
Net cash flows used in investing activities	投資活動所用淨現金流量		(4,231,662)	(11,450,193)

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

			2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註			
Cash flows from financing activities		融資活動產生的現金流量		
Proceeds from interest-bearing bank loans		計息銀行貸款所得款項	5,977,327	19,293,595
Repayment of interest-bearing bank loans		償還計息銀行貸款	(6,277,553)	(14,814,305)
Proceeds from issue of bonds		發行債券所得款項	3,390,840	1,317,061
Repayment of bonds		償還債券	(3,473,150)	-
Decrease/(increase) in pledged deposits for bank loans		銀行貸款的保證金存款 減少/(增加)	(112,380)	561,995
Repayment of other loans		償還其他貸款	-	(18,323)
Repayment of long term payables		償還長期應付款項	(28,442)	(59,780)
Shares issued under equity-settled share option arrangements	41	根據以股份支付的購股權安排發行股份	4,502	23,881
Acquisition of non-controlling interests		收購非控股股東權益	(189)	(158,556)
Capital injection from non-controlling interests		非控股股東權益注資	143,880	-
Disposal of equity interests in subsidiaries without loss of control		出售子公司的股權 (並未失去控制權)	1,089	1,852
Dividends paid to owners of the Company	13	已向本公司擁有人派付股息	(482,827)	(344,816)
Dividends paid to non-controlling interests		已向非控股股東權益派付股息	(43,397)	(54,336)
Net cash flows from/(used in) financing activities		融資活動產生/(所用) 淨現金流量	(900,300)	5,748,268
Net increase/(decrease) in cash and cash equivalents		現金及現金等價物 增加/(減少)淨額	1,231,492	(196,486)
Cash and cash equivalents at beginning of year	29	年初現金及現金等價物	3,129,444	3,355,537
Effect of foreign exchange rate changes, net		匯率變動影響(淨額)	9,558	(30,687)
Cash and bank balances attributable to disposal groups		處置組應佔現金及銀行結存	-	1,080
Cash and cash equivalents at end of year	29	年終現金及現金等價物	4,370,494	3,129,444
Analysis of balances of cash and cash equivalents		現金及現金等價物結餘分析		
Cash and bank balances as stated in the consolidated statement of financial position	29	於綜合財務狀況表中列賬的 現金及銀行結存	7,297,988	5,958,877
Time deposits with original maturity more than three months	29	原到期日為三個月以上的 定期存款	(2,927,494)	(2,829,433)
Cash and cash equivalents as stated in the consolidated statement of cash flows	29	於綜合財務狀況表中列賬的 現金及現金等價物	4,370,494	3,129,444

NOTES TO FINANCIAL STATEMENTS

財務報表附註

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Company is an investment holding company and its subsidiaries are engaged in the manufacture and distribution of dairy products mainly in the People's Republic of China (the "PRC").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

1. 公司及集團資料

本公司為在開曼群島註冊成立的獲豁免有限公司。本公司的註冊辦事處位於P.O.Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands。本公司為一間投資控股公司，而其子公司主要於中華人民共和國（「中國」）從事乳製品生產及經銷業務。

有關子公司的資料

本公司主要子公司詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/ 註冊股本	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
China Dairy Holdings (i)	Cayman Islands 開曼群島	US\$214 214美元	100%	-	Investment holding 投資控股
China Dairy (Mauritius) Limited (i)	Mauritius 毛裡裘斯	US\$100 100美元	-	100%	Investment holding 投資控股
Start Great Holdings Limited (i)	British Virgin Islands 英屬處女群島	US\$16,066,969 16,066,969美元	100%	-	Investment holding 投資控股
Colour Vantage Limited (i)	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holding 投資控股
Golden Stage Holdings Limited ("Golden Stage") (i)	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holding 投資控股
China Mengniu International Co., Ltd. (i) (中國蒙牛國際有限公司)(i)	British Virgin Islands 英屬處女群島	HK\$8,448,802,973 8,448,802,973港元	99.95%	-	Investment holding 投資控股
Plant Base Limited (i) (植朴磨坊有限公司)(i)	Hong Kong 香港	HK\$1 1港元	-	100%	Investment holding 投資控股
Easy Reach Investment Co., Ltd. (i) (盈達實業投資有限公司)(i)	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100%	-	Investment holding 投資控股
Tianjin New Value Supply Chain Co., Ltd. (i)(iv) (天津通瑞供應鏈有限公司)(i)(iv)	PRC 中國	RMB20,000,000 人民幣20,000,000元	-	100%	Sale of dairy products 出售乳製品

NOTES TO FINANCIAL STATEMENTS 財務報表附註

1. CORPORATE AND GROUP INFORMATION

(continued)

Information about subsidiaries (continued)

1. 公司及集團資料(續)

有關子公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/ 註冊股本	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Mengniu Hi-tech Dairy Product (Ma'anshan) Co., Ltd. (i)(iii) (蒙牛高科乳製品(馬鞍山)有限公司)(i)(iii)	PRC 中國	RMB100,000,000 人民幣100,000,000元	-	80%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Danone Dairy Co., Ltd. (i)(iii) (內蒙古蒙牛達能乳製品有限公司)(i)(iii)	PRC 中國	RMB250,000,000 人民幣250,000,000元	-	80%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Hi-tech Dairy Product (Beijing) Co., Ltd. (i)(iii) (蒙牛高科乳製品(北京)有限責任公司)(i)(iii)	PRC 中國	RMB87,500,000 人民幣87,500,000元	21.36%	58.64%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Dairy (Group) Company Limited ("Inner Mongolia Mengniu") (iii) (內蒙古蒙牛乳業(集團)股份有限公司)(iii)	PRC 中國	RMB1,504,290,870 人民幣1,504,290,870元	8.99%	91.01%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Dairy Baotou Co., Ltd. (i)(iii) (內蒙古蒙牛乳業包頭有限責任公司)(i)(iii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	26.40%	73.60%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Luannan) Co., Ltd. (i)(iii) (蒙牛乳業(瀋南)有限責任公司)(i)(iii)	PRC 中國	RMB56,000,000 人民幣56,000,000元	26.06%	73.94%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Tangshan) Co., Ltd. (i)(iii) (蒙牛乳業(唐山)有限責任公司)(i)(iii)	PRC 中國	RMB70,000,000 人民幣70,000,000元	26.05%	73.95%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Tai'an Co., Ltd. (i)(iii) (蒙牛乳業泰安有限責任公司)(i)(iii)	PRC 中國	RMB60,000,000 人民幣60,000,000元	26.03%	73.97%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Jiaozuo Co., Ltd. (i)(ii) (蒙牛乳業焦作有限責任公司)(i)(ii)	PRC 中國	RMB250,000,000 人民幣250,000,000元	-	100%	Manufacture and sale of dairy products 生產及出售乳製品

NOTES TO FINANCIAL STATEMENTS 財務報表附註

1. CORPORATE AND GROUP INFORMATION 1. 公司及集團資料(續)

(continued)

Information about subsidiaries (continued)

有關子公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/ 註冊股本	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Mengniu Dairy (Ma'anshan) Co., Ltd. (i)(ii) (蒙牛乳業(馬鞍山)有限公司)(i)(ii)	PRC 中國	RMB275,000,000 人民幣275,000,000元	–	100%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Hi-tech Dairy Co., Ltd. (i)(ii) (內蒙古蒙牛高科乳業有限公司)(i)(ii)	PRC 中國	RMB150,000,000 人民幣150,000,000元	–	100%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Saibei Dairy Co., Ltd. (i)(iii) (蒙牛塞北乳業有限公司)(i)(iii)	PRC 中國	US\$8,994,700 8,994,700美元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Qiqiha'er) Co., Ltd. (i)(iii) (蒙牛乳業(齊齊哈爾)有限公司)(i)(iii)	PRC 中國	RMB75,000,000 人民幣75,000,000元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Shijiazhuang Junlebao Dairy Co., Ltd. ("Junlebao") (ii) (石家莊君樂寶乳業有限公司)(ii)	PRC 中國	RMB52,351,700 人民幣52,351,700元	–	51%	Manufacture and sale of dairy products 生產及出售乳製品
Shijiazhuang Yongsheng Dairy Co., Ltd. (i)(ii) (石家莊永盛乳業有限公司)(i)(ii)	PRC 中國	RMB440,000,000 人民幣440,000,000元	–	51%	Manufacture and sale of dairy products 生產及出售乳製品
Siping Junlebao Dairy Co., Ltd. (i)(ii) (四平君樂寶乳業有限公司)(i)(ii)	PRC 中國	RMB435,000,000 人民幣435,000,000元	–	51%	Manufacture and sale of dairy products 生產及出售乳製品
Hebei Leyuan Farming Co., Ltd. (i)(ii) (河北樂源牧業有限公司)(i)(ii)	PRC 中國	RMB800,000,000 人民幣800,000,000元	–	51%	Breeding dairy cows and production of milk 養殖乳牛及生產牛奶
Weixian Leyuan Farming Co., Ltd. (i)(ii) (樂源牧業威縣有限公司)(i)(ii)	PRC 中國	RMB246,000,000 人民幣246,000,000元	–	51%	Breeding dairy cows and production of milk 養殖乳牛及生產牛奶
Leyuan Junbang Dairy Weixian Co., Ltd. (i)(ii) (樂源君邦牧業威縣有限公司)(i)(ii)	PRC 中國	RMB192,000,000 人民幣192,000,000元	–	51%	Breeding dairy cows and production of milk 養殖乳牛及生產牛奶

NOTES TO FINANCIAL STATEMENTS 財務報表附註

1. CORPORATE AND GROUP INFORMATION

(continued)

Information about subsidiaries (continued)

1. 公司及集團資料(續)

有關子公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/ 註冊股本	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Banner Baby Dairy Co., Ltd. ("Banner Dairy") (i)(ii)(v) (旗幟嬰兒乳品股份有限公司)(i)(ii)(v))	PRC 中國	RMB610,000,000 人民幣610,000,000元	-	33.23%	Manufacture and sale of dairy products & Breeding dairy cows and production of milk 生產及出售乳製品和 養殖乳牛及生產牛奶
Yashili International Holdings Ltd. ("Yashili") (雅士利國際控股有限公司(「雅士利」))	Cayman Islands 開曼群島	HK\$474,556,000 474,556,000港元	-	51.01%	Investment holding 投資控股
Yashili International Group Limited (雅士利國際集團有限公司)	Hong Kong 香港	HK\$1 1港元	-	51.01%	Investment holding 投資控股
Yashili International Group Ltd. ("Yashili International") (iv) (雅士利國際集團有限公司(「雅士利國際」))(iv))	PRC 中國	RMB1,126,105,300 人民幣1,126,105,300元	-	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili New Zealand Dairy Co., Ltd. ("Yashili New Zealand") (新西蘭雅士利乳業國際控股有限公司 (「新西蘭雅士利」))	New Zealand 新西蘭	NZD287,032,059 287,032,059新西蘭元	-	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili International Baby Nourishment Co., Ltd. (i)(ii) (雅士利國際嬰幼兒營養品有限公司)(i)(ii))	PRC 中國	RMB531,815,600 人民幣531,815,600元	-	51.01%	Production and sale of dairy products 生產及出售乳製品
Dumex Baby Food Co., Ltd. ("Dumex China") (ii) (多美滋嬰幼兒食品有限公司 (「多美滋中國」))(ii))	PRC 中國	RMB2,226,000,000 人民幣2,226,000,000元	-	51.01%	Production and sale of dairy products 生產及出售乳製品
Plant Base (China) Limited (iv) (植朴磨坊(中國)有限公司)(iv))	PRC 中國	RMB600,000,000 人民幣600,000,000元	-	51%	Investment holding 投資控股

NOTES TO FINANCIAL STATEMENTS 財務報表附註

1. CORPORATE AND GROUP INFORMATION

(continued)

Information about subsidiaries (continued)

- (i) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
- (ii) The subsidiaries are registered as companies with limited liability under PRC law.
- (iii) The subsidiaries are registered as Sino-foreign equity joint ventures under PRC law.
- (iv) The subsidiaries are wholly-foreign-owned enterprises established in the PRC.
- (v) During 2018, Junlebao, a 51% indirectly owned subsidiary of the Company, acquired an additional 43.41% equity interest in Banner Dairy from third parties, increasing Junlebao's interest in Banner Dairy to 65.16%. Further details of the acquisition are included in note 44 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretation) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for share options, certain financial assets, derivative financial instruments and certain other borrowings which have been measured at fair value, and biological assets and agricultural produce upon harvest which have been measured at fair value less costs to sell. Disposal groups classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1. 公司及集團資料(續)**有關子公司的資料(續)**

- (i) 未經香港安永會計師事務所或安永全球網絡其他成員公司審計。
- (ii) 該等子公司均根據中國法律註冊為有限責任公司。
- (iii) 該等子公司均根據中國法律註冊為中外合資公司。
- (iv) 該等子公司均為於中國註冊的全資外資企業。
- (v) 於二零一八年，本公司間接擁有51%權益的子公司石家莊君樂寶乳業有限公司(「君樂寶」)向第三方收購旗幟嬰兒乳品股份有限公司(「旗幟乳品」)額外43.41%權益，令君樂寶於旗幟乳品的權益增加至65.16%。收購進一步詳情載於財務報表附註44。

董事認為上表載列的本公司子公司主要對本集團本年度業績構成影響，或構成本集團資產淨值的重大部分。董事認為提供其他子公司詳情會導致詳情過於冗長。

2.1 編製基準

此等財務報表按照國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)(其包括所有國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)及香港公司條例披露規定編製。財務報表以歷史成本法編製，惟購股權、若干金融資產、衍生金融工具及若干其他借貸以公允值計量及生物資產及農產品收成以公允值減銷售成本計量。分類為持有待售的處置組乃按其賬面值及公允值減銷售成本後餘額的較低者列賬，詳情載於附註2.4。財務報表以人民幣(「人民幣」)呈列，除另有指明外，所有數值均調整至最接近的千位。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.1 BASIS OF PREPARATION (continued)**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 編製基準(續)**綜合基準**

綜合財務報表包括本公司及其子公司(統稱「本集團」)截至二零一八年十二月三十一日止年度的財務報表。子公司為本公司直接或間接控制的實體(包括結構性實體)。當本集團通過參與被投資方的相關活動而承擔可變回報的風險或享有可變回報，並且有能力運用對被投資方的權力(即本集團目前有能力主導被投資方的相關活動的現時權利)影響該等回報時，即取得控制權。

當本公司直接或間接擁有少於被投資方大多數的表決或類似權利，在評估其是否擁有對被投資方的權力時，本集團會考慮所有相關事實及情況，包括：

- (a) 與被投資方其他表決權持有人的合約安排；
- (b) 其他合約安排產生的權利；及
- (c) 本集團的表決權及潛在表決權。

子公司的財務報表按與本公司相同的報告期編製，並採用一致的會計政策。子公司的業績由本集團取得控制權當日起直至該控制權終止當日為止綜合列賬。

損益及其他全面收益各部分乃歸屬於本公司擁有人及非控股股東權益，即使此令致非控股股東權益有虧損結餘。本集團內公司間的所有資產及負債、權益、收入、開支及本集團成員公司間交易的相關現金流量於綜合時悉數對銷。

倘有事實及情況顯示上述三項控制權要素有一項或多於一項出現變動，本集團會重新評估其是否對被投資方擁有控制權。子公司的所有權益變動(並無失去控制權)按權益交易入賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.1 BASIS OF PREPARATION (continued)**Basis of consolidation** (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

2.1 編製基準(續)**綜合基準(續)**

倘本集團失去對子公司的控制權，則其終止確認(i)該子公司的資產(包括商譽)及負債、(ii)任何非控股股東權益的賬面值及(iii)於權益內記錄的累計換算差額；及確認(i)所收代價的公允值、(ii)所保留任何投資的公允值及(iii)損益中任何因此產生的盈餘或虧損。先前於其他全面收益內確認的本集團應佔部分重新歸類為損益或保留利潤(如適用)，所按基準與本集團已直接出售的相關資產或負債所規定者相同。

2.2 會計政策變動及披露

本集團已於本年度的財務報表首次採納以下經修訂國際財務報告準則。

國際財務報告準則第2號的修訂	以股份為基礎的支付交易的分類與計量
國際財務報告準則第4號的修訂	與國際財務報告準則第4號保險合約一併應用的國際財務報告準則第9號金融工具
國際財務報告準則第9號	金融工具
國際財務報告準則第15號	來自客戶合約的收入
國際財務報告準則第15號的修訂	釐清國際財務報告準則第15號來自客戶合約的收入
國際會計準則第40號的修訂	轉讓投資物業
國際財務報告詮釋委員會第22號	外幣交易及預付代價
二零一四年至二零一六年週期年度改進	國際財務報告準則第1號及國際會計準則第28號的修訂

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to IFRS 4 and Annual Improvements 2014-2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) Amendments to IFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.
- (b) IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

2.2 會計政策變動及披露(續)

除國際財務報告準則第4號的修訂及二零一四年至二零一六年週期年度改進與編製本集團財務報表無關外，新訂及經修訂國際財務報告準則的性質及影響如下：

- (a) 國際財務報告準則第2號的修訂主要針對三個方面：歸屬條件對以現金結算的股份支付交易的計量之影響；具有以淨額結算特色的以股份為基礎的支付交易(以預扣若干金額以履行與以股份為基礎的支付有關的僱員稅項責任)之分類；以及當以股份為基礎的支付交易之條款與條件變動，使交易分類從現金結算改為以權益結算時之會計處理。該等修訂釐定用於計量權益支付股份支付的轉歸條件亦適用於現金支付股份支付的會計計算方法。該等修訂推出一項特例，具有以淨額結算特色的以股份為基礎的支付交易(以預扣若干金額以履行與以股份為基礎的支付有關的僱員稅項責任)，倘符合若干條件，則會完全分類為股權結算股份支付交易。此外，該等修訂釐清，倘若修改現金結算股份支付交易的條款及條件，導致其成為股權結算股份支付交易，則有關交易自修改之日起作為股權結算交易入賬。由於本集團並無現金結算股份支付交易，亦無具有以淨額結算預扣稅特徵的以股份為基礎的支付交易，因此該等修訂不會對本集團的財務狀況或業績構成影響。
- (b) 自二零一八年一月一日起或之後的年度期間，國際財務報告準則第9號金融工具取代國際會計準則第39號金融工具：認列與衡量，將金融工具會計的所有三個方面合併在一起：分類及計量、減值及對沖會計。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**(b)** (continued)

The Group has early adopted IFRS 9 (2009) and IFRS 9 (2013) on 1 January 2014 and 1 July 2014, respectively. The Group has adopted the full text of IFRS 9 (2014) on 1 January 2018. The following information sets out the impact of adopting the full text of IFRS 9 (2014) including the effect of replacing IAS 39's incurred credit loss calculation with IFRS 9's expected credit losses ("ECLs").

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowance under IFRS 9. Further details are disclosed in notes 25, 27 and 28 to the financial statements.

2.2 會計政策變動及披露(續)**(b)** (續)

本集團已於二零一四年一月一日及二零一四年七月一日提早採納國際財務報告準則第9號(二零零九年)及國際財務報告準則第9號(二零一三年)。本集團已於二零一八年一月一日採納國際財務報告準則第9號(二零一四年)全文。以下資料載列採納國際財務報告準則第9號(二零一四年)全文的影響，包括以國際財務報告準則第9號的預期信貸虧損取代國際會計準則第39號的已產生儲用損失計算的影響。

減值

下表將根據香港會計準則第39號的期初減值撥備總額與根據香港財務報告準則第9號的預期信貸虧損撥備對賬。其他詳情披露於財務報表附註25、27及28。

		Impairment allowances under IAS 39 at 31 December 2017 於二零一七年十二月三十一日 根據國際會計準則第39號的減值撥備 RMB'000 人民幣千元	Remeasurement 重新計量 RMB'000 人民幣千元	ECL allowances Under IFRS 9 At 1 January 2018 於二零一八年一月一日根據國際財務報告準則第9號的預期信貸虧損撥備 RMB'000 人民幣千元
Other financial assets at amortised cost	按攤銷成本計量之其他金融資產	-	-	-
Trade and bills receivables	應收賬款及票據	121,032	6,597	127,629
Financial assets included in prepayments, other receivables and other assets	計入預付款、其他應收款項及其他資產的金融資產	30,141	-	30,141
		151,173	6,597	157,770

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Impact on retained profits

The impact of transition to IFRS 9 on retained profits is as follows:

		Retained profits 保留利潤 RMB'000 人民幣千元
Retained profits Balance as at 31 December 2017 under IAS 39	保留利潤 根據國際會計準則第39號 於二零一七年十二月三十一日的結餘	9,793,487
Recognition of expected credit losses for trade receivables under IFRS 9	根據國際財務報告準則第9號 確認應收賬款的預期信貸虧損	(6,367)
Balance as at 1 January 2018 under IFRS 9	根據國際財務報告準則第9號 於二零一八年一月一日的結餘	9,787,120

(c) IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

2.2 會計政策變動及披露(續)

(b) (續)

對保留利潤的影響

過渡至國際財務報告準則第9號對保留利潤的影響如下：

(c) 國際財務報告準則第15及其修訂取代國際會計準則第11號建築合約、國際會計準則第18號收入及相關詮釋，並且除了少數例外情況外，應用於客戶合約產生的所有收入。國際財務報告準則第15號就來自客戶合約的收入入賬確立一個新的五步模式。根據香港財務報告準則第15號，收入按反映實體預期有權轉移商品或服務予客戶的交換代價的金額予以確認。國際財務報告準則第15號的原則為計量及確認收入提供更具結構性的方法。該準則亦加入廣泛的質量及數量披露規定，包括總收入解析、有關履行責任的資料、期間合約資產及負債賬目結餘的變動及主要判斷和估計。有關披露事項載於財務報表附註3及5。本集團由於應用國際財務報告準則第15號，已更改財務報表附註2.4內有關收入確認的會計處理政策。

本集團以修訂式追溯應用法採納國際財務報告準則第15號。根據此方法，該項準則適用於初始應用日期的所有合約或僅適用於當日尚未完成的合約。本集團選擇將該項準則應用於二零一八年一月一日尚未完成的合約。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**(c)** (continued)

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

2.2 會計政策變動及披露(續)**(c)** (續)

初始應用國際財務報告準則第15號的累計影響確認為對二零一八年一月一日保留利潤期初結餘作出的調整。因此並無重列比較資料，並且會繼續根據國際會計準則第11號、國際會計準則第18號及相關詮釋報告比較資料。

於二零一八年一月一日各個財務報表項目因採納國際財務報告準則第15號而受影響的金額載列如下：

		Notes 附註	Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Assets	資產		
Inventories	存貨	(i)	(24,630)
Prepayment, other receivables and other assets	預付款、其他應收款項及 其他資產	(i)	24,630
Total assets	總資產		-
Liabilities	負債		
Other payables and accruals	其他應付款項及預提費用	(i)/(ii)	-
Total liabilities	總負債		-
Equity	權益		-

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**(c)** (continued)

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on the Group's profit or loss, other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Consolidated statement of financial position as at 31 December 2018:

2.2 會計政策變動及披露(續)**(c)** (續)

於二零一八年十二月三十一日及截至二零一八年十二月三十一日止年度的各個財務報表項目因採納國際財務報告準則第15號而受影響的金額載列如下。採納國際財務報告準則第15號對本集團的損益及其他全面收入或本集團的營運、投資和融資現金流量並無任何影響。首欄顯示國際財務報告準則第15號下所記錄的金額，而第二欄顯示假如未採納國際財務報告準則第15號的金額：

於二零一八年十二月三十一日的綜合財務狀況表：

		Amounts prepared under 根據下列準則編製的金額		
		IFRS 15 國際財務報告 準則第15號 RMB'000 人民幣千元	Previous IFRS 過往國際財務 報告準則 RMB'000 人民幣千元	Increase/ (decrease) 增加/減少 RMB'000 人民幣千元
		Notes 附註		
Assets	資產			
Inventories	存貨	(i)	4,281,919	4,300,187 (18,268)
Prepayment, other receivables and other assets	預付款項、其他應收款項及 其他資產	(i)	2,777,593	2,759,325 18,268
Total assets	資產總額		66,457,257	66,457,257 -
Liabilities	負債			
Other payables and accruals	其他應付款項及預提費用	(i)/(ii)	10,889,417	10,889,417 -
Total liabilities	負債總額		35,992,978	35,992,978 -
Equity	股權		30,464,279	30,464,279 -

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**(c)** (continued)

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 are described below:

(i) Sale of goods with variable consideration

Some contracts for the sale of dairy products provide customers with a right of return. Before adopting IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved. Under IFRS 15, rights of return give rise to variable consideration which is determined using the expected value method or the most likely amount method.

Upon adoption of IFRS 15, the Group recognised a right-of-return asset which is included in prepayments, other receivables and other assets and is measured at the former carrying amount of the goods to be returned less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. In addition, a refund liabilities which is included in other payables and accruals was recognised based on the amount that the Group expects to return to the customers using the expected value method. Accordingly, the Group reclassified deferred revenue of RMB36,894,000 to refund liabilities which are both included in other payables and accruals and reclassified inventories of RMB24,630,000 to right-of-return assets as included in prepayments, other receivables and other assets as at 1 January 2018.

As at 31 December 2018, the adoption of IFRS 15 resulted in an increase in prepayment, other receivables and other assets and a decrease in inventories by RMB18,268,000. Besides, refund liabilities included in other payables and accruals were increased by RMB29,365,000 and deferred revenue included in other payables and accruals were decreased by RMB29,365,000, for the year ended 31 December 2018.

2.2 會計政策變動及披露(續)**(c)** (續)

於二零一八年一月一日的調整性質及於二零一八年十二月三十一日的財務狀況表重大變動原因載述如下：

(i) 出售可變代價的商品

部分出售乳製品的合約為客戶提供退貨權利。採納國際財務報告準則第15號前，本集團確認按扣除退貨的已收或應收代價公允價值計算來自銷售貨物的收入。倘未能可靠計量收入，本集團會遞延確認收入直至解決不確定因素。根據國際財務報告準則第15號，退貨權利引發可變代價，可變代價以預期價值法或以三個最有可能金額的方法釐定。

採納國際財務報告準則第15號後，本集團確認計入退貨權利資產，計入預付款、其他應收款項及其他資產的退貨權利資產，並按將退回商品之前的賬面值減去任何退回商品成本(包括任何退貨價值潛在跌幅)計量。此外，本集團根據以預期價值法計算的預期退回客戶金額確認退款負債，並計入其他應付款項及預提費用。因此，本集團重新分類人民幣36,894,000元的遞延收入為退款負債，計入其他應付款項及預提費用；以及重新分類人民幣24,630,000元的存貨為退貨權利資產，並計入於二零一八年一月一日的預付款、其他應收款項及其他資產。

於二零一八年十二月三十一日，採納國際財務報告準則第15號導致預付款、其他應收款項及其他資產增加及存貨減少人民幣18,268,000元。另外，截至二零一八年十二月三十一日止年度，計入其他應付款項及預提費用的退款負債亦增加人民幣29,365,000元，計入其他應付款項及預提費用的遞延收入則減少人民幣29,365,000元。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

(ii) Consideration received from customers in advance

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance from customers included in other payables and accruals. Under IFRS 15, the amount is classified as contract liabilities which are also included in other payables and accruals.

Therefore, upon adoption of IFRS 15, the Group reclassified RMB1,843,166,000 from advances from customers to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB3,332,929,000 was reclassified from advances from customers to contract liabilities in relation to the consideration received from customers in advance for the sale of dairy products.

2.2 會計政策變動及披露(續)

(c) (續)

(ii) 提早向客戶收取的代價

採納國際財務報告準則第15號前，本集團確認提早向客戶收取的代價計入客戶其他應付款項及預提費用。根據國際財務報告準則第15號，有關金額分類為合約負債，亦計入其他應付款項及預提費用。

因此，採納國際財務報告準則第15號後，本集團於二零一八年一月一日提早向客戶收取的代價人民幣1,843,166,000元重新分類為於二零一八年一月一日之合約負債。

於二零一八年十二月三十一日，根據國際財務報告準則第15號，就銷售奶製品，提早向客戶收取的人民幣3,332,929,000元重新分類為有關提早向客戶收取代價的合約負債。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (d) Amendments to IAS 40, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.
- (e) IFRIC 22, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

2.2 會計政策變動及披露 (續)

- (d) 國際會計準則第40號的修訂澄清實體應將物業(包括建設中或發展中物業)轉撥至或轉撥自投資物業的時間。該等修訂指明,物業用途發生變動需要其符合或不再符合投資物業的定義且有證據證明用途發生變動。單憑管理層對物業用途的意向產生變動不足以證明其用途有所變動。該修訂對本集團的財務狀況或業績並無構成影響。
- (e) 國際財務報告詮釋委員會第22號為應用國際會計準則第21號時在實體以外幣收取或支付預付代價及確認非貨幣性資產或負債的情況下如何釐定交易日期提供指引。該詮釋澄清,就釐定於初步確認有關資產、開支或收入(或其中部分)所用的匯率時,交易日期為實體初步確認因支付或收取預付代價而產生的非貨幣性資產(如預付款)或非貨幣性負債(如遞延收入)當日。倘確認有關項目時存在多筆預付款或預收款,實體須就每筆預付代價的付款或收款釐定交易日期。由於本集團用於釐定初始確認非貨幣性資產或非貨幣性負債時應用的匯率的會計政策與該詮釋內規定的指引一致,因此該詮釋對本集團的財務報表並無構成影響。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i> ²
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
IFRS 16	<i>Leases</i> ¹
IFRS 17	<i>Insurance Contracts</i> ³
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ²
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Annual Improvements 2015-2017 Cycle	<i>Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23</i> ¹

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or after 1 January 2020
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

2.3 已頒佈但尚未生效的國際財務報告準則

本集團並未於該等財務報表中採納以下已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號的修訂	業務的定義 ²
國際財務報告準則第9號的修訂	具有負補償的預付款特性 ¹
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
國際財務報告準則第16號	租賃 ¹
國際財務報告準則第17號	保險合約 ³
國際會計準則第1號及國際會計準則第8號的修訂	重大的定義 ²
國際會計準則第19號的修訂	計劃修訂、縮減或結清 ¹
國際會計準則第28號的修訂	於聯營公司及合營企業之長期權益 ¹
國際財務報告詮釋委員會第23號	所得稅處理之不確定性 ¹
二零一五年至二零一七年週期年度改進	國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號的修訂 ¹

- ¹ 於二零一九年一月一日或之後開始的年度期間生效
- ² 於二零二零年一月一日或之後開始的年度期間生效
- ³ 於二零二一年一月一日或之後開始的年度期間生效
- ⁴ 尚未確定強制生效日期但可供採納

本集團預期應用的國際財務報告準則進一步資料如下。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際財務報告準則第3號的修訂澄清並提供有關業務定義的額外指引。該項修訂澄清，一組綜合活動及資產須至少包括一項參數與一個重要過程共同對創造收益的能力作出重大貢獻，方能被視為一項業務。在並未包含所有創造收益的參數及過程的情況下，業務亦可存續。該項修訂取消對市場參與者是否具備能力收購業務及持續產生收益進行的評估，相反，重點放在已取得參數及已取得重要過程能否共同對創造收益的能力作出重大貢獻。該項修訂亦收窄收益的定義，聚焦向客戶提供的貨品或服務、投資收入或來自日常活動的其他收入。此外，該項修訂提供有關評估已取得過程是否屬重大的指引，並引入選擇性公允價值集中度測試，允許對一組已收購活動及資產是否屬一項業務進行簡單評估。本集團預期自二零二零年一月一日起採納該項修訂。

國際財務報告準則第10號及國際會計準則第28號的修訂針對國際財務報告準則第10號及國際會計準則第28號之間有關投資者與其聯營公司或合營企業之間的資產出售或注資兩者規定的不一致性。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須確認全數收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂即將應用。國際會計準則理事會已於二零一五年十二月取消國際財務報告準則第10號及國際會計準則第28號的修訂之前的強制生效日期，並將於完成有關聯營及合營企業會計處理的更廣泛檢討後決定新的強制生效日期。然而，該等修訂現已可供採納。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. As discussed in note 46 to the financial statements, at 31 December 2018, the Group had future minimum lease payments under non-cancellable operating lease in aggregate of approximately RMB615,360,000. Upon adoption of IFRS 16, certain amount included herein may need to be recognised as right-of use assets and lease liabilities.

2.3 已頒佈但尚未生效的國際財務報告準則 (續)

國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會第4號釐定安排是否包括租賃、準則詮釋委員會第15號經營租賃－優惠及準則詮釋委員會第27號評估涉及租賃法律形式交易的內容。該準則列載確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免－低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期作出租賃付款為負債（即租賃負債）及代表可使用相關資產的權利為資產（即有使用權資產）。除非有使用權資產符合國際會計準則第40號投資物業的定義，或與應用重估模式的物業廠房設備類別相關，否則有使用權資產其後按成本減累計折舊及任何減值虧損計量。其後，租賃負債會因租賃負債利息而增加，因租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。承租人一般將重新計量租賃負債的數額確認為有使用權資產的調整。國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理方式。出租人將繼續使用與國際會計準則第17號相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。相對於國際會計準則第17號，國際財務報告準則第16號要求出租人和承租人作出更加廣泛的披露。承租人可選擇全面追溯採用，或經調節的追溯採用。於二零一九年一月一日，本集團將採納國際財務報告準則第16號。誠如財務報表附註46所討論，本集團於二零一八年十二月三十一日不可註銷經營租賃項下未來最低租賃付款總額為約人民幣615,360,000元。待採納國際財務報告準則第16號，若干計入在內的金額或需確認為使用權資產及租賃負債。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

2.3 已頒佈但尚未生效的國際財務報告準則 (續)

國際會計準則第1號及國際會計準則第8號的修訂對重大制定了新定義。新定義指出，倘遺漏、錯誤陳述或掩蓋資料可合理地預期會對一般用途財務報表的主要使用者基於該等財務報表作出的決策造成影響，則有關資料屬於重大。該等修訂澄清，重大程度視乎資料的性質或數量而定。倘錯誤陳述資料可合理地預期會對主要使用者作出的決策造成影響，則有關資料屬於重大。本集團預期即將自二零二零年一月一日起採納該等修訂。預計該等修訂對本集團財務報表不會產生任何重大影響。

國際會計準則第28號的修訂澄清，國際財務報告準則第9號的範圍例外僅涵蓋權益法適用的於聯營公司及合營企業的權益，而未涵蓋尚未採用權益法的實質上組成於聯營公司及合營企業的投資淨額的長期權益。因此，實體採用國際財務報告準則第9號(包括國際財務報告準則第9號項下的減值規定)而非國際會計準則第28號於該等長期權益的會計處理。僅在確認聯營公司及合營企業的虧損及於聯營公司或合營企業的投資淨額減值的情況下，國際會計準則第28號才會適用於投資淨額(包括長期權益)。本集團預期於二零一九年一月一日採納該等修訂，並將根據二零一九年一月一日存在的事實及情況，採用該等修訂內的過渡規定就該等長期權益評估其業務模式。本集團亦擬於採納該等修訂後應用過去期間的重述比較數字豁免。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group’s financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際財務報告詮釋委員會第23號闡述稅務待遇涉及影響國際會計準則第12號應用的不確定因素(通稱「不確定稅務狀況」)時，如何處理所得稅(即期與遞延)會計。該項詮釋不適用於國際會計準則第12號範圍外的稅務與徵費，也沒有具體說明對於不確定稅務待遇相關利息與罰款的要求。該項詮釋具體說明：(i)實體應否獨立考慮不確定稅務待遇；(ii)實體對於稅務部門審議稅務待遇的假設；(iii)實體應如何釐定應課稅利潤或稅務虧損、稅基、未用稅務虧損、未用稅項抵免及稅率；及(iv)實體應如何考慮事實與環境的變更。該項詮釋須追溯營運，可不採用事後觀點全面追溯，或通過調整初始應用日期期初權益追溯反映應用的累計影響，但不重述比較數據。本集團預計自二零一九年一月一日起採納該項詮釋。預計該項詮釋對本集團財務報表不會產生任何重大影響。

2.4 重大會計政策概要

投資聯營公司及合營企業

聯營公司指本集團持有其一般不少於20%投票權的長期權益而對其有重要影響力的公司。重大影響力為可參與被投資對象的財政及營運政策決定而非對該等政策施加控制或共同控制。

合營企業屬共同安排，據此，擁有該安排共同控制權的訂約方有權享有合營企業的資產淨值。共同控制權指按照合約協定對一項安排所共有的控制權，僅在相關活動必須獲得共同享有控制權的各方一致同意方能決定時存在。

本集團於聯營公司及合營企業的投資乃採用權益會計法按本集團所佔資產淨值減任何減值損失於綜合財務狀況表列賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments in associates and joint ventures** (continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.4 重大會計政策概要(續)**投資聯營公司及合營企業(續)**

任何可能存在的相異會計政策已相應作出調整，以使之貫徹一致。

本集團所佔聯營公司及合營企業的收購後業績及其他全面收益分別計入綜合損益表及綜合全面收益表。此外，若於聯營公司或合營企業的權益中直接確認變動，本集團會(如適用)於綜合權益變動表內確認其任何應佔變動。本集團與其聯營公司或合營企業之間交易所產生的未變現收益及虧損，均以本集團於聯營公司或合營企業的投資為限予以抵銷，除非未變現虧損提供所轉讓資產的減值憑證。收購聯營公司或合營企業產生的商譽乃作為本集團於聯營公司或合營企業的投資的一部分入賬。

倘於聯營公司的投資成為於合營企業的投資，則保留權益不會重新計量，反之亦然。反而該投資繼續使用權益法入賬。在所有其他情況下，失去聯營公司的重大影響力或失去合營企業的共同控制權後，本集團會按公允值計量及確認任何保留投資。失去重大影響力或共同控制權後，聯營公司或合營企業賬面值與保留投資的公允值及出售所得款項之間的差額於損益予以確認。

倘對一間聯營公司或合營企業的投資分類為持有待售，則其乃根據國際財務報告準則第5號持有待售的非流動資產及已終止經營業務入賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 重大會計政策概要(續)**業務合併及商譽**

業務合併採用收購法入賬。所轉讓的代價按收購日期的公允值計量，乃本集團所轉讓資產、本集團對被收購方前擁有人所承擔的負債及本集團所發行以換取被收購方控制權的股權於收購日期公允值的總和。於各業務合併中，本集團選擇是否以公允值或被收購方可識別資產淨值的應佔比例，計量被賦予的現時擁有人權利並將於清盤時有權按比例分佔實體資產淨值的被收購方非控股股東權益。非控股股東權益的一切其他成分乃按公允值計量。收購相關成本於產生時支銷。

本集團收購業務時會根據合約條款、經濟情況及於收購日期的相關條件評估金融資產及所承擔的負債作適當分類及指定，包括區分被收購方於主合約中的嵌入式衍生工具。

倘業務合併分階段完成，以往持有的股權須按收購日期公允值重新計量，而因此產生的收益或虧損於損益表予以確認。

收購方將轉讓的任何或然代價按收購日期的公允值確認。分類為資產或負債的或然代價按公允值計量，而公允值變動將於損益表確認。分類為權益的或然代價不予重新計量，而其後結算將於權益內入賬。

商譽初步按成本計量，而成本指所轉讓代價、就非控股股東權益確認的金額及本集團以往持有被收購方的股權的任何公允值的總和超出所購入可識別資產及所承擔負債淨額的差額。倘此代價與其他項目的總和低於所收購資產淨值的公允值，則經重新評估後的差額於損益表確認為議價購入的收益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Business combinations and goodwill** (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its share options, certain financial assets, derivative financial instruments and certain other borrowings at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 重大會計政策概要 (續)**業務合併及商譽** (續)

初步確認後，商譽按成本減任何累計減值損失計量。商譽每年測試是否有所減值，倘有事件或情況變化顯示賬面值可能出現減值，則會更頻密進行測試。本集團於十二月三十一日進行年度商譽減值測試。就減值測試而言，業務合併收購的商譽自收購日期起分配至本集團各現金產生單位或現金產生單位組別，預期彼等將從合併的協同效益中受益，不論本集團其他資產或負債是否分配至該等單位或單位組別。

減值按與商譽有關的現金產生單位或現金產生單位組別可收回金額評估釐定。倘現金產生單位或現金產生單位組別的可收回金額低於賬面值，則確認減值損失。已確認的商譽減值損失不會在以後期間撥回。

倘商譽獲分配至現金產生單位或現金產生單位組別，並出售該單位中一部分業務，則於釐定出售收益或虧損時，與該已出售業務相關的商譽計入該業務的賬面值。在此情況下出售的商譽根據所出售業務的相關價值及所保留現金產生單位的部分計量。

公允值計量

於各報告期末，本集團按公允值計量其購股權、若干金融資產、生物資產及衍生金融工具。公允值為於計量日市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格。公允值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須位於本集團能到達的地方。資產或負債的公允值乃基於市場參與者為資產或負債定價所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Fair value measurement** (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 重大會計政策概要(續)**公允值計量**(續)

以公允值計量非金融資產，應當考慮市場參與者將該資產用於最佳用途產生經濟利益的能力，或者將該資產出售予能夠用於最佳用途的其他市場參與者產生經濟利益的能力。

本集團以公允值計量相關資產或負債，應當採用在當前情況下適用，並且有足夠可利用資料的估值技術，以及盡量使用相關可觀察輸入資料，盡量避免使用不可觀察輸入資料。

所有以公允值計量或在財務報表中披露的資產和負債均按如下公允值層級分類，由對公允值計量整體具有重要意義的輸入資料所屬的最低層次決定：

- | | | |
|-----|---|---|
| 第一級 | – | 以於活躍市場中相同資產或負債的報價(未經調整)釐定 |
| 第二級 | – | 以使用可直接或間接觀察並對公允值計量有重要影響的最低層次輸入資料的估值技術釐定 |
| 第三級 | – | 以使用對公允值計量有重大影響且不可觀察的最低層次輸入資料的估值技術釐定 |

本集團於各報告期末重新評估財務報表中持續確認的資產及負債的分類(基於對公允值計量整體具有重要意義的輸入資料所屬的最低層次)以釐定是否有各層次之間的轉換。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties, goodwill and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 重大會計政策概要(續)**非金融資產減值**

當有跡象顯示出現減值，或當須進行資產年度減值測試(存貨、建築合約資產、金融資產、投資物業、商譽及分類為持有待售的非流動資產／處置組除外)，則估計資產的可收回金額。資產的可收回金額乃選取資產或現金產生單位的使用價值及其公允值減銷售成本的較高者，並就個別資產釐定，惟倘資產並無產生大致獨立於其他資產或資產組別的現金流入，則可收回金額在該資產所屬的現金產生單位基礎上確定。

減值損失僅於資產賬面值超出其可收回金額時確認。評估使用價值時，估計未來現金流量乃按稅前折現率折現至現值。所用稅前折現率反映當前市場對貨幣時值及該資產特定風險的評估。減值損失於產生期間自損益表中與減值資產功能一致的支出類別扣除。

於各報告期末，本集團評估是否有跡象顯示先前確認的減值損失可能不再存在或已經減少。如有該等跡象，本集團會估計可收回金額。僅若用以釐定商譽以外資產的可收回金額的估計有變動，方會撥回先前確認該資產的減值損失，惟金額不得超過假使該資產在過往年度並無確認減值損失時，原應釐定的賬面值(扣減任何折舊／攤銷後)。減值損失撥回計入產生期間的綜合損益表中，惟該資產按重估金額列賬時，則該減值虧損撥回根據與該重估資產相關的會計政策列賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 重大會計政策概要(續)**關聯人士**

一方被視為與本集團有關聯，倘：

- (a) 該方為該名人士家族的人士或直系親屬，而該名人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團施加重大影響；或
 - (iii) 為本集團或本集團母公司主要管理人員的成員；

或

- (b) 該方為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體的母公司、子公司或同系子公司的旗下)；
 - (iii) 該實體及本集團均為同一第三方的合營企業；
 - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關實體的僱員；
 - (vi) 該實體由(a)項所述人士控制或共同控制；
 - (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理人員的成員；及
 - (viii) 向本集團或本集團母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 重大會計政策概要(續)**物業、廠房及設備及折舊**

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值損失後列賬。倘物業、廠房及設備項目分類為持有待售或當其為分類為持有待售的處置組的一部分時,其不予折舊並根據國際財務報告準則第5號入賬,進一步闡釋見會計政策「持有待售的非流動資產及處置組」。物業、廠房及設備項目的成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。

成本亦可包括自權益轉撥以外幣購買物業、廠房及設備的合資格現金流量對沖所產生的任何收益或虧損。

物業、廠房及設備項目投入運作後產生的支出(例如維修及保養),一般於其產生期間於損益表扣除。而大修支出在符合確認條件時,計入資產的賬面值作為更換成本。當物業、廠房及設備的重要部件須定期更換,本集團將該等部件確認為獨立的資產,並在特定可使用年期下單獨計提折舊。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment and depreciation**

(continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The depreciation rates of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings and structures	2% to 7%
Plant and machinery	10% to 32%
Office equipment	10% to 32%
Motor vehicles	10% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress

Construction in progress represents plant and property under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 重大會計政策概要(續)**物業、廠房及設備及折舊(續)**

折舊乃按物業、廠房及設備的各個項目於其估計可使用年期以直線法撇減其成本至剩餘價值。物業、廠房及設備的折舊率如下：

永久業權土地	不折舊
房屋及建築物	2%至7%
廠房及機器	10%至32%
辦公設備	10%至32%
汽車	10%至32%

倘一項物業、廠房及設備的各部分具有不同可使用年期，則有關項目的成本以合理基準分配至各部分，而每部分將作獨立折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度結算日審閱及調整(如適用)一次。

物業、廠房及設備項目(包括經初步確認的任何重要部件)乃於出售時或在預計未來不可從其使用或出售中獲得經濟利益時終止確認。於終止確認資產年度的綜合損益表中確認的出售或廢棄而產生的任何收益或虧損乃銷售所得款項淨額與相關資產賬面值之間的差額。

在建工程

在建工程是指正在興建的廠房及物業，乃以成本減任何減值損失列賬。在建工程不計提折舊。成本包括在建期間的直接建築成本及已借相關資金所屬已撥充資本的借貸費用。當在建工程竣工、隨時可供使用時，在建工程將予重新分類歸入物業、廠房及設備內的適當類別。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investment properties**

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 50 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 重大會計政策概要(續)**投資物業**

投資物業指持作賺取租金收入及／或資本增值用途，而非用於生產或供應貨品或服務或作行政用途；或作日常業務過程中出售用途的房屋權益。該等物業初步按成本(包括交易成本)計量。初步確認後，投資物業按成本減累計折舊及減值虧損計量。

折舊乃按資產之成本減其剩餘價值計量。折舊按直線法於投資物業之估計可使用年期內於損益確認。估計可使用年期為50年。折舊方法、可使用年期及剩餘價值於各報告日期重估。

投資物業報廢或出售產生的任何收益或虧損於其報廢或出售年度於損益表確認。

持有待售的非流動資產及處置組

倘非流動資產及處置組的賬面值將主要透過一項銷售交易而非透過持續使用得以收回，該等非流動資產及處置組則分類為持有待售。為此，該資產或處置組必須在其當前情況下僅根據出售此類資產或處置組的通常及慣用條款即可立即出售，並且出售必須極可能發生。所有分類為處置組的子公司資產及負債重新歸類為持有待售，而不論本集團於出售後有否保留其前子公司的非控股股東權益。

分類為持有待售的非流動資產及處置組(投資物業及金融資產除外)乃按其賬面值及公允值減銷售成本後餘額的較低者計量。分類為持有待售的物業、廠房及設備及無形資產不予折舊或攤銷。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (or group of cash-generating units) level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 20 years.

Trademarks

Trademarks acquired separately are measured at cost. Trademarks acquired as part of a business combination are valued at fair value based on the royalty relief method.

Trademarks with finite useful lives are amortised on the straight-line basis over their estimated useful lives of 10 years. Trademarks with indefinite useful lives are tested for impairment annually.

2.4 重大會計政策概要(續)**無形資產(商譽除外)**

單獨收購的無形資產於初步確認時按成本計量。於業務合併時所收購無形資產的成本相等於收購日期的公允值。無形資產的可使用年期可評估為有限或無限。年期有限的無形資產其後於可使用經濟年期內攤銷，並於有跡象顯示該無形資產可能出現減值時評估減值。可使用年期有限的無形資產的攤銷期間及攤銷方法至少於各財政年度結算日審閱一次。

可使用年期無限的無形資產每年按個別或現金產生單位或現金產生單位組別作減值測試，且不予攤銷。年期無限的無形資產須每年審閱其使用年期，以釐定無限年期的評估是否持續可靠。否則，可使用年期評估按預期法自此由無限年期更改為有限年期。

專利及特許權

所購買專利及特許權乃按成本減任何減值損失列賬，且按估計可使用年期5年至20年以直線法攤銷。

商標

所收購商標按成本單獨計量。作為業務合併一部分所收購的商標根據特許權費減免法按公允值進行估值。

可使用年期有限的商標按估計可使用年期10年以直線法攤銷。可使用年期無限的商標每年測試減值。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Intangible assets (other than goodwill)** (continued)**Computer software**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line basis over the estimated useful life of computer software of 3 to 10 years.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 重大會計政策概要(續)**無形資產(商譽除外)(續)****電腦軟件**

購入的電腦軟件根據購買及使用該特定軟件所引起的成本進行資本化。有關成本按電腦軟件的估計可使用年期3年至10年以直線法攤銷。

研究開發費用

所有研究費用在產生時於綜合損益表支銷。

開發新產品的項目產生的支出，僅當本集團可顯示下列各項，方予資本化及遞延：完成該項無形資產使其可供使用或出售在技術上的可行性、其完成意向，及使用或出售該項資產的能力、該資產日後如何產生經濟利益、是否有資源可以完成該項目，以及在開發過程中是否可以可靠計量該項支出。不符合該等條件的產品開發支出在產生時支銷。

遞延開發費用按成本減任何減值損失列賬並以直線法按相關產品自其投產日期起計的商業年期攤銷。

租賃

凡資產擁有權絕大部分回報及風險(不包括法定所有權)轉歸本集團所有的租約，均列作融資租約。於融資租約開始時，租賃資產的成本乃按最低租賃付款的現值撥充資本，並連同債務(不包括利息部分)一併入賬，藉以反映購買與融資情況。根據已資本化的融資租約持有的資產(包括經營租賃下的土地租賃預付款)計入物業、廠房及設備，並按租期與資產的估計可使用年期中的較短者折舊。有關租約的財務成本乃於綜合損益表中扣除，以反映租期內的固定週期支出比率。

透過具融資性質的租購合約收購的資產乃列作融資租約，惟有關資產乃按估計可使用年期予以折舊。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases** (continued)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating lease are initially stated at cost and subsequently recognised as an expense in the consolidated statement of profit or loss on the straight-line basis over the lease terms from 30 to 70 years.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

2.4 重大會計政策概要(續)**租賃(續)**

若出租者保留資產所有權的絕大部分回報及風險，則有關租賃歸類為經營租賃。當本集團為出租者時，本集團根據經營租賃出租的資產計入非流動資產，而經營租賃下的應收租金按租賃期以直線法計入綜合損益表。當本集團為承租人時，經營租賃下的應付租金扣除從出租者收取的任何獎勵後按租賃期以直線法自綜合損益表扣除。

經營租賃項下的土地租賃預付款初步按成本列賬，其後按介乎30年至70年的租賃期以直線法在綜合損益表確認為支出。

倘不能可靠地於土地及房屋項目之間分配租賃付款，全部租賃付款將列入物業、廠房及設備下的融資租約的土地及房屋成本。

投資及其他金融資產**初步確認及計量**

金融資產於初步確認時分類為其後按攤銷成本計量、以公允值計量且其變動計入全面收益，以及以公允值計量且其變動計入損益。

初始確認金融資產分類取決於金融資產的合約現金流特徵，以及本集團管理金融資產的業務模式。除並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施不作調整重大融資組成部分影響的應收賬款外，本集團最初按其公允值計量金融資產，倘金融資產並非按公允值計入損益，則另外交易成本。並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施的應收賬款按照下文「收入確認(二零一八年一月一日起適用)」所載政策根據國際財務報告準則第15號釐定的交易價計量。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments and other financial assets** (continued)**Initial recognition and measurement** (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 重大會計政策概要(續)**投資及其他金融資產(續)****初始確認及計量(續)**

金融資產需要令現金流量僅為償還本金及未償還本金利息，方可分類為按攤銷成本計量或按公允值計入其他全面收入的金融資產。

本集團管理金融資產的業務模式指本集團如何管理其金融資產以產生現金流量。業務模式釐定現金流量是否因收取合約現金流量、出售金融資產或因前述兩者而引起。

所有以常規方式購買及出售的金融資產於交易日(即本集團承諾購買或出售該資產當日)確認。以常規方式購買或出售指需要於一般按規例或市場慣例設定的期限內交付資金的金融資產購買或出售。

後續計量

金融資產的後續計量取決於其分類如下：

按攤銷成本計量的金融資產(債務工具)

倘符合以下兩項條件，則本集團會按攤銷成本計量金融資產：

- 金融資產乃於以持有金融資產為目標的業務模式內持有，旨在收取合約現金流量。
- 金融資產合約條款訂明於指定日期的現金流量僅可用作償還本金及未償還本金利息。

按攤銷成本計量的金融資產其後使用實際利率法計量，並可予減值。倘資產終止確認、修訂或減值，則收益及虧損會於損益表確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments and other financial assets** (continued)**Financial assets at fair value through other comprehensive income (debt instruments)**

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 重大會計政策概要 (續)**投資及其他金融資產** (續)**按公允值計入其他全面收入的金融資產(債務工具)**

倘符合以下兩項條件，則本集團會按公允值計入其他全面收入計量債務工投資：

- 金融資產乃於以持有作收取合約現金流量及出售為目標的標的業務模式內持有。
- 金融資產合約條款訂明於指定日期的現金流量僅可用作償還本金及未償還本金利息。

就按公允價值計入其他全面收入的債務工具而言，利息收入、外匯重估及減值虧損或撥回於損益表內確認，計算方式與計算按攤銷成本計量的金融資產者相同。餘下公允值變動於其他全面收入確認。於終止確認後，於其他全面收入確認的累計公允值變動回流至損益表。

按公允值計入其他全面收入的金融資產(股權投資)

於初始確認後，倘股權投資符合國際會計準則第32號金融工具：呈列項下的股權定義，且並非持作買賣，本集團可選擇不可撤回地將該股權投資分類為指定按公允值計入其他全面收入的股權投資。分類按個別工具基準而定。

該等金融資產的收益及虧損永不回流至損益表。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，則股息會於損益表確認為其他收入，惟倘本集團受惠於該等所得款項作為收回部分金融資產成本則作別論，在此情況下，有關收益會入賬為其他全面收入。指定按公允值計入其他全面收入的股權投資無須進行減值評估。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments and other financial assets** (continued)**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

2.4 重大會計政策概要(續)**投資及其他金融資產(續)****按公允值計入損益的金融資產**

按公允值計入損益的金融資產包括持作買賣金融資產、於初始確認後指定按公允值計入損益的金融資產，或需要強制按公允值計量的金融資產。倘金融資產乃為於近期進行出售或購買而收購，則金融資產會分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作買賣，除非衍生工具指定為實際對沖工具，則作別論。現金流量並非僅可用作償還本金及未償還本金利息的金融資產分類為按公允值計入損益計量，而不論業務模式。儘管如上文所述債務工具可分類為按攤銷成本或按公允值計入其他全面收入，倘能夠消除或顯著減少會計錯配，則債務工具或會於初始確認時指定為按公允值計入損益。

按公允值計入損益的金融資產乃於財務狀況表按公允值列賬，而公允值變動淨額則於損益表確認。

該類別包括本集團並無不可撤回地選擇分類為按公允值計入其他全面收入的衍生工具及股權投資。分類為按公允值計入損益的股權投資股息亦於付款權確立時在損益表內確認為其他收入。有關股息的經濟利益可能會流向本集團，而股息的金額則可可靠計量。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟利特徵及風險；具備與嵌入式衍生工具與相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公允值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允值計量，且其變動計於損益表內確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments and other financial assets** (continued)**Financial assets at fair value through profit or loss** (continued)

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 重大會計政策概要(續)**投資及其他金融資產(續)****按公允值計入損益的金融資產(續)**

僅當合約條款出現變動，以致大幅改變其他情況下所需現金流量時或當原分類至按公允值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入衍生工具須整體分類為按公允值計入損益的金融資產。

終止確認金融資產

金融資產(或，如適用，一項金融資產的一部分或一組類似金融資產的一部分)主要於下列情況下將終止確認(即從本集團綜合財務狀況表移除)：

- 收取該項資產所得現金流量的權利經已屆滿；或
- 本集團已轉讓其收取該項資產所得現金流量的權利，或根據「轉手」安排承擔在無重大延誤下向第三方全數支付已收取現金流量的責任；及(a)本集團已轉讓資產絕大部分風險及回報，或(b)本集團並無轉讓或保留資產的絕大部分風險及回報，但已轉讓資產控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排，則將評估其是否已保留資產所有權的風險及回報並評估其程度。倘並無轉讓或保留資產絕大部分風險及回報，亦無轉讓資產的控制權，則按本集團持續參與程度持續確認該轉讓資產。在此情況下，本集團亦將確認相應的負債。已轉讓資產及相關負債以反映本集團保留的權利與義務的基礎進行計量。

以經轉讓資產擔保的方式持續參與按資產原始賬面值與本集團可能被要求償還的對價的最高金額之間的較低者計量。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)**

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 重大會計政策概要(續)**金融資產減值(二零一八年一月一日起適用的國際財務報告準則第9號政策)**

本集團就所有並非按公允值計入損益持有的債務工具確認預期信貸虧損。預期信貸虧損乃以根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額為基準，按原有實際利率相近的差額貼現。預期現金流量將包括來自銷售所持有抵押品或其他信用增級的現金流量，此乃合約條不可或缺的部分。

一般方法

預期信貸虧損於兩個階段進行確認。對於自初始確認後並無顯著增加的信貸風險，預期信貸虧損就可能於未來12個月內出現的違約事件計提撥備(12個月預期信貸虧損)。對於自初始確認後有顯著增加的信貸風險，須在信貸虧損預期的剩餘年期計提虧損撥備，不論違約事件於何時發生(存續期預期信貸虧損)。

於各報告日期，本集團評估自初始確認後金融工具的信貸風險是否顯著增加。本集團作出評估時會對於報告日期金融工具發生的違約風險及於初始確認日期起金融工具發生的違約風險進行比較，並考慮無需付出不必要成本或努力而可得到的合理及可支持資料，包括歷史及前瞻性資料。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)** (continued)**General approach** (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 重大會計政策概要 (續)**金融資產減值(二零一八年一月一日起適用的國際財務報告準則第9號政策)** (續)**一般方法** (續)

以公允值計入其他全面收入的債務投資及按攤銷成本計量的金融資產，在一般方法下可能會發生減值，並且在以下階段分類用於預期信貸虧損計量，惟採用下文詳述的簡化方法的應收賬款及合約資產除外。

- 第一階段 – 金融工具自初始確認以來並無顯著增加信貸風險，且其虧損撥備按相等於12個月預期信貸虧損的金額計量。
- 第二階段 – 金融工具自初始確認以來顯著增加信貸風險，但並不屬信貸減值金融資產，且其虧損撥備按相等於存續期預期信貸虧損的金額計量。
- 第三階段 – 於報告日期信貸減值的金融資產(但不是購買或原始信貸減值)，其虧損撥備按相等於存續期預期信貸虧損的金額計量。

簡化方法

對於應收賬款及不包括重大融資成分的合約資產，或本集團採用實際權宜措施不就重大融資成分的影響作出調整時，本集團採用簡化方法進行預期信貸虧損計量。根據簡化方法，本集團不會追蹤信貸風險的變化，而是於各報告日期根據存續期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境的前瞻性因素作出調整。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.4 重大會計政策概要(續)**金融資產減值(二零一八年一月一日起適用的國際會計準則第39號政策)**

本集團於各有關期間結束時均會進行評估，以判斷是否存在任何客觀證據表明某項金融資產或某組金融資產發生減值。倘資產初始確認後發生的一個或多個事項對金融資產或金融資產組的估計未來現金流量的影響能可靠地估計，則存在減值。減值證據可包括有跡象顯示債務人或一組債務人出現重大財務困難、拖欠利息或本金付款、他們很可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量出現可量度的減少，例如與拖欠有相互關係的欠款或經濟狀況變動。

以攤銷成本列值的金融資產

有關以攤銷成本列值的金融資產，本集團首先要評估是否有重大的個別金融資產單獨發生減值或個別不重大的金融資產整體發生減值。倘本集團確定並無客觀證據表明評估的個別金融資產(無論重大與否)發生減值，則該資產計入具有相似信貸風險特徵的金融資產組，並對整個小組進行減值評估。已進行減值評估並確認或繼續確認減值損失的個別資產，不計入整體減值評估中。

任何已識別減值虧損的金額按資產的賬面值及對預期未來現金流量進行折現後的現值(不包括未發生的未來信貸虧損)兩者之間的差額計量。對預期未來現金進行折現後的現值以金融資產最初的實際利率(即初始確認時計算的實際利率)計算。

資產賬面值透過使用撥備抵減資產賬面值，而虧損則於損益表確認。利息收入繼續按減少後的賬面值累計，利率為量度減值虧損時用以將未來現金流量折現的利率。當並無實際希望可於未來收回，而所有抵押品已經變賣或轉讓予本集團時，貸款及應收款項及任何相關撥備會一併撇銷。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)** (continued)**Financial assets carried at amortised cost** (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 重大會計政策概要(續)**金融資產減值(二零一八年一月一日起適用的國際會計準則第39號政策)(續)****以攤銷成本列值的金融資產(續)**

倘估計減值虧損金額於後續期間有所增加或減少，且其與確認減值之後發生的事件有關，則先前確認的減值虧損會透過調整撥備賬而增加或減少。倘撇銷金額其後收回，則收回金額會計入損益表其他費用項下。

金融負債**初始確認及計量**

金融負債於初始確認時分類為以公允值計量且其變動計入損益的金融負債，貸款及借貸，或指定為有效對沖的對沖工具的衍生工具(如適用)。

所有金融負債初始時均按公允值確認，而貸款及借貸則須在此基礎上扣除直接應佔交易成本。

本集團的金融負債包括應付賬款及其他款項、衍生金融工具及計息銀行及其他借貸。

後續計量

金融負債的後續計量取決於其分類如下：

按公允值計入損益的金融負債

按公允價值計入損益的金融負債包括持作交易用途的金融負債及於初始確認時指定為按公允價值入損益的金融負債。

倘產生金融負債的目的為於近期購回，則該金融負債應分類為持作交易用途。此分類包括本集團根據國際會計準則第9號界定的對沖關係不被指定為對沖工具的衍生金融工具。獨立嵌入式衍生工具亦分類為持作交易用途，除非其被指定為有效的對沖工具則另作別論，持作交易用途的負債損益於損益表內確認。於損益表確認的公允價值收益或虧損淨額並不包括任何向該等金融負債所扣除的任何利息。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial liabilities** (continued)**Financial liabilities at fair value through profit or loss**

(continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 重大會計政策概要 (續)**金融負債** (續)**按公允值計入損益的金融負債** (續)

於初始確認後指定按公允值計入損益的金融負債，僅會於符合國際財務報告準則第9號的標準時於初始確認日期指定。指定按公允值計入損益的金融負債收益或虧損於損益表內確認，惟本集團擁有於其他全面收入內呈報且其後不會重新分類至損益表的信貸風險所產生的收益及虧損除外。於損益表內確認的公允值收益或虧損淨額並不包括該等金融負債收取的任何利息。

貸款及借貸

於初始確認後，計息貸款及借貸其後採用實際利率法以攤銷成本計量，除非折現影響並不重大，在此情況下，則按成本列賬。當負債終止確認並透過以實際利率法攤銷時，收益及虧損於損益表確認。

攤銷成本乃經考慮收購的任何折價或溢價及屬實際利率組成部分的費用或成本後計算。實際利率攤銷金額列入損益表的融資成本中。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting**Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 重大會計政策概要(續)**終止確認金融負債**

當負債項下的責任解除、註銷或屆滿，即終止確認金融負債。

倘現有的金融負債被另一項從同一貸款人按相當不同的條款訂定的金融負債取代，或現有負債的條款有相當修改，該項交換或修改乃被視作終止確認原負債並確認新負債，而各賬面值的差額乃於綜合損益表中確認。

抵銷金融工具

僅倘目前有可強制執行的法律權力抵銷已確認的金額，且有意按照淨額結清，或同時有意變現資產及結清負債，則可抵銷金融資產及金融負債及按淨值列報於財務狀況表中。

衍生金融工具及對沖會計處理**初始確認及其後計量**

本集團利用衍生金融工具，如外幣合約及利率掉期，以分別對沖其外幣風險及利率風險。該等衍生金融工具乃按訂立衍生工具合約當日的公允值初步確認，其後按公允值重新計量。當公允值為正數時，該等衍生工具入賬列為資產，當公允值為負數時，則列為負債。

商品購買合約凡符合國際財務報告準則第9號界定的衍生工具定義，其公允值會於損益表內確認為銷售成本。根據本集團預期採購、銷售或使用規定就收取或交付非金融項目而訂立及繼續持有的商品合約按成本值持有。

衍生工具公允值變動所產生的任何收益或虧損，直接列入損益表內，惟現金流量對沖的有效部分則於其他全面收益內確認，且於之後該對沖項目影響損益時重新分類至損益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derivative financial instruments and hedge accounting** (continued)**Initial recognition and subsequent measurement** (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 重大會計政策概要 (續)**衍生金融工具及對沖會計處理** (續)**初始確認及其後計量** (續)

就對沖會計而言，對沖分類為：

- 公允值對沖，即對沖某項已確認資產或負債的公允值變動風險或某項未確認已承諾承擔；或
- 現金流量對沖，即對沖現金流量變動風險，該風險屬某項已確認資產或負債或某項很可能發生的預計交易相關特定風險，或未確認的已承諾承擔的外匯風險；或
- 對沖於海外業務的投資淨額。

對沖關係開始時，本集團正式指定及以文件記錄本集團有意採用對沖會計處理的對沖關係、風險管理目標及其進行對沖的策略。

記錄文件應包含對沖工具、對沖項目的識別、被對沖風險的性質及實體如何評估對沖關係是否符合對沖有效性規定(包括其對沖無效性來源的分析及對沖比率如何釐定)。對沖關係於達成以下全部有效性規定時，方可合資格採用對沖會計處理：

- 對沖項目與對沖工具之間有「經濟關係」。
- 信貸風險的影響不會「主導」經濟關係引致的「價值變動」。
- 對沖關係的對沖比率與本集團實際對沖對沖項目的數量及實體實際使用以對沖對沖項目數量的對沖項目數量所引致者相同。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derivative financial instruments and hedge accounting** (continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.4 重大會計政策概要(續)**衍生金融工具及對沖會計處理(續)**

符合所有對沖會計處理標準的對沖如下：

現金流量對沖

對沖工具收益或虧損的有效部份在其他全面收入的現金流量對沖儲備內直接確認，而任何非有效部份即時在損益表內確認。現金流量對沖儲備調整至對沖工具累計收益或虧損與對沖項目公允值累計變動之間的較低者。

在其他全面收入內累積的金額視乎相關對沖交易的性質入賬。倘對沖交易其後導致確認非金融項目，於股權累積的金額則自股權的獨立構成部分移除，並計入對沖資產或負債的初始成本或其他賬面值。這並非為重新分類作出的調整，且不會於期內的其他全面收入內確認。倘一項非金融資產或非金融負債的對沖預測交易其後變成採用公允值對沖會計處理的堅定承諾，則亦可應用此做法。

任何其他現金流量對沖在其他全面收入累積的金額於對沖現金流量影響損益的同一期間或多個期間內重新分類至損益表為重新分類調整。

終止現金流量對沖會計處理時，倘預期仍會出現對沖未來現金流量，則在其他全面收入內累積的金額必須保留在累積其他全面收入內。否則，有關金額會即時在損益表內重新分類為重新分類調整。終止會計處理後，倘出現對沖現金流，任何保留在累積其他全面收入的金額會視乎上述相關交易性質入賬。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derivative financial instruments and hedge accounting** (continued)**Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.4 重大會計政策概要(續)**衍生金融工具及對沖會計處理(續)****公允值對沖**

對沖工具的公允值變動於損益表內確認為其他費用。與對沖風險相關的對沖項目公允值變動記錄為對沖項目的部分賬面值，並於損益表內確認為其他費用。

就與按攤銷成本列賬的項目相關的公允值對沖而言，賬面值調整會透過損益表在剩餘期間以有效利率法攤銷。有效利率攤銷可能於調整出現時立即開始，且不得遲於對沖項目不再調整與對沖風險相關的公允值變動時。倘對沖項目獲解除確認，未攤銷公允值會即時於損益表確認。

當未確認的堅定承諾被指定為對沖項目時，其後將與對沖風險相關的堅定承諾的公允值累計變動確認為資產或負債，而相關收益或虧損於損益表內確認。對沖工具的公允值變動亦於損益表內確認。

對沖投資淨額

對沖對海外業務的投資淨額(包括入賬為投資淨額部分的貨幣項目)按類似現金流量對沖的方式入賬。有關對沖有效部分的對沖工具收益或虧損於其他全面收入內確認，而任何有關無效部分的收益或虧損則於損益表內確認。出售海外業務時，任何於股權內記錄的該等收益或虧損累計值轉撥至損益表。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derivative financial instruments and hedge accounting** (continued)**Current versus non-current classification**

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.4 重大會計政策概要 (續)**衍生金融工具及對沖會計處理** (續)**流動與非流動分類**

並無指定為有效對沖工具的衍生工具乃根據對事實及情況的評估(即相關合約現金流量)分類為流動或非流動,或單獨列為流動及非流動部分。

- 當本集團預期持有衍生工具作為經濟對沖(而並無應用對沖會計處理方法)至超過報告期結束後十二個月期間,該衍生工具乃與相關項目的分類一致分類為非流動(或拆分列為流動及非流動部分)。
- 與主合約並非密切聯繫的嵌入式衍生工具乃與主合約的現金流量一致分類。
- 指定為及為有效對沖工具的衍生工具乃與相關對沖項目的分類一致分類。衍生工具僅於可作出可靠分配時拆分列為流動部分及非流動部分。

庫存股份

重新購入並由本公司或本集團持有的本身股本工具(庫存股份)按成本直接在權益中確認。概無就購買、銷售、發行或註銷本集團本身股本工具而於綜合損益表內確認收益或虧損。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Biological assets****Dairy cows**

Dairy cows, including milkable cows, heifers and calves, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of dairy cows is determined based on their present location and condition and is determined independently by a professional valuer.

The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for the raising of heifers and calves, and milkable cows during dry period, are capitalised, until such time as the heifers and calves, and milkable cows begin to produce milk.

Agricultural produce**Raw milk**

Agricultural produce represents raw milk. Raw milk is recognised at the point of harvest at its fair value less costs to sell. The fair value of raw milk is determined based on market prices in the local area.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- | | | |
|----------------|---|---|
| Raw materials | – | cost on a weighted average basis; |
| Finished goods | – | cost of direct materials and labour and a proportion of overheads based on the normal operating capacity on a weighted average basis. |

Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

2.4 重大會計政策概要(續)**生物資產****乳牛**

乳牛(包括奶牛、小母牛及小牛)於初步確認時及報告期末按公允值減銷售成本計量，所得收益或虧損於產生年度在綜合損益表內確認。銷售成本為出售資產直接應佔的增量成本(主要為運輸成本，融資成本及所得稅除外)。乳牛的公允值由專業估值師按其目前所處位置及狀況獨立釐定。

飼養成本及其他相關成本(包括飼養小母牛及小牛以及處於乾乳期的奶牛所產生的折舊開支、水電成本及消耗品)乃撥充資本，直至小母牛及小牛、奶牛開始產奶為止。

農產品**原奶**

農產品指原奶。原奶於出產時按公允值減銷售成本確認。原奶的公允值按當地市價釐定。

存貨

存貨以其成本值與可變現淨值兩者中的較低數額列賬。

將各產品運至現址並達致現狀產生的成本的會計處理方法如下：

- | | | |
|-----|---|---|
| 原材料 | – | 成本(按加權平均法計算)； |
| 成品 | – | 直接材料及直接人工成本，以及根據正常運作量比例計算的生產經常費用(按加權平均法計算)。 |

可變現淨值按估計售價減去完工及銷售所需的任何估計成本釐定。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

2.4 重大會計政策概要(續)**現金及現金等價物**

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金、價值變動風險極微及一般自購入後三個月內到期的短期高流動性投資，扣減須應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括用途不受限制的手頭現金及銀行存款（包括定期存款）及與現金性質相似的資產。

撥備

若因過往事項而令現時存在法定或推定債務，而且可能需要有資源外流以償付這些債務，且惟須能對債務數額作出可靠估計，則確認撥備。

倘折現影響重大，則確認的撥備額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而增加的折現現值，列作融資成本計入綜合損益表。

於業務合併中確認的或然負債按其公允值初步計量。其後以(i)根據上述計提準備的一般原則確認的金額；及(ii)初始確認金額扣減按照收入確認原則確認的累計攤銷金額（如適用）中較高者計量。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 重大會計政策概要(續)**所得稅**

所得稅包括即期及遞延稅項。損益賬外確認的相關所得稅項目，計入損益賬外的其他全面收益或直接計入權益。

即期所得稅

即期稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)按預期可收回的數額或支付予稅務機關的數額計算，並考慮本集團經營所在國家的現行詮釋及慣例。

遞延所得稅

於報告期末的資產及負債的稅基與其就財務報告而言的賬面值之間的所有暫時性差異，須按債務法計提遞延稅項撥備。

所有應課稅暫時性差異均會確認遞延稅項負債，惟下列各項除外：

- 倘遞延稅項負債產生自於商譽或非業務合併交易中資產或負債的初始確認，且於交易時對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的應課稅暫時性差異，倘可以控制撥回暫時性差異的時間，且該暫時性差異在可預見的將來將很可能不會撥回。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax** (continued)**Deferred income tax** (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 重大會計政策概要 (續)**所得稅** (續)**遞延所得稅** (續)

對於所有可扣減暫時性差異及結轉的未用稅項抵免及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異、結轉的未用稅項抵免及未用稅項虧損，則遞延稅項資產一律確認入賬，惟下列各項除外：

- 倘若有關可扣減暫時性差異的遞延稅項資產的起因，是產生於非業務合併交易中資產或負債的初始確認，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的可扣減暫時性差異，只有在暫時性差異有可能在可預見將來撥回，而且日後有可能出現應課稅利潤，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在各自報告期末予以審閱。若不再可能有足夠應課稅利潤用以抵扣遞延稅項資產的全部或部分金額，則扣減遞延稅項資產賬面值。並無確認的遞延稅項資產，在各自報告期末重新評估，若可能有足夠應課稅利潤可供收回全部或部分遞延稅項資產，則予確認。

變現資產或清償負債的期間預期適用的稅率，會用作計量遞延稅項資產及負債，並以報告期末已經頒佈或實質上已經頒佈的稅率（及稅法）為基準。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax (continued)****Deferred income tax (continued)**

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants**Grants relating to biological assets**

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in the consolidated statement of profit or loss when, and only when, the government grant becomes receivable. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, the Group recognises the government grant in the consolidated statement of profit or loss when, and only when, the conditions attaching to the government grant are met.

Other grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

2.4 重大會計政策概要(續)**所得稅(續)****遞延所得稅(續)**

倘若(及只有在)本集團擁有法律上可強制執行的權利以抵銷即期稅項資產及即期稅項負債,且遞延稅項資產及遞延稅項負債與同一徵稅機關就同一應課稅實體或有意按淨額基準清償即期稅項負債及資產,或能在預期清償或收回大額遞延稅項負債或資產的每個未來期間內同時變現資產並清償負債的不同應課稅實體徵收之所得稅有關時,方能抵銷遞延稅項資產及遞延稅項負債。

政府補助金**與生物資產有關的補助金**

與按公允值減銷售成本計量的生物資產有關的無條件政府補助金於(及只會於)預期可收到時在綜合損益表確認。倘與按公允值減銷售成本計量的生物資產有關的政府補助金為有條件,本集團則於(及只會於)符合該政府補助金的附帶條件時在綜合損益表確認該政府補助金。

其他補助金

倘有相當把握將會收到補助金及將符合所有附帶條件時,政府補助金即按公允值確認入賬。若補助金與支出項目有關,即於所擬補償的成本的支銷期間內有系統地確認為收入。

倘補助金與資產有關,即將其公允值計入遞延收益賬戶,並於有關資產的預計可使用年期內,以等額年金調撥往綜合損益表或從資產賬面值中扣減並以經扣減折舊開支調撥往綜合損益表。

倘本集團收取非貨幣資產補助,此補助按非貨幣資產的公允值入賬,並於有關資產的預計可使用年期內,以等額年金調撥往綜合損益表。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Government grants** (continued)**Other grants** (continued)

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition (applicable from 1 January 2018)**Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 重大會計政策概要(續)**政府補助金(續)****其他補助金(續)**

當本集團因興建合資格資產而收取免息或低於市場利率的政府貸款，則政府貸款的初步賬面值採用實際利率法釐定(上文有關「金融負債」的會計政策中有進一步解釋)。所授出免息或低於市場利率的政府貸款的利益(即貸款的初步賬面值與所收取款項的差額)視為政府補助金並於有關資產的預計可使用年內，以等額年金調撥往綜合損益表。

收入確認(二零一八年一月一日起適用)**來自客戶合約的收入**

來自客戶合約的收入於商品或服務的控制權轉讓予客戶時確認，該金額能反映本集團預期就交換該等商品或服務有權獲得的代價。

當合約中的代價包含可變金額時，代價金額於本集團向客戶轉讓商品或服務而有權進行交換時估計。可變代價於合約開始時估計並受到約束，直至與可變代價相關的不確定因素其後得到解決時，確認的累積收入金額極有可能不會發生重大收入撥回。

當合約中包含融資成分，該融資成分為客戶提供超過一年的商品或服務轉讓融資的重大利益時，收入按應收款項的現值計量，並使用貼現率折現，而該貼現率將反映在本集團與客戶在合約開始時的單獨交易中。當合約中包含融資部分，該融資部分為在本集團提供了一年以上的重大財務利益時，合約項下確認的收入包括按實際利息法在合約負債上加算的利息開支。就客戶付款至轉讓承諾商品或者服務的期限為一年或者更短的合約而言，交易價格採用國際財務報告準則第15號中實際權宜措施，不會對重大融資部分的影響作出調整。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition (applicable from 1 January 2018)** (continued)**Revenue from contracts with customers** (continued)

- Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with rights of return. The rights of return give rise to variable consideration.

- Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- Consigned processing services

Revenue from the consigned processing service is recognised when dairy and nourishment products is delivered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

2.4 重大會計政策概要 (續)**收入確認** (二零一八年一月一日起適用) (續)**來自客戶合約的收入** (續)

- 銷售商品

銷售商品的收入於資產控制權轉讓至客戶的時間點確認，一般為交付產品時。

個別銷售產品的合約訂明客戶有權退貨，退貨權利產生可變代價。

- 退貨權利

就訂明客戶有權於指定期間內退貨的合約，使用預期價值法估計不會被退回的商品，原因是此方法最能預計本集團有權收取的可變代價金額。國際財務報告準則第15號有關限制可變代價估計的規定已應用於釐定計入交易成本內的可變代價金額。預期會被退回的商品會確認有關退款負債，而非收入。退貨權資產（及對銷售成本作出的相應調整）亦就向客戶收回產品的權利予以確認。

- 委託加工服務

委託加工服務收入於交付乳製品及營養品時確認。

來自其他來源的收入

租金收入按租期時間比例確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition (applicable from 1 January 2018)** (continued)**Other income**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

Rental income

Revenue is recognised on a time proportion basis over the lease terms.

Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive payment has been established.

2.4 重大會計政策概要(續)**收入確認(二零一八年一月一日起適用)**
(續)**其他收入**

在利息產生時確認採用實際利率法計算的利息收入，所使用比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間(如適用)折現至金融資產賬面淨值的折現率。

股息收入於股東收取付款的權利確立，與股息相關的經濟利益很可能會流向本集團，以及股息金額可可靠地計量時確認。

收入確認(二零一八年一月一日前適用)

收入於經濟利益很可能流入本集團及能夠可靠地計量時按下列準則確認入賬：

貨品銷售

當所有權附帶的重大風險及回報轉給買家，且本集團不再對所售貨品具有通常與所有權有關的管理權，亦無實際控制權時即確認收入。

租金收入

收入按租期時間比例確認。

利息收入

在利息產生時確認採用實際利率法計算的利息收入，所使用比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間(如適用)折現至金融資產賬面淨值的折現率。

股息

股東收取款項的權利得以確立時確認收入。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Contract liabilities (applicable from 1 January 2018)**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right-of-return assets (applicable from 1 January 2018)

A right-of-return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned goods.

Refund liabilities (applicable from 1 January 2018)

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits**Retirement benefits**

The Group's subsidiaries operating in the People's Republic of China except for Hong Kong and Macau ("Mainland China") participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

2.4 重大會計政策概要(續)**合約負債(二零一八年一月一日起適用)**

合約負債指本集團因已向客戶收取代價，或代價款項已到期而須向客戶轉讓商品或服務的責任。倘客戶於本集團將貨品或服務轉讓予客戶前支付代價，則於作出付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團履行合約時確認為收入。

退貨權資產(二零一八年一月一日起適用)

退貨權資產指本集團有權收回預期客戶退回的商品。資產按退回商品的前賬面值計量，減去任何收回商品的預期成本，包括退回商品的潛在價值減幅。本集團就其預期退貨水平的任何修改及退貨價值額外減幅更新所記錄資產的計量。

退款負債(二零一八年一月一日起適用)

退款負債是向客戶退回部分或全部已收(或應收)代價的責任，按本集團最終預期須向客戶退款的金額計量。本集團於各報告期末更新有關退款負債(及交易價格相應變動)的估計。

僱員福利**退休福利**

本集團在中華人民共和國(香港及澳門除外)(「中國大陸」)營運的子公司，參與其營業所在地的地方政府管理的中央界定供款退休福利計劃，有關供款乃根據公司薪金費用的某百分比計算，並根據中央界定供款退休福利計劃的規則，在其應付時在綜合損益表內支銷。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Employee benefits** (continued)**Retirement benefits** (continued)

The Company also participates in the defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Share-based payments

The Company operates share option scheme and share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 重大會計政策概要(續)**僱員福利(續)****退休福利(續)**

本公司亦根據強制性公積金計劃條例就其僱員參與香港一項界定供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的某個百分比計算，並根據強積金計劃的規則，於應付時在綜合損益表內支銷。強積金計劃的資產乃以獨立於本集團的一項獨立管理基金持有。本集團就強積金計劃作出僱主供款時，供款全數歸屬僱員。

以股份為基礎的支付

本公司採納一項購股權計劃及股票獎勵計劃，藉此對本集團業務有貢獻的合資格參與者作出鼓勵及獎賞。本集團僱員(包括董事)會收取以股份為基礎的支付形式的酬金，而僱員會提供服務作為換取股本工具的代價(「股權結算交易」)。

與僱員進行的股權結算交易的成本乃參考授出權利當日的公允值計算。

股權結算交易的成本連同權益的相應增加會於業績及服務條件達成的期間內於僱員福利費用內確認。歸屬日之前的各報告期末就股權結算交易確認的累計支出反映歸屬期屆滿的部分以及本集團對最終將歸屬的股本工具數目的最佳估計。期間內於綜合損益表扣除或計入的數額指於該期間期初及期終已確認累計支出的變動。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Employee benefits** (continued)**Share-based payments** (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 重大會計政策概要 (續)**僱員福利** (續)**以股份為基礎的支付** (續)

釐定獎勵的授出日期公允值時並不計及服務和非市況表現條件，但將評估條件獲達成的機會率，作為本集團對最終將歸屬的股權工具數目的最佳估計一部分。市況表現條件在授出日期公允值內反映。在一項獎勵上附加但不設相關服務要求的任何其他條件被視為非歸屬條件。非歸屬條件在一項獎勵的公允值內反映，並導致一項獎勵的即時支銷，除非同時存在其他服務及／或表現條件。

對因非市場表現及／或服務條件未達成而最終未有歸屬的獎勵而言，將不會確認開支。如獎勵附帶市況或非歸屬條件，則在該情況下，不論是否達到該市況或非歸屬條件，該交易均會視作歸屬處理，惟所有其他業績及／或服務條件必須獲達成。

股權結算報酬條款修訂時，倘符合報酬的原有條款，需按條款並無進行修訂的情形確認最少的支出。此外，倘任何修訂導致於修訂日期所計量的以股份為基礎的支付的總公允值增加或以其他方式令僱員受惠，則所產生的任何額外支出予以確認。

股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未達致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 重大會計政策概要(續)**借貸成本**

若借貸成本直接屬於購買、興建或生產合資格資產(即需要相當長時間才可擬定用途或出售的資產),即撥充資本作為該等資產成本的一部分,而當相關資產大致達到擬定用途或出售時,即不再把該等借貸成本撥充資本。用以支付合資格資產的特定借款的臨時投資所賺取的投資收益從撥充資本的借貸成本中扣除。所有其他借貸成本皆於產生期間支銷。借貸成本包括利息及實體因資金借貸而產生的其他成本。

倘資金屬一般借貸並用於取得合資格資產,則個別資產開支將按比率撥作資本。

股息

期末股息於獲股東於股東大會上批准後確認為負債。擬派期末股息於財務報表附註中披露。

由於本公司的組織章程大綱及細則授權董事宣派中期股息,故中期股息同時建議及宣派。因此,中期股息在建議及宣派時即時確認為負債。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currencies**

Each entity in the Group determines its own functional currency based on the assessment of its specific facts and circumstances. The Company, established in the Cayman Islands, uses the Hong Kong dollar as its functional currency. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 重大會計政策概要(續)**外幣**

本集團各實體按其特定實況及情況釐定其功能貨幣。本公司於開曼群島成立，功能貨幣為港元。由於本集團主要於中國大陸營業，故使用人民幣為本集團的呈列貨幣。由本集團實體記錄的外幣交易最初以交易當日各通行功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於綜合損益表確認。

貨幣項目結算或換算產生的差額於綜合損益表確認，惟指定對沖本集團海外業務投資淨額一部分的貨幣項目除外。該等貨幣項目於其他全面收益確認，直至投資淨額獲出售，屆時累計金額重新分類至綜合損益表。就該等貨幣項目匯兌差額應佔稅項支出及抵免亦計入其他全面收益。

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公允值計量的非貨幣項目，須按計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理(即已於其他全面收益或損益確認的項目的公允值收益或虧損，其換算差額亦分別於其他全面收益或損益確認)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currencies** (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain entities comprising the Group are currencies other than RMB. As at the reporting date, the assets and liabilities of companies whose functional currency differs from the presentation currency are translated into RMB at the rates of exchange prevailing at the end of the reporting period and their statements of profit or loss are translated at the weighted average exchange rates for the reporting period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 重大會計政策概要(續)**外幣(續)**

於終止確認涉及預付代價的非貨幣資產或非貨幣負債時，為了確定相關資產、開支或收入於初始確認時的匯率，初始交易日期為本集團初始確因預付代價產生的非貨幣性資產或非貨幣性負債的日期。倘支付或收受多項預付代價，則本集團就支付或收受每項預付代價確定交易日期。

本集團旗下若干實體的功能貨幣為人民幣以外的貨幣。於報告日期，倘公司的功能貨幣與呈列貨幣不同，其資產及負債乃按報告期末通行的匯率換算為人民幣，而損益表則按該報告期間的加權平均匯率換算。

因此產生的匯兌差額乃於其他全面收益內確認並於權益的一個獨立組成部分內累計。出售外國業務時，與該特定外國業務有關的其他全面收益的組成部分於綜合損益表內確認。

就綜合現金流量表而言，海外子公司的現金流量按產生現金流量當日的適用匯率換算為人民幣。海外子公司全年經常產生的現金流量則按當年的加權平均匯率換算為人民幣。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determining the method to estimate variable consideration and assessing the constraint for the sale of dairy products when recognising revenue from contracts with customers

Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

3. 重大會計判斷及估計

管理層於編製本集團的財務報表時，須作出影響收入、開支、資產及負債報告金額及其隨附披露事項，以及或然負債的披露的判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致須於未來對受影響的資產或負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策的過程中，管理層已作出以下判斷(除涉及估值的項目外)，乃對財務報表內已確認金額構成最重大影響：

於確認來自客戶合約收入時，釐定估計可變代價的方法及評估出售乳製品的限制

若干出售商品的合約包括退貨權利引發可變代價。於估計可變代價時，本集團須根據何種方法可更好地預測其有權收取的代價金額來使用預期價值法或最可能金額法。

本集團確認，鑑於有大量特徵類似的客戶合約，預期價值法為估計出售有退貨權商品的可變代價時使用的適當方法。

於任何可變代價金額計入交易價格前，本集團會考慮可變代價金額是否受到限制。本集團根據其過經濟、業務預測及當前經濟狀況釐定可變代價的估計是否受到限制。此外，可變代價的不確定因素將於短時間內解決。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Judgements** (continued)**Withholding tax arising from the distribution of dividends**

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries whose equity interests are directly held by oversea parent companies according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether those oversea parent companies will be determined to be Chinese resident enterprises by the PRC governing tax authorities in the future. Management considered that it is not probable that those PRC subsidiaries will distribute profits earned from 1 January 2008 to 31 December 2018 in the foreseeable future, and accordingly no provision for withholding tax was made in 2018. Where the final outcome of these matters is different from the amounts originally determined, the difference will impact the deferred tax provision in the period in which the differences realise.

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain machinery. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not bear all the significant risks and rewards of ownership of these machinery and accounts for the contracts as operating leases.

Non-consolidation of an entity in which the Group holds more than a 50% equity interest

The Group considers that it has no control over China Modern Dairy Holdings Ltd. ("China Modern Dairy"), even though it held a 60.77% equity interest as at 31 December 2018. This is because the Group held less than 50% of the voting rights. Further details are contained in note 22 to the financial statements.

3. 重大會計判斷及估計(續)**判斷(續)****分派股息產生的預扣稅**

本集團根據相關稅務機關的規定計提從若干子公司(其股權由海外母公司直接持有)分派股息所產生的預扣稅，是否計提取決於股息支付的時間或該等海外母公司在未來期間是否被中國政府稅務當局認定為中國居民企業納稅人。管理層認為在可預見的未來，該等中國子公司將不大可能分派於二零零八年一月一日至二零一八年十二月三十一日所賺取的利潤，因此二零一八年並無計提額外預扣稅。倘該事件的最終結果有別於當初釐定的金額，差異將影響差異產生的期間所計提的遞延稅項。

經營租賃承擔 – 本集團作為承租人

本集團已就若干機器訂立商業租約。本集團根據對該等安排的條款及條件進行評估，已決定不會承擔此等機器所有權的所有重大風險及回報，並將合約歸類為經營租賃。

未合併 – 一間本集團持有超過50%股權的實體

儘管其於二零一八年十二月三十一日持有中國現代牧業控股有限公司(「中國現代牧業」)的60.77%股權，本集團認為其對該公司並無控制權。此乃由於本集團持有少於50%的投票權。進一步詳情載於財務報表附註22。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for sales returns

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns semiannually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns entitlements may not be representative of customers' actual returns entitlements in the future. As at 31 December 2018, the amount recognised as refund liabilities was RMB29,365,000 for the expected returns.

Impairment of goodwill and trademarks with indefinite useful lives

The Group determines whether goodwill and trademarks with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) or the fair value of a trademark to which the goodwill and trademarks with indefinite useful lives are allocated. Estimating the value in use and fair value requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash – generating units) or a trademark and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill and trademarks with indefinite useful lives are given in note 21 to the financial statements.

3. 重大會計判斷及估計(續)**估計的不確定性**

對未來事項的主要假設及於報告期末估計的不確定性的其他主要來源(存有重大風險可能導致資產及負債賬面值須於下一財政年度內作出重大調整者)於下文論述。

銷售退貨的可變代價

本集團就出售有退貨權商品計入交易價的可變代價作出估計。

本集團為預測銷售退貨製訂統計模式。該模式利用每項產品過往的退貨數據得出預期退貨百分比，再應用有關百分比於釐定可變代價的預期價值。經驗與過往退貨模式之間如有重大變動，均會對本集團估計的預期退貨百分比構成影響。

本集團每半年更新一次有關預期退貨的評估，並據此調整退款負債。預期退貨的估計數字對環境變化相當敏感，本集團過去有關退貨權利的經驗或不能代表客戶未來的實際退貨權利。於二零一八年十二月三十一日，就預期退貨確認為退款負債的金額為人民幣29,365,000元。

商譽及無限年期商標減值

本集團每年最少一次釐定商譽及無限年期商標是否減值。釐定商譽及無限年期商標是否減值須估計獲分派商譽及無限年期商標的現金產生單位或現金產生單位組別的使用價值或商標的公允值。估計使用價值及公允值時，本集團須估計預期來自現金產生單位或現金產生單位組別或商標之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。商譽及無限年期商標詳情請參閱財務報表附註21。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty** (continued)**Provision for expected credit losses on trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 27 to the financial statements.

Impairment of non-financial assets (other than goodwill and trademarks with indefinite useful lives)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. 重大會計判斷及估計(續)**估計的不確定性(續)****應收賬款預期信貸虧損的撥備**

本集團採用撥備矩陣計算應收賬款的預期信貸虧損。撥備矩陣最初根據本集團過往觀察所得的欠款比率。本集團按前瞻性資料校正有關矩陣，以調整過往的信貸虧損經驗。例如，倘預期經濟環境預測(即國民生產總值)於下一年度轉差，以致行業的欠款數目增加，便會對過往的欠款比率作出調整。於各報告期末，過往觀察所得的欠款比率均會更新，並分析前瞻性估計的變動。

過往觀察所得的欠款比率、經濟環境預測與預期信貸虧損之間的相互關係評估是一項重要估計。預期信貸虧損的金額對環境變化及經濟環境預測相當敏感。本集團過去的信貸虧損經驗及經濟環境預測或不能代表客戶未來的實際欠款情況。有關本集團應收賬款預期信貸虧損的資料披露於財務報表附註27。

非金融資產(商譽及無限年期商標除外)減值

於每個報告期末，本集團評估所有非金融資產是否存在任何減值跡象。倘有跡象顯示非金融資產的賬面值可能無法收回時，將對該等資產進行減值測試。減值存在於當某一資產或某一現金產生單位的賬面值超過其可收回金額時，即其公允值減其銷售成本與其使用價值的較高者。公允值減銷售成本的計算基於在相似資產公平交易中，可獲得的具約束性銷售交易信息或可觀察市場價格減處置該資產的增量成本。計算使用價值時，管理層須估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的折現率，以計算現金流量的現值。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty** (continued)**Business combinations and goodwill**

When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Management estimation is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. The fair values of the identifiable assets acquired and the liabilities assumed are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Management must estimate the expected future cash flows and discount rate in order to calculate the fair values.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and all unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, which affects the probability of utilisation and the tax rate to be used in the calculations. Details of deferred tax assets are contained in note 23 to the financial statements.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Details of share-based payments are contained in notes 41 and 42 to the financial statements.

3. 重大會計判斷及估計(續)**估計的不確定性(續)****業務合併及商譽**

倘本集團完成業務合併，則所收購的可識別資產及所承擔的負債按其公允值確認。管理層於釐定所收購資產、所承擔負債、購買代價的公允值，以及分配可識別資產及負債的購買代價時須作出估計。所收購的可識別資產及所承擔的負債的公允值運用估值技術(包括貼現現金流模式)釐定。此等模式所用數據在可能情況下從可觀察市場取得，惟在不可行情況下，則須作出判斷及估計以釐定公允值。管理層須估計未來現金流量及折現率以計算公允值。

遞延稅項資產

遞延稅項資產就所有可扣減暫時性差異及所有未用稅項虧損加以確認，惟僅限於日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異及未用稅項虧損的情況。釐定可予確認的遞延稅項資產金額時，須就會影響可用作扣減的可能性及用於計算的稅率的日後應稅利潤的大致時間及水平，作出重要的管理層判斷。遞延稅項資產的詳情請參閱財務報表附註23。

以股份為基礎的支付

本集團計量與僱員的股權結算交易的成本時乃參考權益工具授出當日的公允值。估算公允值須釐定授出權益工具(視乎授出的條款及條件)的最合適估值模式，亦須釐定估值模式最適合的輸入數據，包括購股權的預計年期、波動率及股息率，以及就此作出假設。以股份為基礎的支付的詳情列於財務報表附註41及42。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty** (continued)**Fair value of dairy cows**

The Group's dairy cows are valued at fair value less costs to sell. The fair value of dairy cows is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of the dairy cows; or the present value of expected net cash flows from the dairy cows discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the dairy cows significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of dairy cows. Details of assumptions used are disclosed in note 24.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Liquid milk products segment – manufacture and distribution of ultra-high temperature milk (“UHT milk”), milk beverages and yogurt;
- Ice cream products segment – manufacture and distribution of ice cream;
- Milk powder products segment – manufacture and distribution of milk powder; and
- Others segment – principally the Group's cheese, plant-based nutrition products and trading business.

3. 重大會計判斷及估計(續)**估計的不確定性(續)****乳牛的公允值**

本集團的乳牛乃按公允值減銷售成本估值。乳牛的公允值乃按報告期末的市場定價釐定，並參考品種、年齡、生長狀況、所招致成本及預期產奶量作出調整，以反映乳牛的不同特點及／或生長階段；或如沒有市場定價，則以來自乳牛的按現行市場利率貼現的預期現金流量淨額的現值；或在適當情況下按成本釐定。任何估計變動均可能顯著影響乳牛的公允值。獨立合資格專業估值師及管理層定期複核各項假設及估計，以識別乳牛公允值的任何重大變動。所用假設詳情披露於附註24。

4. 經營分部資料

出於管理需要，本集團按產品及服務構組業務單元，共有下列四個可報告經營分部：

- 液態奶產品分部－生產及經銷超高溫滅菌奶(「UHT奶」)、乳飲料及酸奶；
- 冰淇淋產品分部－生產及經銷冰淇淋；
- 奶粉產品分部－生產及經銷奶粉；及
- 其他分部－主要為本集團奶酪、植物基營養品及貿易業務。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, share of losses of associates, income tax expense, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude equity investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. 經營分部資料(續)

管理層獨立監察本集團各經營分部的業績，以作出有關資源分配及表現評估的決策。分部表現乃根據可報告分部利潤／虧損（其為對經調整稅前利潤／虧損的一種計量）予以評估。經調整稅前利潤／虧損與本集團的稅前利潤／虧損計量方式一致，惟利息收入、融資成本、應佔聯營公司虧損、所得稅支出及總部及公司支出不包含於該計量內。

分部資產並不包括股本投資，以及其他不分部的總部及公司資產，因為此等資產按集團層面管理。

分部負債並不包括其他不分部的總部及公司負債，因為此等負債按集團層面管理。

分部間銷售及轉讓乃參考以當時市價向第三者銷售所採用的售價進行交易。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2018

4. 經營分部資料(續)

截至二零一八年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (note 5)	分部收入(附註5)					
Sales to external customers	銷售予外部客戶					
	分部間銷售	59,388,601	2,723,407	6,017,417	847,641	68,977,066
Intersegment sales	分部收益	624,098	112,660	-	404,774	1,141,532
		60,012,699	2,836,067	6,017,417	1,252,415	70,118,598
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,141,532)
Revenue	收入					68,977,066
Segment results	分部業績	3,531,601	(73,881)	207,991	(30,665)	3,635,046
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					868,257
Finance costs	融資成本					(550,662)
Share of losses of associates	應佔聯營公司虧損					(299,935)
Corporate and other unallocated expenses	公司及其他 不分部支出					200,016
Profit before tax	稅前利潤					3,852,722
Income tax expense	所得稅支出					(649,001)
Profit for the year	本期利潤					3,203,721
Segment assets	分部資產	41,610,178	1,976,935	15,468,072	670,430	59,725,615
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(13,248,319)
Corporate and other unallocated assets	公司及其他 不分部的資產					19,979,961
Total assets	總資產					66,457,257
Segment liabilities	分部負債	20,424,553	2,382,259	5,118,045	1,119,178	29,044,035
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(13,248,319)
Corporate and other unallocated liabilities	公司及其他不 分部的負債					20,197,262
Total liabilities	總負債					35,992,978

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2018

4. 經營分部資料(續)

截至二零一八年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other segment information:	其他分部資料：					
Depreciation and amortisation	折舊及攤銷	1,179,948	124,191	211,744	36,343	1,552,226
Unallocated amounts	不分部金額					286,225
Total depreciation and amortisation	總折舊及攤銷					1,838,451
Capital expenditure	資本支出	2,826,508	241,828	408,972	10,823	3,488,131
Unallocated amounts	不分部金額					284,137
Total capital expenditure*	總資本支出*					3,772,268
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	96,430	1,755	47,699	64	145,948
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(2,657)	-	(17,908)	(44)	(20,609)
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	93,773	1,755	29,791	20	125,339
Expense relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的開支	82,718	10,184	7,272	1,300	101,474
Unallocated amounts	不分配金額					54,915
Total non-cash expenses relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的非現金支出總額					156,389

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2017

4. 經營分部資料(續)

截至二零一七年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue:	分部收入：					
Sales to external customers	銷售予外部客戶					
	分部間銷售	53,014,983	2,513,086	4,042,063	585,490	60,155,622
Intersegment sales	分部收益	711,788	116,218	-	304,507	1,132,513
		53,726,771	2,629,304	4,042,063	889,997	61,288,135
<i>Reconciliation:</i>	<i>調整：</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,132,513)
Revenue	收入					60,155,622
Segment results	分部業績	3,753,841	(210,645)	(262,572)	(93,885)	3,186,739
<i>Reconciliation:</i>	<i>調整：</i>					
Interest income	利息收入					584,011
Finance costs	融資成本					(399,872)
Share of losses of associates	應佔聯營公司虧損					(531,587)
Corporate and other unallocated expenses	公司及其他不 分部支出					(214,330)
Profit before tax	稅前利潤					2,624,961
Income tax expense	所得稅支出					(594,283)
Profit for the year	本期利潤					2,030,678
Segment assets	分部資產	35,685,811	2,056,731	12,944,969	663,834	51,351,345
<i>Reconciliation:</i>	<i>調整：</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(11,223,810)
Corporate and other unallocated assets	公司及其他不分部的資產					17,813,280
Assets related to a disposal group	涉及處置組的資產					197,916
Total assets	總資產					58,138,731
Segment liabilities	分部負債	17,946,490	2,206,829	3,206,490	1,031,113	24,390,922
<i>Reconciliation:</i>	<i>調整：</i>					
Elimination of intersegment payables	對銷分部間應付款項					(11,223,810)
Corporate and other unallocated liabilities	公司及其他不分部的負債					17,861,632
Liabilities related to a disposal group	涉及處置組的負債					2,864
Total liabilities	總負債					31,031,608

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2017

4. 經營分部資料(續)

截至二零一七年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other segment information:	其他分部資料：					
Depreciation and amortisation	折舊及攤銷	1,206,571	141,799	236,196	38,474	1,623,040
Unallocated amounts	不分部金額					80,810
Total depreciation and amortisation	總折舊及攤銷					1,703,850
Capital expenditure	資本支出	1,975,594	231,965	182,400	20,363	2,410,322
Unallocated amounts	不分部金額					4,240,527
Total capital expenditure*	總資本支出*					6,650,849
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	68,616	4,299	104,719	1,808	179,442
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(1,364)	(888)	(807)	(20)	(3,079)
Impairment losses recognised/(reversed) in the consolidated statement of profit or loss	於綜合損益表確認/(撥回)的減值虧損	67,252	3,411	103,912	1,788	176,363
Unallocated amounts relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的不分部金額					56,126
Total non-cash expenses relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的非現金支出總額					56,126

* Capital expenditure consists of cash paid for the purchase of property, plant and equipment, construction in progress, intangible assets, land use rights, biological assets, equity interests in subsidiaries, associates and other equity investments.

* 資本開支包括添置物業、廠房及設備、在建工程、無形資產、土地使用權、生物資產以及子公司、聯營公司及其他股本投資的股權所支付的現金。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

4. OPERATING SEGMENT INFORMATION

(continued)

Geographical information

- a. Revenue from external customers**
Over 90% of the revenue is contributed by customers in Mainland China.
- b. Non-current assets**
Over 90% of the Group's non-current assets are located in Mainland China.

Information about major customers

There was no sales to a single customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2018 and 2017.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the revenue is as follows:

4. 經營分部資料(續)**地區資料**

- a. 來自外部客戶的收入**
90%以上的收入來自位於中國大陸的客戶。
- b. 非流動資產**
本集團90%以上的非流動資產位於中國大陸。

主要客戶資料

截至二零一八年及二零一七年十二月三十一日止年度，並無向單一客戶的銷售佔本集團收入10%或以上。

5. 收入、其他收入及收益

收入的分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue from contracts with customers:	來自客戶合約的收入：		
Sale of goods	銷售貨物	68,895,850	60,155,622
Consigned processing services	委託加工服務	81,216	-
		68,977,066	60,155,622

NOTES TO FINANCIAL STATEMENTS 財務報表附註

5. REVENUE, OTHER INCOME AND GAINS

(continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services:	商品或服務種類：					
Sales of goods	銷售貨物	59,388,601	2,723,407	5,936,201	847,641	68,895,850
Consigned processing service	委託加工服務	-	-	81,216	-	81,216
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066
Timing of revenue recognition:	確認收入的時間：					
Goods transferred at a point in time	於某一時間點轉讓的商品	59,388,601	2,723,407	5,936,201	847,641	68,895,850
Services transferred at a point in time	於某一時間點轉讓的服務	-	-	81,216	-	81,216
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066

5. 收入、其他收入及收益(續)

來自客戶合約的收入

(i) 分類收入信息

截至二零一八年十二月三十一日止年度

NOTES TO FINANCIAL STATEMENTS 財務報表附註

5. REVENUE, OTHER INCOME AND GAINS

(continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2018

5. 收入、其他收入及收益(續)

來自客戶合約的收入(續)

(i) 分類收入信息(續)

來自客戶合約的收入與分部資料披露金額的對賬如下：

截至二零一八年十二月三十一日止年度

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue from contracts with customers	來自客戶合約的收入					
External customers	外部客戶	59,388,601	2,723,407	6,017,417	847,641	68,977,066
Intersegment sales	分部間銷售	624,098	112,660	-	404,774	1,141,532
		60,012,699	2,836,067	6,017,417	1,252,415	70,118,598
Intersegment adjustments and eliminations	分部間調整及對銷	(624,098)	(112,660)	-	(404,774)	(1,141,532)
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066

NOTES TO FINANCIAL STATEMENTS 財務報表附註

5. REVENUE, OTHER INCOME AND GAINS

(continued)

Revenue from contracts with customers (continued)**(i) Disaggregated revenue information (continued)**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		2018 二零一八年 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	於報告期初計入合約負債之收入確認：	
Sale of goods	銷售商品	1,843,166
Revenue recognised from performance obligation satisfied in previous periods:	於過往期間達成的履約責任之收入確認：	
Sale of goods not previously recognised due to constraints on variable consideration	由於代價限制過往尚未確認之商品銷售	36,894

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is paid in advance or due within a credit limits which is adjustable in certain circumstances. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

Consigned processing service

The performance obligation is satisfied upon completion of the consigned processing service and delivery of the processed products and payment is generally due within 90 days from delivery.

5. 收入、其他收入及收益(續)**來自客戶合約的收入(續)****(i) 分類收入信息(續)**

下表顯示於本報告期間收入確認之金額，其於報告期初計入合約負債及於過往期間達成的履約責任確認：

(ii) 履行責任

有關本集團履行責任的資料概述如下：

銷售貨物

履行責任於交付貨品及於可予調整的信貸期限內預先或到期支付款項時達成。個別合約訂明客戶有權退貨，產生須受限制的可變代價。

委託加工服務

履行責任於完成委託加工服務完成及交付加工產品後達成，款項一般於送貨後90日內到期。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

5. REVENUE, OTHER INCOME AND GAINS

(continued)

5. 收入、其他收入及收益(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Other income and gains	其他收入及收益		
Government grants related to	政府補助金		
– Recognition of deferred income (note 36)	– 與確認遞延收入有關(附註36)	115,945	85,354
– Income and biological assets (note a)	– 與收入及生物資產有關(註a)	203,667	100,262
Gain on disposal of a disposal group classified as held for sale (note 12)	出售分類為持有待售的處置組收益(附註12)	44,147	–
Promotion service income (note b)	宣傳服務收入(註b)	–	17,000
Gross rental income	租金總收入	49,280	36,693
Foreign exchange gains, net	匯兌收益淨額	14,384	–
Net fair value gain on forward currency contracts (note 34(b))	遠期外幣合約公允值收益淨額(附註34(b))	2,232	1,483
Net fair value gain on exchangeable bonds (note 32(e))	可交換債券公允值收益淨額(附註32(e))	58,009	2,363
Net fair value gain on a convertible promissory note (note 25(c))	可換股承兌票據之公允值收益淨額(附註25(c))	61	3,711
Net fair value gain on subscription right of warrants (note 25(e))	認股權證之認購權的公允值收益淨額(附註25(e))	5,593	–
Gain on re-measurement of an equity interest in an associate upon business acquisition (note c)	於業務收購後重新計量聯營公司股權的收益(註c)	101,038	–
Others	其他	141,899	91,313
		736,255	338,179

NOTES TO FINANCIAL STATEMENTS 財務報表附註

5. REVENUE, OTHER INCOME AND GAINS

(continued)

Notes:

- (a) The government grants in the form of cash donations have been received for the Group's contribution to the development of the local dairy industry. There are no unfulfilled conditions or contingencies attaching to these grants.
- (b) This represented promotion service income from Danone Asia Pacific Holdings Pte. Ltd. ("Danone") and Arla Foods amba during 2017.
- (c) During 2018, Junlebao, a 51% indirectly owned subsidiary of the Group, acquired an additional 43.41% equity interest in Banner Dairy from third parties, increasing Junlebao's interest in Banner Dairy to 65.16%. After the acquisition, the Group controlled Banner Dairy and accordingly consolidated Banner Dairy. On the acquisition date, the Group re-measured its previously held equity interest in Banner Dairy at fair value and recognised a gain of RMB101,038,000 in the consolidated statement of profit or loss. Further details of the acquisition are included in note 44 to the financial statements.

5. 收入、其他收入及收益(續)

註：

- (a) 本集團因對當地乳業發展有所貢獻，故獲現金捐獻形式的政府補助金。該等補助金並無附帶任何未達成的條件或或然事項。
- (b) 此處指二零一七年內來自 Danone Asia Pacific Holdings Pte. Ltd. (「Danone」) 及 Arla Foods amba 的宣傳服務收入。
- (c) 於二零一八年，本公司間接擁有51%權益的子公司君樂寶向第三方收購旗幟乳品額外43.41%權益，令君樂寶於旗幟乳品的權益增加至65.16%。於收購後，本集團控制旗幟乳品並因此合併旗幟乳品。於收購日，本集團公允值重新計量過往於旗幟乳品持有的股權，於綜合損益表確認人民幣101,038,000元的收益。進一步收購詳情已納入財務報表附註44。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

6. OTHER EXPENSES

6. 其他費用

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Donations	捐贈支出	28,637	20,555
Fair value change of biological assets (note 24)	生物資產公允值變動 (附註24)	152,777	63,099
Loss on disposal of items of property, plant and equipment	處置物業、廠房及設備虧損	29,981	28,280
Provision for construction in progress (note 16)	在建工程撥備(附註16)	-	256
Provision for property, plant and equipment (note 15)	物業、廠房及設備撥備 (附註15)	-	7,216
Provision for other intangible assets (note 20)	其他無形資產撥備(附註20)	4,761	-
Write-down of inventories to net realisable value (note 26)	存貨撇減至可變現淨值 (附註26)	35,316	84,998
Educational surcharges, city construction tax, and other taxes	教育附加費、城市維護建設稅及其他稅項	490,977	439,472
Foreign exchange losses, net	匯兌虧損淨額	-	202,347
Loss on disposal of subsidiaries	出售或註銷子公司虧損	15,054	11,698
Loss on disposal of partial interests in an associate (note 22)	出售一間聯營公司部分權益虧損(附註22)	-	18,204
Loss on deemed disposal of partial interests in associates (note a)	視同出售聯營公司部分權益虧損(註a)	-	125,439
Others	其他	93,713	97,041
		851,216	1,098,605

NOTES TO FINANCIAL STATEMENTS 財務報表附註

6. OTHER EXPENSES (continued)

Note:

- (a) On 6 January 2017, due to the execution of the share award scheme of Inner Mongolia Fuyuan International Industrial Co., Ltd. ("Fuyuan"), the Group's shareholding in Fuyuan was diluted from 43.35% to 42.30%, resulting in a loss of RMB21,320,000 recognised in profit or loss.

On 25 January 2017, China Modern Dairy Holdings Ltd. ("China Modern Dairy"), an associate of the Group, acquired an additional 45% equity interest in a subsidiary at the consideration of 338,602,205 shares in China Modern Dairy issued to the sellers. The acquisition diluted the Group's shareholding in China Modern Dairy from 25.41% to 23.88%, resulting in a loss of RMB53,381,000 recognised in profit or loss.

On 6 February 2017, pursuant to the exercise of the investor option granted to its investor, China Modern Dairy issued 488,036,618 consideration shares and paid a cash consideration of US\$13,424,231 to the then investor. The transaction diluted the Group's shareholding in China Modern Dairy from 23.88% to 21.98%, resulting in a loss of RMB50,738,000 recognised in profit or loss.

6. 其他費用(續)

註：

- (a) 於二零一七年一月六日，由於內蒙古富源國際實業有限公司(「富源」)行使股票獎勵計劃，本集團於富源的股權由43.35%攤薄至42.30%，導致人民幣21,320,000元虧損於損益確認。

於二零一七年一月二十五日，本集團聯營公司中國現代牧業控股有限公司(「中國現代牧業」)，以中國現代牧業向賣家發行338,602,205股股份為代價收購一間子公司額外45%股權。該收購使本集團於中國現代牧業的股權由25.41%攤薄至23.88%，導致人民幣53,381,000元虧損於損益確認。

於二零一七年二月六日，根據向投資者授予的投資者購股權之行使，中國現代牧業向當時的投資者發行488,036,618股代價股份及支付現金代價13,424,231美元。該交易使本集團於中國現代牧業的股權由23.88%攤薄至21.98%，導致人民幣50,738,000元虧損於損益確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

7. 稅前利潤

本集團的稅前利潤乃經扣除/(計入)下列各項後計算所得：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of inventories sold	銷售存貨成本	43,139,041	38,950,047
Realised and unrealised fair value losses/(gains) of commodity futures contracts, net (note 34(c))	變現及未變現商品期貨合約公允價值虧損/(收益)淨額(附註34(c))	(6,394)	22,880
Cost of consigned processing services	委託加工服務成本	60,793	-
Cost of sales	銷售成本	43,193,440	38,972,927
Employee benefit expense (including directors' and chief executive's remuneration as disclosed in note 9)	僱員福利費用(包括附註9披露的董事及主要行政人員薪酬)		
- Wages, salaries, housing benefits and other allowances	- 工資、薪金、住房福利及其他津貼	5,616,109	4,662,362
- Retirement benefit contributions	- 退休福利供款	476,061	415,296
- Share option scheme expense (note 41)	- 購股權計劃開支(附註41)	51,199	12,582
- Share award scheme expense (note 42)	- 股票獎勵計劃開支(附註42)	105,190	43,544
		6,248,559	5,133,784
Impairment of financial and contract asset, net:	金融及合約資產減值淨額：		
Impairment of trade receivables, net	貿易應收款項減值淨額	83,900	59,717
Impairment of financial assets included in prepayments, other receivables and other assets, net	計入預付款項、其他應收款項及其他資產的金融資產減值淨額	1,362	24,176
		85,262	83,893
Depreciation of items of property, plant and equipment (note 15)	物業、廠房及設備折舊(附註15)	1,738,806	1,622,015
Depreciation of investment properties (note 17)	投資物業折舊(附註17)	3,937	2,447
Amortisation of land use rights (note 18)	土地使用權攤銷(附註18)	28,843	24,536
Amortisation of other intangible assets (note 20)	其他無形資產攤銷(附註20)	66,865	54,852
Research and development costs - current year expenditure	本年研究開發費用	159,035	133,379
Outsourcing expense (note a)	外包費用(註a)	185,884	216,987
Minimum lease payments under operating leases	經營租賃最低租金	278,395	247,617
Auditor's remuneration (note b)	核數師酬金(註b)	8,930	9,400

NOTES TO FINANCIAL STATEMENTS 財務報表附註

7. PROFIT BEFORE TAX

Notes:

- (a) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amount paid by the Group for purchasing outsourcing services.
- (b) In addition to the above fees paid or payable to the auditors, Yashili, a subsidiary of the Company listed on the Main Board of the Stock Exchange of Hong Kong Limited, had an amount of RMB2,983,000 (2017: RMB2,726,000) paid/payable as auditor's remuneration during the year.

8. FINANCE COSTS

An analysis of finance costs is as follows:

7. 稅前利潤(續)

註：

- (a) 為提升營運效率，本集團外包若干產品生產。該金額指本集團就購買該等外包服務支付的總額。
- (b) 除上述已付或應付核數師費用外，本公司於香港聯合交易所有限公司主板上市的子公司雅士利本年已付／應付核數師酬金人民幣2,983,000元(二零一七年：人民幣2,726,000元)。

8. 融資成本

融資成本的分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest on bank loans	銀行貸款利息	376,147	245,002
Interest on US\$500,000,000 3.50% bonds due 2018	息率3.50%於二零一八年到期之500,000,000美元債券之利息	107,071	126,146
Interest on US\$500,000,000 4.25% bonds due 2023	息率4.25%於二零二三年到期之500,000,000美元債券之利息	57,696	-
Interest on long term payables	長期應付款項利息	1,458	3,994
Net fair value loss/(gain) on interest rate forward contracts (note 34 (b))	利率遠期合約的公允值虧損／(收益)淨額(附註34(b))	8,290	(907)
Bonds issuance cost and others	債券發行成本及其他	-	25,637
		550,662	399,872

NOTES TO FINANCIAL STATEMENTS 財務報表附註

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

9. 董事及主要行政人員薪酬

根據香港聯合交易所有限公司證券上市規則（「上市規則」）、香港公司條例第383(1)(a)、(b)、(c)及(f)條，以及公司（披露董事利益資料）規例第2部分披露的本年度董事及主要行政人員薪酬如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Fees	袍金	1,126	1,200
Other emoluments	其他酬金		
– Basic salaries, housing benefits, other allowances and benefits in kind	– 基本薪金、住房福利、其他津貼及實物利益	8,968	12,193
– Performance related bonuses	– 與業績有關的獎金	7,148	6,498
– Retirement benefit contributions	– 退休福利供款	231	369
		17,473	20,260

NOTES TO FINANCIAL STATEMENTS 財務報表附註

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

9. 董事及主要行政人員薪酬(續)

		Notes	Fees	Basic salaries, housing benefits, other allowances and benefits in kind	Performance related bonuses	Retirement benefit contributions	Total remuneration
		附註	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			袍金	基本薪金、住房福利、其他津貼及實物利益	與業績有關的獎金	退休福利供款	總薪酬
2018	二零一八年						
Executive directors	執行董事						
- Mr. Jeffrey, Minfang Lu	- 盧敏放先生	(b)/(c)/(d)	-	7,023	5,498	100	12,621
- Ms. Wu Wenting	- 吳文婷女士	(b)/(c)/(d)	-	1,922	1,650	125	3,697
Non-executive directors	非執行董事						
- Mr. Ma Jianping	- 馬建平先生		150	-	-	-	150
- Mr. Niu Gensheng	- 牛根生先生		150	23	-	6	179
- Mr. Tim Ørting Jørgensen	- Tim Ørting Jørgensen 先生		150	-	-	-	150
- Mr. Pascal De Petrini	- Pascal De Petrini先生	(a)	150	-	-	-	150
Independent non-executive directors	獨立非執行董事						
- Mr. Jiao Shuge	- 焦樹閣先生	(b)	-	-	-	-	-
- Mr. Julian Juul Wolhardt	- Julian Juul Wolhardt先生	(b)	-	-	-	-	-
- Mr. Zhang Xiaoya	- 張曉亞先生		263	-	-	-	263
- Mr. Yau Ka Chi	- 邱家賜先生		263	-	-	-	263
			1,126	8,968	7,148	231	17,473

NOTES TO FINANCIAL STATEMENTS 財務報表附註

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

9. 董事及主要行政人員薪酬(續)

			Fees	Basic salaries, housing benefits, other allowances and benefits in kind	Performance related bonuses	Retirement benefit contributions	Total remuneration
	Notes	袍金	基本薪金、住房福利、其他津貼及實物利益	與業績有關的獎金	退休福利供款	總薪酬	
	附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
2017							
		二零一七年					
Executive directors		執行董事					
- Mr. Jeffrey, Minfang Lu	(c)/(d)	— 盧敏放先生	30	7,032	5,211	92	12,365
- Mr. Bai Ying	(a)/(d)	— 白瑛先生	20	2,569	-	96	2,685
- Ms. Wu Wenting	(c)/(d)	— 吳文婷女士	30	1,917	1,287	114	3,348
Non-executive directors		非執行董事					
- Mr. Ma Jianping		— 馬建平先生	150	-	-	-	150
- Mr. Niu Gensheng		— 牛根生先生	150	675	-	67	892
- Mr. Tim Ørting Jørgensen		— Tim Ørting Jørgensen 先生	150	-	-	-	150
- Mr. Filip Kegels	(a)	— Filip Kegels先生	146	-	-	-	146
- Mr. Pascal De Petrini	(a)	— Pascal De Petrini先生	4	-	-	-	4
Independent non-executive directors		獨立非執行董事					
- Mr. Jiao Shuge	(b)	— 焦樹閣先生	-	-	-	-	-
- Mr. Julian Juul Wolhardt	(b)	— Julian Juul Wolhardt先生	-	-	-	-	-
- Mr. Zhang Xiaoya		— 張曉亞先生	260	-	-	-	260
- Mr. Yau Ka Chi		— 邱家賜先生	260	-	-	-	260
			1,200	12,193	6,498	369	20,260

NOTES TO FINANCIAL STATEMENTS 財務報表附註

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Notes:

- a. Mr. Bai Ying resigned as a director on 31 August 2017. Mr. Filip Kegels resigned as a director on 20 December 2017. Mr. Pascal De Petrini was appointed as a director on 20 December 2017.
- b. During 2018, the four (2017: two) directors agreed to waive their entitlements to directors' fees totalling RMB580,000 (2017: RMB520,000) for the year. Other than the aforementioned, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.
- c. As of 31 December 2018, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 41 to the financial statements. In accordance with IFRS 2, share option benefits represent the fair value at the grant date of the share options issued under the share option scheme of the Company amortised to the consolidated statement of profit or loss during the year disregarding whether the options have been vested/exercised or not. During the year, the share option benefits relating to the share options granted to Mr. Jeffrey, Minfang Lu and Ms. Wu Wenting were approximately RMB3,620,000 (2017: RMB887,000) and RMB694,000 (2017: RMB452,000). The share option benefits relating to the share options granted to these directors are not included in the above remuneration analysis.
- d. As of 31 December 2018, Mr. Jeffrey, Minfang Lu and Ms. Wu Wenting were granted shares in respect of their services to the Group under the share award scheme of the Company, further details of which are set out in note 42 to the financial statements. In accordance with IFRS 2, share-based payment benefits represent the fair value at the grant date of the shares amortised to the consolidated statement of profit or loss during the year disregarding whether the shares have been vested/exercised or not. During the year, the fair values recognised in the consolidated statement of profit or loss relating to the shares granted to Mr. Jeffrey, Minfang Lu and Ms. Wu Wenting were approximately RMB2,162,000 (2017: RMB732,000) and RMB1,217,000 (2017: RMB314,000). During 2017, due to the unfulfilment of vesting conditions under share award scheme, there was a reversal of RMB14,800,000 of the share-based payment expenses relating to the shares granted to Mr. Bai Ying. The share award benefits relating to the share award granted to these directors are not included in the above remuneration analysis.

9. 董事及主要行政人員薪酬(續)

註：

- a. 白瑛先生於二零一七年八月三十一日辭任董事一職。Filip Kegels先生於二零一七年十二月二十日辭任董事一職。Pascal De Petrini先生於二零一七年十二月二十日獲委任為董事。
- b. 二零一八年度，四位(二零一七年：兩位)董事同意放棄其董事袍金，金額合共人民幣580,000元(二零一七年：人民幣520,000元)。除前述者外，本年度並無任何有關董事放棄或同意放棄任何酬金的安排。
- c. 截至二零一八年十二月三十一日，若干董事就其向本集團提供的服務獲本公司根據購股權計劃授予購股權，詳情載於財務報表附註41。根據國際財務報告準則第2號，購股權福利指按本公司購股權計劃所發行的購股權於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等購股權是否已歸屬／行使。年內，授予盧敏放先生及吳文婷女士的購股權涉及的購股權福利約為人民幣3,620,000元(二零一七年：人民幣887,000元)及人民幣694,000元(二零一七年：人民幣452,000元)。有關授予該等董事購股權的購股權福利並無計入以上薪酬分析。
- d. 截至二零一八年十二月三十一日，盧敏放先生及吳文婷女士就其對本集團提供的服務獲本公司根據股票獎勵計劃授出股份，詳情載於財務報表附註42。根據國際財務報告準則第2號，以股份為基礎的支付福利指股份於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等股份是否已歸屬／行使。年內，有關授予盧敏放先生及吳文婷女士的股份於綜合損益表確認之公允值約為人民幣2,162,000元(二零一七年：人民幣732,000元)及人民幣1,217,000元(二零一七年：人民幣314,000元)。二零一七年度，由於股票獎勵計劃下的歸屬條件未能實現，有關向白瑛先生授出股份的以股份為基礎的付款費用撥回金額為人民幣14,800,000元。有關授予的該等董事股票獎勵之股票獎勵福利並無計入以上薪面分析。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

10. FIVE HIGHEST PAID EMPLOYEES

One (2017: One) of the five highest paid employees was a director whose emoluments have been shown above. Details of emoluments paid to the remaining four (2017: four) non-director, highest paid employees, who are neither a director nor chief executive of the Company are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、住房福利、 其他津貼及實物利益	11,804	7,277
Performance related bonuses	與業績有關的獎金	11,596	30,378
Retirement scheme contributions	退休福利計劃供款	501	387
		23,901	38,042

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

10. 五位最高薪僱員

五位最高薪僱員包括一位(二零一七年：一位)董事，有關彼等的酬金資料已於上文披露。本年度支付予本公司其餘四位(二零一七年：四位)非董事、最高薪僱員(非本公司董事或總裁)的酬金如下：

酬金列入以下組別的最高薪非董事僱員的數目如下：

		Number of employees 僱員數目	
		2018 二零一八年	2017 二零一七年
HK\$4,500,001 to HK\$5,000,000	4,500,001港元至5,000,000港元	1	-
HK\$5,000,001 to HK\$5,500,000	5,000,001港元至5,500,000港元	1	-
HK\$5,500,001 to HK\$6,000,000	5,500,001港元至6,000,000港元	-	-
HK\$6,000,001 to HK\$6,500,000	6,000,001港元至6,500,000港元	-	1
HK\$6,500,001 to HK\$7,000,000	6,500,001港元至7,000,000港元	-	-
HK\$7,000,001 to HK\$7,500,000	7,000,001港元至7,500,000港元	1	-
HK\$7,500,001 to HK\$8,000,000	7,500,001港元至8,000,000港元	-	-
HK\$8,000,001 to HK\$8,500,000	8,000,001港元至8,500,000港元	-	1
HK\$11,000,001 to HK\$11,500,000	11,000,001港元至11,500,000港元	1	-
HK\$11,500,001 to HK\$12,000,000	11,500,001港元至12,000,000港元	-	-
HK\$12,000,001 to HK\$12,500,000	12,000,001港元至12,500,000港元	-	-
HK\$12,500,001 to HK\$13,000,000	12,500,001港元至13,000,000港元	-	-
HK\$13,000,001 to HK\$13,500,000	13,000,001港元至13,500,000港元	-	-
HK\$13,500,001 to HK\$14,000,000	13,500,001港元至14,000,000港元	-	-
HK\$14,000,001 to HK\$14,500,000	14,000,001港元至14,500,000港元	-	1
HK\$14,500,001 to HK\$15,000,000	14,500,001港元至15,000,000港元	-	-
HK\$15,000,001 to HK\$15,500,000	15,000,001港元至15,500,000港元	-	-
HK\$15,500,001 to HK\$16,000,000	15,500,001港元至16,000,000港元	-	1
		4	4

NOTES TO FINANCIAL STATEMENTS 財務報表附註

10. FIVE HIGHEST PAID EMPLOYEES (continued)

During the year, share options were granted to four (2017: four) non-director, highest paid employee in respect of their services to the Group, further details of which are set out in note 41 to the financial statements. During the year, the share option benefits relating to the share options granted to the non-director, highest paid employees were approximately RMB4,457,000 (2017: RMB1,182,000) in aggregate. The share option benefits relating to the share options granted to these non-director, highest paid employees are not included in the above analysis.

During the year, shares were granted to four (2017: four) non-director, highest paid employees in respect of their services under the share award scheme of the Company, further details of which are set out in note 42 to the financial statements. During the year, there was a reversal of approximately RMB4,609,000 (2017: expense RMB3,192,000) of the share-based payment expenses relating to the shares granted to non-director, highest paid employees. The share-based payments relating to the shares granted to these non-director, highest paid employees are not included in the above analysis.

10. 五位最高薪僱員(續)

年內，四名(二零一七年：四名)最高薪非董事僱員就其對本集團的服務獲授購股權(有關詳情在財務報表附註41中披露)。年內，有關向該等最高薪非董事僱員授出購股權的購股權福利合共約為人民幣4,457,000元(二零一七年：人民幣1,182,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出購股權的購股權福利。

年內，四名(二零一七年：四名)最高薪非董事僱員就其服務根據本公司的股票獎勵計劃獲授股份(有關詳情在財務報表附註42中披露)。年內，有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款費用撥回總額約人民幣4,609,000元(二零一七年：人民幣3,192,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

11. INCOME TAX EXPENSE

Under the Law of the People's Republic of China on Corporate Income Tax ("PRC CIT Law"), except for certain preferential tax treatment available to certain subsidiaries of the Group, the entities within the Group are subject to PRC corporate income tax ("CIT") at a rate of 25% (2017: 25%) on the taxable income as reported in their statutory accounts which are prepared in accordance with the PRC accounting standards and financial regulations.

11. 所得稅支出

根據中華人民共和國企業所得稅法(「中國企業所得稅法」)，除本集團若干子公司獲授若干稅務優惠外，本集團旗下的企業應就其法定賬目所呈報應課稅利潤按25%(二零一七年：25%)之稅率交納中國企業所得稅(「企業所得稅」)，法定賬目乃按照中國會計準則及財務法規編製。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current income tax	即期所得稅		
Current charge for the year	本年即期支出	895,334	713,385
Adjustments recognised in the year for current tax of prior years	年內就往年當期所得稅 確認的調整	7,617	10,993
Deferred income tax (note 23)	遞延所得稅(附註23)	(253,950)	(130,095)
		649,001	594,283

NOTES TO FINANCIAL STATEMENTS 財務報表附註

11. INCOME TAX EXPENSE (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the year is as follows:

11. 所得稅支出(續)

在年度內，就稅前利潤按法定所得稅稅率計算的所得稅支出，與按照本集團實際所得稅稅率計算的所得稅支出調節如下：

		Note	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		附註		
Profit before tax	稅前利潤		3,852,722	2,624,961
At CIT rate of 25% (2017: 25%)	按25%(二零一七年： 25%)企業所得稅 稅率計算		963,181	656,240
Non-deductible items and others, net	不可抵扣的項目及 其他(淨額)		23,793	5,774
Adjustment recognised in the year for current tax of prior years	年內就往年當期所得稅 確認的調整		7,617	10,993
Effect of lower tax rates	低稅率的影響	(a)	(301,467)	(271,164)
Effect of tax exemptions	稅務豁免的影響	(a)	(199,138)	(181,050)
Losses attributable to associates	聯營公司貢獻虧損		74,984	132,897
Tax losses utilised from previous periods	使用以往期間稅務虧損		(79,219)	(22,612)
Tax losses not recognised	未確認稅務虧損		159,250	263,205
At the effective income tax rate of 16.85% (2017: 22.64%)	按16.85%(二零一七年： 22.64%)實際所得稅 稅率計算		649,001	594,283

NOTES TO FINANCIAL STATEMENTS 財務報表附註

11. INCOME TAX EXPENSE (continued)

Notes:

- (a) Thirteen (2017: Thirteen) subsidiaries were granted lower tax rates by the state tax bureau in accordance with the PRC CIT law and the corresponding transitional tax concession policy and “The notice of tax policies relating to the implementation of the western China development strategy.”

Thirty (2017: twenty-eight) subsidiaries were granted tax exemptions in accordance with the policy of “The notice of preferential tax policy for preliminary processing of agriculture products”.

The total taxable profits of the subsidiaries that are subject to tax concessions amounted to approximately RMB3,392,397,000 (2017: RMB2,957,934,000) in aggregate.

- (b) The share of tax attributable to associates amounting to approximately RMB6,949,000 (2017: RMB12,475,000) is included in the share of losses of associates on the face of the consolidated statement of profit or loss.

12. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 22 December 2017, Yashili entered into an agreement to dispose of a piece of land of Scient (China) Baby Nourishment Co., Ltd. (“Scient China”), together with the property, plant and equipment thereon. The disposal had been completed in 2018. As such, as at 31 December 2017, the related assets and liabilities were classified as a disposal group held for sale.

As at 31 December 2018, the transaction had been completed with a disposal gain of RMB44,147,000 recognised in other income and gains (note 5) of the Group.

11. 所得稅支出(續)

註：

- (a) 十三間(二零一七年：十三間)子公司獲國家稅務局根據中國企業所得稅法、有關稅收優惠過渡政策及《關於深入實施西部大開發戰略有關稅收政策問題的通知》授予低稅率優惠。

三十間(二零一七年：二十八間)子公司獲根據《關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》的政策豁免稅務。

獲授稅務優惠的子公司的應課稅利潤總額合共約人民幣3,392,397,000元(二零一七年：人民幣2,957,934,000元)。

- (b) 聯營公司應佔稅項約人民幣6,949,000元(二零一七年：人民幣12,475,000元)，已計入綜合損益表的應佔聯營公司虧損內。

12. 分類為持有待售的處置組

於二零一七年十二月二十二日，雅士利訂立協議，出售施恩(中國)嬰幼兒營養品有限公司(「施恩中國」)的一幅土地(連同該土地上的物業、廠房及設備)。出售於二零一八年完成。因此，於二零一七年十二月三十一日，相關資產及負債分類為持有待售的處置組。

於二零一八年十二月三十一日，交易已完成而出售收益人民幣44,147,000元已於本集團其他收入及收益(附註5)確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

12. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of a disposal group classified as held for sale as at 31 December 2017 are as follows:

12. 分類為持有待售的處置組(續)

於二零一七年十二月三十一日分類為持有待售的處置組的主要資產及負債類別如下：

		2017 二零一七年 RMB'000 人民幣千元
Assets	資產	
Property, plant and equipment	物業、廠房及設備	166,837
Land use rights	土地使用權	31,079
Assets classified as held for sale	分類為持有待售的資產	197,916
Liabilities	負債	
Deferred tax liabilities	遞延稅項負債	2,864
Liabilities directly associated with the assets classified as held for sale	與分類為持有待售的資產直接相關的負債	2,864
Net assets directly associated with a disposal group	與處置組直接相關的淨資產	195,052

NOTES TO FINANCIAL STATEMENTS 財務報表附註

13. DIVIDENDS

13. 股息

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Declared and paid during the year	本年度宣派及支付			
Equity dividends on ordinary shares	普通股股息		482,827	344,816
Proposed for approval at the AGM	提呈於股東週年大會批准			
Equity dividends on ordinary shares: Proposed final – RMB0.181 (2017: RMB0.12) per ordinary share	普通股股息： 擬派末期股息－每股 普通股人民幣0.181元 (二零一七年： 人民幣0.12元)	(a)/(b)	710,915	471,283

Notes:

- (a) The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting (the "AGM").
- (b) This dividend was not recognised as a liability in the consolidated financial statements for the year ended 31 December 2018 but will be reflected as an appropriation of share premium account for the year ending 31 December 2019.

註：

- (a) 擬派年度末期股息須由本公司股東在應屆股東週年大會(「股東週年大會」)批准。
- (b) 該股息並未於截至二零一八年十二月三十一日止年度的綜合財務報表確認為負債，但將反映為截至二零一九年十二月三十一日止年度的股份溢價分配。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**(a) Basic earnings per share**

The basic earnings per share for the year is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

A reconciliation of the weighted average number of shares used in calculating the basic earnings per share amount is as follows:

14. 本公司普通股擁有人應佔每股盈利**(a) 每股基本盈利**

本年度每股基本盈利乃根據年內本公司普通股擁有人應佔利潤除以年內已發行普通股的加權平均數計算。

計算每股基本盈利時所用加權平均股份數目調節如下：

		2018 二零一八年 Number of shares 股份數目 '000 千股	2017 二零一七年 Number of shares 股份數目 '000 千股
Issued ordinary shares at 1 January	於一月一日已發行普通股	3,927,361	3,925,027
Effect of share options exercised	已行使購股權的影響	80	1,033
Effect of shares purchased under share award scheme	根據股票獎勵計劃回購股份的影響	(23,131)	(30,994)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,904,310	3,895,066

NOTES TO FINANCIAL STATEMENTS 財務報表附註

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A reconciliation of the weighted average number of shares used in calculating the diluted earnings per share amount is as follows:

14. 本公司普通股擁有人應佔每股盈利(續)

(b) 每股攤薄盈利

每股攤薄盈利乃根據年內本公司普通股擁有人應佔利潤除以用作計算每股基本盈利所採用的年內已發行普通股加權平均數，並假設年內所有具攤薄結果的普通股按無代價發行或轉換為普通股的普通股加權平均數計算。

計算每股攤薄盈利時所用加權平均股份數目調節如下：

		2018 二零一八年 Number of shares 股份數目 '000 千股	2017 二零一七年 Number of Shares 股份數目 '000 千股
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,904,310	3,895,066
Weighted average number of ordinary shares, assuming issued at no consideration on the deemed exercise of all share options during the year	假設年內所有購股權獲行使並按無代價發行之普通股加權平均數	3,691	297
Adjustments for share award scheme	就股票獎勵計劃作出的調整	1,665	-
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	計算每股攤薄盈利所用的普通股加權平均數	3,909,666	3,895,363

NOTES TO FINANCIAL STATEMENTS 財務報表附註

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Freehold land 永久業權土地 RMB'000 人民幣千元	Buildings and structures 房屋及建築物 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Office equipment 辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日						
Cost	成本	52,286	6,962,988	15,465,453	1,173,131	152,884	23,806,742
Accumulated depreciation and impairment	累計折舊及減值	-	(2,062,325)	(8,352,506)	(561,671)	(114,786)	(11,091,288)
Net carrying amount	賬面淨值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454
At 1 January 2018, net of accumulated depreciation and impairment	於二零一八年一月一日，扣減累計折舊及減值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454
Additions	添置	-	191,416	447,238	254,993	10,120	903,767
Transfers from construction in progress (note 16)	轉撥自在建工程(附註16)	-	484,052	1,042,581	47,345	4,478	1,578,456
Transfers to construction in progress (note 16)	轉撥至在建工程(附註16)	-	(6,687)	(69,191)	(16)	-	(75,894)
Transfers to investment properties (note 17)	轉撥至投資物業(附註17)	-	(18,389)	-	-	-	(18,389)
Acquisition of subsidiaries	收購子公司	-	958,141	508,710	23,915	1,296	1,492,062
Disposals	出售	-	(15,358)	(85,413)	(11,975)	(988)	(113,734)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	-	(386,647)	(1,128,909)	(209,877)	(13,373)	(1,738,806)
Exchange realignment	匯兌調整	(415)	(2,822)	(5,731)	(21)	(3)	(8,992)
At 31 December 2018, net of accumulated depreciation and impairment	於二零一八年十二月三十一日，扣減累計折舊及減值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	51,871	8,538,763	16,957,138	1,438,503	154,467	27,140,742
Accumulated depreciation and impairment	累計折舊及減值	-	(2,434,394)	(9,134,906)	(722,679)	(114,839)	(12,406,818)
Net carrying amount	賬面淨值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924

NOTES TO FINANCIAL STATEMENTS 財務報表附註

15. PROPERTY, PLANT AND EQUIPMENT

(continued)

15. 物業、廠房及設備(續)

		Freehold land 永久業權土地 RMB'000 人民幣千元	Buildings and structures 房屋及建築物 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Office equipment 辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日						
Cost	成本	54,513	6,671,726	14,699,828	1,017,738	158,146	22,601,951
Accumulated depreciation and impairment	累計折舊及減值	-	(1,805,043)	(7,531,279)	(452,055)	(115,200)	(9,903,577)
Net carrying amount	賬面淨值	54,513	4,866,683	7,168,549	565,683	42,946	12,698,374
At 1 January 2017, net of accumulated depreciation and impairment	於二零一七年一月一日，扣減累計折舊及減值	54,513	4,866,683	7,168,549	565,683	42,946	12,698,374
Additions	添置	-	208,383	199,672	189,101	7,118	604,274
Transfers from construction in progress (note 16)	轉撥自在建工程(附註16)	-	275,456	963,566	41,480	5,337	1,285,839
Transfers to construction in progress (note 16)	轉撥至在建工程(附註16)	-	(25,671)	(51,786)	-	-	(77,457)
Transfers from investment properties (note 17)	轉撥自投資物業(附註17)	-	50,480	-	-	-	50,480
Acquisition of subsidiaries	收購子公司	-	-	-	366	416	782
Impairment (note 6)	減值(附註6)	-	(3,077)	(3,956)	(29)	(154)	(7,216)
Disposals	出售	-	(60,652)	(48,751)	(1,356)	(2,110)	(112,869)
Transfers from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的處置組資產	-	1,097	6,981	3,221	1,091	12,390
Transfers to assets of a disposal group classified as held for sale	轉撥至分類為持有待售的處置組資產	-	(44,774)	-	-	-	(44,774)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	-	(335,790)	(1,083,596)	(186,121)	(16,508)	(1,622,015)
Disposal of a subsidiary	出售子公	-	(16,393)	(8,028)	(841)	(27)	(25,289)
Exchange realignment	匯兌調整	(2,227)	(15,079)	(29,704)	(44)	(11)	(47,065)
At 31 December 2017, net of accumulated depreciation and impairment	於二零一七年十二月三十一日，扣減累計折舊及減值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454
At 31 December 2017	於二零一七年十二月三十一日						
Cost	成本	52,286	6,962,988	15,465,453	1,173,131	152,884	23,806,742
Accumulated depreciation and impairment	累計折舊及減值	-	(2,062,325)	(8,352,506)	(561,671)	(114,786)	(11,091,288)
Net carrying amount	賬面淨值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454

NOTES TO FINANCIAL STATEMENTS 財務報表附註

15. PROPERTY, PLANT AND EQUIPMENT

(continued)

- (a) Certain property, plant and equipment of the Group with net book values of approximately RMB37,029,000 (2017: RMB97,654,000) and RMB734,297,000 (2017: RMB215,736,000) as at 31 December 2018 have been pledged to secure the long term payables (note 35) and long term bank loans (note 32), respectively. Property, plant and equipment of the Group with a net book values of approximately RMB45,128,000 were pledged to secure short term bank loans (note 32) as at 31 December 2017.
- (b) The Group leases its ranch facilities included in property, plant and equipment with a net book value of approximately RMB37,700,000 (2017: RMB29,018,000) to independent third parties under operating lease arrangements, with lease terms ranging from five to eight years (note 46(a)).

16. CONSTRUCTION IN PROGRESS

Movements of construction in progress are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面值	1,363,399	1,271,844
Acquisition of subsidiaries (note 44)	收購子公司(附註44)	35,850	-
Additions during the year	年內添置	2,392,160	1,455,679
Transfers from property, plant and equipment (note 15)	轉撥自物業、 廠房及設備(附註15)	75,894	77,457
Transfers to property, plant and equipment (note 15)	轉撥至物業、 廠房及設備(附註15)	(1,578,456)	(1,285,839)
Transfers to other intangible assets (note 20)	轉撥至其他無形資產 (附註20)	(85,691)	(155,310)
Impairment (note 6)	減值(附註6)	-	(256)
Disposal of a subsidiary	出售一間子公司	-	(41)
Exchange realignment	匯兌調整	(31)	(135)
Carrying amount at end of year	年終賬面值	2,203,125	1,363,399

15. 物業、廠房及設備(續)

- (a) 本集團若干於二零一八年十二月三十一日賬面淨值約人民幣37,029,000元(二零一七年: 人民幣97,654,000元)及人民幣734,297,000元(二零一七年: 人民幣215,736,000元)的物業、廠房及設備已經分別用作本集團獲得長期應付款項(附註35)及長期銀行貸款(附註32)的抵押品, 而本集團賬面淨值約人民幣45,128,000元的物業、廠房及設備則用作於二零一七年十二月三十一日獲得短期銀行貸款(附註32)的抵押品。
- (b) 本集團根據經營租賃安排向若干獨立第三方租賃其列入物業、廠房及設備的牧場設施的賬面淨值約人民幣37,700,000元(二零一七年: 人民幣29,018,000元), 租賃為期五年至八年(附註46(a))。

16. 在建工程

本集團的在建工程變動如下:

NOTES TO FINANCIAL STATEMENTS 財務報表附註

17. INVESTMENT PROPERTIES

17. 投資物業

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January, net of accumulated depreciation	於一月一日， 扣減累計折舊	59,333	67,486
Transfers from property, plant and equipment (note 15)	轉撥自物業、 廠房及設備(附註15)	18,389	-
Transfers to property, plant and equipment (note 15)	轉撥至物業、 廠房及設備(附註15)	-	(50,480)
Transfers from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的 處置組內資產	-	44,774
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	(3,937)	(2,447)
At 31 December, net of accumulated depreciation	於十二月三十一日， 扣減累計折舊	73,785	59,333
At 31 December	於十二月三十一日		
Cost	成本	93,344	73,295
Accumulated depreciation	累計折舊	(19,559)	(13,962)
Net carrying amount	賬面淨值	73,785	59,333

The fair value of the investment properties, as determined by the directors of the Company, based on the market approach with reference to market transaction prices of similar properties, taking into account other factors, i.e., characteristics of the properties and locations, was estimated to be approximately RMB156,275,000 as at 31 December 2018 (2017: RMB124,721,000).

投資物業公允值於二零一八年十二月三十一日估計約為人民幣156,275,000元(二零一七年：人民幣124,721,000元)，該公允值由本公司董事根據市場法及參考類似物業的市場交易價格釐定，並已計及其他因素，即物業特質及地點等。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

17. INVESTMENT PROPERTIES (continued)**Fair value hierarchy**

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

		Fair value measurements as at 31 December 2018 using 於二零一八年十二月三十一日使用的公允值計量			
		Quoted prices in active markets (Level 1) 活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允值計量：				
Commercial properties	商用物業	-	-	156,275	156,275

		Fair value measurements as at 31 December 2017 using 於二零一七年十二月三十一日使用的公允值計量			
		Quoted prices in active markets (Level 1) 活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允值計量：				
Commercial properties	商用物業	-	-	124,721	124,721

During the year, there were no transfers into or out of Level 3 (2017: Nil).

年內，概無轉入第三級或自第三級轉出(二零一七年：無)。

17. 投資物業(續)**公允值層級**

下表載列有關本集團投資物業的公允值計量等級：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

18. LAND USE RIGHTS

18. 土地使用權

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面值	1,079,575	1,005,310
Additions during the year	年內添置	20,665	105,894
Acquisition of subsidiaries (note 44)	收購子公司(附註44)	78,293	-
Disposal	出售	(3,708)	(4,597)
Disposal of a subsidiary	出售一間子公司	-	(2,496)
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(28,843)	(24,536)
Carrying amount at end of year	年終賬面值	1,145,982	1,079,575
Current portion included in prepayments, other receivables and other assets under current assets (note 28)	計入流動資產中預付款、其他應收款項及其他資產的即期部分(附註28)	25,316	23,607
Non-current portion	非即期部分	1,120,666	1,055,968
		1,145,982	1,079,575

Certain land use rights of the Group with net book values of approximately RMB12,225,000 (2017: RMB12,489,000) and RMB103,481,000 (2017: RMB91,194,000) as at 31 December 2018 have been pledged to secure the short term bank loans and long term bank loans of the Group. Details of which are set out in note 32 to the financial statements

本集團若干於二零一八年十二月三十一日賬面淨值約人民幣12,225,000元(二零一七年：人民幣12,489,000元)及人民幣103,481,000元(二零一七年：人民幣91,194,000元)的土地使用權已經分別用作本集團獲得短期銀行貸款及長期銀行貸款的抵押品。有關詳情載於財務報表附註32。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

19. GOODWILL

19. 商譽

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	4,532,899	4,527,518
Acquisition of subsidiaries/businesses	收購子公司/業務	161,691	5,381
Disposal of a subsidiary	出售一間子公司	(13,098)	-
Carrying amount at 31 December	於十二月三十一日的賬面值	4,681,492	4,532,899
At 31 December	於十二月三十一日		
Cost	成本	6,935,286	6,786,693
Accumulated impairment	累計減值	(2,253,794)	(2,253,794)
Carrying amount at 31 December	於十二月三十一日的賬面值	4,681,492	4,532,899

During 2018, the Group acquired 50% equity interests in Modern Dairy (Bengbu) Co., Ltd. ("Modern Dairy (Bengbu)") and Modern Dairy (Feidong) Co., Ltd. ("Modern Dairy (Feidong)"). Since the Group held more than 50% of the voting right in the shareholder meeting of Modern Dairy Bengbu and Modern Dairy Feidong, the Group controlled Modern Dairy (Bengbu) and Modern Dairy (Feidong) after the acquisition. The business combination gave rise to goodwill of RMB346,000. Further details of the acquisition are included in note 44 to the financial statements.

During 2018, Junlebao, a 51% indirectly owned subsidiary of the Group, acquired an additional 43.41% equity interest in Banner Dairy from third parties, increasing Junlebao's equity interest in Banner Dairy to 65.16%. The business acquisition gave rise to goodwill of RMB72,566,000. Further detail of the acquisition are included in note 44 to the financial statement.

二零一八年內，本集團分別收購現代牧業(蚌埠)有限公司(「現代牧業(蚌埠)」)及現代牧業(肥東)有限公司(「現代牧業(肥東)」)的50%權益。由於本集團持有現代牧業(蚌埠)及現代牧業(肥東)於股東大會的投票權超過50%，因此本集團於收購後取得對現代牧業(蚌埠)及現代牧業(肥東)的控制權。此項業務合併產生商譽人民幣346,000元。收購進一步詳情載於財務報表附註44。

二零一八年內，本公司間接擁有51%權益的子公司君樂寶向第三方收購旗幟乳品額外43.41%權益，令君樂寶於旗幟乳品的股權增加至65.16%。此項業務收購產生商譽人民幣72,566,000元。收購進一步詳情載於財務報表附註44。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

19. GOODWILL (continued)

During 2018, Inner Mongolia Mengniu Founding Industry Management Co., Ltd. (“Founding”), a 100% indirectly owned subsidiary of the Group, acquired an additional 41% equity interest in Chongqing Mengniu Dairy Sales Co., Ltd. (“Chongqing Mengniu”) from third party, increasing Founding’s equity interest in Chongqing Mengniu to 90%. The business acquisition gave rise to goodwill of RMB72,959,000. Further details of the acquisition are included in note 44 to the financial statements.

During 2018, the Group acquired five subsidiaries and a sales operation of a sales agency company of the Group from third parties. These businesses are mainly engaged in the sale of dairy products. The total purchase consideration for these acquisitions was in the form of cash of RMB63,860,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB15,820,000 in total.

During 2017, the Group acquired three subsidiaries from third parties. These subsidiaries are mainly engaged in the sale of dairy products. The total purchase consideration for these acquisitions was in the form of cash of RMB8,363,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB5,381,000 in total.

As at 31 December 2018 and 2017, the goodwill was tested for impairment (note 21).

19. 商譽 (續)

二零一八年內，本集團間接擁有100%股權的子公司內蒙古蒙牛方鼎產業管理有限責任公司(「方鼎」)向第三方增購重慶市蒙牛乳業銷售有限公司(「重慶蒙牛」)的41%股權，使得方鼎於重慶蒙牛的股權增至90%。此項業務收購產生商譽人民幣72,959,000元。此項收購的進一步詳情載於財務報表附註44。

二零一八年內，本集團向第三方收購五家子公司以及本集團的一家銷售代理機構的銷售業務。該等業務主要從事銷售乳製品。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣63,860,000元。該等業務收購合共產生商譽人民幣15,820,000元。

二零一七年內，本集團向第三方收購三家子公司。該等子公司主要從事銷售乳製品。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣8,363,000元。該等業務收購合共產生商譽人民幣5,381,000元。

於二零一八年及二零一七年十二月三十一日，商譽已進行減值測試(附註21)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

20. OTHER INTANGIBLE ASSETS

Movements of other intangible assets are as follows:

20. 其他無形資產

其他無形資產變動如下：

		Patents and licences	Trademarks	Computer software	Distribution channels and customer relationships	Total
		專利及特許權	商標	電腦軟件	分銷渠道及客戶關係	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note a 附註a		Note b 附註b	
Cost at 1 January 2018, net of accumulated amortisation	於二零一八年一月一日，按成本值，扣減累計攤銷	390	1,841,374	274,743	77,394	2,193,901
Acquisition of subsidiaries/businesses	收購子公司/業務	-	-	3,736	54,476	58,212
Additions	添置	167	-	31,730	-	31,897
Transfer from construction in progress (note 16)	轉撥自在建工程(附註16)	-	-	85,691	-	85,691
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(446)	-	(57,285)	(9,134)	(66,865)
Impairment during the year (note 6)	年內減值(附註6)	-	-	(4,761)	-	(4,761)
At 31 December 2018	於二零一八年十二月三十一日	111	1,841,374	333,854	122,736	2,298,075
At 31 December 2018 Cost	於二零一八年十二月三十一日成本	5,480	1,857,064	519,512	145,623	2,527,679
Accumulated amortisation and impairment	累計攤銷及減值	(5,369)	(15,690)	(185,658)	(22,887)	(229,604)
Net carrying amount	賬面淨值	111	1,841,374	333,854	122,736	2,298,075
Cost at 1 January 2017, net of accumulated amortisation	於二零一七年一月一日，按成本值，扣減累計攤銷	1,159	1,841,854	157,160	86,074	2,086,247
Additions	添置	-	-	6,562	-	6,562
Transfer from construction in progress (note 16)	轉撥自在建工程(附註16)	-	-	155,310	-	155,310
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(769)	(480)	(44,923)	(8,680)	(54,852)
Disposal of a subsidiary	出售子公司	-	-	(11)	-	(11)
Transfer from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的處置組資產	-	-	645	-	645
At 31 December 2017	於二零一七年十二月三十一日	390	1,841,374	274,743	77,394	2,193,901
At 31 December 2017 Cost	於二零一七年十二月三十一日成本	5,313	1,857,064	405,999	91,147	2,359,523
Accumulated amortisation	累計攤銷	(4,923)	(15,690)	(131,256)	(13,753)	(165,622)
Net carrying amount	賬面淨值	390	1,841,374	274,743	77,394	2,193,901

NOTES TO FINANCIAL STATEMENTS 財務報表附註

20. OTHER INTANGIBLE ASSETS (continued)

Notes:

- (a) There were five trademarks, comprising of a trademark acquired in 2007 at a cost of RMB15,690,000, which was stated at cost less any impairment losses and was amortised on the straight-line basis over its estimated useful life of 10 years; and four trademarks acquired as part of business combinations in 2010, 2013, 2016 and 2016 at RMB174,219,000, RMB1,366,000,000, RMB283,047,000 and RMB18,108,000 respectively, which were regarded as having indefinite useful lives because the trademarked products are expected to generate net cash inflows indefinitely. As at 31 December 2018 and 2017, the four trademarks with indefinite useful lives were tested for impairment (note 21).
- (b) The exclusive right of distribution channels and the customer relationships acquired in business combination were stated at cost less any impairment losses and were amortised on the straight-line basis over their estimated useful lives ranging from 10 to 15 years.

21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES

Goodwill and trademarks with indefinite useful lives acquired through business combinations have been allocated to the following cash-generating units (the “CGUs”) or groups of cash-generating units (the “CGU Groups”) for impairment testing:

- liquid milk products CGU Group excluding Junlebao CGU Group;
- ice cream products CGU Group;
- milk powder products CGU Group;
- low temperature products CGU Group; and
- Junlebao CGU Group.

20. 其他無形資產(續)

註：

- (a) 商標共有五個：一個於二零零七年按成本人民幣15,690,000元收購，已按成本值減去任何減值損失列賬及以直線法按其估計可使用年期十年攤銷；另外四個則為業務合併一部分，分別於二零一零年、二零一三年、二零一六年及二零一六年以人民幣174,219,000元、人民幣1,366,000,000元、人民幣283,047,000元及人民幣18,108,000元收購，並因商標產品預期可以無限期產生淨現金流入而被視為擁有無限可使用年期。於二零一八年及二零一七年十二月三十一日，上述四個無限年期的商標已進行減值測試(附註21)。
- (b) 業務合併取得的分銷渠道專營權及客戶關係按成本減任何減值虧損列賬並就其介乎10至15年的估計可使用年期按直線基準攤銷。

21. 商譽及無限年期商標的減值測試

透過業務合併取得的商譽及無限年期商標已分配至下列現金產生單位(「現金產生單位」)或現金產生單位組別(「現金產生單位組別」)作減值測試：

- 液態奶產品現金產生單位組別(君樂寶現金產生單位組別除外)；
- 冰淇淋產品現金產生單位組別；
- 奶粉產品現金產生單位組別；
- 低溫產品現金產生單位組別；及
- 君樂寶現金產生單位組別。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

Goodwill and trademarks with indefinite useful lives allocated to each of the CGUs or CGU Groups are as follows:

		Liquid milk products		Ice cream products		Milk powder products		Low temperature products		Junlebao		Total	
		液態奶產品		冰淇淋產品		奶粉產品		低溫產品		君樂寶		總計	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Goodwill	商譽	425,724	349,697	72,317	72,317	3,685,029	3,685,029	142,563	142,563	355,859	283,293	4,681,492	4,532,899
Trademarks	商標	-	-	18,108	18,108	1,649,047	1,649,047	-	-	174,219	174,219	1,841,374	1,841,374
		425,724	349,697	90,425	90,425	5,334,076	5,334,076	142,563	142,563	530,078	457,512	6,522,866	6,374,273

The recoverable amount of each CGU or CGU Group has been determined based on value in use calculation using cash flow projections based on financial budgets or forecasts approved by senior management covering a five-year period, except that the recoverable amount of a trademark with an indefinite useful life allocated to the milk powder products CGU Group amounting to RMB173,057,000 has been determined based on a fair value calculation using the multi-period excess earnings method based on financial forecasts approved by senior management covering a ten-year period.

Assumptions were used in the value in use calculation of each CGU or CGU Group for 31 December 2018 and 2017. The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing:

- a) Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the three years immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.

21. 商譽及無限年期商標的減值測試 (續)

分配至各現金產生單位或現金產生單位組別的商譽及無限可使用年期商標的總額如下：

各現金產生單位或現金產生單位組別的可收回金額已以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定，惟分配至奶粉產品現金產生單位組別的無限可使用年期商標的可收回金額人民幣173,057,000元，則以經高級管理人員批准的十年財政預測為基準，採用多期超額盈餘法計算所得的公允價值予以釐定。

計算二零一八年及二零一七年十二月三十一日各現金產生單位或現金產生單位組別的使用價值時採用若干假設。管理層按現金流量預測進行減值測試所依據的各項主要假設詳述如下：

- a) 預算毛利率 – 用於釐定預算毛利率價值的基準乃緊接預算年度前三年達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE LIVES (continued)

- b) Raw materials price fluctuation – Reference is made to the actual data of the past year of countries from where the raw materials are sourced.
- c) Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant CGUs or CGU Groups.
- d) Growth rates – The growth rates used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate of each unit taking into account the industry growth rate, past experience and the medium or long term growth target of each CGU or CGU Group.

The discount rates applied to cash flow projections and the growth rates used to extrapolate cash flows beyond the five-year period are as follows:

21. 商譽及無限年期商標的減值測試 (續)

- b) 原材料價格變動－參考原料採購國家往年實際數據。
- c) 折現率－所用折現率乃稅前並反映有關現金產生單位或現金產生單位組別的特定風險。
- d) 增長率－用於推算五年期以後現金流量的增長率，乃以各單位的估計增長率為基準，並考慮行業增長率、過往經驗及各現金產生單位或現金產生單位組別的中長期增長目標計算所得。

用於現金流量預測的折現率及用於五年期以後現金流量推斷的增長率如下：

		Discount rate 折現率		Growth rate 增長率	
		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年
Liquid milk products CGU Group	液態奶產品現金產生單位組別	14.90%	12.61%	4.0%	4.0%
Ice cream products CGU Group	冰淇淋產品現金產生單位組別	14.88%	12.61%	3.0%	3.0%
Milk powder products CGU Group	奶粉產品現金產生單位組別	12.62%	12.30%	3.0%	3.0%
Low temperature products CGU Group	低溫產品現金產生單位組別	17.84%	16.36%	3.0%	3.0%
Junlebao CGU Group	君樂寶現金產生單位組別	13.93%	14.63%	4.0%	4.0%

The values assigned to key assumptions are consistent with external information sources.

In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the CGU's or CGU Group's carrying amount to exceed its recoverable amount.

主要假設的價值與外部數據來源一致。

本公司董事認為可收回金額所用主要假設的任何合理可能的變動不會導致現金產生單位或現金產生單位組別賬面值超過其可收回金額。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES

22. 於聯營公司的投資

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	5,163,930	5,155,577
Goodwill on acquisition	收購獲得的商譽	2,038,433	2,038,433
		7,202,363	7,194,010

The Group's trade receivable and payable balances with associates are disclosed in note 48 to the financial statements. Particulars of the material associate are as follows:

本集團與聯營公司之間的應收賬款及應付賬款結餘於財務報表附註48中披露。重要聯營公司詳情如下：

Name 名稱	Particulars of issued shares held 持有已發行股份詳情	Place of incorporation/ registration and business 註冊成立/註冊及 營業地點	Percentage of equity interest attributable to the Group (indirect) 本集團應佔的股權 百分比(間接)		Principal activity 主要業務
			2018 二零一八年	2017 二零一七年	
China Modern Dairy Holdings Ltd.(i)	Ordinary shares of HK\$0.1 each	Cayman Islands	60.77%	60.77%	Production and sale of milk
中國現代牧業控股有限公司(i)	每股面值0.1港元的 普通股	開曼群島	60.77%	60.77%	生產及出售牛奶

(i) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

(i) 未經香港安永會計師事務所或安永全球網絡的其他成員公司審核。

China Modern Dairy, which is considered a material associate of the Group, is a strategic partner of the Group mainly engaged in the manufacture and distribution of raw milk and liquid milk products.

中國現代牧業被視為本集團重要聯營公司，為本集團主要從事原奶和液態奶產品生產及經銷業務的策略夥伴。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES (continued)

As at 31 December 2016, the Group held 1,347,903,000 shares of China Modern Dairy, representing approximately 25.41% of the issued share capital, and accounted for China Modern Dairy as an associate using the equity method.

On 7 February 2017, the Group acquired additional 965,465,750 shares in China Modern Dairy at a cash consideration of HK\$1,873,003,555 (equivalent to RMB1,662,834,000), which is equivalent to HK\$1.94 per share. As such, up to 7 February 2017, the Group owned an aggregate of 2,313,368,750 shares of China Modern Dairy, representing approximately 37.73% of the issued share capital. Accordingly, pursuant to the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong, the Group was required to make a conditional mandatory cash offer (i) for all the issued shares in China Modern Dairy (other than those already owned or agreed to be acquired by the Group) (the "Share Offer"), and (ii) for the cancellation of all outstanding share options of China Modern Dairy (the "Option Offer", together with the Share Offer referred to as the "Cash Offer") on 14 February 2017. On the final closing date of the Cash Offer on 21 March 2017, valid acceptances of the Share Offer have been received in respect of 1,442,400,662 shares and valid acceptances of the Option Offer have been received in respect of 264,320,873 options, with a total cash consideration of HK\$2,846,376,965 (equivalent to RMB2,526,985,000). Accordingly, after the completion of the Cash Offer, the Group held an aggregate of 3,755,769,412 shares of China Modern Dairy, representing approximately 61.25% of the issued share capital. Upon completion of the Cash Offer, two additional directors representing the Company were appointed to the board of directors of China Modern Dairy. As a result, three out of a total of nine directors of China Modern Dairy represented the Company.

22. 於聯營公司的投資(續)

於二零一六年十二月三十一日，本集團持有1,347,903,000股中國現代牧業股份，佔已發行股本約25.41%，並已將中國現代牧業作為一家聯營公司以權益法入賬。

於二零一七年二月七日，本集團收購中國現代牧業額外965,465,750股股份，現金代價為1,873,003,555港元(相當於人民幣1,662,834,000元)，相當於每股股份1.94港元。因此，直至二零一七年二月七日，本集團擁有合共2,313,368,750股中國現代牧業股份，佔已發行股本約37.73%。因此，根據香港證券及期貨事務監察委員會頒佈的《公司收購及合併守則》，本集團須於二零一七年二月十四日就(i)收購全部已發行中國現代牧業股份(本集團已擁有或同意收購的股份除外)(「股份要約」)，及(ii)註銷所有尚未行使的中國現代牧業購股權(「購股權要約」，連同股份要約合稱為「現金要約」)提出有條件強制性現金要約。於現金要約最後截止日期，即二零一七年三月二十一日，涉及1,442,400,662股股份之股份要約接獲有效接納，以及涉及264,320,873份購股權之購股權要約接獲有效接納，總現金代價為2,846,376,965港元(相當於人民幣2,526,985,000元)。因此，於現金要約完成後，本集團持有合共3,755,769,412股中國現代牧業股份，佔已發行股本約61.25%。於完成現金要約後，額外兩名代表本公司的董事獲委任加入中國現代牧業的董事會。因此，在合共九名中國現代牧業董事中的其中三名代表本公司。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES (continued)

On 6 June 2017, the Company issued US\$194,800,000 zero coupon exchangeable bonds due 2022 (the "Exchangeable Bonds"), which are exchangeable into 689,438,782 shares of China Modern Dairy at the notional exchange price of HK\$2.1995 per share, representing approximately 11.24% of the issued share capital, together with adjustment for all cash dividends or distribution paid by China Modern Dairy from 6 June 2017 to the exchange date. In connection with the issuance of the Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited, as borrower, 689,438,782 shares of China Modern Dairy in aggregate (the "Loaned Securities"), which represented approximately 11.24% of the issued share capital, of China Modern Dairy in accordance with a securities lending agreement (the "Securities Lending Agreement"). Upon the effectiveness of the Securities Lending Agreement, voting rights in relation to the loaned securities pass from the lender to the borrower.

On 29 August 2017, the Group disposed of 30,000,000 shares of China Modern Dairy, representing approximately 0.49% of the issued share capital, for a cash consideration of HK\$41,400,000 (equivalent to RMB35,082,000), resulting in a loss of RMB18,204,000 recognised in profit or loss (note 6). Consequently, the Group held an aggregate of 3,725,769,412 shares of China Modern Dairy, representing approximately 60.77% of the issued share capital.

Aggregating the effect of the Group's shareholdings of 60.77%, the potential voting rights of 11.24% shares underlying the Exchangeable Bonds when exchanged and the outstanding vested management share options (which, when exercised, shall result in issuance of 50,930,832 ordinary shares of China Modern Dairy at the exercise price of HK\$0.86 per share, representing approximately 0.82% of the enlarged issued share capital), management is of the opinion that the Group has less than 50% substantive voting rights over China Modern Dairy.

22. 於聯營公司的投資(續)

於二零一七年六月六日，本公司發行194,800,000美元的於二零二二年到期的零息可交換債券(「可交換債券」)，其可按照名義交換價(每股股份2.1995港元)轉換為689,438,782股中國現代牧業股份(佔已發行股本約11.24%)，連同就由二零一七年六月六日至轉換日期間中國現代牧業的所有已付現金股息或分派作出調整。就發行可交換債券，根據一份借股協議(「借股協議」)，本公司(作為出借方)向中銀國際金融產品有限公司(作為借方)出借合共689,438,782股中國現代牧業股份(「借出證券」)，佔中國現代牧業已發行股本約11.24%。自借股協議生效起，借出證券的投票權應由出借方轉讓予借方。

於二零一七年八月二十九日，本集團出售30,000,000股中國現代牧業股份(佔已發行股本約0.49%)，現金代價為41,400,000港元(相當於人民幣35,082,000元)。導致人民幣18,204,000元虧損於損益確認(附註6)。因此，本集團持有合共3,725,769,412股中國現代牧業股份(佔已發行股本約60.77%)。

經計及本集團所持60.77%股權、可交換債券轉換後的11.24%股份的潛在投票權及尚未行使的已歸屬管理層購股權(倘獲行使按每股0.86港元的行使價應導致發行中國現代牧業50,930,832股普通股，佔經擴大已發行股本約0.82%)之影響，管理層判定本集團持有的中國現代牧業的實質性投票權少於50%。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES (continued)

When assessing whether the Group controls China Modern Dairy, management considered all facts and circumstances, including but not limited to the substantive voting rights over China Modern Dairy, the voting rights attached to the Loaned Securities and their inability to be exercised by the Group, and the Group's representation on the board of directors in China Modern Dairy. Taking into account these factors, management's judgement is that upon completion of the above mentioned series of linked transactions, the Group has no control over China Modern Dairy. Accordingly, China Modern Dairy continues to be accounted for as an associate using the equity method.

The following table illustrates the summarised financial information of China Modern Dairy extracted from its financial statements, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements.

22. 於聯營公司的投資(續)

在評估本集團是否控制中國現代牧業時，管理層審議了所有事實及情況，包括但不限於於中國現代牧業的實質性投票權、借出證券所附有投票權及其將無法由本集團行使，及本集團於中國現代牧業董事會的代表。經考慮此等因素，管理層判定在上述一系列連鎖交易完成後，本集團對中國現代牧業並無控制權。因此，中國現代牧業繼續作為一家聯營公司以權益法入賬。

下表列示中國現代牧業的財務資料概要(摘錄自其財務報表，並按會計政策之任何差別作調整)及與綜合財務報表賬面值的對賬：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current assets	流動資產	2,608,501	2,704,500
Non-current assets	非流動資產	13,337,028	14,013,081
Current liabilities	流動負債	(6,492,314)	(5,886,417)
Non-current liabilities	非流動負債	(2,899,082)	(3,742,735)
Net assets	淨資產	6,554,133	7,088,429
Less: Non-controlling interests	減：非控股股東權益	(108,838)	(119,307)
Attributable to owners of China Modern Dairy	中國現代牧業擁有人應佔	6,445,295	6,969,122

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES (continued)

Reconciliation to the Group's interest in the associate:

22. 於聯營公司的投資(續)

本集團於聯營公司的權益調整如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Proportion of the Group's ownership	本集團擁有權所佔比例	60.77%	60.77%
Group's share of net assets attributable to owners of the associate, excluding goodwill	本集團分佔聯營公司擁有人應佔資產淨值，不包括商譽	3,916,806	4,235,135
Group's share of net assets of an unlisted subsidiary of the associate, excluding goodwill	本集團分佔聯營公司一間非上市子公司的資產淨值，不包括商譽	97,200	118,234
Goodwill on acquisition	收購獲得的商譽	1,998,289	1,998,289
Effect of fair value adjustments at acquisition	收購時的公允值調整影響	(29,579)	(17,436)
Exchange realignment	匯兌調整	193,320	(142,612)
Less: Equity-settled share-based payment transactions not shared by the Group	減：本集團未分佔的以權益結算的股份支付交易	34,804	25,726
Carrying amount of the investment	投資賬面值	6,210,840	6,217,336
Revenue	收入	4,956,811	4,783,801
Loss for the year	本年虧損	(506,173)	(994,847)
Other comprehensive loss	其他全面虧損總額	(11,526)	-
Total comprehensive loss for the year	年度全面虧損總額	(517,699)	(994,847)
Dividend received	已收股息	-	-

NOTES TO FINANCIAL STATEMENTS 財務報表附註

22. INVESTMENTS IN ASSOCIATES (continued)

A significant fall in the share price of China Modern Dairy compared to the average purchase price paid by the Group for its shareholding had constituted an indication of impairment. Accordingly, the carrying amount of the investment in China Modern Dairy was subject to an impairment test based on estimated future cash flows.

The assumptions used for the discount rate and perpetual growth rate were 11.50% (2017: 11.50%) and 3% (2017: 3.00%), respectively.

The following table illustrates the aggregate financial information of the Group's all other associates, extracted from their unaudited management accounts, that are not individually material:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司投資的賬面值總額	991,523	976,674
Share of the associates' revenues and profits:	分佔聯營公司收入及利潤：		
Revenues	收入	1,497,841	1,497,216
Profit for the year	本年利潤	22,741	30,164
Other comprehensive loss for the year	本年其他全面虧損	(14,304)	3,617
Total comprehensive income for the year	年度全面收益總額	8,437	33,781

All the above associates have been accounted for using the equity method in these financial statements. The Group has discontinued the recognition of its share of losses of certain associates because the share of losses of the associates exceeded the Group's interests in these associates. The amounts of the Group's unrecognised share of losses of these associates for the current year and cumulatively were RMB27,092,000 (2017: RMB24,494,000) and RMB115,147,000 (2017: RMB138,307,000), respectively.

22. 於聯營公司的投資 (續)

中國現代牧業的股價較本集團就其股權所支付的平均購買價顯著下跌。因此，於中國現代牧業的投資賬面值根據估計未來現金流量進行減值測試。

折現率及永續增長率分別假設為11.50% (二零一七年：11.50%) 及3% (二零一七年：3.00%)。

下表顯示本集團所有其他聯營公司(個別而言並不重大)的財務資料總述(摘錄自其未經審核管理賬目)：

上述所有聯營公司已採用權益法於財務報表內處理。本集團已終止確認其所佔若干聯營公司的虧損，因為應佔聯營公司的虧損超過本集團於該等聯營公司的權益。於年內，本集團未確認應佔該等聯營公司的虧損及累計虧損分別為人民幣27,092,000元(二零一七年：人民幣24,494,000元)及人民幣115,147,000元(二零一七年：人民幣138,307,000元)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

23. DEFERRED TAX

The movements in the deferred tax assets during the year are as follows:

Deferred tax assets:

Deferred tax arising from:		Tax losses available for offsetting future taxable profits	Write-down of inventories to net realisable value	Provision for trade receivables and other receivables	Impairment of property, plant and equipment	Un-invoiced accruals	Deferred income	Share award scheme	Others	Total
遞延稅項來自：		可抵銷日後應課稅利潤的稅項虧損	撤減存貨至可變現淨值	其他應收款項撥備	物業、廠房及設備減值	未獲得發票的預提費用	遞延收入	股票獎勵計劃	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	222,678	7,092	23,424	1,371	224,332	126,221	23,803	36,443	665,364
Credited/(charged) to profit or loss	損益內記賬/(支賬)	119,971	6,597	(1,683)	(429)	234,454	25,509	(977)	(6,828)	376,614
Exchange alignment	匯兌調整	(352)	-	-	-	-	-	-	-	(352)
At 31 December 2018	於二零一八年十二月三十一日	342,297	13,689	21,741	942	458,786	151,730	22,826	29,615	1,041,626
At 1 January 2017	於二零一七年一月一日	235,222	9,486	12,835	1,163	142,540	88,929	17,975	20,973	529,123
Credited/(charged) to profit or loss	損益內記賬/(支賬)	(10,864)	(2,382)	10,589	208	81,792	37,292	5,828	15,470	137,933
Exchange alignment	匯兌調整	(1,680)	(12)	-	-	-	-	-	-	(1,692)
At 31 December 2017	於二零一七年十二月三十一日	222,678	7,092	23,424	1,371	224,332	126,221	23,803	36,443	665,364

Management expects it is probable that taxable profits will be available against which the above tax losses and deductible temporary differences can be utilised in the coming years.

23. 遞延稅項

年內遞延稅項資產變動如下：

遞延稅項資產：

管理層預期未來年度有可能出現應課稅利潤，可用以抵扣上述稅項虧損及可扣減暫時性差異。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

23. DEFERRED TAX (continued)

Deferred tax assets have not been recognised in respect of the following items:

23. 遞延稅項 (續)

遞延稅項資產並未就下列項目確認：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Tax losses arising in Mainland China (i)	於中國大陸產生的稅項虧損(i)	2,924,721	2,116,670
Deductible temporary differences	可扣減暫時性差異	513,797	220,889
		3,438,518	2,337,559

(i) The above tax losses are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose.

(i) 上述稅項虧損可用以抵銷公司產生虧損日後應課稅利潤最多五年。

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that tax profits will be available against which the above items can be utilised. The approval of tax authorities would also be required to utilise the above deductible temporary differences by the Group.

遞延稅項資產並無就上述各項而予以確認，因認為可能沒有可供上述各項動用的稅項利潤。本集團動用上述可扣減暫時性差異時，亦需取得稅務機關的批准。

The movements in the deferred tax liabilities during the year are as follows:

年內遞延所得稅負債變動如下：

		Fair value adjustments arising from acquisition of subsidiaries 收購子公司產生 的公允值調整 RMB'000 人民幣千元	Fair value adjustments of financial instruments 金融工具 的公允值調整 RMB'000 人民幣千元	Accelerated depreciation for tax purpose 按稅法調整之 加速折舊差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	50,610	19,418	-	70,028
Acquisition of a subsidiary (note 44)	收購子公司(附註44)	13,430	-	-	13,430
Charged/(credited) to profit or loss	損益內支賬/(記賬)	10,207	(9,424)	121,881	122,664
At 31 December 2018	於二零一八年十二月三十一日	74,247	9,994	121,881	206,122

NOTES TO FINANCIAL STATEMENTS 財務報表附註

23. DEFERRED TAX (continued)

23. 遞延稅項(續)

		Fair value adjustments arising from acquisition of subsidiaries 收購子公司 產生的 公允值調整 RMB'000 人民幣千元	Fair value adjustments of financial instruments 金融工具的 公允值調整 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Deferred liabilities arising from:				
遞延負債來自：				
At 1 January 2017	於二零一七年一月一日	54,676	7,514	62,190
Charged/(credited) to profit or loss	損益內支賬/(記賬)	(4,066)	11,904	7,838
At 31 December 2017	於二零一七年十二月三十一日	50,610	19,418	70,028

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China whose equity interests are directly held by oversea parent companies in respect of earnings generated from 1 January 2008.

At 31 December 2018, no deferred tax liabilities relating to these subsidiaries' earnings earned after 31 December 2007 have been recognised by the Group. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB19,001,255,000 at 31 December 2018 (2017: RMB15,280,564,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

根據中國企業所得稅法，於中國大陸成立的外資企業向外國投資者宣派的股息須徵收10%預扣稅。有關規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後所產生的盈利。倘中國與外國投資者所屬司法權區之間訂有稅務協定，則可按較低預扣稅率徵收。本集團的適用稅率為5%或10%。因此，本集團須就該等於中國大陸成立的子公司(由海外母公司直接持有其股權)就二零零八年一月一日起產生的盈利所分派的股息計繳預扣稅。

二零一八年十二月三十一日，並未確認於二零零七年十二月三十一日後子公司賺取的盈利有關的遞延稅項負債。董事認為，該等子公司於可見將來分派盈利的可能性很低。二零一八年十二月三十一日，尚未就與於中國大陸子公司的投資相關的臨時性差異總額確認遞延稅項負債合共約人民幣19,001,255,000元(二零一七年：人民幣15,280,564,000元)。

概無因本公司向其股東支付股息而附帶的所得稅後果。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

24. BIOLOGICAL ASSETS**(A) Nature of activities**

Certain subsidiaries of the Company are principally engaged in the business of dairy cow raising and raw milk production. The Group's dairy cows comprise milkable cows held for raw milk production and heifers and calves that have not reached the age that can produce raw milk. The quantity of dairy cows owned by the Group and the output of raw milk at the end of the reporting period and during the year are shown below.

		2018 二零一八年 Head of dairy cows 乳牛(頭)	2017 二零一七年 Head of dairy cows 乳牛(頭)
Milkable cows	奶牛	31,716	14,307
Heifers and calves	小母牛及小牛	30,182	18,935
Total dairy cows	乳牛總數	61,898	33,242

In general, the heifers are inseminated with semen when they reached approximately 14 months of age. After approximately a nine month pregnancy term, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 days before a dry period of approximately 60 days. When a heifer begins to produce milk, it would be transferred to the category of milkable cows based on the estimated fair value on the date of transfer.

24. 生物資產**(A) 業務性質**

本公司若干子公司主要從事飼養乳牛業務及生產原奶。本集團乳牛包括用作生產原奶的奶牛及未到生產原奶年齡的乳牛。本集團於報告期末及年內擁有的乳牛數量及原奶產量如下。

一般情況下，小母牛於長至約14個月大時配種。約九個月孕期過後，小牛出生，乳牛開始出產原奶，哺乳期開始。奶牛通常會擠奶約305天，之後進入約60天乾乳期。小母牛開始產奶時，將按轉撥日期的估計公允值轉撥至奶牛類別。

		2018 二零一八年 Tonne 噸	2017 二零一七年 Tonne 噸
Volume of sales of milk produced	所產奶銷量	210,506	115,517

NOTES TO FINANCIAL STATEMENTS 財務報表附註

24. BIOLOGICAL ASSETS (continued)**(A) Nature of activities** (continued)

The Group is exposed to fair value risks arising from changes in price of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and the directors of the Company are of the view that there are no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the dairy products.

(B) Value of dairy cows

The value of dairy cows at the end of the reporting period was:

24. 生物資產 (續)**(A) 業務性質** (續)

本集團承受乳製品價格變動所產生的公允價值風險。本集團預計於可見將來乳製品價格不會大幅下跌。本公司董事認為，並無可用的衍生工具或本集團可以訂立的其他合約可用以控制乳製品價格下跌的風險。

(B) 乳牛價值

報告期末的乳牛價值：

		Heifers and calves 小母牛及小牛 RMB'000 人民幣千元	Milkable cows 奶牛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	296,530	349,613	646,143
Increases due to acquisition of a subsidiary (note 44)	因收購一間子公司增加 (附註44)	173,700	242,600	416,300
Increase due to raising (Feeding cost and others)	因養殖(飼養成本及其他)增加	313,680	-	313,680
Transfer	轉出	(279,623)	279,623	-
Decrease due to sales	因出售減少	(10,647)	(76,099)	(86,746)
Loss arising from changes in fair value less costs to sell of dairy cows (note 6)	乳牛公允價值減銷售成本變動產生的虧損 (附註6)	(88,230)	(64,547)	(152,777)
At 31 December 2018	於二零一八年十二月三十一日	405,410	731,190	1,136,600

NOTES TO FINANCIAL STATEMENTS 財務報表附註

24. BIOLOGICAL ASSETS (continued)
(B) Value of dairy cows (continued)

24. 生物資產 (續)
(B) 乳牛價值 (續)

		Heifers and calves 小母牛及小牛 RMB'000 人民幣千元	Milkable cows 奶牛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	242,078	237,308	479,386
Increases due to purchase	因收購增加	58,207	–	58,207
Increase due to raising (Feeding cost and others)	因養殖(飼養成本及其他)增加	190,987	–	190,987
Transfer	轉出	(150,199)	150,199	–
Decrease due to sales	因出售減少	(1,898)	(17,440)	(19,338)
Loss arising from changes in fair value less costs to sell of dairy cows (note 6)	乳牛公允值減銷售成本變動產生的虧損(附註6)	(42,645)	(20,454)	(63,099)
At 31 December 2017	於二零一七年十二月三十一日	296,530	349,613	646,143

The Group's dairy cows were valued by an independent qualified professional valuer. The fair values less cost to sell of the heifers and calves are determined with reference to the market-determined prices of items with similar age, breed and genetic merit. The fair values of milkable cows are determined by using the multi-period excess earnings method, which is a method of estimating the net present value over multiple time periods by discounting future cash flows to be generated by dairy cows.

本集團的乳牛由獨立合資格專業估值師估值。小母牛及小牛的公允值減出售成本乃經參考年齡、品種及遺傳優點相近的項目的市場定價釐定。奶牛的公允值按多期超額收益法釐定，其為透過終止由乳牛產生的未來現金流量估計於多個時期淨現值方法。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

24. BIOLOGICAL ASSETS (continued)**(B) Value of dairy cows** (continued)

The principal valuation assumptions adopted in applying the net present value approach are as follows:

- The quantities of the existing dairy cows at the end of the reporting period will reduce at a certain culling rate due to the natural or unnatural factors;
- The culling rates adopted are based on the current available breeding data of the Group and future operating plans;
- The quantities of cows will increase as calves are born;
- The expected average prices of milk during the six projected lactation periods are estimated after taking into account certain percentage growth, future demand and inflation in the PRC for each projected year;
- The cash flows for financing the assets and taxation are not included in accordance with IAS 41 Agriculture;
- Costs are average costs based on historical cost information; and
- The discount rate used was 12.43% as at 31 December 2018 (2017: 13.34%).

Certain dairy cows of the Group with fair values less cost to sell of approximately RMB52,412,000 (2017: RMB52,748,000) as at 31 December 2018 have been pledged to secure the long term bank loans of the Group, details of which are set out in note 32 to the financial statements.

24. 生物資產(續)**(B) 乳牛價值**(續)

應用淨現值法時採納的主要估值假設列載如下：

- 於報告期末的現有奶牛數量將因為自然或非自然因素而按某個淘汰率扣減；
- 所採納淘汰率乃基於本集團目前可取得的養殖資料及未來營運計劃；
- 小牛出生將增加牛隻數量；
- 考慮每個預測年度若干增長百分比、未來需求及中國通脹來估計牛奶於六個哺乳期預測期間的預期平均價格；
- 並無根據國際會計準則第41號農業計入資產及稅項提供資金的現金流；
- 成本基於過往成本資料的平均成本；及
- 於二零一八年十二月三十一日所用折現率為12.43%(二零一七年：13.34%)。

於二零一八年十二月三十一日，本集團若干乳牛的公允值減出售成本約人民幣52,412,000元(二零一七年：人民幣52,748,000元)已抵押作本集團長期銀行貸款的擔保。詳情載於財務報表附註32。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

25. OTHER FINANCIAL ASSETS

25. 其他金融資產

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At fair value through other comprehensive income:	以公允值計量且其變動計入其他全面收益：			
Hong Kong listed equity investments in YuanShengTai	投入原生態的香港上市股本投資	(a)	25,208	43,202
Hong Kong listed equity investments in China Shengmu	投入中國聖牧的香港上市股本投資	(b)	83,940	284,233
			109,148	327,435
At fair value through profit or loss:	以公允值計量且其變動計入損益：			
Unlisted equity investments	非上市股本投資		31,599	31,599
Convertible promissory note	可換股承兌票據	(c)	196,130	186,670
Short term investment deposits	短期投資存款	(d)	9,281,963	9,392,108
Subscription right of warrants	認股權證認購權	(e)	72,687	–
			9,582,379	9,610,377
At amortised cost:	按攤銷成本：			
Short term entrusted loans	短期委託貸款	(e)/(f)	2,234,809	1,065,400
Long term entrusted loans	長期委託貸款	(f)	12,295	64,149
Long term entrusted loans due within one year	於一年內到期的長期委託貸款	(f)	33,609	46,361
Long term receivables	長期應收款項	(g)	57,025	122,496
Long term time deposits	長期定期存款	(h)/29	1,921,418	1,039,504
			4,259,156	2,337,910
Total other financial assets	其他金融資產總額		13,950,683	12,275,722
Current	流動		11,819,198	10,690,539
Non-current	非流動		2,131,485	1,585,183
			13,950,683	12,275,722

NOTES TO FINANCIAL STATEMENTS 財務報表附註

25. OTHER FINANCIAL ASSETS (continued)

Notes:

- (a) On 25 November 2013, the Company acquired 172,275,000 shares, representing a 4.41% equity interest, in YuanShengTai Dairy Farm Limited (“YuanShengTai”), a Hong Kong listed dairy company, with approximately HK\$469,831,000, equivalent to RMB369,396,000. In January 2017, the Company’s shareholding in YuanShengTai was diluted to 3.67% due to new share placement by YuanShengTai. Management designated the equity investment as a financial asset at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run. The fair value of the listed equity securities was determined by reference to published quotations. A decrease in fair value for the year ended 31 December 2018 and an accumulated decrease in fair value as of 31 December 2018 with amounts of RMB17,994,000 (2017: RMB35,390,000) and RMB344,188,000 (2017: RMB326,194,000), respectively, had been recognised in other comprehensive income.
- (b) On 25 May 2011, the Company acquired a 5.81% equity interest in an unlisted dairy company with approximately HK\$125,322,000, equivalent to RMB98,531,000. Management designated the equity investment as a financial asset at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run. The equity investment was subsequently converted into 269,865,600 shares in China Shengmu Organic Milk Limited (“China Shengmu”) upon China Shengmu’s initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2014, representing approximately a 4.25% equity interest in China Shengmu. The fair value of the listed equity securities was determined by reference to published quotations. A decrease in fair value for the year ended 31 December 2018 and an accumulated decrease in fair value as of 31 December 2018 with amounts of RMB200,293,000 (2017: RMB234,770,000) and RMB14,591,000 (2017: accumulated increase of RMB185,702,000), respectively, had been recognised in other comprehensive income.

25. 其他金融資產(續)

註：

- (a) 二零一三年十一月二十五日，本公司以約469,831,000港元(相等於人民幣369,396,000元)收購一間香港上市乳業公司原生態牧業有限公司(「原生態」)172,275,000股股份，佔其4.41%股權。於二零一七年一月，由於原生態配售新股份，本公司於原生態的控股權被攤薄至3.67%。於二零一四年一月一日首次應用國際財務報告準則第9號(二零零九年)時，管理層將該項股本投資指定為以公允值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。該等上市股本證券的公允值乃經參考所公佈報價釐定。截至二零一八年十二月三十一日止年度公允值減少人民幣17,994,000元(二零一七年：人民幣35,390,000元)及於二零一八年十二月三十一日公允值累計減少人民幣344,188,000元(二零一七年：人民幣326,194,000元)，已於其他全面收益確認。
- (b) 二零一一年五月二十五日，本集團以約125,322,000港元(相等於人民幣98,531,000元)收購一間非上市乳業公司5.81%股權。於二零一四年一月一日首次應用國際財務報告準則第9號(二零零九年)時，管理層將該項股本投資指定為以公允值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。於中國聖牧有機奶業有限公司(「中國聖牧」)於二零一四年七月十五日在香港聯合交易所有限公司主板首次公開發售後，該項股本投資其後轉換為中國聖牧269,865,600股股份，佔中國聖牧約4.25%股權。該等上市股本證券的公允值乃經參考所公佈報價而釐定。截至二零一八年十二月三十一日止年度公允值減少人民幣200,293,000元(二零一七年：人民幣234,770,000元)，以及截至二零一八年十二月三十一日公允值累計減少人民幣14,591,000元(二零一七年：累計增加人民幣185,702,000元)，已於其他全面收益確認。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

25. OTHER FINANCIAL ASSETS (continued)

Notes: (continued)

- (c) On 7 September 2017, Golden Stage, a 100% directly owned subsidiary of the Company, entered into a convertible promissory note purchase agreement (the "Agreement") with AICE Holdings Limited ("AICE") to purchase the convertible promissory note in the original principal amount ("Principal Amount") of US\$28,000,000, equivalent to RMB182,753,000. According to the Agreement, 50% of the Principal Amount shall be automatically converted into the ordinary shares of AICE on any day within ten months from the closing date, which shall be a date determined by the board of AICE, at US\$1.14 per ordinary share. Golden Stage has an option to convert part or all of the remaining 50% Principal Amount into the ordinary shares or preferred shares of AICE during the next round of financing notice or receive the Principal Amount that has not been converted into shares, together with all the interest at the annual rate of 5%. The Group classified the convertible promissory note as a financial asset at fair value through profit or loss. During the year, a net fair value gain of RMB61,000 (2017: RMB3,711,000) was recognised in other income and gains (note 5).
- (d) The Group from time to time purchases various investment deposits from commercial banks for treasury management purpose. As at 31 December 2018, the Group held investment deposits of RMB9,281,963,000 (31 December 2017: RMB9,392,108,000) with principal guaranteed.

As at 31 December 2018, the investment deposits amounting to RMB537,607,000 (2017: RMB199,105,000) were pledged to secure letters of credit and interest-bearing bank and other borrowings.

25. 其他金融資產 (續)

註：(續)

- (c) 於二零一七年九月七日，一間100%由本公司直接擁有的子公司Golden Stage與AICE Holdings Limited(「AICE」)訂立可換股承兌票據購買協議(「該協議」)以於原本金(「本金」)購買28,000,000美元的可換股承兌票據(相等於人民幣182,753,000元)。根據該協議，於截止日期起計十個月內的任何一天(即AICE董事會釐定的日期)，本金的50%將按每股普通股1.14美元自動轉換為AICE的普通股。Golden Stage有權在下一輪融資通知期間將餘下的50%本金的部分或全部轉換為AICE的普通股或優先股，或收取尚未轉換為股份的本金以及所有年利率5%的利息。本集團將可換股承兌票據分類為以公允值計量且其變動計入損益的金融資產。於年內，公允值收益淨額人民幣61,000元(二零一七年：人民幣3,711,000元)於其他收入及收益確認(附註5)。
- (d) 本集團不時為庫務管理目的向商業銀行購入多項投資存款。於二零一八年十二月三十一日，本集團持有人民幣9,281,963,000元(二零一七年十二月三十一日：人民幣9,392,108,000元)設有本金保證的投資存款。

於二零一八年十二月三十一日，投資存款金額人民幣537,607,000元(二零一七年：人民幣199,105,000元)抵押以獲得信用證和計息銀行及其他借貸。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

25. OTHER FINANCIAL ASSETS (continued)

Notes: (continued)

- (e) On 23 December 2018, Inner Mongolia Mengniu, a subsidiary of the Company, and Inner Mongolia Shengmu High-tech Farming Co., Ltd. ("Shengmu High-tech Farming"), a subsidiary of China Shengmu, entered into two entrusted loan agreements, where RMB300,000,000 of 6 months term loan and RMB1,000,000,000 of 1 year term loan were respectively granted by Inner Mongolia Mengniu to Shengmu High-tech Farming (the "Loan Facilities"), with contract interest rates of 6.09% and 6.09% respectively. The Loan Facilities were initially recognised at present values of RMB291,248,000 and RMB941,658,000 on 23 December 2018 in the consolidated financial statements, with effective interest rates of 12.66% and 12.97%, respectively. The Loan Facilities were secured by certain equity interests in subsidiaries and dairy cows of China Shengmu and were guaranteed by China Shengmu.

In consideration of Inner Mongolia Mengniu granting the above favourable Loan Facilities to Shengmu High-tech Farming, China Shengmu has agreed to conditionally issue to Start Great Holdings Limited, a subsidiary of the Company, a total of 1,197,327,890 warrants ("Warrants") subject to the terms and conditions set out in the warrant subscription agreement dated 23 December 2018. Upon exercise, each warrant entitles the warrant holder to subscribe for one new share of China Shengmu at HK\$0.33, subject to adjustment. The subscription right of warrants were fair valued at RMB67,094,000 and RMB72,687,000, on 23 December 2018 and 31 December 2018, respectively, resulting in a fair value gain of RMB5,593,000 recognised in the consolidated financial statements (note 5).

In connection with the above Loan Facilities and Warrants agreements, on 23 December 2018, the Group and China Shengmu also entered into a share purchase agreement, pursuant to which the Group agreed to purchase 51% of the equity interests in Inner Mongolia Shengmu High-tech Dairy Co., Ltd. and Hohhot Shengmu High-tech Dairy Co., Ltd., being the liquid milk processing business segment of China Shengmu, at a cash consideration of RMB303,419,400. Upon completion, Inner Mongolia Shengmu High-tech Dairy Co., Ltd. and Hohhot Shengmu High-tech Dairy Co., Ltd. will become subsidiaries and will be consolidated into the Group. As at the reporting date, the transaction was not completed.

- (f) Except for the entrusted loans to Shengmu High-tech as disclosed in (e) above, the entrusted loans are unsecured, with annual interest rates ranging from 4.00% to 8.96% (2017: 4.00% to 8.96%). As at 31 December 2018, these entrusted loans were neither past due nor impaired and had no history of default.
- (g) Long term receivables represent the receivables arising from disposal of certain property, plant and equipment to independent third parties. As at 31 December 2018, those long term receivables were neither past due nor impaired.
- (h) The effective interest rates on long term time deposits as at 31 December 2018 varied from 4.13% to 4.18% (2017: 3.58% to 5.23%) per annum and the long term time deposits would mature in two to five years. As at 31 December 2018, the long term deposits amounting to RMB20,000,000 (2017: Nil) was pledged to secure letters of credit.

25. 其他金融資產(續)

註：(續)

- (e) 於二零一八年十二月二十三日，本公司的子公司內蒙古蒙牛及中國聖牧的子公司內蒙古聖牧高科技牧業有限公司(「聖牧高科技牧業」)訂立兩項委託貸款協議，為期六個月人民幣300,000,000元貸款及一年期人民幣1,000,000,000元貸分別由內蒙古蒙牛授予聖牧高科技牧業(「貸款融資」)，合約利率分別為6.09%及6.09%。貸款融資於二零一八年十二月二十三月初始按現值人民幣291,248,000元及人民幣941,658,000元確認於綜合財務報表，而實際利率分別為12.66%及12.97%。貸款融資以中國聖牧子公司若干股權及乳牛抵押，並由中國聖牧擔保。

由於內蒙古蒙牛向聖牧高科技授予優惠貸款融資，故中國聖牧同意有條件向本公司子公司Start Great Holdings Limited發行合共1,197,327,890股認股權證(「認股權證」)，受限於訂立日期為二零一八年十二月二十三日的認股權證認購協議的條款及條件。待行使後，每股認股權證持有者有權以0.33港元(可予調整)認購中國聖牧一股新股份。認股權證認購權之公允值於二零一八年十二月二十三及二零一八年十二月三十一日分別為人民幣67,094,000元及人民幣72,687,000元，導致人民幣5,593,000元公允值收益於綜合財務報表確認(附註5)。

根據上述貸款融資及認股權證協議，於二零一八年十二月二十三日，本集團與中國聖牧訂立股份購買協議，據此，本集團同意以現金代價人民幣303,419,400元購買中國聖牧的液態奶加工業務板塊內蒙古聖牧高科技乳業有限公司以及呼和浩特聖牧高科技乳業有限公司51%股權。待完成後，內蒙古聖牧高科技乳業有限公司以及呼和浩特聖牧高科技乳業有限公司將成為子公司且併入本集團。於報告日期，此交易尚未完成。

- (f) 除以上(e)段所披露向聖牧高科技授予的委託貸款外，委託貸款為無抵押，年利率介乎4.00%至8.96%(二零一七年：4.00%至8.96%)。於二零一八年十二月三十一日，該等信託貸款概無逾期或減值以及拖欠記錄。
- (g) 長期應收款項指因出售若干物業、廠房及設備予獨立第三方而產生的應收款項。於二零一八年十二月三十一日，該等長期應收款項並無逾期亦無減值。
- (h) 於二零一八年十二月三十一日，長期定期存款的實際年利率介乎4.13%至4.18%(二零一七年：3.58%至5.23%)，並將於兩至五年內到期。於二零一八年十二月三十一日，人民幣20,000,000元(二零一七年：零)長期存款已抵押以獲取信用證。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

26. INVENTORIES

26. 存貨

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Raw materials	原材料	2,480,194	1,757,835
Finished goods	產成品	1,801,725	1,752,433
Total inventories at the lower of cost and net realisable value	按成本與可變現淨值的較低者計價的存貨總額	4,281,919	3,510,268

The amount of write-down of inventories recognised as an expense was RMB35,316,000 (2017: RMB84,998,000), which was recognised in other expenses (note 6).

確認為開支的存貨撇減金額為人民幣35,316,000元(二零一七年:人民幣84,998,000元),並於其他費用(附註6)中確認。

27. TRADE AND BILLS RECEIVABLES

27. 應收賬款及票據

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Bills receivable	應收票據	85,447	61,897
Trade receivables	應收賬款	2,955,818	2,705,969
Impairment	減值	(149,292)	(121,032)
		2,891,973	2,646,834

The Group normally allows a credit limit to its customers which is adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. The trade receivables are non-interest-bearing.

本集團通常給予客戶特定信貸額度,並可在特定情況下調整。本集團密切留意逾期未償還結餘。鑒於上文所述及本集團的應收賬款與大量不同類別的客戶有關,故並無重大信貸集中風險。本集團並無就其應收賬款持有任何抵押品或其他信貸提升。應收賬款並無附帶利息。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

27. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 3 months	三個月內	2,524,831	2,439,605
4 to 6 months	四至六個月	308,887	125,377
7 to 12 months	七至十二個月	38,067	78,150
Over 1 year	逾一年	20,188	3,702
		2,891,973	2,646,834

The movements in the loss allowance for impairment of trade receivables are as follows:

應收賬款減值撥備變動如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	121,032	71,649
Effect of adoption of IFRS 9	採納國際財務報告準則第9號的影響	6,597	-
At beginning of year (restated)	年初(經重述)	127,629	71,649
Impairment losses recognised	已確認減值虧損	104,509	61,715
Transform from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的處置組內資產	-	877
Amount written off as uncollectible	列為不可收回而撇銷的金額	(62,237)	(11,211)
Impairment losses reversed	減值虧損撥回	(20,609)	(1,998)
At end of year	於年末	149,292	121,032

27. 應收賬款及票據 (續)

於報告期末，經扣除虧損撥備的應收賬款及票據按發票日期的賬齡分析如下：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

27. TRADE AND BILLS RECEIVABLES (continued)
Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using the provision matrix:

As at 31 December 2018

		Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
Expect credit loss rate	預期信貸虧損率 賬面總值	1.10%	79.43%	93.11%	100%	4.91%
Gross carrying amount (RMB'000)	(人民幣千元) 預期信貸虧損	2,903,720	83,441	43,907	10,197	3,041,265
Expected credit losses (RMB'000)	(人民幣千元)	(31,935)	(66,277)	(40,883)	(10,197)	(149,292)

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB104,398,000 with an aggregate carrying amount before provision of RMB226,931,000.

The individually impaired trade receivables as at 31 December 2017 related to customers that were in financial difficulties or were in default principal payments and only a portion of the receivables is expected to be recovered.

27. 應收賬款及票據 (續)**截至二零一八年十二月三十一日止年度
根據國際會計準則第9號計量的減值**

於各報告日期，減值分析採用撥備矩陣進行，以計量預期信貸虧損。撥備比率根據本集團過往的信貸虧損經驗得出，經債務人特定的前瞻性因素及經濟環境校正。

下列是採用撥備矩陣計量本集團應收賬款及票據的信貸風險資料：

於二零一八年十二月三十一日

	Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
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**截至二零一七年十二月三十一日止年度
根據國際會計準則第39號計量的減值**

於二零一七年十二月三十一日，上述根據國際會計準則第39號基於已產生信貸虧損計量的應收賬款減值撥備中，包括一項個別減值應收賬款的撥備人民幣104,398,000元，該項應收賬款未計撥備前的賬面總額為人民幣226,931,000元。

於二零一七年十二月三十一日，個別減值應收賬款與陷入財務困境或拖欠支付本金的客戶有關，預期該等應收款項中只可收回部分。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

27. TRADE AND BILLS RECEIVABLES (continued)

Impairment under IAS 39 for the year ended 31 December 2017 (continued)

The ageing analysis of the trade and bills receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

		2017 二零一七年 RMB'000 人民幣千元
Neither past due nor impaired	既未過期亦無減值	2,367,895
Past due but not impaired	已過期但無減值	
– Within three months	– 三個月內	2,644
– Over three months	– 三個月以上	9,822
		2,380,361

Trade and bills receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade and bills receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

27. 應收賬款及票據(續)

截至二零一七年十二月三十一日止年度根據國際會計準則第39號計量的減值(續)

於二零一七年十二月三十一日，根據國際會計準則第39號，個別或總體均不存在減值問題的應收賬款及應收票據的賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元
既未過期亦無減值的應收賬款及票據	既未過期亦無減值	2,367,895
已過期但無減值的應收賬款及票據	已過期但無減值	
– 三個月內	– 三個月內	2,644
– 三個月以上	– 三個月以上	9,822
		2,380,361

既未過期亦無減值的應收賬款及票據與大量不同類別的客戶有關，彼等於近期並無拖欠款項記錄。

到期未付但並無減值的應收賬款及票據與數個獨立客戶有關，該等客戶於本集團內有良好的往績記錄。根據過往經驗，本公司董事認為無需根據國際會計準則第39號就該等結餘計提減值撥備，皆因信貸質量並無太大的轉變而結餘被認為依然可以全數收回。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

28. 預付款、其他應收款項及其他資產

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Deposits	按金	89,883	15,778
Prepayments	預付款	1,368,581	1,306,555
Other receivables	其他應收款項	587,450	846,556
Value-added tax recoverable	可抵扣增值稅	680,980	344,749
Corporate income tax recoverable	可退企業所得稅	35,481	16,021
Land use rights	土地使用權		
– current portion (note 18)	– 即期部分(附註18)	25,316	23,607
Long term prepayments (note a)	長期預付款(註a)	66,293	73,067
Right of return assets	退貨權資產	18,268	–
Total prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	2,872,252	2,626,333
Less: Long term prepayments – non-current portion (note a)	減：長期預付款 – 非即期部分(註a)	(64,140)	(54,769)
Impairment allowance	減值撥備	2,808,112 (30,519)	2,571,564 (30,141)
		2,777,593	2,541,423

Note:

- (a) The Group has entered into long term raw milk supply contracts with certain milking cow raising companies. In accordance with these contracts, the Group prepaid for raw milk supplies for the next two to five years.

註：

- (a) 本集團已與若干飼養乳牛公司訂立長期原料鮮奶供貨合約。根據該等合約，本集團就未來兩至五年原料鮮奶供貨預付款項。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

29. CASH AND BANK BALANCES AND OTHER DEPOSITS

29. 現金及銀行結存及其他存款

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash and cash equivalents as stated in the consolidated statement of cash flows	列於綜合現金流量表的現金及現金等價物		4,370,494	3,129,444
Pledged deposits	保證金存款	(a)	623,495	466,265
Time deposits	定期存款		4,848,912	3,868,937
			9,842,901	7,464,646
Less: Pledged deposits for banking facilities	減：銀行融資的保證金存款	30/32	(623,495)	(466,265)
Less: Long term time deposits	減：長期定期存款	25	(1,921,418)	(1,039,504)
Cash and bank balances as stated in the consolidated statement of financial position	列於綜合財務狀況表的現金及銀行結存		7,297,988	5,958,877

Note:

(a) As at 31 December 2018, the Group's pledged deposits were for the following bank facilities:

註：

(a) 於二零一八年十二月三十一日，本集團的保證金存款就以下銀行融資作出：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Pledged to secure bills payable (note 30)	抵押以獲得應付票據(附註30)	254,977	201,612
Pledged to secure interest-bearing bank and other borrowings (note 32)	抵押以獲得計息銀行及其他借貸(附註32)	361,656	249,276
Pledged to secure letters of credit	抵押以獲得信用證	6,862	15,377
		623,495	466,265

NOTES TO FINANCIAL STATEMENTS 財務報表附註

29. CASH AND BANK BALANCES AND OTHER DEPOSITS (continued)

At the end of the reporting period, cash and bank balances of the Group denominated in RMB amounted to approximately RMB7,069,907,000 (2017: RMB5,655,060,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at the prevailing market interest rates. Time deposits are made for varying periods of between one day and five years depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 3 months	三個月內	5,988,352	5,569,969
4 to 6 months	四至六個月	809,406	633,662
7 to 12 months	七至十二個月	193,712	116,853
Over 1 year	逾一年	30,072	21,789
		7,021,542	6,342,273

The Group's trade payables are unsecured, non-interest-bearing and payable on demand.

Included in the above balances, bills payable with an aggregate balance of approximately RMB606,299,000 (2017: RMB397,660,000) were secured by the pledge of certain of the Group's deposits amounting to approximately RMB254,977,000 (2017: RMB201,612,000) (note 29). Except for the above, bills payable were unsecured, non-interest-bearing and payable when due ranging from 3 to 6 months.

29. 現金及銀行結存及其他存款(續)

於報告期末，本集團以人民幣為單位的現金及銀行結存金額為約人民幣7,069,907,000元(二零一七年：人民幣5,655,060,000元)。人民幣並非可自由兌換為其他貨幣。然而，根據中國大陸的外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行，將人民幣匯兌為其他貨幣。

銀行存款根據市場利率計息。定期存款乃視乎本集團的即時現金需求而按介乎一日至五年的不同存款期存放，以及根據定期存款利率計息。銀行結存及保證金存款乃存放於信譽良好且無近期拖欠記錄的銀行。

30. 應付賬款及票據

本集團應付賬款及票據按發票日期的賬齡分析如下：

本集團的應付賬款為無抵押及免息及須應要求隨時償還。

在上述金額中，結餘總額約人民幣606,299,000元(二零一七年：人民幣397,660,000元)的應付票據以本集團若干存款為數約人民幣254,977,000元(二零一七年：人民幣201,612,000元)(附註29)作抵押。除上述者外，應付票據為無抵押及免息，並將於三至六個月內到期。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31. OTHER PAYABLES AND ACCRUALS

31. 其他應付款項及預提費用

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Contract liabilities	合約負債	(a)	3,332,929	–
Refund liabilities	退款負債		29,365	–
Advances from customers	來自客戶墊款	(a)	–	1,843,166
Salary and welfare payables	應付薪金及福利費		1,660,319	1,279,031
Other payables	其他應付款項	(b)	5,866,804	4,202,026
			10,889,417	7,324,223

Notes:

註：

(a) Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

(a) 於二零一八年十二月三十一日及二零一八年一月一日的合約負債詳情如下：

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元
Short-term advances received from customers	自客戶收取的短期墊款		
Sale of goods	商品銷售	3,332,929	1,843,166

Contract liabilities are short-term advances received to deliver dairy products.

合約負債為就運送奶製品收取的短期墊款。

(b) Other payables are non-interest-bearing and payable on demand.

(b) 其他應付款項為免息及須應要求隨時償還。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

32. 計息銀行及其他借貸

		2018 二零一八年			2017 二零一七年		
		Maturity 到期日	Fixed rate 固定利率 RMB'000 人民幣千元	Floating rate 浮動利率 RMB'000 人民幣千元	Maturity 到期日	Fixed rate 固定利率 RMB'000 人民幣千元	Floating rate 浮動利率 RMB'000 人民幣千元
Current	流動						
Short term bank loans, secured	短期銀行貸款，有抵押	2019	748,844	136,984	2018	79,421	280,276
Short term bank loans, unsecured	短期銀行貸款，無抵押	2019	3,721,347	156,500	2018	1,255,929	2,789,500
Current portion of long term bank loans – secured	長期銀行貸款即期部分 —有抵押	2019	6,004	26,660	2018	8,188	36,660
Current portion of long term bank loans – unsecured	長期銀行貸款即期部分 —無抵押	2019	176,230	1,550,346	2018	156,230	69,100
US\$500,000,000 3.5% bonds issued in 2013 (note (d))	於二零一三年發行的 500,000,000美元票 息率3.5%的 債券(註(d))	-	-	-	2018	3,259,723	-
Non-current	非流動						
Long term bank loans, secured	長期銀行貸款，有抵押	2020-2021	-	178,080	2019-2021	5,830	238,540
Long term bank loans, unsecured	長期銀行貸款，無抵押	2020-2030	248,190	3,080,620	2019-2030	161,770	4,338,382
US\$194,800,000 zero coupon exchangeable bonds issued in 2017 (note (e) and note 22)	於二零一七年發行的 194,800,000美元 零息可交換債券 (註(e)及附註22)	2022	1,275,183	-	2022	1,270,575	-
US\$500,000,000 4.25% bonds issued in 2018 (note (f))	於二零一八年發行的 500,000,000美元票 息率4.25%的 債券(註(f))	2023	3,410,327	-	2023	-	-
			9,586,125	5,129,190		6,197,666	7,752,458

NOTES TO FINANCIAL STATEMENTS 財務報表附註

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The repayment schedule of the interest-bearing bank and other borrowings is as follows:

32. 計息銀行及其他借貸(續)

計息銀行及其他借貸的還款期如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 year	一年內	6,522,915	7,935,027
1 to 2 years	一至兩年	3,043,300	1,524,855
2 to 5 years	兩至五年	5,091,560	4,269,922
Over 5 years	五年以上	57,540	220,320
Total interest-bearing bank and other borrowings	計息銀行及其他借貸總額	14,715,315	13,950,124
Less: Amount due within one year included in current liabilities	減：計入流動負債的一年內到期款項	(6,522,915)	(7,935,027)
		8,192,400	6,015,097

Notes:

- (a) As at 31 December 2018 and 2017, the Group's interest-bearing bank and other borrowings were secured as follows:

註：

- (a) 於二零一八年及二零一七年十二月三十一日，本集團的計息銀行及其他借貸抵押情況如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Secured by pledged deposits	以保證金存款抵押	286,984	213,392
Secured by investment deposits	以投資存款抵押	407,724	49,421
Secured by dairy cows, land use rights and property, plant and equipment	以乳牛、土地使用權及物業、廠房及設備抵押	367,944	319,219
Secured by all present and after acquired property of Yashili New Zealand	以新西蘭雅士利所有現有及之後獲得之物業抵押	33,920	66,883
Unsecured	無抵押	13,618,743	13,301,209
		14,715,315	13,950,124

NOTES TO FINANCIAL STATEMENTS 財務報表附註

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (b) The carrying amounts of the Group's interest-bearing bank and other borrowings were denominated in the following currencies:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Hong Kong dollars	港元	3,376,261	3,207,497
United States dollars	美元	6,153,396	5,941,819
New Zealand dollars	新西蘭元	12,793	74,426
Australian dollars	澳元	-	12,053
Euro	歐元	-	52,197
RMB	人民幣	5,172,865	4,662,132
		14,715,315	13,950,124

- (c) The floating annual interest rates of the short term bank loans and long term bank loans varied from 1.65% to 6.09% (2017: from 1.35% to 6.72%), which were determined based on the interest rates announced by the People's Bank of China, Hong Kong Interbank Offered Rate and the London Interbank Offered Rate.

The fixed annual interest rates of the short term bank loans varied from 1.15% to 10.00% (2017: from 1.15% to 6.09%). The fixed annual interest rates of the long term bank loans varied from 1.20% to 7.93% (2017: from 1.20% to 7.93%).

- (d) On 27 November 2013, the Company issued five-year bonds due 2018 with an aggregate principal amount of USD500,000,000 at 99.456% of the face value. The bonds bore interest from and including 27 November 2013 at the rate of 3.5% per annum, payable semi-annually in arrears on 27 May and 27 November each year. The bonds were fully repaid on 27 November 2018.

32. 計息銀行及其他借貸(續)

註：(續)

- (b) 本集團以下列貨幣計值的計息銀行及其他借貸的賬面值如下：

- (c) 短期銀行貸款及長期銀行貸款的浮動年利率按中國人民銀行公佈的利率、香港銀行同業拆息及倫敦銀行同業拆息釐定為介乎1.65%至6.09%（二零一七年：1.35%至6.72%）。

短期銀行貸款的固定年利率介乎1.15%至10.00%（二零一七年：1.15%至6.09%）。長期銀行貸款的固定年利率介乎1.20%至7.93%（二零一七年：1.20%至7.93%）。

- (d) 於二零一三年十一月二十七日，本公司發行二零一八年到期的五年債券，本金總額為99.456%面值的500,000,000美元。債券將由二零一三年十一月二十七日（包括當日）起按年利率3.5%計息，於每年五月二十七日及十一月二十七日每半年派息一次。債券於二零一八年十一月二十七日全數償還。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (e) On 6 June 2017, the Company issued US\$194,800,000 zero coupon exchangeable bonds due 2022, which are exchangeable into 689,438,782 shares of China Modern Dairy at the initial notional exchange price of HK\$2.1995 per share. The Group classified the exchangeable bonds as financial liabilities at fair value through profit or loss. During the year, a net fair value gain of RMB58,009,000 (2017: net fair value gain of RMB2,363,000) was recognised in other income and gains (note 5).
- (f) On 7 August 2018, the Company issued five-year bonds due 2023 with an aggregate principal amount of USD500,000,000 at 99.653% of the face value. The bonds bear interest from and including 7 August 2018 at the rate of 4.25% per annum, payable semi-annually in arrears on 7 February and 7 August each year.

33. OTHER LOANS

Other loans are unsecured and interest-free. There were no repayment terms for the Group's other loans.

Other loans were all granted by local government authorities in the PRC for the purpose of supporting the Group's establishment of production plants in various locations in the PRC.

32. 計息銀行及其他借貸(續)

註：(續)

- (e) 於二零一七年六月六日，本公司發行194,800,000美元的於二零二二年到期的零息可交換債券，其可按照初步名義交換價（每股股份2.1995港元）轉換為中國現代奶業689,438,782股股份。本集團分類可交換債券為以公允值計量且其變動計入損益的金融負債。於年內，公允值收益淨額人民幣58,009,000元（二零一七年：公允值收益淨額人民幣2,363,000元）於其他收入及收益中確認（附註5）。
- (f) 於二零一八年八月七日，本公司發行二零二三年到期的五年債券，本金總額為99.653%面值的500,000,000美元。債券將由二零一八年八月七日（包括當日）起按年利率4.25%計息，於每年二月七日及八月七日每半年派息一次。

33. 其他貸款

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Short term loans	短期貸款	22,912	22,912

其他貸款為無抵押及免息。本集團其他貸款並無還款期。

其他貸款全部由中國地方政府當局為支持本集團在中國多個地方設置生產廠房而授出。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

34. DERIVATIVE FINANCIAL INSTRUMENTS

34. 衍生金融工具

		Notes 附註	2018 二零一八年		2017 二零一七年	
			Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元	Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元
Interest rate swap	利率互換合約	(a)	28,598	-	30,617	-
Foreign currency forward contracts	遠期外幣合約	(b)	33,517	27,162	4,301	178
Interest rate forward contracts	利率遠期合約	(b)	15,695	-	23,985	-
Commodity futures contracts	商品期貨合約	(c)	-	-	1,283	1,044
			77,810	27,162	60,186	1,222
Portion classified as non-current:	分類為非流動部分：					
Interest rate swap	利率互換合約		28,598	-	30,617	-
Foreign currency forward contracts	外幣遠期合約		-	17,457	-	-
Interest rate forward contracts	利率遠期合約		-	-	23,985	-
			28,598	17,457	54,602	-
Current portion	流動部分		49,212	9,705	5,584	1,222

Notes:

(a) Interest rate swaps – cash flow hedge:

As at 31 December 2018 and 31 December 2017, the Group has interest rate swaps with financial institutions with an aggregate notional amount of HKD3,100,000,000 whereby it received a floating rate of interest on the notional amount at the Hong Kong Interbank Offered Rate (“Hibor”) monthly and pays a fixed rate of interest on the notional amount. The interest rate swaps are being used to hedge the interest rate risk in relation to a HKD denominated floating rate bank borrowing with a principal of HKD3,100,000,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the interest payments and the principal payments of the bank loan agreements. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the interest rate swaps are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

註：

(a) 利率互換合約－現金流量對沖：

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團於金融機構擁利率互換合約，總名義金額為3,100,000,000港元，據此，其每月按香港銀行同業拆息（「Hibor」）收取名義金額的浮動利率利息，並按固定利率支付名義金額的利息。利率互換合約用於對沖有關本金金額為3,100,000,000港元以港元計值的浮動利率銀行借款的利率風險。

已對沖項目及對沖工具存在經濟關係，原因為利率互換合約的條款與利息付款及銀行貸款協議的本金付款相匹配。本集團為對沖關係設定1：1的對沖比率，原因為利率互換合約的相關風險與已對沖風險成分相同。為計量對沖無效，本集團採用假設衍生工具法，並將已對沖風險產生的對沖工具公允值變動與已對沖項目公允值變動進行比較。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

34. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

(a) Interest rate swaps – cash flow hedge: (continued)

Hedge ineffectiveness can arise from:

- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The impacts of the hedging instruments on the statement of financial position are as follow:

34. 衍生金融工具(續)

註：(續)

(a) 利率互換合約－現金流量對沖：(續)

對沖無效可由下列各項產生：

- 應用於貼現已對沖項目的不同利率曲線及對沖工具
- 交易對手的信貸風險對對沖工具及已對沖項目的公允值變動構成不同影響
- 已對沖項目及對沖工具的預測現金流量變動

對沖工具對財務狀況表的影響如下：

		Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
		名義值 HK\$'000 港幣千元	賬面值 RMB'000 人民幣千元	財務狀況表 項目	年內用於計量 對沖無效的 公允值變動 RMB'000 人民幣千元
As at 31 December 2018	於二零一八年十二月三十一日				
Interest rate swaps	利率互換合約	3,100,000	28,598	Derivative financial instruments (assets) 衍生金融工具 (資產)	(4,196)
As at 31 December 2017	於二零一七年十二月三十一日				
Interest rate swaps	利率互換合約	3,100,000	30,617	Derivative financial instruments (assets) 衍生金融工具 (資產)	30,617

NOTES TO FINANCIAL STATEMENTS 財務報表附註

34. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

The impacts of the hedged items on the statement of financial position are as follows:

34. 衍生金融工具(續)

註：(續)

已對沖項目對財務狀況表的影響如下：

		Change in fair value used for measuring hedge ineffectiveness for the year 年內用於計量對沖 無效的公允值變動 RMB'000 人民幣千元	Cash flow hedge reserve 現金流量 對沖儲備 RMB'000 人民幣千元
As at 31 December 2018	於二零一八年十二月三十一日		
Interest rate swaps	利率互換合約	(4,196)	26,421
As at 31 December 2017	於二零一七年十二月三十一日		
Interest rate swaps	利率互換合約	30,617	30,617

The effect of the cash flow hedge on the statement of profit and loss and the statement of comprehensive income are as follows:

現金流量對沖對損益表及全面收益表的影響如下：

		Total hedging gain/(loss) recognised in other comprehensive income 於其他全面收益確認的對沖收益/(虧損)總額			Hedge ineffectiveness recognised in profit or loss 於損益確認的 對沖無效	Line item in the statement of profit or loss 損益表項目	Amount reclassified from other comprehensive income to profit or loss 自其他全面收益重新分類至損益的金額			Line item (gross amount) in the statement of profit or loss 損益表項目 (總額)
		Gross amount 總額	Tax effect 稅務影響	Total 總計			Gross amount 總額	Tax effect 稅務影響	Total 總計	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度									
Interest rate swaps	利率互換合約	(4,196)	-	(4,196)	-	N/A	-	-	-	N/A
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度									
Interest rate swaps	利率互換合約	30,617	-	30,617	-	N/A	-	-	-	N/A

NOTES TO FINANCIAL STATEMENTS 財務報表附註

34. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

- (b) In addition to the above interest rate swap designated as hedging instruments, the Group has also entered into various foreign currency forward contracts and interest rate forward contracts to manage its exchange rate and floating interest rate exposures. These forward contracts are not designated for hedging purposes and are measured at fair value through profit or loss. A net fair value gain on foreign currency forward contracts of RMB2,232,000 (2017: RMB1,483,000) was recognised in other income and gains during the year (note 5). A net fair value loss on interest rate forward contracts of RMB8,290,000 (2017: net fair value gain of RMB907,000) was recognised in finance costs during the year (note 8).
- (c) To manage its price exposure to future purchase of raw materials, such as white sugar, palm oil and raw milk powder, the Group has entered into various commodity futures contracts. The Group accounted for these commodity futures contracts at fair value with changes recognised in profit or loss. During the year, a net fair value gain of RMB6,394,000 (2017: net fair value loss of RMB22,880,000) was credited to cost of sales (note 7).

34. 衍生金融工具(續)

註：(續)

- (b) 除以上指定為對沖工具的利率互換外，本集團亦訂立多項遠期外幣合約及利率遠期合約以管理其匯率及浮動利率風險。該等遠期合約並非指定作對沖用途，並按公允值計入損益計量。遠期外幣合約公允值收益淨額人民幣2,232,000元(二零一七年：人民幣1,483,000元)於年內確認為其他收入及收益(附註5)。利率遠期合約公允值虧損淨額人民幣8,290,000元(二零一七年：公允值收益淨額人民幣907,000元)於年內確認為融資成本(附註8)。
- (c) 為管理未來購置商品作為原材料(例如白糖、棕櫚油及原料奶粉)的價格風險，本集團已訂立多項商品期貨合約。本集團將此等商品期貨合約按公允值列賬，而公允值的變動則於損益內確認。年內，公允值收益淨額人民幣6,394,000元(二零一七年：公允值虧損淨額人民幣22,880,000元)已自銷售成本扣除(附註7)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

35. LONG TERM PAYABLES

The Group's long term payables represent the amortised costs of the outstanding instalments payable for the purchase of production equipment. The effective interest rate used for the amortisation is the prevailing market interest rate. The balances are repayable as follows:

35. 長期應付款項

本集團的長期應付款項指須就購置生產設備分期支付款項的攤銷成本。攤銷所使用的實際利率為現行市場利率。有關結餘的還款期如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 year	一年內	11,802	27,345
1 to 2 years	一至兩年	814	10,894
Total long term payables	長期應付款項總額	12,616	38,239
Less: Amount due within one year included in current liabilities under other payables	減：計入流動負債中其他應付 款項的一年內到期款項	(11,802)	(27,345)
		814	10,894

Long term payables are secured by the Group's property, plant and equipment (note 15(a)).

長期應付款項以本集團的物業、廠房及設備作抵押(附註15(a))。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

36. DEFERRED INCOME

Various local government authorities have granted certain property, plant and equipment to the Group for nil consideration, have provided finance to the Group for the purchase of certain property, plant and equipment, and/or have financed the Group by way of a cash donation with certain conditions attaching to these cash donations. Both the property, plant and equipment and grants are recorded initially at fair value. These grants are initially recorded as deferred income. The grants relate to property, plant and equipment are amortised to match the depreciation charge of the property, plant and equipment granted or purchased in accordance with their estimated useful lives. The cash donations with unfulfilled conditions or contingencies are only recognised in profit or loss when the Group satisfied the attached conditions. Movements of the balances during the year are as follows:

36. 遞延收入

多個地方政府當局無償向本集團授予若干物業、廠房及設備，為購買若干物業、廠房及設備向本集團提供資金及／或透過現金捐款方式（此等現金捐獻附帶若干條件）向本集團提供融資。物業、廠房及設備及補助金最初均以公允值列賬。此等補助金初步記錄為遞延收入。與若干物業、廠房及設備有關的補助金按配合獲授或購入的物業、廠房及設備的折舊計提的方式，根據其估計可使用年期攤銷。未能達到所附帶的條件或或然事件的現金捐獻將只會於本集團達到所附帶的條件時在損益內確認。年內該結餘的變動如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At beginning of year	年初	899,738	668,478
Received during the year	年內收取	242,588	316,614
Amortisation during the year (note 5)	年內攤銷(附註5)	(115,945)	(85,354)
At end of year	年終	1,026,381	899,738
Current portion	即期部分	170,261	160,279
Non-current portion	非即期部分	856,120	739,459
		1,026,381	899,738

NOTES TO FINANCIAL STATEMENTS 財務報表附註

37. OTHER FINANCIAL LIABILITIES

37. 其他金融負債

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Present value of redemption amount for potential acquisition of puttable non-controlling interests	可能收購可沽售非控股股東權益的贖回金額現值	(a)/(b)	1,610,947	2,175,431
Portion classified as current financial liabilities	分類為即期金融負債部分	(a)	—	(545,594)
Non-current portion	非即期部分		1,610,947	1,629,837

Notes:

- (a) According to the equity purchase agreement entered into among the Group, Junlebao and the non-controlling shareholders of Junlebao, the Group granted a put option to the non-controlling shareholders under which the non-controlling shareholders have the right to sell, and the Group has an obligation to buy 16.33% equity interest in Junlebao in each of the years ended 31 December 2016, 2017 and 2018 respectively, totalling 49% shareholding in Junlebao. During 2016, 2017 and 2018, the non-controlling shareholders of Junlebao did not exercise their right to sell the total 49% equity interest in Junlebao to the Group. As at 31 December 2017, the Group derecognised the carrying amount of the non-controlling interests of RMB217,919,000 and recognised the present value of the amount payable upon exercise of the option of RMB545,594,000 as a financial liability and accounted for the difference in equity. As at 31 December 2018, since the put option granted to Junlebao lapsed, the underlying 49% equity interest in Junlebao was recognised as non-controlling interests of the Group.

註：

- (a) 根據本集團、君樂寶及君樂寶的非控股股東訂立的股權購買協議，本集團向非控股股東授出認沽權。據此，截至二零一六年、二零一七年及二零一八年十二月三十一日止年度各年，非控股股東分別有權出售且本集團分別有責任購買君樂寶16.33%的股權，合共為君樂寶49%的股權。於二零一六年、二零一七年及二零一八年內，君樂寶的非控股股東並無行使彼等向本集團出售君樂寶總股權中49%權益的權利。於二零一七年十二月三十一日，本集團終止確認非控股股東權益賬面值人民幣217,919,000元，並確認按行使認沽權時應付的金融負債現值人民幣545,594,000元，並將差額計入權益。於二零一八年十二月三十一日，授予君樂寶的認沽期權已失效，君樂寶49%相關的股權確認為本集團非控股權益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

37. OTHER FINANCIAL LIABILITIES

Notes: (continued)

- (b) Under the equity joint venture contract entered into between Inner Mongolia Mengniu and Danone Asia Pte Ltd. ("Danone Asia Pte") dated 9 August 2013, an option was granted to Danone Asia Pte to terminate the equity joint venture contract and sell the entire Danone Asia Pte's equity interests in the equity joint venture to Inner Mongolia Mengniu at the exercise price within a 15-day period at the beginning of each biennial (2-year) period from the seventh (7th) anniversary of the relevant closing date under the amended and restated framework agreement, subject to compliance with the then applicable laws and regulations (including the Listing Rules) by the Company, including the then relevant Listing Rules in connection with connected transactions. As at 31 December 2018, the Group derecognised a non-controlling interest of RMB612,091,000 (2017: RMB601,541,000) and recognised a present value of the amount payable upon exercise of the option of RMB1,610,947,000 (2017: RMB1,629,837,000) as a financial liability and accounted for the difference in equity.

38. SHARE CAPITAL**37. 其他金融負債(續)**

註：(續)

- (b) 根據內蒙蒙牛與 Danone Asia Pte Ltd. (「Danone Asia Pte」)訂立日期為二零一三年八月九日的合資經營合同，Danone Asia Pte獲授一項選擇權，可自經修訂及重訂的框架協議相關交割日滿七(7)週年起，每兩(2)年期間開始後15天內終止合資經營合同，並按行使價向內蒙蒙牛出售Danone Asia Pte於合資公司的全部股權，惟本公司必須遵守當時的適用法例及法規(包括上市規則)的規定，包括當時上市規則關於關連交易的規定。於二零一八年十二月三十一日，本集團終止確認非控股股東權益人民幣612,091,000元(二零一七年：人民幣601,541,000元)，並確認按行使選擇權時應付的金融負債現值人民幣1,610,947,000元(二零一七年：人民幣1,629,837,000元)，並將差額計入權益。

38. 股本

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股	565,022	565,022

NOTES TO FINANCIAL STATEMENTS 財務報表附註

38. SHARE CAPITAL (continued)

38. 股本(續)

		Note 附註	Number of ordinary shares 普通股數目 '000 千元	RMB'000 人民幣千元
Issued and fully paid: At 1 January 2018	已發行及繳足： 於二零一八年一月一日		3,927,361	357,572
Shares issued under the equity-settled share option scheme	根據以股份支付的 購股權計劃發行股份	(a)	347	30
At 31 December 2018	於二零一八年 十二月三十一日		3,927,708	357,602

		Note 附註	Number of ordinary shares 普通股數目 '000 千元	RMB'000 人民幣千元
Issued and fully paid: At 1 January 2017	已發行及繳足： 於二零一七年一月一日		3,925,027	357,374
Shares issued under the equity-settled share option scheme	根據以股份支付的 購股權計劃發行股份	(a)	2,334	198
At 31 December 2017	於二零一七年 十二月三十一日		3,927,361	357,572

Note:

- (a) Details of the Company's share option scheme and the share options issued under the scheme are included in note 41 to the financial statements.

註：

- (a) 本公司購股權計劃及根據該計劃發行的購股權的詳情載列於財務報表附註41。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

39. OTHER RESERVES

The movements of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 118 to 119 of the financial statements.

- (a) On 25 January 2017, China Modern Dairy acquired an additional 45% equity interest in a subsidiary at a consideration of 338,602,205 shares issued to the sellers. The acquisition was accounted for as an equity transaction, and as a consequence RMB555,297,000, representing the difference of the fair value of the consideration shares over the amount by which the non-controlling interests were adjusted, was charged directly in the equity of China Modern Dairy. Accordingly, an amount of RMB132,631,000, representing the Group's share of the change of interest in the equity of China Modern Dairy, was accounted for directly in the Group's other reserves.
- (b) On 14 February 2017, the Group made a conditional mandatory Option Offer for the cancellation of all outstanding share options of China Modern Dairy (note 22). On the final closing date of the Option Offer on 21 March 2017, 264,320,873 options of China Modern Dairy were acquired and cancelled. The cancellation of share options of China Modern Dairy resulted in transferring an amount of RMB204,543,000 accumulated share option reserve in respect of these cancelled share options to retained earnings of China Modern Dairy. Accordingly, an amount of RMB125,283,000 was accounted for directly in the Group's other reserves.
- (c) In accordance with the relevant PRC laws and regulations, the PRC domestic companies are required to transfer 10% of their profit after income tax, as determined under the PRC accounting standards and financial regulations, to the statutory common reserve. Subject to certain restrictions as set out in the relevant PRC laws and regulations, the statutory common reserve may be used to offset against the accumulated losses, if any.

39. 其他儲備

本集團的儲備及本年度及過往年度的儲備變動，載於財務報表第118頁至第119頁的綜合權益變動表內。

- (a) 於二零一七年一月二十五日，中國現代牧業收購一家子公司額外45%股權，代價為向賣家發行338,602,205股股份。有關收購計為股權交易，故此，人民幣555,297,000元（為代價股份的公允值超出非控股股東權益經調整後的金額之差額）已直接從中國現代牧業之權益中扣除。因此，人民幣132,631,000元（為本集團應佔中國現代牧業股權之權益變動）已直接於本集團其他儲備中列賬。
- (b) 於二零一七年二月十四日，本集團提出有條件強制性購股權要約以註消所有中國現代牧業未兌現購股權（附註22）。於購股權要約的最後截止日期二零一七年三月二十一日，264,320,873份中國現代牧業購股權獲收購並註銷。註銷中國現代牧業之購股權導致就該等已註銷購股權的累計購股權儲備人民幣204,543,000元轉讓予中國現代牧業的保留盈餘。因此，人民幣125,283,000元直接於本集團其他儲備中列賬。
- (c) 根據中國有關法律及法規的規定，中國國內公司須將除所得稅後利潤的10%（根據中國會計準則及財政法規釐定）轉撥至法定公積金。根據中國有關法律及法規所載若干限制的規定，法定公積金可被用作抵銷累計虧損（如有）。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

40. 綜合現金流量報表附註

來自融資活動的負債變動

		2018 二零一八年					
		US\$500,000,000 3.5% bonds issued in 2013 於二零一三年 發行的 500,000,000美元 票息率3.5% 的債券	US\$500,000,000 4.25% bonds issued in 2018 於二零一八年 發行的 500,000,000美元 票息率4.25% 的債券	US\$194,800,000 zero coupon exchangeable bonds issued in 2017 於二零一七年 發行的 194,800,000美元 零息可交換債券	Long term payables	Other loans	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	9,419,826	3,259,723	-	1,270,575	38,239	22,912
Changes from financing cash flows	融資現金流變動	(300,226)	(3,473,150)	3,390,840	-	(28,442)	-
Interest expense	利息開支	-	7,608	1,515	-	1,458	-
Purchase of other intangible assets classified as investing activities	分類為投資活動的購買 其他無形資產	-	-	-	-	1,361	-
Increase arising from acquisition of subsidiaries	收購子公司之增加	726,139	-	-	-	-	-
Net fair value gain on zero coupon exchangeable bonds due 2022	二零二二年到期的零息可交換 債券之公允值收益淨額	-	-	-	(58,009)	-	-
Foreign exchange movement	匯兌變動	184,066	205,819	17,972	62,617	-	-
At 31 December 2018	於二零一八年十二月三十一日	10,029,805	-	3,410,327	1,275,183	12,616	22,912

NOTES TO FINANCIAL STATEMENTS 財務報表附註

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Changes in liabilities arising from financing activities (continued)
40. 綜合現金流量報表附註(續)
來自融資活動的負債變動(續)

		Bank loans	US\$500,000,000 3.5% bonds issued in 2013 於二零一三年 發行的 500,000,000美元 票息率3.5% 的債券	2017 二零一七年 US\$194,800,000 zero coupon exchangeable bonds issued in 2017 於二零一七年 發行的 194,800,000美元 零息可交換債券	Long term payables	Other loans
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	5,135,588	3,451,992	-	94,025	52,559
Changes from financing cash flows	融資現金流變動	4,479,290	-	1,317,061	(59,780)	(18,323)
Interest expense	利息開支	-	8,330	-	3,994	-
Net fair value gain on zero coupon exchangeable bonds due 2022	二零二二年到期的零息可交換 債券之公允價值收益淨額	-	-	(2,363)	-	-
Other changes	其他變動	-	-	-	-	(11,324)
Foreign exchange movement	外匯變動	(195,052)	(200,599)	(44,123)	-	-
At 31 December 2017	於二零一七年十二月三十一日	9,419,826	3,259,723	1,270,575	38,239	22,912

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME

The Company operated two share option schemes (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Share Option Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers and any person or entity that provides research, development or technological support to the Group. The share option scheme adopted by the Company on 28 June 2005 (the “Old Share Option Scheme”) had expired on 27 June 2015. On 3 June 2016, the Company adopted another share option scheme (the “New Share Option Scheme”), and the New Share Option Scheme will remain in force for a period of 10 years from the date of adoption.

The maximum number of shares in respect of share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date of approval and adoption of the Share Option Scheme provided that the Group may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in a general meeting where such limit is refreshed. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the total shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

41. 購股權計劃

本公司設立的兩個購股權計劃(「購股權計劃」)，目的為激勵對本集團業務成功作出貢獻的合資格參與者，並向彼等作出獎賞。購股權計劃的合資格計劃參與者包括本公司董事(包括獨立非執行董事)、本集團之其他僱員、本集團之貨品或服務供應商、客戶以及向本集團提供研究、開發或技術支援的任何人士或實體。本公司於二零零五年六月二十八日採用的購股權計劃(「舊購股權計劃」)已於二零一五年六月二十七日到期。於二零一六年六月三日，本公司採用另一購股權計劃(「新購股權計劃」)，而新購股權計劃自該採用日期起十年內有效。

現時根據購股權計劃准予授出的購股權經行使後可予發行的股份數目最多相等於本公司在批准及採納購股權計劃當日已發行股份總數10%，惟本集團可隨時徵求股東批准將上限重新釐定為股東於有關上限獲更新的股東大會上授出有關批准當日已發行股份10%。於任何十二個月期間內，根據購股權可發行的購股權計劃內每位合資格參與者的股份數目最多為於任何時間本公司已發行股份總數1%。凡再授出任何超出此上限的購股權，必須經股東於股東大會上批准。

向本公司董事、主要行政人員或主要股東或彼等任何聯繫人授出的購股權必須經獨立非執行董事事先批准。此外，於任何十二個月期間內，凡向本公司主要股東或獨立非執行董事或彼等之任何聯繫人授出的任何購股權超出於任何時間本公司已發行股份0.1%或總值(按授出日期本公司股份的收市價計算)超出5,000,000港元，必須經股東於股東大會上事先批准。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME (continued)

The offer of a grant of share options under the Old Share Option Scheme may be accepted within 20 business days from the date of offer, upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than seven years from the date of offer of the share options.

The offer of a grant of share options under the New Share Option Scheme may be accepted upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the offer date of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

41. 購股權計劃 (續)

承授人於舊購股權計劃下可於授出購股權建議日起20個營業日內以支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日七年之日終止。

承授人於新購股權計劃下可於支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日五年之日終止。

購股權行使價由董事釐定，惟不可低於(i)本公司股份於授出購股權建議之日在香港聯合交易所有限公司(「聯交所」)所報的收市價；(ii)本公司股份於緊接建議授出日期前五個營業日在聯交所所報的平均收市價；及(iii)股份面值最高者。

購股權持有人無權獲派股息或於股東大會上投票。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME (continued)
 Particulars of outstanding share options

41. 購股權計劃(續)
 尚未行使購股權詳情

Date of grant 授出日期	Exercise period of share options (both dates inclusive) 購股權的行使期間 (包括首尾兩日)	Exercise price per share option (note e) 每份購股權的 行使價(附註e)		Weighted average fair value per share option 每份購股權的 加權平均公允值	
		(HK\$) (港元) Before bonus issue 發行紅股前	(HK\$) (港元) After bonus issue 發行紅股後	(HK\$) (港元) Before bonus issue 發行紅股前	(HK\$) (港元) After bonus issue 發行紅股後
10 October 2011 二零一一年十月十日	10 October 2015 to 9 October 2018 (note a) 二零一五年十月 十日至二零一八年 十月九日(註a)	24.10	12.05	8.37	4.19
13 July 2017 二零一七年七月十三日	13 July 2018 to 12 July 2022 (note b) 二零一八年七月 十三日至 二零二二年七月 十二日(註b)	14.812	n/a	3.99	n/a
7 May 2018 二零一八年五月七日	7 May 2019 to 6 May 2023 (note c) 二零一九年五月 七日至二零二三年 五月六日(註c)	26.05	n/a	7.98	n/a
24 December 2018 二零一八年十二月二十四日	1 April 2019 to 23 December 2023 (note d) 二零一九年四月 一日至二零二三年 十二月二十三日 (註d)	23.93	n/a	7.16	n/a

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME (continued)

Particulars of outstanding share options (continued)

Notes:

- a) The share options will be vested in two equal batches with 50% of the share options granted vesting on the fourth and fifth anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of seven years.
- b) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- c) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- d) The share options will be vested in four batches with 70% of the share options granted vesting in three equal batches on 1 April 2019, 2020 and 2021, and the remaining 30% of the share options granted vesting in their entirety on 1 April 2021. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- e) The exercise price per share option was the average closing share price for the five business days immediately preceding the grant date or the closing price of the shares on the grant date.
- f) As at 30 October 2015, bonus shares were issued by the Company on the basis of one share for every one existing share held as of 19 October 2015. As a result, the exercise price for share option granted on 10 October 2011 was adjusted.

All the above options granted have no cash alternatives.

41. 購股權計劃(續)

尚未行使購股權詳情(續)

註：

- a) 購股權將分為二等份歸屬，50%已授出購股權於由授出日期起第四及五個週年歸屬。此外，倘若達到本集團、承授人所屬部門及承授人的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期七年。
- b) 購股權將分為二等份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- c) 購股權將分為二等份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- d) 購股權將分為四份歸屬，70%已授出購股權於二零一九年、二零二零年及二零二一年四月一日分三等份歸屬，其餘30%已授出購股權於二零二一年四月一日全部歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- e) 每份購股權的行使價乃緊接授出日期前五個營業日的平均股份收市價或授出日期的股份收市價。
- f) 於二零一五年十月三十日，本公司按於二零一五年十月十九日每持有一股現有股份發行一股股份的基準發行紅股。因此，在二零一一年十月十日授出的購股權的行使價已作調整。

上述所有授出的購股權均並無現金替代品。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME (continued)
Movements of outstanding share options
41. 購股權計劃 (續)
尚未行使購股權變動

Date of grant	授出日期	As at 1 January 2018 於二零一八年 一月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed/ forfeited during the year 年內 沒收/失效	As at 31 December 2018 於二零一八年 十二月三十一日	Exercisable at 31 December 2018 於二零一八年 十二月三十一日 可行使
13 July 2017	二零一七年七月十三日	10,449,215	-	(346,922)	(865,748)	9,236,545	4,537,373
7 May 2018	二零一八年五月七日	-	9,593,689	-	(347,816)	9,245,873	-
24 December 2018	二零一八年十二月二十四日	-	37,248,880	-	-	37,248,880	-
Total	總計	10,449,215	46,842,569	(346,922)	(1,213,564)	55,731,298	4,537,373

Date of grant	授出日期	As at 1 January 2017 於二零一七年 一月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed/ forfeited during the year 年內 沒收/失效	As at 31 December 2017 於二零一七年 十二月 三十一日	Exercisable At 31 December 2017 於二零一七年 十二月 三十一日 可行使
10 October 2011	二零一一年十月十日	2,333,946	-	(2,333,946)	-	-	-
13 July 2017	二零一七年七月十三日	-	10,930,005	-	(480,790)	10,449,215	-
Total	總計	2,333,946	10,930,005	(2,333,946)	(480,790)	10,449,215	-

Subsequent to the end of the reporting period, out of the total outstanding share options of 55,731,298 (2017: 10,449,215) as at 31 December 2018, 19,291 (2017: 22,500) share options had lapsed due to the unfulfilment of vesting conditions.

The Group recognised an expense of RMB51,199,000 (2017: RMB12,582,000) relating to the fair value amortisation of share options during the year (note 7).

於二零一八年十二月三十一日尚未行使的購股權共55,731,298份(二零一七年: 10,449,215份), 購股權單位中, 19,291份(二零一七年: 22,500份)因未達到歸屬條件而於報告期末後失效。

本集團於年內確認有關購股權公允值攤銷的開支人民幣51,199,000元(二零一七年: 人民幣12,582,000元)(附註7)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

41. SHARE OPTION SCHEME (continued)**Movements of outstanding share options** (continued)

The average fair value of equity settled share options granted during the year was estimated to as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

		2018 二零一八年		2017 二零一七年
		7 May 五月七日	24 December 十二月二十四日	13 July 七月十三日
Dividend yield (%)	股息率(%)	0.64	0.57	0.65
Expected volatility (%)	預期波動率(%)	34.00	34.00	32.18
Historical volatility (%)	歷史波動率(%)	33.90	34.12	32.18
Risk-free interest rate (%)	無風險利率(%)	2.14	1.96	0.97
Option life (years)	購股權年期(年)	5	5	5
Spot price (HK\$ per share)	現貨價(港元/每股)	26.05	23.80	14.62
Exercise price (HK\$ per share)	行使價(港元/每股)	26.05	23.93	14.812

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The spot price is the closing price of the Company's shares at the grant date. The exercise price is the average of the closing prices per share for the five business days immediately preceding the grant date.

The 346,922 share options (2017: 2,333,946) exercised during the year resulted in the issue of 346,922 (2017: 2,333,946) ordinary shares of the Company and new share capital of RMB30,000 (2017: RMB198,000) and share premium of RMB4,472,000 (2017: RMB23,683,000), as further detailed in note 38 to the financial statements. The weighted average share price at the date of exercise of these options was HK\$25.04 (2017: HK\$17.71).

At the end of the reporting period, the Company had 4,537,373 (2017: Nil) vested share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 4,537,373 (2017: Nil) additional ordinary shares of the Company and additional share capital of RMB398,000 (2017: Nil) and share premium of RMB58,490,000 (2017: Nil) (before issue expenses).

41. 購股權計劃(續)**尚未行使購股權變動**(續)

於年內授出以股份支付的購股權之平均公允值乃於授出日期使用二項計價模式進行估計，並已考慮有關購股權之授出條款及條件。下表載列所用模型之重大輸入數據：

預期波動率反映歷史波動率可顯示未來趨勢的假設，但不一定為實際結果。現貨價為本公司股份於授出日期的收市價。行使價為緊接授出日期前五個營業日的每股股份平均收市價。

346,922份(二零一七年：2,333,946份)購股權於年內行使，因而已發行346,922股(二零一七年：2,333,946股)本公司普通股，產生新股本為人民幣30,000元(二零一七年：人民幣198,000元)，股份溢價人民幣4,472,000元(二零一七年：人民幣23,683,000元)，詳情載於財務報表附註38。此等購股權於行使日的加權平均股價為25.04港元(二零一七年：17.71港元)。

於報告期末，本公司在購股權計劃項下有4,537,373份(二零一七年：零)已歸屬未行使購股權。在本公司現時的資本結構下，全面行使餘下的購股權將導致本公司發行額外4,537,373股(二零一七年：零)普通股、額外人民幣398,000元(二零一七年：零)股本及人民幣58,490,000元(二零一七年：零)股份溢價(扣除發行開支前)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

42. SHARE AWARD SCHEME

The share award scheme of the Company was adopted by the board on 26 March 2013 (the “Adoption Date”). The purpose of the share award scheme is to provide an incentive to encourage the participants for the continual operation and development of the Group.

Subject to the terms of the share award scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the “Participants”). Existing shares of the Company will be purchased by an independent trustee (the “Trustee”) of the share award scheme from the market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company granted and held by the trustee until vesting are referred to as the treasury shares and each treasury share shall represent one ordinary share of the Company.

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 5% of the issued capital of the Company. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 0.5% of the issued capital of the Company at the Adoption Date.

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 5 years commencing on the Adoption Date. On 13 July 2017, the directors of the Company approved to extend the validity period of the share award scheme for approximately another five years to 26 March 2023.

42. 股票獎勵計劃

本公司股票獎勵計劃於二零一三年三月二十六日(「採納日期」)獲董事會採納。股票獎勵計劃旨在獎勵參與者繼續為本集團的經營及發展作出貢獻。

根據股票獎勵計劃條款及上市規則，董事會可隨時向任何合資格人士作出要約，由合資格人士絕對酌情選擇接納董事會決定授出的有關股份數目之獎勵(「參與者」)。股票獎勵計劃的獨立受託人(「受託人」)以本集團出資的現金於市場上購買本公司現有股份，及以信託形式代相關參與者持有，直至該等股份根據股票獎勵計劃的條文歸屬於相關參與者為止。已授出及由受託人持有直至歸屬的本公司股份稱為庫存股份，而各庫存股份應指本公司一股普通股。

概無股份根據本股票獎勵計劃獲購買，亦無向受託人支付任何款項以作出有關購買，倘因有關購買，致使本股票獎勵計劃管理的股份數目超過本公司已發行股本5%，於任何時間可能授予單一參與者的股票數目上限或總數不得超過採納日期本公司已發行股本0.5%。

受限於董事會可能釐定的任何提早終止，股票獎勵計劃將於採納日期起計五年期間內一直有效及生效。於二零一七年七月十三日，本公司的董事同意延長股票獎勵計劃的有效期約五年至二零二三年三月二十六日。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

42. SHARE AWARD SCHEME (continued)
Particulars and movements of share award scheme
42. 股票獎勵計劃(續)
股票獎勵計劃詳情及變動

Date of grant	授出日期	Notes	Fair value per share		As at	Granted	Vesting	Lapsed/	As at
			Before bonus issue	After bonus issue	1 January 2018	during the year	during the year	forfeited during the year	31 December 2018
		附註	(HK\$) (港元)	(HK\$) (港元)	於 二零一八年 一月一日	年內授出	年內歸屬	年內沒收	於 二零一八年 十二月三十一日
			發行紅股前	發行紅股後					
13 July 2017	二零一七年七月十三日	(c)	14.62	n/a	6,770,015	-	(3,148,667)	(571,102)	3,050,246
7 May 2018	二零一八年五月七日	(d)	26.05	n/a	-	6,693,084	-	(239,395)	6,453,689
					6,770,015	6,693,084	(3,148,667)	(810,497)	9,503,935

Date of grant	授出日期	Notes	Fair value per share		As at	Granted	Vesting	Lapsed/	As at
			Before bonus issue	After bonus issue	1 January 2017	during the year	during the year	forfeited during the year	31 December 2017
		附註	(HK\$) (港元)	(HK\$) (港元)	於 二零一七年 一月一日	年內授出	年內歸屬	年內沒收	於 二零一七年 十二月 三十一日
			發行紅股前	發行紅股後					
2 April 2015	二零一五年四月二日	(a)	40.10	20.05	2,131,822	-	-	(2,131,822)	-
11 April 2016	二零一六年四月十一日	(b)	12.42	n/a	7,656,903	-	(6,379,066)	(1,277,837)	-
13 July 2017	二零一七年七月十三日	(c)	14.62	n/a	-	6,998,575	-	(228,560)	6,770,015
					9,788,725	6,998,575	(6,379,066)	(3,638,219)	6,770,015

NOTES TO FINANCIAL STATEMENTS 財務報表附註

42. SHARE AWARD SCHEME (continued)

Notes:

- (a) On 2 April 2015, the Company granted 8,725,000 shares under share award scheme to the Participants, representing approximately 0.49% of the issued share capital of the Company as at the adoption date. Out of the total shares granted, 2,472,700 shares would vest in three tranches each on the first, second and third anniversaries of the grant date in accordance with the vesting conditions (including the Group's performance targets) subject to the publication of the full – year results of the Company for the financial years ended 31 December 2015, 2016 and 2017, respectively. The other shares would vest in full on 31 March 2016 in accordance with the vesting conditions (including the Group's performance targets) subject to the publication of the full-year results of the Company for the financial year ended 31 December 2015.
- (b) On 11 April 2016, the Company granted 14,492,753 shares under share award scheme to the participants, representing approximately 0.37% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two tranches each on 31 December 2016 and 2017 in accordance with the vesting conditions (including the Participants' performance targets), subject to the Participants' performance results for the financial years ended 31 December 2016 and 2017, respectively.
- (c) On 13 July 2017, the Company granted 6,998,575 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (d) On 7 May 2018, the Company granted 6,693,084 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.

During the year, 810,497 (2017: 3,638,219) shares lapsed due to the unfulfilment of vesting condition under the share award scheme.

42. 股票獎勵計劃(續)

註：

- (a) 二零一五年四月二日，本公司根據股票獎勵計劃向參與者授出8,725,000股股份，佔本公司於採納日期的已發行股本約0.49%。已授出股份總數中，2,472,700股股份將根據歸屬條件(包括本集團表現目標)，分三個批次歸屬，而歸屬日期分別為自授出日期起第一、二及三個週年，惟須待本公司就截至二零一五年、二零一六年及二零一七年十二月三十一日止財政年度分別刊發全年業績後，方可歸屬。已向本集團其他董事、高級管理人員、部門主管及其他僱員授出的股份，根據歸屬條件(包括本集團表現目標)，其他股份須於二零一六年三月三十一日悉數歸屬，惟須待本公司就截至二零一五年十二月三十一日止財政年度刊發全年業績後，方可歸屬。
- (b) 二零一六年四月十一日，本公司根據股票獎勵計劃向參與者授出14,492,753股股份，佔本公司於採納日期的已發行股本約0.37%。該等授出的股份將各於二零一六年及二零一七年十二月三十一日分兩次根據歸屬條件(包括參與者的表現目標)歸屬，惟須視乎參與者分別於截至二零一六年及二零一七年十二月三十一日止財政年度的表現業績而定。
- (c) 二零一七年七月十三日，本公司根據股票獎勵計劃向參與者授出6,998,575股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (d) 二零一八年五月七日，本公司根據股票獎勵計劃向參與者授出6,693,084股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。

於年內，共810,497股(二零一七年：3,638,219股)股份因未能達到股票獎勵計劃的歸屬條件而失效。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

42. SHARE AWARD SCHEME (continued)

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend will be considered. The fair value of the shares granted on 7 May 2018 was HK\$26.05 per share (2017: HK\$14.62 per share respectively). During 2018, the Group recognised a net expense relating to the share award scheme of approximately RMB105,190,000 (2017: RMB43,544,000) in the consolidated statement of profit or loss during the year (note 7).

During the year, 3,148,667 (2017: 6,379,066) shares with a total amount of RMB44,212,000 (2017: RMB91,480,000) were vested and exercised under the share award scheme, resulting in the transfer out of RMB39,967,000 (2017: RMB66,216,000) from the share award reserve, with the difference of RMB4,245,000 (2017: RMB25,264,000) debited to the share premium account. The weighted average share price at the date of exercise of these shares was HK\$16.03 (2017: HK\$16.92).

43. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

42. 股票獎勵計劃(續)

已授出股份的公允值乃基於本公司股份於各授出日期的市值計算，當中不會計及股息。二零一八年五月七日授出的股份的公允值為每股26.05港元(二零一七年：分別為每股14.62港元)。二零一八年內，本集團於年內於綜合損益表中確認股票獎勵計劃淨支出約人民幣105,190,000元(二零一七年：人民幣43,544,000元)(附註7)。

年內，總額為人民幣44,212,000元(二零一七年：人民幣91,480,000元)的3,148,667股(二零一七年：6,379,066股)股份已根據股票獎勵計劃歸屬及行使，導致自股票獎勵儲備轉出人民幣39,967,000元(二零一七年：人民幣66,216,000元)，差額人民幣4,245,000元(二零一七年：人民幣25,264,000元)已自股份溢價賬扣除。此等股份於行使日期的加權平均股價為16.03港元(二零一七年：16.92港元)。

43. 擁有重大非控股股東權益的部分擁有子公司

本集團擁有重大非控股股東權益的子公司的詳情如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Percentage of equity interest held by non-controlling interests:	非控股股東權益持有的股權百分比：		
Yashili	雅士利	48.96%	48.96%
Profit/(Loss) for the year allocated to non-controlling interests:	非控股股東權益分佔的本年收益/(虧損)：		
Yashili	雅士利	18,029	(91,773)
Dividends paid to non-controlling interests:	向非控股股東權益派付的股息：		
Yashili	雅士利	-	-
Accumulated balances of non-controlling interests at the reporting dates:	於報告日期非控股股東權益的累計結餘：		
Yashili	雅士利	3,793,648	3,768,460

NOTES TO FINANCIAL STATEMENTS 財務報表附註

43. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

43. 擁有重大非控股股東權益的部分擁有子公司(續)

下表列示上述子公司的簡明財務資料。所披露的金額未計任何集團內公司間的抵銷：

		Yashili 雅士利 2018 二零一八年 RMB'000 人民幣千元	Yashili 雅士利 2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	3,011,200	2,254,716
Total expenses	開支總額	(2,958,925)	(2,434,527)
Profit/(Loss) for the year	本年虧損	52,275	(179,811)
Other comprehensive income/(loss) for the year	本年其他全面 收益/(虧損)	7,351	(33,250)
Total comprehensive profit/(loss) for the year	年內全面收益/(虧損)總額	59,626	(213,061)
Current assets	流動資產	4,166,605	4,025,850
Non-current assets	非流動資產	3,555,612	3,404,726
Current liabilities	流動負債	(2,150,033)	(1,917,986)
Non-current liabilities	非流動負債	(14,359)	(21,663)
Net cash flows from/(used in) operating activities	經營活動產生/(所用) 的現金流量淨額	264,123	(254,858)
Net cash flows from investing activities	投資活動產生的現金 流量淨額	508,091	287,322
Net cash flows from/(used in) financing activities	融資活動產生/(所用) 的現金流量淨額	(283,161)	50,380
Effect of exchange rate changes on cash and cash equivalents	匯率對現金及現金 等價物的影響	358	4,627
Net increase in cash and cash equivalents	現金及現金等價物 增加淨額	489,411	87,471

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION**In 2018:****Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong)**

On 10 April 2018, Inner Mongolia Mengniu acquired 50% equity interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) from Modern Farming (Group) Co., Ltd. (“Modern Farming”), a subsidiary of China Modern Dairy. Modern Dairy (Bengbu) and Modern Dairy (Feidong) are mainly engaged in the production and distribution of liquid milk products. Since the date of acquisition, the Group obtained control over Modern Dairy (Bengbu) and Modern Dairy (Feidong). This is because the Group owned more than 50% of the voting rights in the shareholders’ meetings of both Modern Dairy (Bengbu) and Modern Dairy (Feidong). The acquisition was made as part of the Group’s strategy to expand its market share of liquid milk products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB56,040,000 paid at the acquisition date to China Modern Dairy.

The Group has elected to measure the non-controlling interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) at the non-controlling interests’ proportionate share of identifiable net assets.

44. 業務合併**於二零一八年：****收購現代牧業(蚌埠)及現代牧業(肥東)**

於二零一八年四月十日，內蒙古蒙牛自中國現代牧業子公司現代牧業(集團)有限公司(「現代牧業(集團)」)分別收購現代牧業(蚌埠)及現代牧業(肥東)的50%股權。現代牧業(蚌埠)及現代牧業(肥東)主要從事生產及分銷液體奶產品。自收購日期起，本集團取得現代牧業(蚌埠)及現代牧業(肥東)的控制權。此乃由於本集團擁有逾於現代牧業(蚌埠)及現代牧業(肥東)股東大會50%的投票權。該項收購為本集團擴大其中國大陸的液體奶產品的市場份額的策略之一。該等收購代價以現金形式支付，於收購日期向中國現代牧業支付人民幣56,040,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於現代牧業(蚌埠)及現代牧業(肥東)的非控股權益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong) (continued)

The fair values of the identifiable assets and liabilities of Modern Dairy (Bengbu) and Modern Dairy (Feidong) as at the date of acquisition were as follows:

44. 業務合併(續)

於二零一八年：(續)

收購現代牧業(蚌埠)及現代牧業(肥東)(續)

於收購日期，現代牧業(蚌埠)及現代牧業(肥東)的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備		405,299
Construction in progress	在建工程	16	31,232
Land use rights	土地使用權	18	5,980
Other intangible assets	其他無形資產		613
Inventories	存貨		17,915
Trade and bills receivables	應收賬款及票據		34,688
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		122,225
Cash and bank balances	現金及銀行結存		147,600
Total assets	總資產		765,552
Liabilities	負債		
Trade payables	應付賬款		(132,891)
Other payables and accruals	其他應付款項及預提費用		(27,836)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(487,739)
Income tax payable	應付所得稅		(5,697)
Total liabilities	總負債		(654,163)
Total identifiable net assets at fair value	按公允值計算的可識別淨負債總額		111,389
Less: Non-controlling interests	減：非控股股東權益		(55,695)
Less: Entrusted loans due from Modern Dairy (Feidong)	減：應收現代牧業(肥東)的委託貸款		(65,400)
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	346
Add: Effective settlement of entrusted loans due from Modern Dairy (Feidong)	加：應收現代牧業(肥東)的委託貸款有效結算		65,400
Purchase consideration at fair value	按公允值計算的收購代價		56,040

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong) (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB34,688,000 and RMB78,304,000, respectively.

The Group incurred transaction costs of RMB100,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong) for year ended 31 December 2018 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(56,040)
Cash and cash equivalents acquired	收購所得現金及現金等價物	147,600
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	91,560
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(100)
		91,460

Since the acquisition, Modern Dairy (Bengbu) and Modern Dairy (Feidong) contributed RMB456,450,000 to the Group's revenue and RMB52,258,000 to the consolidated profit of the Group for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and the profit of the Group for the year ended 31 December 2018 would have been RMB69,218,742,000 and RMB3,211,675,000 respectively.

44. 業務合併(續)

於二零一八年：(續)

收購現代牧業(蚌埠)及現代牧業(肥東)(續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣34,688,000元及人民幣78,304,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣100,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

收購現代牧業(蚌埠)及現代牧業(肥東)於截至二零一八年十二月三十一日止年度的現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	(56,040)
Cash and cash equivalents acquired	收購所得現金及現金等價物	147,600
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	91,560
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(100)
		91,460

自收購以來，現代牧業(蚌埠)及現代牧業(肥東)為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣456,450,000元，並為本集團綜合收益人民幣52,258,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年度本集團的收入及本集團收入將分別為人民幣69,218,742,000元及人民幣3,211,675,000元。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)**In 2018:** (continued)**Acquisition of Banner Dairy**

On 3 July 2018, Junlebao acquired an additional 43.41% equity interest in Banner Dairy, a previous associate of the Group. After the acquisition, Junlebao held a 65.16% equity interest in Banner Dairy and obtained control over Banner Dairy. Banner Dairy is mainly engaged in the manufacture and sale of infant milk formula products of Banner brand. The acquisition was made as part of the Group's strategy to expand its market share of infant milk formula products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB357,481,000 paid at the acquisition date to third parties.

The Group has elected to measure the non-controlling interest in Banner Dairy at the non-controlling interest's proportionate share of identifiable net assets.

44. 業務合併(續)**於二零一八年：**(續)**收購旗幟乳品**

二零一八年七月三日，君樂寶收購旗幟乳品(之前為本集團聯營公司)額外43.41%權益。於收購後，君樂寶持有旗幟乳品65.16%的股權，並取得旗幟乳品控制權。旗幟乳品主要從事生產及出售旗幟品牌的嬰幼兒配方奶粉。該項收購為本集團擴大其中國大陸的嬰幼兒配方奶粉市場份額的策略之一。此項收購的收購代價以現金形式支付，於收購日期向第三方支付人民幣357,481,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於旗幟乳品的非控股權益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Banner Dairy (continued)

The fair values of the identifiable assets and liabilities of Banner Dairy as at the date of acquisition were as follows:

44. 業務合併(續)

於二零一八年：(續)

收購旗幟乳品(續)

於收購日期，旗幟乳品的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備		1,083,498
Construction in progress	在建工程	16	4,618
Land use rights	土地使用權	18	72,313
Other intangible assets	其他無形資產		3,031
Investments in associates	於聯營公司的投資		9,212
Biological assets	生物資產	24	416,300
Inventories	存貨		49,422
Trade and bills receivables	應收賬款及票據		33,468
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		90,077
Cash and bank balances	現金及銀行結存		26,475
Total assets	總資產		1,788,414
Liabilities	負債		
Trade payables	應付賬款		(123,146)
Other payables and accruals	其他應付款項及預提費用		(741,300)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(238,400)
Income tax payable	應付所得稅		(18,434)
Deferred tax liabilities	遞延稅項負債	23	(13,430)
Total liabilities	總負債		(1,134,710)
Total identifiable net assets at fair value	按公允值計算的可識別淨資產總額		653,704
Less: Non-controlling interests	減：非控股股東權益		(227,743)
Less: Prepayment due from Banner Dairy	減：應收旗幟乳品的預付款		(300,429)
Less: Acquisition-date fair value of the Group's initial equity in Banner Dairy	減：本集團最初持有旗幟乳品股權於收購日期的公允值		(141,046)
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	72,566
Add: Effective settlement of prepayment due from Banner Dairy	加：應收旗幟乳品預付款有效結算		300,429
Purchase consideration at fair value	按公允值計算的收購代價		357,481

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Banner Dairy (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB33,468,000 and RMB56,725,000, respectively.

The Group incurred transaction costs of RMB400,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

A fair value gain of RMB101,038,000 arising from re-measuring the Group's initial equity interest in Banner Dairy at acquisition date was recognised in other income and gains (note 5).

An analysis of the cash flows in respect of the acquisition of Banner Dairy for year ended 31 December 2018 was as follows:

44. 業務合併(續)

於二零一八年：(續)

收購旗幟乳品(續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣33,468,000元及人民幣56,725,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣400,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

重新計量本集團於收購日期最初持有的旗幟乳品股權產生的人民幣101,038,000元公允值收益，已於其他收入及收益中確認(註5)。

收購旗幟乳品於截至二零一八年十二月三十一日止年度現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	(357,481)
Cash and cash equivalents acquired	收購所得現金及現金等價物	26,475
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	(331,006)
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(400)
		(331,406)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)**In 2018:** (continued)**Acquisition of Banner Dairy** (continued)

Since the acquisition, Banner Dairy contributed RMB466,996,000 to the Group's revenue and caused a net loss of RMB24,613,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and net profit of the Group for the year ended 31 December 2018 would have been RMB69,227,722,000 and RMB3,124,536,000 respectively.

Acquisition of Chongqing Mengniu

On 20 July 2018, Founding, a 100% indirectly owned subsidiary of the Company, acquired an additional 41% equity interest in Chongqing Mengniu, a previous associate of the Group. After the acquisition, Founding held a 90% equity interest in Chongqing Mengniu and obtained control over Chongqing Mengniu. Chongqing Mengniu is mainly engaged in the sale of dairy products. The acquisition was made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB205,000 paid at the acquisition date to third party.

The Group has elected to measure the non-controlling interest in Chongqing Mengniu at the non-controlling interest's proportionate share of identifiable net assets.

44. 業務合併(續)**於二零一八年：**(續)**收購旗幟乳品**(續)

自收購以來，旗幟乳品為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣466,996,000元，並為綜合收入帶來淨虧損人民幣24,613,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年度本集團的收入及本集團淨收益將分別為人民幣69,227,722,000元及人民幣3,124,536,000元。

收購重慶蒙牛

二零一八年七月二十日，本公司間接擁有100%股權的子公司方鼎增購本集團前聯營公司重慶蒙牛的41%股權。收購後，方鼎持有重慶蒙牛90%的股權，並取得重慶蒙牛的控制權。重慶蒙牛主要從事銷售乳製品。是項收購為本集團擴大其中國大陸的液體奶產品的市場份額的策略之一環。是項收購的代價以現金形式支付，於收購日期向第三方支付人民幣205,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於重慶蒙牛的非控股權益。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Chongqing Mengniu (continued)

The fair values of the identifiable assets and liabilities of Chongqing Mengniu as at the date of acquisition were as follows:

44. 業務合併(續)

於二零一八年：(續)

收購重慶蒙牛(續)

於收購日期，重慶蒙牛的可識別資產及負債公允值如下：

		Fair value recognised on acquisition 收購確認的公允值 RMB'000 人民幣千元
	Note 附註	
Assets	資產	
Property, plant and equipment	物業、廠房及設備	273
Other intangible assets	其他無形資產	7
Inventories	存貨	6,946
Trade and bills receivables	應收賬款及票據	43,118
Prepayments, other receivables and other assets	預付款、其他應收款項及 其他資產	5,885
Total assets	總資產	56,229
Liabilities	負債	
Trade payables	應付賬款	(125,469)
Other payables and accruals	其他應付款項及預提費用	(11,326)
Total liabilities	總負債	(136,795)
Total identifiable net assets at fair value	按公允值計算的可識別淨資產 總額	(80,566)
Less: Non-controlling interests	減：非控股股東權益	8,057
Less: Trade receivables due from Chongqing Mengniu	減：來自重慶蒙牛的 應收賬款	(125,469)
Less: Acquisition-date fair value of the Group's initial equity in Chongqing Mengniu	減：本集團於重慶蒙牛的初始 股本的收購日期公允值	(245)
Add: Goodwill arising on acquisition	加：收購產生的商譽	72,959
Add: Effective settlement of trade receivables due from Chongqing Mengniu	加：來自重慶蒙牛的應收賬款 有效結算	125,469
Purchase consideration at fair value	按公允值計算的收購代價	205

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of Chongqing Mengniu (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB43,118,000 and RMB4,640,000, respectively.

The Group incurred transaction costs of RMB100,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Chongqing Mengniu for year ended 31 December 2018 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(205)
Cash and cash equivalents acquired	收購所得現金及現金等價物	-
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	(205)
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(100)
		(305)

Since the acquisition, Chongqing Mengniu contributed RMB230,336,000 to the Group's revenue and net profit of RMB17,594,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and net profit of the Group for the year ended 31 December 2018 would have been RMB69,219,921,000 and RMB3,197,303,000 respectively.

44. 業務合併(續)

於二零一八年：(續)

收購重慶蒙牛(續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣43,118,000元及人民幣4,640,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣100,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

收購重慶蒙牛於截至二零一八年十二月三十一日止年度的現金流量分析如下：

自收購以來，重慶蒙牛為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣230,336,000元，並為本集團綜合利潤帶來純利人民幣17,594,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年度本集團的收入及本集團純利將分別為人民幣69,219,921,000元及人民幣3,197,303,000元。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

44. BUSINESS COMBINATION (continued)

In 2018: (continued)

Acquisition of other businesses

During 2018, the Group acquired five subsidiaries and sales operation of a sales agency company of the Group. These businesses are mainly engaged in the sale of dairy products. These acquisitions were made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The total purchase considerations for these acquisitions were in the form of cash of RMB63,860,000 paid at the acquisition date. These business acquisition gave rise to goodwill of RMB15,820,000 in total.

During 2017, the Group acquired three subsidiaries. These subsidiaries are mainly engaged in the sale of dairy products. These acquisitions were made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The total purchase considerations for these acquisition were in the form of cash of RMB8,363,000 paid at the acquisition date. These business acquisition gave rise to goodwill of RMB5,381,000 in total.

45. PLEDGE OF ASSETS

Details of the Group's bills payable, bank loans and long term payables, which are secured by the assets of the Group, are included in notes 30, 32 and 35, respectively, to the financial statements.

46. OPERATING LEASE ARRANGEMENTS**(a) As lessor**

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	2,473	2,222
In the second to fifth years, inclusive	兩至五年(包括首尾兩年)	7,293	4,389
Over five years	五年以上	2,000	762
		11,766	7,373

44. 業務合併(續)

於二零一八年：(續)

收購其他業務

二零一八年內，本集團收購五家公司以及本集團的一家銷售代理機構的銷售業務。此該等子公司主要從事出售乳製品。此等收購為本集團擴大其中國大陸的液體奶產品市場份額的策略的一環。此等收購的總收購代價以現金形式支付，於收購日期支付人民幣63,860,000元。此等業務收購共產生商譽人民幣15,820,000元。

二零一七年內，本集團收購三家公司。此等子公司主要從事出售乳製品。此等收購為本集團擴大其中國大陸的液體奶產品市場份額的策略的一環。此等收購的總收購代價以現金形式支付，於收購日期支付人民幣8,363,000元。此等業務收購共產生商譽人民幣5,381,000元。

45. 資產抵押

有關獲本集團的資產作抵押的本集團應付票據、銀行貸款及長期應付款項詳情，分別載於財務報表附註30、32及35。

46. 經營租賃安排**(a) 作為出租人**

於報告期末，本集團根據不可註銷經營租賃，日後到期應收其租戶的最低租金總額如下：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

46. OPERATING LEASE ARRANGEMENTS

(continued)

(b) As lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases in respect of buildings and certain production equipment as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	241,792	213,907
In the second to fifth years, inclusive	兩至五年(包括首尾兩年)	320,035	314,247
Over five years	五年以上	53,533	44,052
		615,360	572,206

47. COMMITMENTS

In addition to the operating lease commitments detailed in note 46, the Group had the following outstanding capital commitments in respect of the purchase and construction of property, plant and equipment as at the end of the reporting period:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Contracted, but not provided for	已訂約但未撥備	1,047,984	921,832

46. 經營租賃安排(續)**(b) 作為承租人**

於報告期末，本集團按照房屋及若干生產設備的不可註銷經營租賃須於日後支付的最低租金總額如下：

47. 承擔

除附註46詳述的經營租賃承擔外，於報告期末，本集團有關購置及興建物業、廠房及設備的未償還資本承擔如下：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

48. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances which are disclosed elsewhere in these financial statements, the Group had the following significant transactions with its associates and other related parties.

48. 關聯人士交易

- (a) 除於本財務報表其他段落披露的交易及結餘外，本集團與其聯營公司及其他關聯人士進行下列重大交易。

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(I)	Sales of liquid milk products to associates	(I) 向聯營公司銷售液態奶產品	1,246,732	1,547,881
(II)	Sales of ice cream products to associates	(II) 向聯營公司銷售冰淇淋產品	34,153	29,887
(III)	Sales of other dairy products to associates	(III) 向聯營公司銷售其他乳類產品	-	233
(IV)	Sales of products to affiliates of a major shareholder of the Company	(IV) 向本公司一名主要股東的聯屬公司出售產品	9,853	14,958
(V)	Purchases of raw materials from affiliates of a major shareholder of the Company	(V) 向本公司一名主要股東的聯屬公司購買原材料	782,996	798,045
(VI)	Purchases of raw materials from associates	(VI) 向聯營公司購買原材料	5,468,052	4,415,213
(VII)	Purchases of liquid milk products from an associate	(VII) 向聯營公司購買液態奶產品	239,995	236,635
(VIII)	Purchases of milk powder products from an associate	(VIII) 向聯營公司購買奶粉產品	324	3,957
(IX)	Purchases of utilities, rental and outsourcing services from associates	(IX) 向聯營公司購買能源、租賃及外包服務	13,368	3,497
(X)	Purchase of equipment from an associate	(X) 向聯營公司購買設備	1,681	-

Note:

- (i) The considerations were determined with reference to the prevailing market prices/rates and the prices charged to third parties.

註：

- (i) 價格是經參考當時市場價格／費率及收取第三方的價格釐定。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

48. RELATED PARTY TRANSACTIONS (continued)**(b) Other transactions with related parties**

- (i) During 2018, the Group acquired 50% equity interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) from Modern Farming, a subsidiary of China Modern Dairy. Further details of the acquisition are included in note 44 to the financial statements.
- (ii) During 2017, the Group acquired a 20% and 25% equity interests in Mengniu Meirixian Dairy (Hubei) Co., Ltd., which is a 55% indirectly owned subsidiary of the Group, from Fuyuan, an associate of the Group, and independent third parties, respectively. The purchase consideration for the acquisition was in the form of cash, with RMB2,000,000 and RMB3,300,000 paid at the acquisition date to the associate and independent third parties, respectively.

(c) Compensation of key management personnel of the Group

Key management compensation is detailed in notes 9 and 10 to the financial statements.

The related party transactions in respect of items (a)(IV) and (a)(V) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

48. 關聯人士交易(續)**(b) 與關聯人士其他交易**

- (i) 二零一八年內，本集團自中國現代牧業子公司現代牧業(集團)收購現代牧業(蚌埠)及現代牧業(肥東)的50%股權。收購進一步詳情載於財務報表附註44。
- (ii) 二零一七年內，本集團分別向本集團聯營公司富源及獨立第三方收購本集團間接擁有55%股權的子公司蒙牛每日鮮乳業(湖北)有限責任公司的20%及25%股權。該收購的購買代價分別以現金人民幣2,000,000元及人民幣3,300,000元於收購日期向聯營公司及獨立第三方支付。

(c) 本集團的主要管理人員的報酬

主要管理人員報酬詳情載於財務報表附註9及10。

上述(a)(IV)及(a)(V)項中的關聯方交易亦構成上市規則第14A章所界定的持續交易。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

48. RELATED PARTY TRANSACTIONS (continued)**(d) Year-end balances arising from related party transactions are as follows:**

Trade and bills receivables from:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Associates	聯營公司	304,639	553,443
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	580	2,721
		305,219	556,164

Prepayments, other receivables and other assets from:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Associates	聯營公司	18,000	235,110

Trade and bills payables to:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Associates	聯營公司	468,613	259,097
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	68,868	133,118
		537,481	392,215

48. 關聯人士交易(續)**(d) 關聯人士交易產生的年末結餘如下：**

應收賬款及票據：

預付款、其他應收款項及其他資產：

應付賬款及票據：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

48. RELATED PARTY TRANSACTIONS (continued)**(d) Year-end balances arising from related party transactions are as follows:** (continued)

Other payables and accruals to:
其他應付款項及預提費用：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Associates	聯營公司	5,131	14,459

The above balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to or by independent third parties as at 31 December 2018. Certain prepayments, other receivables and other assets from associates of approximately RMB129,167,000 with a fixed interest rate of 2.5% per annum as at 31 December 2017.

(e) Other outstanding balances with associates

As at 31 December 2018, the Group had entrusted loans of RMB27,197,000 (31 December 2017: RMB44,590,000) due to certain associates included in "Interest-bearing bank and other borrowings". The Group obtained those loans from certain associates via banks. The balances are unsecured, with an annual interest rate of 1.15% (31 December 2017: 1.15%).

As at 31 December 2018, the Group had entrusted loans of RMB1,000,000,000 (31 December 2017: RMB1,065,400,000) due from China Modern Dairy included in "Other financial assets". The Group loaned out the money via banks. The entrusted loans are unsecured, with annual interest rate of 4.00% (31 December 2017: annual interest rates ranging from 4.00% to 4.35%).

48. 關聯人士交易 (續)**(d) 關聯人士交易產生的年末結餘如下：** (續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Associates	聯營公司	5,131	14,459

於二零一八年十二月三十一日，上述結餘為無抵押、不計息及須於要求時償還，信貸條款與給予或獲自獨立第三方的條款相若。於二零一七年十二月三十一日，預付款項、按金及其他應收聯營公司款項約人民幣129,167,000元按2.5%的固定年利率計息。

(e) 與聯營公司其他結餘

於二零一八年十二月三十一日，本集團擁有應付若干聯營公司委託貸款人民幣27,197,000元(二零一七年十二月三十一日：人民幣44,590,000元)，並已計入計息銀行及其他借貸。本集團透過銀行從若干聯營公司取得該等貸款。結餘為無抵押，年利率為1.15%(二零一七年十二月三十一日：1.15%)

於二零一八年十二月三十一日，本集團擁有應收中國現代牧業委託貸款人民幣1,000,000,000元(二零一七年十二月三十一日：人民幣1,065,400,000元)，並已計入其他金融資產。本集團透過銀行借出該款項。該委託貸款為無抵押，年利率為4.00%(二零一七年十二月三十一日：年利率介乎4.00%至4.35%)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

49. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2018 二零一八年				2017 二零一七年			
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	按公允值計量且其變動計入攤銷成本	按公允值計量且其變動計入損益	按公允值計量且其變動計入其他全面收入	總計	按公允值計量且其變動計入攤銷成本	按公允值計量且其變動計入損益	按公允值計量且其變動計入其他全面收入	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade and bills receivables	2,891,973	-	-	2,891,973	2,646,834	-	-	2,646,834
Financial assets included in prepayments, other receivables and other assets	488,002	-	-	488,002	785,845	-	-	785,845
Equity investments	-	31,599	109,148	140,747	-	31,599	327,435	359,034
Convertible promissory note	-	196,130	-	196,130	-	186,670	-	186,670
Warrants	-	72,687	-	72,687	-	-	-	-
Entrusted loans	2,280,712	-	-	2,280,712	1,175,910	-	-	1,175,910
Derivative financial instruments	-	49,212	28,598	77,810	-	29,569	30,617	60,186
Investment deposits	-	9,281,963	-	9,281,963	-	9,392,108	-	9,392,108
Pledged deposits	623,495	-	-	623,495	466,265	-	-	466,265
Long term receivables	128,586	-	-	128,586	155,698	-	-	155,698
Cash and cash equivalents	4,370,494	-	-	4,370,494	3,129,444	-	-	3,129,444
Time deposits	4,848,912	-	-	4,848,912	3,868,937	-	-	3,868,937
	15,632,174	9,631,591	137,746	25,401,511	12,228,933	9,639,946	358,052	22,226,931

49. 按類別劃分的金融工具

於報告期末，各分類的金融工具的賬面值如下：

金融資產

NOTES TO FINANCIAL STATEMENTS 財務報表附註

49. FINANCIAL INSTRUMENTS BY CATEGORY (continued)
Financial liabilities
49. 按類別劃分的金融工具(續)
金融負債

		2018 二零一八年 Fair value through profit or loss 按公允值 計量且其 變動計入 攤銷成本 RMB'000 人民幣千元			2017 二零一七年 Fair value through profit or loss 按公允值 計量且其 變動計入 攤銷成本 RMB'000 人民幣千元		
		Amortised cost	profit or loss	Total	Amortised cost	profit or loss	Total
		攤銷成本 RMB'000 人民幣千元	損益 RMB'000 人民幣千元	總計 RMB'000 人民幣千元	攤銷成本 RMB'000 人民幣千元	損益 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Trade and bills payables	應付賬款及票據	7,021,542	-	7,021,542	6,342,273	-	6,342,273
Financial liabilities included in other payables and accruals	計入其他應付款項及 預提費用的金融負債	5,851,674	-	5,851,674	4,174,681	-	4,174,681
Interest-bearing bank and other borrowings excluding zero coupon exchangeable bonds	計息銀行及其他借貸 (不包括零息 可交換債券)	13,440,132	-	13,440,132	12,679,549	-	12,679,549
Zero coupon exchangeable bonds	零息可交換債券	-	1,275,183	1,275,183	-	1,270,575	1,270,575
Other loans	其他貸款	22,912	-	22,912	22,912	-	22,912
Derivative financial instruments	衍生金融工具	-	27,162	27,162	-	1,222	1,222
Long term payables	長期應付款項	12,616	-	12,616	38,239	-	38,239
Other financial liabilities	其他金融負債	1,610,947	-	1,610,947	2,175,431	-	2,175,431
		27,959,823	1,302,345	29,262,168	25,433,085	1,271,797	26,704,882

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**Fair value**

The fair value of the financial assets and liabilities is the amount at which the asset could be sold and the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, current interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other financial assets, long term time deposits, long term receivable, the non-current portion of interest-bearing bank loans and long term payables and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of other borrowings are measured using valuation technical methods and by reference to quoted prices. The fair value of the convertible promissory note is measured using valuation technical methods.

The fair values of listed equity investments are based on quoted market prices.

50. 金融工具的公允值及公允值層級**公允值**

金融資產及負債的公允值為市場參與者於現時進行的交易(強迫或清算銷售除外)中可出售資產及轉讓負債的金額。

下文載列用於估計公允值的方法及假設：

現金及現金等價物、保證金存款的即期部分、應收賬款及票據、應付賬款及票據、計入預付款、其他應收款項及其他資產的金融資產、計入其他應付款項及預提費用的金融負債、流動計息銀行貸款及其他貸款的公允值因短期內到期而與其賬面值相若。

其他金融資產的非流動部分、長期定期存款、長期應收款項、計息銀行貸款及長期應付款項的非流動部分以及其他非流動金融負債的公允值乃採用類似條款、信貸風險及餘下到期日的工具現時可獲得的利率折現預期未來現金流量的方式計算。其他借貸的公允值乃使用估值技術方法及經參考報價計量。可換股承兌票據的公允值乃使用估值技術方法計量。

上市股本投資的公允值乃基於市場報價。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts, an interest rate swap, forward currency contracts and interest rate forward contracts, are measured using quoted prices from financial institutions with which the interest rate swap, forward currency contracts and interest rate forward contracts are entered into. The carrying amounts of the commodity futures contracts, interest rate swap, forward currency contracts and interest rate forward contracts are the same as their fair values.

The following table shows the valuation technique used in the determination of fair values of investment deposits, which falls within level 3 of the fair value hierarchy, as well as the significant unobservable inputs used in the valuation.

	Valuation technique 估值技術	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 輸入數據對公允值的影響
Investment deposits 投資存款	Discounted cash flow method 折現現金流量法	Expected yield 預期收益率	2.40% to 5.01% (2017: 2.00% to 5.10%) 2.40%至5.01%(二零一七年：2.00%至5.10%)	10% (2017: 10%) increase (decrease) in expected yield would result in increase (decrease) in fair value by RMB12,392,000 (2017: RMB10,142,000) 預期收益率增加(減少)10%(二零一七年：10%)將導致公允值增加(減少)人民幣12,392,000元(二零一七年：人民幣10,142,000元)
		Discount rate 折現率	2.40% to 5.01% (2017: 2.00% to 5.10%) 2.40%至5.01%(二零一七年：2.00%至5.10%)	10% (2017: 10%) increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB12,360,000 (2017: RMB10,124,000) 折現率增加(減少)10%(二零一七年：10%)將導致公允值減少(增加)人民幣12,360,000元(二零一七年：人民幣10,124,000元)

50. 金融工具的公允值及公允值層級 (續)

公允值(續)

本集團與多名對手方訂立衍生金融工具，主要為已成立的商品貿易交易所或信貸評級良好的金融機構。商品期貨合約、利率互換合約、遠期外幣合約及利率遠期合約等衍生金融工具，乃使用與其訂立有關利率互換合約、遠期外幣合約及利率遠期合約的金融機構的報價計量。商品期貨合約、利率互換合約、遠期外幣合約及利率遠期合約的賬面值與其公允值相同。

下表載列釐定投資存款公允值所用的估值技術(屬於公允值層級的第三級)及估值所用的重大不可觀察輸入數據。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value** (continued)

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

50. 金融工具的公允值及公允值層級 (續)**公允值(續)**

本集團金融工具(除賬面值與公允值合理地相若的金融工具外)的賬面值及公允值如下:

		Carrying amounts 賬面值		Fair values 公允值	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial assets	金融資產				
Long term entrusted loans	長期委託貸款	12,295	64,149	12,241	63,060
Long term receivables	長期應收款項	57,025	122,496	54,983	119,786
Long term time deposits	長期定期存款	1,921,418	1,039,504	1,918,627	1,037,814
		1,990,738	1,226,149	1,985,851	1,220,660

		Carrying amounts 賬面值		Fair values 公允值	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial liabilities	金融負債				
Other non-current financial liabilities	其他非流動金融負債	1,610,947	1,629,837	1,610,947	1,629,837
Interest-bearing bank and other borrowings – non-current portion excluding zero coupon exchangeable bonds	計息銀行及其他借貸 – 非流動部分 (不包括零息可交換債券)	6,917,217	4,744,522	6,799,598	4,673,111
Long term payables	長期應付款項	814	10,894	792	9,666
		8,528,978	6,385,253	8,411,337	6,312,614

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

50. 金融工具的公允值及公允值層級 (續)**公允值層級**

本集團採用以下層級釐定及披露金融工具的公允值：

- 第一級：根據相同資產或負債於活躍市場的報價(未經調整)計量公允值
- 第二級：公允值基於估值技術計量，且全部對所記錄的公允值有重大影響的輸入數據是可直接或間接觀察得到
- 第三級：公允值基於估值技術計量，且任何對所記錄的公允值有重大影響的輸入數據是並非基於可觀察的市場數據(非可觀察輸入數據)

按公允值計量的資產：

		2018 二零一八年			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		於活躍市場 的報價 (第一級)	重大可觀察 輸入數據 (第二級)	重大不可觀察 輸入數據 (第三級)	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Hong Kong listed equity investments	香港上市股本投資	109,148	-	-	109,148
Unlisted equity investments	非上市股本投資	-	-	31,599	31,599
Convertible promissory note	可換股承兌票據	-	-	196,130	196,130
Investment deposits	投資存款	-	-	9,281,963	9,281,963
Derivative financial instruments	衍生金融工具	-	77,810	-	77,810
		109,148	77,810	9,509,692	9,696,650

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

Assets measured at fair value: (continued)

		2017 二零一七年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	327,435	-	-	327,435
Unlisted equity investments	非上市股本投資	-	-	31,599	31,599
Convertible promissory note	可換股承兌票據	-	-	186,670	186,670
Investment deposits	投資存款	-	-	9,392,108	9,392,108
Derivative financial instruments	衍生金融工具	1,283	58,903	-	60,186
		328,718	58,903	9,610,377	9,997,998

Liabilities measured at fair value:

按公允值計量的負債：

		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	-	27,162	-	27,162
Zero coupon exchangeable bonds	零息可交換債券	-	1,275,183	-	1,275,183
		-	1,302,345	-	1,302,345

50. 金融工具的公允值及公允值層級 (續)**公允值層級**(續)

按公允值計量的資產：(續)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

Liabilities measured at fair value: (continued)

		2017 二零一七年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	1,044	178	–	1,222
Zero coupon exchangeable bonds	零息可交換債券	–	1,270,575	–	1,270,575
		1,044	1,270,753	–	1,271,797

Assets for which fair values are disclosed:

有披露公允值的資產：

		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	–	12,241	–	12,241
Long term receivables	長期應收款項	–	54,983	–	54,983
Long term time deposits	長期定期存款	–	1,918,627	–	1,918,627
		–	1,985,851	–	1,985,851

50. 金融工具的公允值及公允值層級 (續)**公允值層級** (續)

按公允值計量的負債：(續)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

Assets for which fair values are disclosed: (continued)

		2017 二零一七年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	-	63,060	-	63,060
Long term receivables	長期應收款項	-	119,786	-	119,786
Long term time deposits	長期定期存款	-	1,037,814	-	1,037,814
		-	1,220,660	-	1,220,660

Liabilities for which fair values are disclosed:

有披露公允值的負債：

		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other non-current financial liabilities	其他非流動金融負債	-	1,610,947	-	1,610,947
Interest-bearing bank and other borrowings	計息銀行及其他借貸	-	6,799,598	-	6,799,598
- non-current portion excluding zero coupon exchangeable bonds	- 非流動部分 (不包括零息可交換債券)	-	792	-	792
Long term payables	長期應付款項	-	792	-	792
		-	8,411,337	-	8,411,337

50. 金融工具的公允值及公允值層級 (續)**公允值層級**(續)

有披露公允值的資產：(續)

NOTES TO FINANCIAL STATEMENTS 財務報表附註

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

Liabilities for which fair values are disclosed: (continued)

50. 金融工具的公允值及公允值層級 (續)**公允值層級** (續)

有披露公允值的負債：(續)

		2017 二零一七年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other non-current financial liabilities	其他非流動金融負債				
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
- non-current portion excluding zero coupon exchangeable bonds	- 非流動部分 (不包括零息可交換債券)	-	1,629,837	-	1,629,837
Long term payables	長期應付款項	-	4,673,111	-	4,673,111
		-	9,666	-	9,666
		-	6,312,614	-	6,312,614

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Financial risk management**

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, trade and bills receivables and payables, other receivables and payables, long term receivables balances with related parties, interest-bearing bank and other borrowings, other loans and long term payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also entered into derivative transactions, mainly commodity futures contracts, interest rate swaps, forward currency contracts and interest rate forward contracts. The purpose is to manage the commodity risk, the exchange rate and floating rate exposures arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors and senior management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts prudent strategies on its risk management.

(i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group closely monitors its interest rate risk by performing periodic reviews and evaluations of its debt portfolio and gearing ratio. The interest rates and terms of repayment of the bank loans of the Group are disclosed in note 32 to the financial statements. The Group enters into interest rate swaps, in which the Group agrees to exchange, at a specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed – upon notional principal amount. In the opinion of the directors, the Group has no significant interest rate risk.

51. 財務風險管理目標及政策**財務風險管理**

本集團的主要金融工具(衍生工具除外)包括現金及現金等價物、應收及應付賬款及票據、其他應收及應付款項、與關聯人士的長期應收結餘、計息銀行及其他借貸、其他貸款及長期應付款項。該等金融工具旨在為本集團的營運籌集資金。本集團擁有各式各樣直接來自其業務的其他金融資產及負債，例如應收賬款及應付賬款。

本集團亦訂立衍生交易，主要為商品期貨合約、利率互換合約、遠期貨幣合約及利率遠期合約，目的為管理本集團業務所產生的商品風險、匯率及浮動利率風險。

來自本集團金融工具的主要風險有利率風險、外幣風險、信貸風險、流動性風險及股本價格風險。董事會及高級管理人員定期舉行會議，分析本集團所承受的風險，並制定用以管理風險的措施。本集團一般採納審慎的策略管理風險。

(i) 利率風險

本集團承受的市場利率變動風險主要有關本集團的浮息借貸。本集團定期檢討和評估其債務組合及資本負債比率，對其利率風險進行密切注視。本集團的銀行貸款利率及還款期於財務報表附註32披露。本集團訂立利率互換合約，據此，本集團同意於固定期間，按照協定名義本金金額計算的固定及浮動利率金額的差額進行兌換。董事認為，本集團並無重大利率風險。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(i) Interest rate risk** (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

		Increase/ (decrease) in basis points 基點增加/ (減少)	Increase/ (decrease) in profit before tax 稅前利潤/(虧損) 增加/(減少) RMB'000 人民幣千元
2018	二零一八年		
RMB	人民幣	50	(14,205)
RMB	人民幣	(50)	14,205
Hong Kong dollars	港元	50	(13,299)
Hong Kong dollars	港元	(50)	13,299
United States dollars	美元	50	(8,370)
United States dollars	美元	(50)	8,370
Euro	歐元	50	-
Euro	歐元	(50)	-
New Zealand dollars	新西蘭元	50	(302)
New Zealand dollars	新西蘭元	(50)	302
2017	二零一七年		
RMB	人民幣	50	(12,282)
RMB	人民幣	(50)	12,282
Hong Kong dollars	港元	50	(11,819)
Hong Kong dollars	港元	(50)	11,819
United States dollars	美元	50	(13,117)
United States dollars	美元	(50)	13,117
Euro	歐元	50	(93)
Euro	歐元	(50)	93
New Zealand dollars	新西蘭元	50	(20)
New Zealand dollars	新西蘭元	(50)	20

51. 財務風險管理目標及政策 (續)**財務風險管理** (續)**(i) 利率風險** (續)

下表列示在所有其他變數維持不變的情況下，利率可能出現合理可能變動對本集團稅前利潤(透過浮息借貸的影響)的影響：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(ii) Foreign currency risk**

The Group's businesses are principally located in Mainland China and substantially all transactions are conducted in RMB, except for the purchases of imported machinery and equipment and sales of dairy products to Hong Kong and Macau. As at 31 December 2018, substantially all of the Group's assets and liabilities were denominated in RMB except for the cash and bank balances of approximately RMB182,118,000 (2017: RMB102,558,000), RMB20,006,000 (2017: RMB139,753,000), RMB1,769,000 (2017: RMB1,057,000), RMB8,051,000 (2017: RMB6,000), RMB10,991,000 (2017: RMB60,443,000) and RMB5,146,000 (2017: None) which were denominated in United States dollars, Hong Kong dollars, Euro, New Zealand dollars, Danish Krone and Indonesian Rupiah, respectively, pledged deposits of approximately RMB22,238,000 (2017: RMB14,545,000), RMB6,825,000 (2017: None) and RMB1,000 (2017: None) which were denominated in United States dollars, New Zealand dollars and Euro, respectively, and the interest-bearing bank and other borrowings of approximately RMB3,376,261,000 (2017: RMB3,207,497,000), RMB6,153,396,000 (2017: RMB5,941,819,000) and RMB12,793,000 (2017: RMB74,426,000) which were denominated in Hong Kong dollars, United States dollars and New Zealand dollars, respectively. As at 31 December 2017, substantially all of the Group's assets and liabilities were denominated in RMB except for the interest-bearing bank and other borrowings of approximately RMB52,197,000 and RMB12,053,000 which were denominated in Euro and Australian dollars, respectively, and an investment deposit of approximately RMB51,412,000 which was denominated in United States dollars. The fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. However, in the opinion of the directors, the foreign currency risk exposure is under management's control.

51. 財務風險管理目標及政策(續)**財務風險管理**(續)**(ii) 外幣風險**

本集團的業務主要位於中國大陸，除購置進口機器及設備及向港澳出售乳製品外，絕大部分交易均以人民幣為本位貨幣。於二零一八年十二月三十一日，本集團的資產及負債中，除了現金及銀行結存約人民幣182,118,000元(二零一七年：人民幣102,558,000元)、人民幣20,006,000元(二零一七年：人民幣139,753,000元)、人民幣1,769,000元(二零一七年：人民幣1,057,000元)、人民幣8,051,000元(二零一七年：人民幣6,000元)、人民幣10,991,000元(二零一七年：人民幣60,443,000元)及人民幣5,146,000元(二零一七年：無)分別以美元、港元、歐元、新西蘭元、丹麥克朗及印尼盾計值，保證金存款約人民幣22,238,000元(二零一七年：人民幣14,545,000元)、人民幣6,825,000元(二零一七年：無)及人民幣1,000元(二零一七年：無)分別以美元、新西蘭元及歐元計值，計息銀行及其他借貸約人民幣3,376,261,000元(二零一七年：人民幣3,207,497,000元)、人民幣6,153,396,000元(二零一七年：人民幣5,941,819,000元)及人民幣12,793,000元(二零一七年：人民幣74,426,000元)分別以港元、美元及新西蘭元計值之外，本集團絕大部分資產及負債均以人民幣為單位。於二零一七年十二月三十一日，本集團絕大部份的資產及負債以人民幣計值，除約人民幣52,197,000元及人民幣12,053,000元計息銀行及其他借貸分別以歐元及澳元計值，且約人民幣51,412,000元投資存款以美元計值。人民幣兌外幣的匯價若有波動，可能影響本集團的經營業績，但董事認為外幣風險在管理層的控制之中。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(ii) Foreign currency risk** (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of RMB to United States dollars, Hong Kong dollars, Euro, New Zealand dollars, Danish Krone and Indonesian Rupiah with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity:

		Increase/ (decrease) in RMB rate 人民幣匯率 上升/(下降)	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少) RMB'000 人民幣千元	Increase/ (decrease) in equity 權益增加/ (減少) RMB'000 人民幣千元
		%		
2018	二零一八年	5 (5)	14,416 (14,416)	218,069 (218,069)
2017	二零一七年	5 (5)	209,128 (209,128)	161,130 (161,130)

(iii) Credit risk

The cash and bank balances, as well as the pledged deposits, of the Group are mainly deposited with state-owned commercial banks in Mainland China.

The majority of the Group's sales are conducted on a cash basis. The Group has implemented policies to ensure that sales of products are made to distributors, who wish to trade on credit terms, with an appropriate credit history which is subject to periodic reviews. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

51. 財務風險管理目標及政策 (續)**財務風險管理** (續)**(ii) 外幣風險** (續)

下表列示在所有其他變數維持不變的情況下，人民幣與美元、港元、歐元、新西蘭元、丹麥克朗及印尼盾的兌換率可能出現的合理可能變動(因貨幣資產及負債的公允值變動導致)對本集團稅前利潤及權益的影響：

(iii) 信貸風險

本集團的現金及銀行結存及保證金存款，主要存於中國大陸的國有商業銀行。

本集團大部分的銷售均按現金基準進行。本集團已實施政策以確保產品是售予擁有適當信貸記錄並有意以賒賬形式進行交易的經銷商，並就其信貸記錄進行定期的覆檢。本集團一直持續監察應收款項的結餘，本集團並無重大壞賬風險。

於二零一八年十二月三十一日的最大風險範圍及年末階段分類

下表載列二零一八年十二月三十一日本集團基於信貸政策的信貸品質及最大信貸風險範圍(除非無須不必要成本或努力即可取得其他資料，否則主要根據過往的數據)及年末階段分類。呈列的金額為金融資產的總賬面值及金融擔保合約的信貸風險範圍。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(iii) Credit risk** (continued)

		12-month ECLs	Lifetime ECLs			Simplified approach	RMB'000	RMB'000
		12個月預期信貸虧損	存續預期信貸虧損					
		Stage 1	Stage 2	Stage 3				
		第一階段	第二階段	第三階段				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade and bills receivables (note a)	應收賬款及票據(註a)	-	-	-	2,891,973	2,891,973		
Financial assets included in prepayments, other receivables and other assets (note b)	計入預付款、其他應收款項及其他資產的金融資產(註b)							
- Normal	- 正常	488,002	-	-	-	488,002		
- Doubtful	- 可疑	-	-	-	-	-		
Entrusted loans	委托貸款	2,280,712	-	-	-	2,280,712		
Pledged deposits	保證金存款							
- Not yet past due	- 尚未逾期	623,495	-	-	-	623,495		
Long term receivables	長期應收款項	128,586	-	-	-	128,586		
Cash and cash equivalents	現金及現金等價物							
- Not yet past due	- 尚未逾期	4,370,494	-	-	-	4,370,494		
Time deposits	定期存款	4,848,912	-	-	-	4,848,912		
		12,740,201	-	-	2,891,973	15,632,174		

(a) For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 27 to the financial statements.

(b) The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

51. 財務風險管理目標及政策(續)**財務風險管理**(續)**(iii) 信貸風險**(續)

(a) 就本集團採用簡化方法計算減值的應收賬款及票據，根據撥備矩陣的資料披露於附註27。

(b) 當計入預付款、其他應收款項及其他資產的金融資產尚未逾期，且沒有資料顯示該等金融資產的信貸風險自初始確認後大幅上升，則其信貸品質會被視為「正常」。否則，該等金融資產的信貸品質會被視為「可疑」。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(iii) Credit risk** (continued)

Maximum exposure as at 31 December 2017

The credit risk of the Group's other financial assets, which comprise deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

Except for the above, the Group has no significant concentration of credit risk, as its exposure spreads over a number of counterparties.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 27 to the financial statements.

(iv) Liquidity risk

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure a continuity of funds and flexibility through the use of various means of financing and by keeping committed credit lines available.

51. 財務風險管理目標及政策 (續)**財務風險管理** (續)**(iii) 信貸風險** (續)

於二零一七年十二月三十一日的最大風險範圍

由於交易方違約產生由按金及其他應收款項構成的本集團其他金融資產的信貸風險最高限額相等於此等資產的賬面值。

除上述者外，本集團的風險涉及多名對手方，因而並無重大的集中信貸風險。

有關本集團因應收賬款而須面對的信貸風險的其他量化數據，披露於財務報表附註27。

(iv) 流動性風險

本集團定期會根據行業特點、市場環境、業務戰略及本集團財務狀況的變化，對集團的流動性進行檢討及審視，適當並及時調整本集團負債結構的即期及非即期部分，以監控流動性風險。此外，本集團亦透過利用不同的融資方式及保持一定的承諾信貸額度以確保資金的連續性及靈活性。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(iv) Liquidity risk** (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2018 based on contractual undiscounted payments.

		2018 二零一八年				
		On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
		按要求	一年以內	一至五年	五年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	-	6,636,692	8,278,723	65,135	14,980,550
Other loans	其他貸款	22,912	-	-	-	22,912
Trade and bills payables	應付賬款及票據	-	7,021,542	-	-	7,021,542
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款項及預提費用的金融負債，不包括長期應付款項的即期部分	-	5,855,002	-	-	5,855,002
Long term payables	長期應付款項	-	12,152	882	-	13,034
Other financial liabilities	其他金融負債	-	-	-	1,815,599	1,815,599

		2017 二零一七年				
		On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
		按要求	一年以內	一至五年	五年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	-	8,143,598	5,957,416	269,928	14,370,942
Other loans	其他貸款	22,912	-	-	-	22,912
Trade and bills payables	應付賬款及票據	-	6,342,273	-	-	6,342,273
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款項及預提費用的金融負債，不包括長期應付款項的即期部分	-	4,174,681	-	-	4,174,681
Long term payables	長期應付款項	-	28,797	11,244	-	40,041
Other financial liabilities	其他金融負債	-	586,355	1,926,896	-	2,513,251

51. 財務風險管理目標及政策(續)**財務風險管理**(續)**(iv) 流動性風險**(續)

下表載列於二零一八年十二月三十一日根據合約無折讓付款的本集團金融負債的到期情況。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Financial risk management** (continued)**(v) Equity price risk**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through other comprehensive income (note 25) as at 31 December 2018.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments, the impact is deemed to be on the financial assets revaluation reserve and no account is given for factors such as impairment which might impact the consolidated statement of profit or loss.

2018 二零一八年		Carrying amount of equity investments 股本投資 的賬面值 RMB'000 人民幣千元	Change in equity 股本變動 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	109,148	5,457
2017 二零一七年		Carrying amount of equity investments 股本投資 的賬面值 RMB'000 人民幣千元	Change in equity 股本變動 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	327,435	16,372

51. 財務風險管理目標及政策 (續)**財務風險管理** (續)**(v) 股本價格風險**

股本價格風險為股票指數水平及個別證券價值變動導致股本證券公允值下降的風險。於二零一八年十二月三十一日，本集團面對的股本價格風險來自分類為以公允值計量且其變動計入其他全面收益的股本投資(附註25)的個別股本投資。

下表顯示在其他所有可變因素維持不變且未計入任何稅務影響的情況下，股本投資公允值每變動變動5%時的敏感度，乃按股本投資於報告期末的賬面值計算。就本分析而言，對於股本投資，視為對金融資產重估儲備造成影響，並無計及可能影響綜合損益表的因素，例如減值。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and bills payables, other payables and accruals, other loans, long term payables and other financial liabilities, less cash and bank balances and long term time deposits, and excludes disposal groups. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of reporting periods were as follows:

51. 財務風險管理目標及政策(續)**資本管理**

本集團資本管理的基本目標乃維持本集團持續經營的能力及保持穩健的資本比率，以支持其業務及提高股東價值。

本集團管理其資本架構，並因應經濟環境的變化及相關資產的風險特徵作出調整。為維持或調整資本架構，本集團可能會調整派付予股東的股息、股東的資本回報或發行新股。於截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度有關資本管理的目標、政策或程序並無變動。

本集團以資本負債比率監控資本，資本負債比率即淨負債除以資本總額加上淨負債之和。淨負債包括計息銀行及其他借貸、應付賬款及票據、其他應付款項及預提費用、其他貸款、長期應付款項，以及其他金融負債，減現金及銀行結存及長期定期存款，並不包括處置組。資本指本公司擁有人應佔權益。於報告期末的資本負債比率如下：

NOTES TO FINANCIAL STATEMENTS 財務報表附註

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

51. 財務風險管理目標及政策(續)

資本管理(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	14,715,315	13,950,124
Trade and bills payables	應付賬款及票據	7,021,542	6,342,273
Other payables and accruals	其他應付款項及預提費用	10,889,417	7,324,223
Other loans	其他貸款	22,912	22,912
Long term payables	長期應付款項	814	10,894
Other financial liabilities	其他金融負債	1,610,947	2,175,431
Less: Cash and bank balances	減：現金及銀行結存	(7,297,988)	(5,958,877)
Less: Long term time deposits	減：長期定期存款	(1,921,418)	(1,039,504)
Net debt	淨負債	25,041,541	22,827,476
Equity attributable to owners of the Company	本公司擁有人應佔權益	25,212,364	22,604,273
Adjusted capital	經調整資本	25,212,364	22,604,273
Capital and net debt	資本與淨負債	50,253,905	45,431,749
Gearing ratio	資本負債比率	49.83%	50.25%

NOTES TO FINANCIAL STATEMENTS 財務報表附註

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

52. 本公司財務狀況表

報告期末有關本公司財務狀況表的資料如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	108	159
Investments in subsidiaries	於子公司的投資	13,210,242	12,555,023
Investment in an associate	於一間聯營公司的投資	2,864,346	2,732,636
Derivative financial instruments	衍生金融工具	28,598	54,602
Non-current financial assets	非流動金融資產	25,208	43,202
Total non-current assets	總非流動資產	16,128,502	15,385,622
CURRENT ASSETS	流動資產		
Derivative financial instruments	衍生金融工具	48,866	5,584
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	83,652	473,829
Loans to subsidiaries	貸款予子公司	7,572,719	7,156,189
Pledged deposits	保證金存款	22,203	14,545
Cash and bank balances	現金及銀行結存	284,155	569,574
Total current assets	總流動資產	8,011,595	8,219,721
CURRENT LIABILITIES	流動負債		
Loans from subsidiaries	來自子公司的貸款	-	509,204
Other payables and accruals	其他應付款項及預提費用	486,981	265,436
Interest-bearing bank and other borrowings	計息銀行及其他借貸	525,107	3,760,684
Derivative financial instruments	衍生金融工具	6,891	-
Total current liabilities	總流動負債	1,018,979	4,535,324
NET CURRENT ASSETS	淨流動資產	6,992,616	3,684,397
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	23,121,118	19,070,019
NON-CURRENT LIABILITIES	非流動負債		
Loans from a subsidiary	來自一間子公司的貸款	2,738,436	2,181,484
Interest-bearing bank and other borrowings	計息銀行及其他借貸	8,763,177	5,148,407
Derivative financial instruments	衍生金融工具	17,457	-
Total non-current liabilities	總非流動負債	11,519,070	7,329,891
NET ASSETS	淨資產	11,602,048	11,740,128
EQUITY	權益		
Issued capital	已發行股本	357,602	357,572
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	(218,717)	(262,929)
Reserves	儲備	11,463,163	11,645,485
TOTAL EQUITY	總權益	11,602,048	11,740,128

Yu Xubo
于旭波
Director
董事

Jeffrey, Minfang Lu
盧敏放
Director
董事

NOTES TO FINANCIAL STATEMENTS 財務報表附註

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued) 52. 本公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

註：

本公司儲備如下：

		Share premium	Contributed surplus	Foreign currency translation differences	Financial assets revaluation reserve	Retained earnings	Share option reserve/ share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	金融資產重估儲備	保留利潤	股權儲備/股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a)						
			註(a)						
At 1 January 2017	於二零一七年一月一日	13,114,523	387,574	185,867	(290,804)	(175,099)	32,659	-	13,254,720
Loss for the year	本年虧損	-	-	-	-	(461,310)	-	-	(461,310)
Other comprehensive loss for the year:	本年其他全面虧損：								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允值計量且其變動計入其他全面收益的股本投資的公允值變動，扣除稅項	-	-	-	(35,390)	-	-	-	(35,390)
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	(836,327)	-	-	-	-	(836,327)
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	-	-	-	-	30,617	30,617
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	(836,327)	(35,390)	(461,310)	-	30,617	(1,302,410)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	23,683	-	-	-	-	12,582	-	36,265
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	7,895	-	-	-	-	(7,895)	-	-
Share award scheme	股票獎勵計劃	-	-	-	-	-	1,726	-	1,726
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(344,816)	-	-	-	-	-	-	(344,816)
At 31 December 2017	於二零一七年十二月三十一日	12,801,285	387,574	(650,460)	(326,194)	(636,409)	39,072	30,617	11,645,485

NOTES TO FINANCIAL STATEMENTS 財務報表附註

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued) 52. 本公司財務狀況表(續)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

註：(續)

本公司儲備如下：(續)

		Share premium	Contributed surplus	Foreign currency translation differences	Financial assets revaluation reserve	Retained earnings	Share option reserve/ share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	金融資產重估儲備	保留利潤	股權儲備/ 股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a)						
			註(a)						
At 1 January 2018	於二零一八年一月一日	12,801,285	387,574	(650,460)	(326,194)	(636,409)	39,072	30,617	11,645,485
Loss for the year	本年虧損	-	-	-	-	(267,358)	-	-	(267,358)
Other comprehensive loss for the year:	本年其他全面虧損：	-	-	-	-	-	-	-	-
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允價值計量且其變動計入其他全面收益的股本投資的公允價值變動，扣除稅項	-	-	-	(17,994)	-	-	-	(17,994)
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	533,271	-	-	-	-	533,271
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	-	-	-	-	(4,196)	(4,196)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	533,271	(17,994)	(267,358)	-	(4,196)	243,723
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	4,472	-	-	-	-	48,851	-	53,323
Equity-settled share option arrangements	以股份支付的購股權安排	-	-	-	-	-	594	-	594
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	1,190	-	-	-	-	(1,190)	-	-
Share award scheme	股票獎勵計劃	-	-	-	-	-	2,865	-	2,865
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(482,827)	-	-	-	-	-	-	(482,827)
At 31 December 2018	於二零一八年十二月三十一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163

Note:

(a) The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the group reorganisation and the nominal value of the shares of the Company issued in exchange therefor.

註：

(a) 本公司的實繳盈餘指根據集團重組所收購子公司的當時合併資產淨值與本公司為換取上述合併資產淨值所發行股份的面值間的差額。

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2019.

53. 批准財務報表

董事會已於二零一九年三月二十七日批准及授權刊發財務報表。

FINANCIAL SUMMARY

財務概要

The following is a summary of the published audited financial statements of China Mengniu Dairy Company Limited (the "Company") and its subsidiaries for the respective years.

下列為中國蒙牛乳業有限公司(「本公司」)及其子公司於下列各年度已發佈的經審核財務報表概要。

RESULTS

業績

		Year ended 截至止年度				
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Revenue	收入	68,977,066	60,155,622	53,779,339	49,026,516	50,049,243
Profit/(loss) before tax from continuing operations	來自持續經營業務的稅前利潤/(虧損)	3,852,722	2,624,961	(461,386)	3,030,170	3,150,008
Income tax expense	所得稅支出	(649,001)	(594,283)	(351,379)	(510,038)	(459,292)
Profit/(loss) for the year from continuing operations	來自持續經營業務的 本年利潤/(虧損)	3,203,721	2,030,678	(812,765)	2,520,132	2,690,716
Profit/(loss) for the year from a discontinued operation	來自已終止經營 業務的本年利潤/ (虧損)	-	-	-	122	(63)
Profit/(loss) for the year	本年利潤/(虧損)	3,203,721	2,030,678	(812,765)	2,520,254	2,690,653
Attributable to:	以下各方應佔:					
Owners of the Company	本公司擁有人	3,043,030	2,047,839	(751,155)	2,367,291	2,350,803
Non-controlling interests	非控股股東權益	160,691	(17,161)	(61,610)	152,963	339,850
Proposed dividend	擬派股息	710,915	471,283	349,327	549,357	548,406
Earnings per share attributable to ordinary equity holders of the Company (RMB) (note (i))	本公司普通股擁有人應佔每股盈利/(虧損)(人民幣)(附註(i))					Restated 經重述
For profit for the year	本年利潤					
- Basic	- 基本	0.780	0.526	(0.193)	0.609	0.605
- Diluted	- 攤薄	0.779	0.526	(0.193)	0.607	0.602

FINANCIAL SUMMARY 財務概要

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		At 31 December 於十二月三十一日				
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Total assets	總資產	66,457,257	58,138,731	49,124,427	50,652,541	47,080,792
Total liabilities	總負債	35,992,978	31,031,608	23,620,699	24,037,387	22,587,919
Equity attributable to owners of the Company	本公司擁有人應佔權益	25,212,364	22,604,273	20,844,913	22,136,239	21,489,400
Non-controlling interests	非控股股東權益	5,251,915	4,502,850	4,658,815	4,478,915	3,003,473

Note:

註：

(i) The calculation basis for the earnings per share attributable to ordinary equity holders of the Company is set out in note 14 to the consolidated financial statements.

(i) 本公司普通股擁有人應佔每股盈利的計算基準載於綜合財務報表附註14。



China Mengniu Dairy Company Limited
中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2319

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