



Yashili International Holdings Ltd
雅士利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：01230



YASHILY
雅士利國際



2018
ANNUAL REPORT 年報



**YASHILI INTERNATIONAL HOLDINGS LTD (THE
"COMPANY" OR "YASHILI") (STOCK CODE: 01230) and
its subsidiaries (collectively the "Group")**

as a whole is a domestically leading professional infant formula producer with international presence that focuses on the production and sales of premium infant formula and nutrition food.

The Group has factories in Guangdong, Shanghai, Shanxi, Inner Mongolia and New Zealand. It sells infant formula through widely recognized brands such as Yashily, Reeborne, Dumex, Arla and Doralor, as well as various nutrition food including milk powder for adults and dissolvable products.

**雅士利國際控股有限公司(「本公司」或「雅士利」)
(股份代號：01230)及其子公司(統稱「本集團」)**

是中國領先的國際化專業嬰幼兒配方奶粉生產商，專注生產及銷售優質嬰幼兒配方奶粉及營養食品。

本集團在廣東、上海、山西、內蒙古、新西蘭等地擁有工廠，通過雅士利、瑞哺恩、多美滋、Arla及朵拉小羊等廣受認可品牌銷售嬰幼兒配方奶粉，並出售包括成人奶粉及沖調產品在內的多種營養食品。



CONTENTS 目錄

Corporate Information 公司資料	02
Letter to Shareholders 致股東的信	07
Selected Financial Data 挑選的財務數據	10
Management's Discussion and Analysis 管理層討論與分析	12
Corporate Governance Report 企業管治報告	41
Directors and Management Biographies 董事及管理層履歷	71
Report of the Directors 董事會報告	77
Independent Auditor's Report 獨立核數師報告	118
Consolidated Statement of Profit or Loss 合併損益表	124
Consolidated Statement of Comprehensive Income 合併全面收益表	125
Consolidated Statement of Financial Position 合併財務狀況表	126
Consolidated Statement of Changes in Equity 合併權益變動表	128
Consolidated Statement of Cash Flows 合併現金流量表	129
Notes to Consolidated Financial Statements 合併財務報表附註	131
Five-Year Financial Summary 五年財務概要	264



CORPORATE INFORMATION

公司資料

02

BOARD OF DIRECTORS

Non-executive directors

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Ms. Lam Pik Po, Katty⁽¹⁾

Executive director

Mr. Chopin Zhang (*Chief Executive Officer*)

Independent non-executive directors

Mr. Mok Wai Bun Ben
Mr. Cheng Shoutai
Mr. Lee Kong Wai Conway

NOMINATION COMMITTEE

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Mok Wai Bun Ben
Mr. Cheng Shoutai

REMUNERATION COMMITTEE

Mr. Mok Wai Bun Ben (*Chairman*)
Mr. Jeffrey, Minfang Lu
Mr. Qin Peng
Mr. Cheng Shoutai
Mr. Lee Kong Wai Conway

AUDIT COMMITTEE

Mr. Lee Kong Wai Conway (*Chairman*)
Mr. Mok Wai Bun Ben
Mr. Zhang Ping

董事會

非執行董事

盧敏放先生(主席)
秦鵬先生
張平先生
林碧寶女士⁽¹⁾

執行董事

張平(Chopin Zhang)先生(行政總裁)

獨立非執行董事

莫衛斌先生
程守太先生
李港衛先生

提名委員會

盧敏放先生(主席)
莫衛斌先生
程守太先生

薪酬委員會

莫衛斌先生(主席)
盧敏放先生
秦鵬先生
程守太先生
李港衛先生

審核委員會

李港衛先生(主席)
莫衛斌先生
張平先生



CORPORATE INFORMATION (CONTINUED) 公司資料(續)

03

AUTHORIZED REPRESENTATIVES

Mr. Chopin Zhang
Mr. Zhang Ping

授權代表

張平(Chopin Zhang)先生
張平先生

COMPANY SECRETARY

Mr. Kwok Wai Cheong, Chris⁽²⁾
Ms. Wu Miu Wah⁽³⁾

公司秘書

郭偉昌先生⁽²⁾
胡妙華女士⁽³⁾

PRINCIPAL PLACE OF BUSINESS IN THE PRC

11/F, East Tower, Skyline Plaza
832 Yuejiang Road Central
Haizhu District, Guangzhou City
Guangdong Province
The People's Republic of China (the "PRC")

中國主要營業地點

中華人民共和國(「中國」)
廣東省
廣州市海珠區
閱江中路832號
保利天幕廣場東塔11樓

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 32nd Floor
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

香港主要營業地點

香港
銅鑼灣
告士打道262號
中糧大廈
32樓A室

REGISTERED ADDRESS OF THE COMPANY

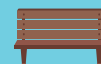
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

公司註冊地址

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands



CORPORATE INFORMATION (CONTINUED) 公司資料(續)



HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

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17樓
1712-1716號室

INVESTOR RELATIONS DEPARTMENT

Office of the Board

投資者關係部門

董事會辦公室

INVESTOR ENQUIRY HOTLINE

+86-20-37795190
+852-2845-1230

投資者諮詢熱線

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+852-2845-1230

INVESTOR ENQUIRY EMAIL ADDRESS

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投資者諮詢郵箱

ir@yashili.cn

STOCK CODE

Hong Kong Stock Exchange 01230

股份代碼

香港聯合交易所01230

COMPANY'S WEBSITE

www.yashili.hk

公司網站

www.yashili.hk



CORPORATE INFORMATION (CONTINUED) 公司資料(續)

05

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Australia and New Zealand Banking Group Limited
Hong Kong Branch
Bank of China, Guangdong Pilot Free Trade Zone Nansha Branch
Industrial Bank Co., Limited, Hong Kong Branch

主要往來銀行

中國工商銀行(亞洲)有限公司
澳大利亞和新西蘭銀行集團有限公司
香港分行
中國銀行廣東自貿試驗區南沙分行
興業銀行股份有限公司香港分行

LEGAL ADVISERS

As to Hong Kong law

Sullivan & Cromwell (Hong Kong) LLP

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

As to Cayman law

Conyers, Dill & Pearman

開曼法律

康德明律師事務所

AUDITORS

Ernst & Young, Certified Public Accountants

核數師

安永會計師事務所·執業會計師

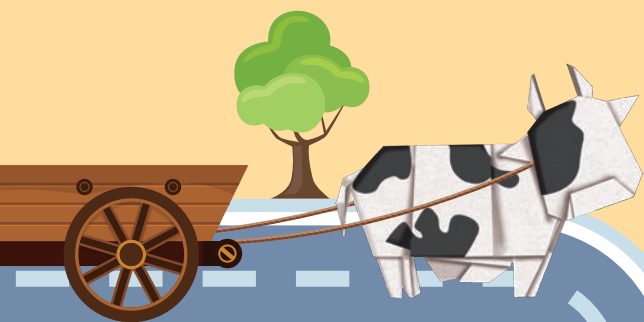
Notes:

- (1) Resigned on 25 March 2019.
- (2) Appointed on 10 April 2019.
- (3) Resigned on 10 April 2019.

附註：

- (1) 於2019年3月25日辭任。
- (2) 於2019年4月10日獲委任。
- (3) 於2019年4月10日辭任。

GOOD &
HEALTHY LIFE
健康優質生活





LETTER TO SHAREHOLDERS 致股東的信



On behalf of the board of directors (the “Board”) of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2018 to all shareholders of the Company (the “Shareholders”).

本人謹代表雅士利國際控股有限公司董事會（「董事會」），在此向本公司全體股東（「股東」）提呈本集團截至2018年12月31日止年度之年報。

CHAIRMAN 主席



LETTER TO SHAREHOLDERS (CONTINUED) 致股東的信(續)

DEAR SHAREHOLDERS,

On behalf of the board of directors (the “Board”) of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2018 to all shareholders of the Company (the “Shareholders”).

2018 marked the year of introduction of “The Most Stringent New Policy for Milk Powder Products” and outbreak of “Quality Elimination War” in the Chinese milk powder industry. It was also a critical year for Yashili to record a turnaround to profit by comprehensive brand upgrading and product structure optimization. Through seizing sales opportunities, the Group boosted a rise in both turnover and net profit during the year. With its professional and effective deployment, Yashili took the lead and became one of the enterprises that have the most recipes registered on the first list under the stringent policy. Under the “New Policy for Milk Powder Products”, companies whose operating scale or strength fell below standard have been ruled out from the market, unleashing considerable market dividends that gave Yashili a favorable position in the competitive market thanks to its first-mover advantage.

Besides the keen support from our controlling shareholder, China Mengniu Dairy Company Limited (“Mengniu Dairy”) (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), stock code: 2319) (which was named the “Global Dairy Top 10”), and our second largest shareholder, Danone Asia Baby Nutrition Pte. Ltd. (“Danone Asia”), we persisted in seeking continuous innovation in order to become consumers’ top pick brand to provide the most reliable nutrition and health solutions. In 2018, we unveiled new brand image of “Do Our Best for Your Loved Ones”, and secured cooperative opportunities with two top IPs, the national CCTV “Craftsmanship Brand” and the global 2018 FIFA World Cup, through which we showcased our brand vitality to consumers across the country by different means so as to enhance the connections with end consumers, while reaching more potential consumers by way of diverse channels and innovation.

尊敬的各位股東：

本人謹代表雅士利國際控股有限公司董事會(「董事會」)，在此向本公司全體股東(「股東」)提呈本集團截止2018年12月31日止年度之年報。

2018年，是「史上最嚴奶粉新政」出台、中國奶粉行業掀起「品質淘汰戰」的一年，也是雅士利全面升級品牌、完善產品結構，實現扭虧為盈的關鍵之年，年內銷售乘勢而上，銷售額、淨利潤實現雙增長。雅士利憑藉專業有效的部署，先拔頭籌，成為嚴政下首批名單中，獲得最多配方註冊數量的企業之一。「奶粉新政」下，營運規模或實力未達標的企業相繼退下，釋放了可觀的市場紅利，讓擁有先發優勢的雅士利，在市場競爭中處於較有利地位。

除繼續獲得控股股東「全球乳業十強」中國蒙牛乳業有限公司(「蒙牛乳業」)(一間在香港聯合交易所有限公司(「聯交所」)主板上市的公司，股份代號：2319)，以及第二大股東Danone Asia Baby Nutrition Pte. Ltd. (「達能亞洲」)的大力支持，我們堅持不斷尋求變革，致力成為值得消費者信賴的營養健康全方案首選品牌。2018年，我們以「匯你所想，為你所愛」的全面品牌形象重新出發，並取得兩大頂尖IP——國家級的CCTV「匠心品牌」以及世界級的2018年FIFA世界杯的合作機會，將品牌活力通過這兩個極具影響力的IP，多方位滲透全國消費者，緊緊抓住消費者終端的粘性，同時也通過多元渠道、創新方式，接觸更多潛在消費者。

LETTER TO SHAREHOLDERS (CONTINUED) 致股東的信(續)

09

Creating the advantages of differentiated products is Yashili's key strategy. In 2018, Yashili's professional and extensive research and development ("R&D") team actively advanced the registration of domestic milk powder formula, joint projects on products with overseas factories as well as research and technology of nutritional products. They also conducted R&D on special medical-purposed formula food products with a view to enhancing the Group's R&D capability to cater for nutrition needs of infants and toddlers, adults and the elderly, thereby strengthening the Group's competitiveness in the industry and merits of its products.

During the year, we reorganized the business unit structure and added new independent product units to manage and evaluate the Group's product line business more pertinently. We refined channels and product development and continued the intensive work to localize mother-and-baby store channels. During the year, as our team possessed higher capability and operation wisdom after attending different trainings and as Yashili fully upgraded its operation information management system to a data-based and digital one, we set up more specific targets as an incentive mechanism, encouraged more proactive and innovative marketing strategies, and injected vitality into Yashili's new image.

In 2019, Yashili will redefine nutritional products for consumers with a more energetic image, clearer orientation and more innovative thinking in the new environment under the "New Policy for Milk Powder Products". We believe, with the collaborative support of COFCO Corporation and its subsidiaries, Mengniu Dairy and its subsidiaries (the "Mengniu Group"), Danone SA and its subsidiaries (the "Danone Group"), Arla Food and other resource platforms, Yashili will provide Chinese consumers with high-quality and diversified nutritional products and produce "the best nutritional food for babies" relied on and trusted by Chinese mothers.

Jeffrey, Minfang Lu
Chairman

Hong Kong, 27 March 2019

創造差異化產品優勢是雅士利的重點戰略。2018年，雅士利專業龐大的研發團隊積極推動國內奶粉配方註冊工作、海外工廠產品合作項目以及營養產品科研技術，並開展特殊醫學配方食品的研發，提升集團的研發實力，全面關顧嬰幼兒，以及成人、老年人的營養需要，加強集團的行業競爭力及產品優勢。

年內，我們重整事業部營運結構，增加獨立產品單元，以更針對性地管理、評核本集團的產品線業務。我們做精做細渠道及產品開發工作，繼續深耕母嬰渠道。年內，我們更通過不同培訓提升團隊才能及營運智慧，配合雅士利全面升級的數據化、數字化營運信息管理系統，建立更明確的指標作激勵機制，鼓勵更積極、更創新的市場營銷策略，為雅士利的新形象注入活力。

2019年，雅士利以更活力的形象、更明確的定位、更創新的思維，在「奶粉新政」的新環境下出發，為消費者重新定義營養產品，我們相信，聯合中糧集團有限公司及其子公司、蒙牛乳業及其子公司（「蒙牛集團」）、達能SA及其子公司（「達能集團」）和Arla Food等大資源平台的協作支持下，將為中國消費者提供優質、多元的營養產品，做中國母親們最值得信賴和認可的「寶寶最佳營養食品」。

盧敏放
主席

香港，2019年3月27日

SELECTED FINANCIAL DATA

挑選的財務數據

Year ended 31 December 截至12月31日止年度

10

Percentage
change
變動比例

		2018	2017	Percentage change 變動比例
(All amounts in Renminbi ("RMB") million unless otherwise stated)	(除特別列明外，所有金額以 人民幣(「人民幣」) 百萬元列示)			
Key results	主要業績			
Revenue	營業額	3,011.2	2,254.7	33.6%
Gross profit	毛利	1,193.8	922.2	29.5%
Operating profit	經營溢利	-132.3	-335.0	-60.5%
Earnings before interest, tax, depreciation and amortization (EBITDA)	息稅折舊攤銷前利潤	20.9	-156.4	-113.4%
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	52.3	-179.8	-129.1%
Net operating cash flow (Note 1)	經營現金流量淨額(附註1)	264.1	-254.9	-203.6%
Basic earnings per share (RMB cents) (Note 2)	每股基本盈利(人民幣分) (附註2)	1.1	-3.8	-128.9%
Net asset value per share (RMB yuan) (Note 3)	每股淨資產(人民幣元) (附註3)	1.2	1.2	—
Proposed special dividend per share (RMB cents) (Note 4)	每股建議特別股息(人民幣分) (附註4)	1.0	—	100%
Dividend payout ratio	股息分派比率	—	—	—
Key performance ratios	主要業績比率			
<i>Profitability ratios</i>	<i>盈利比率</i>			
Gross profit margin	毛利率	39.6%	40.9%	
Operating profit margin	經營溢利率	-4.4%	-14.9%	
Net profit margin	純利率	1.7%	-8.0%	
Margin of profit attributable to equity holders	股權持有人應佔溢利率	1.7%	-8.0%	
Return on net assets	淨資產回報率	0.9%	-3.3%	
Net profit to total assets (Note 11)	淨利潤總資產率(附註11)	0.7%	-2.4%	
<i>Asset ratios</i>	<i>資產比率</i>			
Current ratio (Note 5)	流動比率(附註5)	1.9	2.1	
Inventory turnover days (Note 6)	存貨周轉天數(附註6)	152	215	
Trade receivable turnover days (Note 7)	貿易應收款周轉天數 (附註7)	20	23	
Trade payable turnover days (Note 8)	貿易應付款周轉天數(附註8)	70	93	
Debt to equity ratio (Note 9)	負債對權益比率(附註9)	38.9%	35.3%	
Gearing ratio (Note 10)	資產負債比率(附註10)	5.4%	7.1%	

SELECTED FINANCIAL DATA (CONTINUED)

挑選的財務數據(續)

Year ended 31 December 截至12月31日止年度

11

Notes:

1. Cash inflow generated from operating activities for the year less cash outflow generated from operating activities for the year.
2. Profit attributable to equity holders of the Company for the year divided by the weighted average number of ordinary shares in issue for the year.
3. Net assets at year end divided by the number of ordinary shares in issue for the year.
4. Proposed special dividend for the year divided by the number of ordinary shares at year end.
5. Total current assets at year end divided by total current liabilities at year end.
6. Inventory balances at year end divided by cost of sales for the year and multiplied by 365 days.
7. Balances of trade and bills receivables at year end divided by turnover for the year and multiplied by 365 days.
8. Balances of trade and bills payables at year end divided by cost of sales for the year and multiplied by 365 days.
9. Total liabilities at year end divided by total equity attributable to equity holders of the Company at year end.
10. Total interest-bearing bank loans at year end divided by total assets at year end.
11. Profit for the year divided by total assets at year end.

附註：

1. 年內經營活動產生之現金流入減年內經營活動產生之現金流出。
2. 年內本公司股權持有人應佔溢利除以年內已發行普通股之加權平均數。
3. 年末淨資產除以年內已發行普通股股數。
4. 年內建議特別股息除以年末普通股股數。
5. 年末流動資產總額除以年末流動負債總額。
6. 年末存貨結餘除以年內銷售成本，再乘以365天。
7. 年末貿易應收款及票據結餘除以年內營業額，再乘以365天。
8. 年末貿易應付款及票據結餘除以年內銷售成本，再乘以365天。
9. 年末負債總額除以年末本公司總股權持有人應佔股權。
10. 年末計息銀行貸款總額除以年末資產總額。
11. 年度溢利除以年末資產總額。



MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論與分析



INDUSTRY REVIEW

China Ranked 2nd in the World in Terms of Mother-infant-Child Products, Chinese Dairy Industry Commits Fights to Reach World-class Level

Being the 2nd largest consumer of mother-infant-child products in the world, China is committed to ensuring the healthy growth of infants. The competent authorities of PRC government insist on eliminating food safety risks from the source, monitoring the quality of Chinese dairy products, and enhancing consumers' confidence in domestic infant milk powder products.

Under the strict supervision of the competent government departments and with the joint efforts of the industry, efforts surrounding the quality and safety of domestic dairy products have yielded desirable results in the year. From January to November 2018, the State Administration for Market Regulation at the corresponding level has sampled a total of 9 times and 1,365 batches of dairy products. The products produced by all manufacturing enterprises under Yashili Group are 100% qualified in the sampling. Until now, hardware conditions such as production facilities of the domestic mainstream infant formula production enterprises have been greatly improved, and basically reached the world-class level.

New Policy for Milk Powder Taken Effect for the First Year, "Only the Fittest Will Survive" in the Registration System

2018 marked the first year of the launch of "Administrative Measures for the Registration of Product Formulas of Infant Formula Milk Powder" (the "Formula Registration Requirement") in China. As of 31 December 2018, after the release of new batch of registration list of recipes, there are a total of 1,195 approved recipes, involving 155 milk powder enterprises. For the milk powder industry, the implementation of the Formula Registration Requirement is not only a "Quality Elimination War" but also a "Market Battle", in which enterprises are eager to apply for registration of formula milk powder so as to compete for market dividends.

行業回顧

全球第二大母嬰童產品消費國中國奶業致力邁向世界級行列

中國作為全球第二大的母嬰童產品消費國，肩負保障嬰幼兒健康成長的使命。中國政府主管部門，堅持從源頭消除食品安全風險，監控中國乳製品質量，提升消費者對國產嬰幼兒奶粉產品的信心。

在國家政府主管部門的嚴格監管、行業的共同努力下，國產乳製品的質量安全工作在年內取得理想成果。2018年1月至11月，國家市場監管總局(本級)共抽驗乳製品9次、1,365批，雅士利集團旗下所有生產企業產品在抽檢中100%合格。至今，國內主流嬰幼兒配方乳粉生產企業的生產設施等硬件條件，已得到大幅提升，基本達至世界一流標準。

奶粉新政首年落地註冊制度「汰弱留強」

2018年是中國《嬰幼兒配方乳粉產品配方註冊管理辦法》(「配方註冊制」)落地的首年，截至2018年12月31日，新一批配方註冊名單公佈後，總計共有1,195個配方獲批，涉及155家奶粉企業。配方註冊制的實施對奶粉行業而言，除了是「品質淘汰戰」，也是「市場爭霸戰」，企業爭先申請註冊配方奶粉，以搶先爭奪市場紅利。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

13

At present, steady economic growth and demographic growth of the PRC market further enhanced the dividend potential of milk powder market. The 2018 annual economic development statistics released by the National Bureau of Statistics of China showed that, the GDP of China exceeded RMB90 trillion for the first time, representing a YoY growth of 6.6%, and ranked first among the world's five largest economies. The total import and export value of China also exceeded RMB30 trillion for the first time, reaching a record high in the scale of trade in goods, and maintained its position as the world's number one. In respect of the demographic development, the newborns for the 2018 full year are 15.23 million and the birth rate is 10.94‰, which represents a slight decrease of 1.49‰ as compared to the previous year. However, the real national disposable income per capita has increased by 6.5%, and the number of the national population living in poverty has decreased by more than 10 million. The total scale of burden reduction of the national enterprises and individuals has exceeded RMB1.3 trillion, which symbolizes the improvement in the consumption power of the people in China.

Milk Enterprises Focus on High-end Milk Powder Business and Accelerate the Construction of Sales Channels

The limitation on the number of registered recipes for each enterprise given by the Formula Registration Requirement, as well as the different requirements between different series of products, makes the local and foreign milk powder production companies tend to focus on developing high-end businesses including organic milk powder and goat milk powder. Especially in the field of ultra-high-end milk powder, the market share of these businesses continues to increase, showing that the milk powder industry is developing towards high-end. According to AC Nielsen, sales of organic milk powder amounted to RMB2.382 billion for the period from January to June 2018, representing a YoY growth rate of 55.6%. In addition, the new milk powder policy has set higher entry barrier of the industry and thus the quality differentiation between milk powder brands is smaller. Enterprises who have already owned the "registered recipes" are speeding up sales channels development to enhance brand penetration and market competitiveness. According to AC Nielsen, there are over 100,000 mother-and-baby stores in China. Though growth rate on the number of mother-and-baby stores appears to slow down, the sales volume and storefront area of the mother-and-baby stores are both increasing and still the first choice among all sales channels.

目前，中國市場在穩中有進的經濟力以及人口增長前提下，進一步提升奶粉市場紅利的潛力。國家統計局發佈的2018年全年經濟發展數據顯示，中國國內生產總值首次突破人民幣90萬億元，同比增長6.6%，經濟增速在世界五大經濟體中居首位，而進出口總額亦首次突破人民幣30萬億元，貨物貿易規模再創歷史新高，保持世界第一地位。在人口發展方面，2018年全年出生人口達1,523萬人，出生率為10.94‰，與去年輕微下調1.49‰，但全國人均可支配收入實際增長6.5%，全國貧困人口減少1,000萬以上，全國企業及個人減負總規模超過人民幣1.3萬億元，象徵全國人民消費力獲得提升。

乳企聚焦高端奶粉業務 加快銷售渠道建設

由於配方註冊制限制每個企業的可註冊配方數量，而不同系列產品之間亦存在著差異化要求，本土及外資奶粉傾向聚焦發展包括有機奶粉以及羊奶粉的高端業務，尤其是超高端奶粉領域，該些業務的市場佔比不斷提升，可見奶粉業正向高端化發展。AC尼爾森數據顯示，2018年1月至6月，有機奶粉銷售額為人民幣23.82億元，同比增長率為55.6%。除此之外，奶粉新政大幅提高行業門檻，同時也縮減奶粉間的品質差異，晉身「註冊奶粉」企業爭相加快銷售渠道建設，提升品牌滲透力以及市場競爭力。AC尼爾森調研顯示，母嬰店在全國有超過10萬家，門店數量上整體增速放緩，但母嬰店銷量以及店面面積也呈增長趨勢，亦是首選的銷售渠道。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)



BUSINESS REVIEW

The Group is committed to becoming consumer's top pick brand to provide the most reliable nutrition and health solutions. The Group has strong resource support from the controlling shareholder, Mengniu Group and the second largest shareholder, Danone Asia which significantly leverages the Group's business potentials. The business model of the Group incorporates key factors such as premium imported dairy raw materials, world-class milk sources, world-class scientific research and self-developed recipes, an advanced manufacturing system, strict quality control and quality management system, and gathers global high-quality resources in the pursuit of the highest quality in the dairy industry in order to offer trustworthy products to consumers.

Introduction to Products

Believing in "breast milk is the best food for babies", the Group continues to innovate and develop infant milk formula products that are close to breast milk in terms of nutrition to meet the nutritional needs of infants during daily feeding at different stages of growth. All products of the Group are international high-standard products made of premium raw materials, so to become top pick brand of all-round nutrition and health solutions for Chinese mothers and babies.

In order to meet the diversified consumer demands, the Group continuously enriches its brand mix and improves its product structure to become top pick brand of all-round nutrition and health solutions for Chinese mothers and babies. The Group's five major brands, namely, "Yashily", "Dumex", "Reeborne", "Doraler" and "Arla", are positioned according to the all-round product strategy. Through scientific and efficient management of all product lines, the Groups is able to achieve full coverage in multi-level markets, including middle, high-end and ultra high-end market. Currently, the Group has obtained the approval for registering 48 infant formula products of 16 series (including Arla Baby & Me).

業務回顧

本集團一直致力成為值得消費者信賴的營養健康全方案的首選品牌。本集團擁有控股股東蒙牛集團以及第二大股東達能亞洲的豐厚資源支持，大幅提升業務的發展潛力。本集團的業務模式結合了進口優質乳品原材料、世界級奶源地、世界級科學研究及自主研發配方、先進生產系統、嚴苛品控及質量管理體系等幾大因素，集全球優質資源，追求乳業至臻品質，為廣大消費者提供具有信心保證的產品。

產品介紹

本集團堅信「母乳是寶寶最好的食物」，不斷創新開發接近母乳營養的嬰幼兒配方奶粉產品，滿足嬰幼兒在不同生長階段日常喂哺的健康營養需求。本集團所有產品均使用優質原料，以國際級高標準的產品自居，致力成為中國媽媽和寶寶營養健康全方案的首選品牌。

本集團為滿足消費者多元化的需求，不斷豐富品牌矩陣，完善產品結構，致力成為中國媽媽和寶寶營養健康全方案的首選品牌。本集團旗下有雅士利、多美滋、瑞哺恩、朵拉小羊和Arla五大品牌，針對全方位的產品戰略定位，科學高效地管理各產品線，實現了中端、高端和超高端等層級市場的全面覆蓋。目前本集團已有16個系列48個配方嬰幼兒配方奶粉註冊獲批(連同Arla寶貝與我)。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

15

- Yashily brand emphasizes the provision of basic nutrients, of which Yashily Kieember infant milk formula, originally canned and imported from New Zealand, targets the medium-to-high end market and owns the patented INFATTM active energy system, which ensures healthy growth of babies with its five patents. Yashily Kieevagour and Yashily Qinérshi are positioned in the middle-end market, while Yashily Qinérshuo appeals to the masses. The formula upgrade is completed with the original Yashily, with strengthened probiotics and lactoferrin content.
- Yashily brand emphasizes basic nutrition, among which New Zealand imported Yashily Kieember infant milk formula is positioned in the medium-to-high end market, owning the patented INFATTM dynamic vitality system, five patents fully protect baby's growth; Yashily Kieevagour and Yashily Qinérshi are positioned in the middle-end market, while Yashily Qinérshuo is more people-oriented. The original Yashily new formula completed the formula upgrade, strengthening probiotics and lactoferrin.
- Reeborne, as an organic product for Chinese babies, represents the brand's commitment to natural organic ingredients. It is designed to bring the organic and pure milk products from the Alpine region to Chinese babies, so that they can grow healthier with organic products. Reeborne's Qinyou series and organic series have completed their packaging and formula upgrading with enhanced penetration into the organic market, which enabled both series to record impressive growth.
- Reeborne, as the organic mother of Chinese babies,坚持大自然母親孕育的有機科學之道，將阿爾卑斯的有機純淨帶給中國寶寶，讓寶寶更健康，享受有機成長的新高度。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, originating from Europe, has been committed to studying the immune system of Chinese babies and providing professional solutions to satisfy their nutritional needs. The Diamor series, in particular, with two patents granted by European authorities and OPO structured lipid, is conducive to digestion and absorption and thus improves the immunity system of babies. The Boyoujia series features a probiotic portfolio under its patented formula, presenting a can full of nutrition and easy for babies to absorb. Dumex's goat milk series, with easy-to-absorb small-molecule protein and special whole goat milk protein and OPO, aims to develop premium domestic goat milk products under the Dumex brand, providing babies with extra care to prevent them from allergy. Positioned for the general public, Dumex's Tru Yin series offers a customized and comprehensive range of nutrition to babies, with special addition of rare lactoferrin and OPO structured lipid to secure babies' growth.
- Dumex originates from Europe, committed to studying the resistance of Chinese babies and providing professional solutions to meet their nutritional needs. The Diamor series, in particular, with two patents granted by European authorities and OPO structured lipid, is conducive to digestion and absorption, thus improving babies' resistance. The Boyoujia series contains a patented formula probiotic combination, nutrition full, easy to absorb. Dumex goat milk series small molecule protein, easy to absorb, and contains whole goat milk protein and OPO, creating Dumex domestic high-end goat milk, fully protecting, making babies not allergic. Dumex Tru Yin series is more people-oriented, providing scientific customized all-round nutrition, especially adding rare lactoferrin and OPO structured lipid, ensuring baby's growth and protection.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)



- Arla Baby & Me represents organic milk powder originally canned and imported from the world's largest organic dairy producer in Denmark, which has adhered to good nutrition from natural ingredients for 130 years. The organic milk powder of Arla Baby & Me has obtained three organic certifications, with no hormone, fertilizer or pesticide. Such milk powder is directly made of fresh milk from the expansive Northern European farms, with full control of the supply chain. Perfeito is positioned for the ultra-high-end market with its organic formula containing high DHA, full lactose and a golden ratio of probiotics. Dedicated to the Danish royal family, Arla is more professional with organic products.
- Doraler is from Australia and caters to the ultra-high-end goat milk market with 100% originally canned and imported products. Doraler contains 100% whole goat milk protein, which has a smooth and creamy texture easy for absorption and protects the sensitive constitution of babies. Its scientific formula embodies the special DHA full lactose and a more balanced offering of nutrition.
- Yashili's products also include various adult milk powder products, such as Mengniu brand adult milk formula, Youyi brand adult milk formula, Yourui brand middle-age and elderly milk formula, Future Star milk powder for kids growth, and various dissolvable products such as Zhengwei brand oatmeal and Yashily infant nutritional rice cereal.
- Arla寶貝與我有機奶粉丹麥原裝原罐進口，作為全球最大的有機乳品商，130年來堅持自然歷練的好營養。Arla寶貝與我有機奶粉獲得3大有機認證，不含激素、化肥、農藥，鮮奶一次性成粉，北歐萬畝自家牧場，供應鏈全程掌控。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。丹麥皇室御用，Arla更懂有機。
- 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，呵護寶寶敏感體質。科學配方特含DHA全乳糖，營養更均衡。
- 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。

Brand Strategies

Unveiling New Image of "Do Our Best for Your Loved Ones" (匯你所想，為你所愛)

In 2018, the Group completed the comprehensive brand upgrading. We unveiled our brand new LOGO and image in light of the brand slogan of "Do Our Best for Your Loved Ones" on 20 April 2018. Through a sequence of brand building efforts aimed at presenting its leadership, vitality and power in the international market and our industry, coupled with in-depth promotion and interaction via diverse channels, the Group has shored up the confidence of its channel partners and consumers.

品牌策略

「匯你所想，為你所愛」新形象面世

本集團在2018年完成品牌全面升級，以「匯你所想，為你所愛」的品牌主張，在2018年4月20日正式推出嶄新LOGO和形象，通過連串的品牌建設工作，彰顯品牌在國際市場及行業的領導力、活力和實力，配合多元渠道進行深入推廣互動，提振渠道和消費者信心。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

17

Selected as CCTV “Craftsmanship Brand”, Strong Exposure to Get Closer to the Consumers

The Group has been admitted into the “Craftsmanship Brand” program of China Central Television (“CCTV”). Through the cooperation with CCTV, we precisely placed advertisements in the CCTV channels like CCTV-1, CCTV-2 and CCTV-13 at prime time slots as well as in the satellite television channels in order to raise our profile. Besides, we collaborated with TV programs such as “Memory of the Taste” (最愛故鄉味), “Super Baby” (超級小達人) and “Beautiful Mom” (媽咪妳最美) (a customized TV show) to get closer to consumers.

Official Milk Powder of 2018 FIFA World Cup, with Football Superstar Messi as Brand Ambassador

In addition to the admission into the “Craftsmanship Brand” program of CCTV, the Group showcased its brand vitality by becoming Official Milk Powder of 2018 FIFA World Cup. Being the first infant and toddler milk powder brand in the world to sponsor such top-class sports event, the Group has made an astonishing impression on consumers all over the world.

The Group reached its target groups by focusing on the platforms that they are active at, such as social media, maternal and child vertical media and news feed platforms. Through targeted promotions to deliver products’ selling points, the Group was able to bolster brand reputation and penetration and explore potential consumers. Leveraging on the hot topics in the official Weibo accounts of the brands as well as the big festivals, the Group achieved frequent interactions. In the meantime, through outdoor advertisements such as bus body advertisements and advertisements at subway, high-speed rail stations and buildings, the Group was able to deeply reach customer groups in multi-tiered levels, to exploit potential consumers and to enhance the existing brand loyalty.

入選CCTV「匠心品牌」強勢曝光貼近消費者

本集團光榮入選中國央視(「CCTV」)「匠心品牌」，與CCTV合作，精準投放資源在CCTV-1、CCTV-2、CCTV-13等電視頻道黃金時段以及衛視頻道爭取亮相，並與《最愛故鄉味》、《超級小達人》及定制化節目《媽咪妳最美》合作，拉近與消費者距離。

成為2018年FIFA世界盃官方奶粉足球巨星梅西坐鎮代言

本集團除了成為CCTV「匠心品牌」，更將品牌活力注入世界盃盛事，成為2018 FIFA世界盃官方奶粉，成為全球首個贊助世界頂級賽事的嬰幼兒奶粉品牌，擦亮全球消費者眼球。

本集團精準鎖定目標組群活躍的社交媒體、母嬰垂直媒體、信息流等平台，針對性傳播推廣產品賣點，提升品牌口碑及滲透度，挖掘潛在消費者；借助各品牌官微借助熱點話題並結合節日大事件，實現高頻次互動；同時，通過戶外廣告如公交車身廣告、地鐵、高鐵站及樓宇廣告，多層次、深度觸及消費群體，開發潛力消費者，提升現有品牌忠誠度。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)



Product Research and Development

Creating the advantages of differentiated products is the Group's key strategy. In 2018, the Group's professional and extensive R&D team responded to the demand from domestic and global markets, with substantial progress made in the registration of domestic milk powder recipes, joint projects on products with overseas factories, as well as research and technology of nutritional products.

Infant Formulas Gains Recognition Again

As of the end of 2018, the Group and its partner Arla had a total of 48 infant formula recipes of 16 series approved for registration.

Improves R&D Technology Level and Kicks off Research on Breast Milk Components

In 2018, the Group put more effort on the fundamental R&D projects. It has developed the research study and patent applications on milk powder component test. Such R&D projects helped the Group make up for the shortcomings of the national standard testing methods, improved the accuracy of the test, and greatly increased the Group's industry competitiveness in terms of R&D testing.

In accordance with the 13th Five-Year Plan, the Group has launched research work on formula design, factory trial production and animal experiment regarding breast milk composition, and has established a database of breast milk composition. Moreover, based on the research on breast milk in eight cities nationwide, the Group has been proactively carrying out the study on the "Optimizing the Design and Development of Proteins and Amino Acids in Infant Foods" (《優化蛋白質和氨基酸在嬰配食品中的設計和開發》).

產品研發

創造差異化產品優勢是本集團的重點戰略，2018年，本集團專業龐大的研發團隊因應國內及全球市場需求，在國內奶粉配方註冊工作、海外工廠產品合作項目以及營養產品科研技術上均取得駐足進展。

嬰幼兒配方奶粉再獲認可

截至2018年年底，本集團及其合作夥伴Arla共有16個系列48個獲批註冊的嬰幼兒配方奶粉。

提升研發技術水平 開展母乳營養成分研究

2018年，本集團加大了對基礎研發項目的投入，開展奶粉檢測方法的研究和專利申請，彌補國家標準檢測方法的空缺，提高檢測準確度，大大提高行業內研發檢測的競爭力。

十三五項目關於母乳營養成分的研究已經開展配方設計、工廠試產、以及動物實驗的各項進行，建立了母乳營養成分數據庫。此外，基於全國8個城市母乳成分的研究，正在積極進行《優化蛋白質和氨基酸在嬰配食品中的設計和開發》的課題研究。

Sales Channels

The Group upholds to “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” as its sales channel strategy. The Group has adjusted the business unit structure. In the first half of the year, the infant formula business unit is clearly delineated and new independent product series has been added to form an organization structure for management in terms of product lines and hence promote the balanced development of the Group’s market business via adopting an appraisal mechanism and making good use of the frontline teams’ market development capability and creativity. At the same time, the Group leveraged on two IP resources, CCTV “Craftsmanship Brand” and the 2018 FIFA World Cup, to launch series of marketing and interactive activities and to apply innovative promotion approaches so as to attract more new consumers, and boost sales performance and confidence in channels in the major holidays and festivals during the peak season.

Deeper Penetration into Counties, Townships and Third- or Fourth-tier Cities via the Mother-and-baby Store Channel, Supplementing with the Modern Trade Channel and E-commerce Channel

As for infant formula products, the Group continued its intensive work to better localize the mother-and-baby store channel by extending outlets to counties and townships, and effectively yields the distribution bonus in the third- and fourth-tier cities to improve the overall network coverage and profitability.

As for the modern trade channel, the Group has set up a dedicated team to refine the sales channel and product development, including strengthen and increase the market scale of adult milk powder products such as “Youyi”, “Yourui”, as well as Children milk powder products like “Future Star”.

The goat milk market is material to the Group’s strategic layout. Under the fast and effective distribution strategy, the “Doraler” and “Dumex” goat milk powder products seized certain market shares shortly after their launching in the market and formed a portfolio of products with a complementary effect between brand and value. The Group has also been actively upgrading its formulas to build a Chinese milk lineup composed of multiple milk powder products. Yashili effectively leverages on its 16 approved formula series, catering to high, mid and low-end consumers to fully tap into the market.

銷售渠道

本集團秉持「嬰配聚焦母嬰渠道、營養品聚焦KA商超、新渠道新產品全面發展」的渠道策略，調整事業部架構，上半年明確劃分嬰配事業部，增加獨立的產品單元，形成以產品線為管理基礎的組織架構，通過考核機制，發揮一線團隊的市場開拓能力以及創造力，推進本集團的市場業務均衡發展。同時，本集團借助CCTV「匠心品牌」以及2018 FIFA世界杯兩大IP資源，展開一連串營銷互動活動，通過創新推廣方式招募更多新的消費者，於旺季大節日進一步提升業績以及渠道信心。

母嬰渠道輔以商超、電商渠道深入滲透縣、鎮級及三四線城市

嬰幼兒配方奶粉方面，本集團堅持深耕母嬰渠道下沉，將銷售網點擴展滲透至縣級、鄉鎮級，並有效獲取三四線城市的鋪貨紅利，提升整體網點覆蓋率及利潤水平。

在商超渠道，通過組建專責團隊，做精做細渠道及產品發展工作，包括鞏固及開拓「優怡」、「悠瑞」等成人奶粉以及「未來星」等兒童奶粉的市場規模。

羊奶細分市場為本集團重點佈局之地，「朵拉小羊」、「多美滋」等羊奶粉新品在快速有效的分銷戰略下，甫推出市面即搶佔一定的市場份額，形成品牌與價格互補的產品梯隊組合。本集團亦積極實現配方升級，以多款奶粉聯合打造中國奶粉陣營，有效利用已經通過的16個系列配方，產品搭配高、中、低組合，全面開發市場。

Quality Control

2018 has been named as the “Quality Year” for Yashili, featuring the quality slogan “Quality, I Promise” as the core of quality culture. All staff from the management to the first-tier production team, have been engaged in quality improvement activities to enhance market competitiveness. In 2018, the Group recorded a 100% pass rate in both ready-for-delivery products and external spot checks. The formula recipe registration series products complied with national requirements in respect of risk monitoring, which proves that the Group has stable operation of its quality system to ensure better-than-expected products and boost consumer confidence in the Group and its products.

Deepening Knowledge of Quality Management

The Group made efforts to provide training and education on quality to its staff in order to improve the quality management level of its factories. In 2018, the Quality Centre of the Group and the quality departments of its factories organized a series of training activities on quality during the whole year by inviting external experts to provide training to the quality management staff of the Quality Centre and all levels of its factories. Such training activities were composed of a total of 147 sessions of training on regulations, quality systems and basic microbial knowledge, good operating practices, cleansing and sanitation, laboratory management and production process. Particularly, relevant training materials on GMP-related practices for infant formula industry had been provided for reference and tracking as well as continuous compliance to raise quality awareness among all the factory staff.

Reinforcing Operation Structure of Internal Quality

The Group improved the operation structure of the Quality Centre through the provision of relevant technical guidance and support to respective factories by the Quality Centre to regulate their specific quality practices. The Quality Centre also served in the Tracking and Evaluation Collaborative Team of National Food Safety Standard to make relevant suggestions on revising standards so as to identify and control risks from the regulation preparation in the early stage.

質量管理

2018年為雅士利的「質量年」，以質量口號「質量，我保證；Quality, I Promise」作為質量文化的核心，從管理層到一線員工全員參與質量建設改進活動，提升市場競爭力。2018年，本集團所有產品出廠合格率100%，外部抽檢合格率100%，配方註冊系列產品的風險監測結果均符合國家要求，證明了本集團質量系統運作穩定，能完全保證生產出符合消費者預期的產品，也加強了消費者對本集團及產品的信心。

深化質量管理知識

本集團著力培訓及教育員工質量相關的知識，完善提升各工廠質量管理水平。2018年，本集團質量管理中心和各工廠質量部全年組織開展了一系列從外部專家到中心層面，到各工廠的各層級質量培訓活動共計147場次，內容涵蓋了法規，質量體系，微生物基礎知識，良好操作規範，清潔衛生，實驗室管理，生產工藝等方面，並特別針對嬰幼兒配方乳粉行業的GMP規範，提供相關的培訓資料供參考跟從，持續宣貫提高工廠員工的質量意識。

強化內部質量運作架構

本集團完善質量管理中心運作架構，從中心層面給予各工廠相關技術指導及支持，規範各工廠的具體質量操作。質量管理中心亦參加「食品安全國家標準跟蹤評價協作組」，對標準的修訂提出相關建議，從法規制定早期進行風險識別及控制。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

21

Passing All Food Safety Production Certification and Promoting Internal Cross-auditing to Improve Quality

In 2018, all factories under the Group had passed a total of 52 external audits in relation to production licensing, GMP, HACCP, FSSC22000, organic certification and others. The Group's factories located in Shanghai, Chaozhou and Horing and Shanxi had also passed the national inspection on the safety production practice for infant formula and on-site audit of Formula Registration of Infant Formula, while factories in New Zealand renewed its registration with CNCA, which assured consumers of international food safety quality. Moreover, the Group strove to promote regular internal cross-audit based on external and its own standards, with a view to producing better quality management of its own factories.

Supply Chain

The Group took an active part in the Empowerment Projects by means of improving the sensitivity and performance of the supply chain in terms of supply chain culture, talent pool, lean production, excellent supply chain operation, key projects, production-sales coordination as well as upstream-downstream coordinated management for the supply chain.

Increased Demand in Sales and OEM, MRP Model Achieves Cost Reduction and Efficiency Improvement

During the year, the Group enjoyed vigorous sales growth, thus increasing the Group's capacity utilization rate in 2018. Moreover, by adopting the MRP model which emphasizes the coordination between production and sales, the Group has improved the planning management system, and has significantly reduced the inventory assets of the Group, strengthened demand control, achieved cost reduction and efficiency improvement, and hence enhancing the overall profitability of the Group.

Initiating Resources Strategies for Better Management of New Products

The Group also strengthened the resources system of supply chain, invested in new factories and passed the audit of production licenses, striving to produce more innovative formula products. In addition, it set up specialized new products management positions to streamline and strengthen the Group's new products management process and properly deploy the resource reserves.

全數通過食品生產安全認證 推動內部交叉審核提升質量水平

2018年，本集團轄下工廠，均全數通過總計52次外部審核，審核內容包括生產許可、GMP、HACCP、FSSC22000及有機認證等範圍。本集團位於上海、潮州、和林及山西的工廠，亦順利通過國家的嬰幼兒配方乳粉食品安全生產規範體系檢查，以及嬰幼兒配方乳粉配方註冊現場核查。位於新西蘭的工廠，則延續註冊CNCA，為消費者打下國際級食品安全質量的強心針。本集團亦著力推動內部交叉審核常規化，以外部及集團內部的標準為基礎，不斷提升自身工廠的質量管理水平。

供應鏈

本集團積極推動賦能項目的開展，在供應鏈文化、人才梯隊、精益生產、卓越供應鏈運營、關鍵項目、產銷協調、「鏈」通上下游管理，提升供應鏈的靈敏度以及效能。

銷售業務及代工需求提升 MRP模式實現降本增效成果

本集團年內銷售業務強勁增長，提升本集團2018年的產能利用率。此外，本集團通過「產銷協調」的MRP模式，完善計劃的管理系統，對生產物料進行精準管理，大幅度降低本集團的存貨資產，加強需求把控，實現降本增效，提升本集團的整體盈利能力。

啟動資源戰略 做好新品管理

本集團亦加強供應鏈的資源體系，投資新工廠並通過生產許可的審核，爭取更多創新配方的產品，並設立專門的新品管理崗位，梳理及強化本集團的新品管理流程，做好資源儲備部署。

Dedicated to Digital and Smart Supply Chain and Coordinated Upstream to Downstream Supply Chain

The Group has finished series of management procedure improvements, including the design for indicator levels in the supply chain, the commence of visible indicator management project, so as to lay a foundation for further digital and smart supply chain transformations.

In addition, the Group focused on improving milk supply chain system, especially the strategical supply of key raw milk and raw goat milk. In respect of certain key raw materials which were in short supply in market, Yashili has taken advantages in the lactoferrin products market with it integrated international resources; in respect of customer service, by optimizing the logical network and improving the management of satisfaction for customer service, the response of supply chain has been significantly improved.

Management System

In 2018, the Group reorganized its structure and business procedures to align with its new business strategy on new marketing model transformation and supply chain integration. The Group's IT management system also started the way of digital transformation, further improving the operation efficiency and archiving a better control on costs.

The Group has established a new channels management platform in 2018, improving stores purchasing guidelines and activities management, membership management, as well as securing new customers and repurchase actions as a whole. It enabled the Group to achieve tracing source by one step and allow full transparency in the whole distribution procedure, and to effectively solve problems caused by products management security.

The distributors could conduct business activities on the platform such as product sales, customer relationship maintenance, and series of operation management activities like stores and inventory management, promotion and more. At the same time, the platform also acted as sales manager to understand the customers' behavior, rebuild price system and manage the channels assessment with the use of the sales data.

蓄力數字化、智慧供應鏈 貫通上下游供應鏈

本集團完成一系列管理流程的改善優化工程，包括改善供應鏈中指標層次的設計、開展目視化指標管理項目，為下一步數字化供應鏈轉型、智慧供應鏈轉型打下基礎。

另外，本集團著力改善奶源供應鏈體系，尤其是關鍵乳原料、羊乳原料的戰略性供應，在部分市場緊缺的關鍵原料上，通過本集團的國際資源整合優勢，使得雅士利在乳鐵蛋白的產品市場上搶佔先機；在客戶服務上，通過物流的網絡優化以及客服服務滿意度的管理提升，使得供應鏈的響應性得到了大幅提升。

管理系統

2018年，本集團業務在新營銷模式轉型及供應鏈整合的業務戰略下，對組織架構、業務流程進行重整，本集團的IT管理系統也作出相應配合，開始數字化轉型之路，進一步提升營運效益，得到更好的成本控制。

本集團在2018年打造新的渠道管理平台，改善門店導購管理及活動管理、會員管理、拉新、複購等一體化功能，實現一鍵溯源、分銷過程全透明，有效地解決產品管理安全。

經銷商則可通過平台進行銷售、客戶關係維護、門店管理、庫存管理、推廣等一系列經營管理活動。同時，平台亦充當銷售管理員的角色，利用銷售數據了解消費行為、重塑價格體系，進行渠道考核管理。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

23

New Customer Platform with Customer Information Conducted Customized Promotion

The Group also built a new customer platform by system to conduct customized marketing promotion through various welcome activities. At the same time, the Group created independent QR code for every online and offline channel to do promotions using different communication strategies and channels.

Public Cloud and New OA Platform Launches to Enjoy Synergy of Big Data and IoT

To improve the operation efficiency and flexibility, the Group used the public cloud application management system and enjoyed the rapid iteration and flexibility advantages brought by such technologies, and gradually achieved the synergy of data technologies and internet such as IoT, big data, blockchain and AI.

The Group also established exclusive portal “new OA platform I” to automatize the business procedures, gradually standardize the business procedures to align with the Group’s simplified authorization and delegation of policy power, so to realize the assembling and automatization of the business procedures and improve cooperation efficiency.

The Group also upgraded the internal management system according to the reorganization and transformation of the business division and external environment factors such as the national taxation policy reform to satisfy the demand of splitting operations of each business division.

新客平台掌握消費者信息 進行個性化傳銷

本集團亦利用系統建設新客平台，通過不同迎新活動作個性化宣傳，同時利用線上線下每個渠道的獨立二維碼，配合不同溝通策略及渠道進行推廣。

公有雲、新OA平台上線 享受大數據、物聯網協同效能

為了提升營運效益以及靈活性，本集團採用公有雲應用管理系統，享受公有雲帶來的技術迭代快、彈性高之優勢，並逐步取得物聯網、大數據、區塊鏈、人工智能等數據技術及網絡協同能力。

本集團亦建立專屬門戶「新OA平台一期」，讓業務流程更為自動化，並且逐步配合本集團的簡政放權授權，規範本集團的公司業務流程，實現業務流程的集成和自動化，提高協作效率。

本集團亦配合事業部重整轉型，以及國家稅改等大環境因素，進行了內部管理系統的升級，滿足各事業部分拆運營的需要。

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group's revenue amounted to RMB3,011.2 million (2017: RMB2,254.7 million), representing a 33.6% increase compared to last year.

By product category	按品牌類別劃分	2018 RMB million 人民幣百萬元	2017 RMB million 人民幣百萬元	Percentage change 變動比例
Milk powder products	奶粉產品	2,442.3	1,867.3	30.8%
Dissolvable products	沖調食品	145.0	144.9	0.1%
Others	其他	423.9	242.5	74.8%
Total	總計	3,011.2	2,254.7	33.6%

As of 31 December 2018, sales revenue from infant formula products amounted to RMB2,442.3 million (2017: RMB1,867.3 million), representing an increase of 30.8% from last year. Sales revenue from high-end milk powder products amounted to RMB846.5 million, accounting for 34.7% (2017: RMB382.1 million, accounting for 20.5%) of the sales revenue from infant formula products. Sales revenue from dissolvable products amounted to RMB145.0 million (2017: RMB144.9 million), approximately equaling the previous year's data. Sales revenue from other products amounted to RMB423.9 million (2017: RMB242.5 million), representing an increase of 74.8% from last year, which was mainly derived from the base powder sold by the subsidiary Yashili New Zealand Dairy Co., Ltd. ("Yashili New Zealand") to the Danone Group.

The increase in the Group's sales revenue was mainly due to: (1) the adjustment of strategic channel, with infant formula products concentrating deeply to the mother-and-baby channel and adult milk powder and nutrition food products to KA channel; and (2) the continuous efforts by the Group in adjusting product strategy to gradually eliminate products with low production value and gross profit. In addition, the Group took active measures during this year to upgrade its image by rebuilding its product brand and was awarded as an "Craftsmanship Brand" by CCTV. It also increased its investments in online and offline, which promoted the growth in sale volume.

財務回顧

收入

截至2018年12月31日止年度，本集團之收入達人民幣3,011.2百萬元（2017年：人民幣2,254.7百萬元），較去年上升33.6%。

截至2018年12月31日，配方奶粉產品實現銷售收入人民幣2,442.3百萬元（2017年：人民幣1,867.3百萬元），較去年上升30.8%，其中，高端奶粉系列實現銷售收入人民幣846.5百萬元，佔比34.7%（2017年：人民幣382.1百萬元，佔比20.5%）。沖調食品實現銷售收入人民幣145.0百萬元（2017年：人民幣144.9百萬元），與去年基本持平；其他產品實現銷售收入人民幣423.9百萬元（2017年：人民幣242.5百萬元），相比去年上升74.8%，主要是子公司雅士利新西蘭乳業有限公司（「新西蘭乳業」）銷售基粉給達能集團產生。

本集團銷售收入上升主要是由於：（一）調整渠道戰略，嬰幼兒奶粉重點深耕母嬰渠道，成人粉和營養品聚焦KA渠道；以及（二）集團持續調整產品策略，逐步淘汰產值及毛利低的品項。此外，本年度集團升級形象，重塑了產品品牌，入選了CCTV匠心品牌，線上線下投入加大，從而促進了銷量的增長。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

25

Gross profit

For the year ended 31 December 2018, the Group recorded a gross profit of RMB1,193.8 million (2017: RMB922.2 million), representing an increase of 29.5% from last year. The gross profit margin was 39.6%, representing a decrease of 1.3%, which was mainly due to the increase of the unit prices of raw materials. In addition, some products removed from the market or withdrawn from the traditional marketing channels were sold at a discount, which lowered the gross profit margin.

Selling and distribution expenses

For the year ended 31 December 2018, the Group generated selling and distribution expenses of RMB1,140.4 million (2017: RMB893.2 million), representing an increase of 27.7% from last year.

The Group's selling and distribution expense as a percentage of revenue decreased to 37.9% (2017: 39.6%), representing a decrease of 1.7% from last year, which was mainly due to the increase in sales revenue and the enhancement of utilization efficiency of selling and distribution expenses.

Administrative expenses

For the year ended 31 December 2018, administrative expenses amounted to RMB208.6 million (2017: RMB271.2 million), representing a decrease of 23.1% from the same period of last year, which was mainly attributable to decrease of the shutdown losses arising from the increased capacity utilization efficiency of Yashili New Zealand and the enhancement of operation efficiency of back offices as well as the optimization of corporate structure.

Net finance income

For the year ended 31 December 2018, net finance income amounted to RMB97.5 million (2017: RMB105.6 million). The decrease in net finance income of 7.7% was mainly attributable to the decrease of liquidity available for investment as a result of repayment of borrowings.

毛利

截至2018年12月31日止年度，本集團錄得毛利為人民幣1,193.8百萬元(2017年：人民幣922.2百萬元)，較去年上升29.5%。毛利率為39.6%，毛利率下降1.3%，下降的主要原因在於本年主要原材料單價上升。此外，部分退市產品及撤出傳統渠道的產品做低價處理，拉低了毛利率。

銷售及經銷開支

截至2018年12月31日止年度，本集團產生銷售及經銷開支為人民幣1,140.4百萬元(2017年：人民幣893.2百萬元)，較去年上升了27.7%。

本集團銷售及經銷開支佔收入比例下降至37.9%(2017年：39.6%)，較去年下降了1.7%；下降的主要原因為銷售收入上升同時加強銷售及經銷開支的使用效率。

行政開支

截至2018年12月31日止年度，行政開支為人民幣208.6百萬元(2017年：人民幣271.2百萬元)，較去年下降了23.1%，主要是由於本年新西蘭乳業產能利用率上升，停工損失減少，後台運營效率提升及公司組織架構優化所致。

淨財務收入

截至2018年12月31日止年度，財務收入淨額為人民幣97.5百萬元(2017年：人民幣105.6百萬元)。財務收入淨額下降7.7%，主要由於歸還借款導致可用於投資的流動資金減少。

Income tax credit

For the year ended 31 December 2018, the income tax credit of the Group amounted to RMB87.1 million (Income tax credit of 2017: RMB49.6 million), and the effective income tax rate was 250.3% (2017: 21.6%). The increase in income tax credit was mainly attributable to the increase of the Group's accrued expenses and relevant deferred tax assets for the year.

Inventory

As at 31 December 2018, the balance of inventory of the Group amounted to RMB757.4 million (31 December 2017: RMB786.3 million). The decrease in inventory was mainly due to the decrease of inventory backlog as a result of sales improvement.

Other current financial assets

As at 31 December 2018, other current financial assets included fixed-yield bank wealth management products of RMB683.6 million, with an anticipated annualised yield of 4.1% to 4.5% (31 December 2017: 2.0% to 5.1%).

Trade and bills receivables

As at 31 December 2018, the Group's trade and bills receivables amounted to RMB163.0 million (31 December 2017: RMB144.3 million). In 2018, the trade receivables turnover days were 20 days (2017: 23 days), representing a decrease of 3 days as compared to 2017, which was mainly attributable to the accelerated collection of receivables.

Contingent liabilities

As at 31 December 2018, the Group had no material contingent liabilities (31 December 2017: Nil).

Capital commitment

As at 31 December 2018, the Group's capital commitment was RMB5.4 million (2017: RMB23.1 million), which is mainly related to workshop renovation projects and the purchase of milk powder production equipment.

所得稅抵減

截至2018年12月31日止年度，本集團的所得稅抵減為人民幣87.1百萬元（2017年所得稅抵減：人民幣49.6百萬元），實際所得稅率為250.3%（2017年：21.6%）。所得稅抵減上升的原因主要是本集團本年預提費用大幅提升相關遞延所得稅資產也大幅增加。

存貨

於2018年12月31日，本集團存貨餘額為人民幣757.4百萬元（2017年12月31日：人民幣786.3百萬元），存貨減少主要是本年銷售狀況良好，存貨積壓數量下降。

其他流動金融資產

於2018年12月31日，其他流動金融資產包含穩健型理財產品人民幣683.6百萬元，預期年化收益率為4.1%至4.5%（2017年12月31日：2.0%至5.1%）。

貿易應收款及票據

於2018年12月31日，本集團貿易應收款及應收票據金額為人民幣163.0百萬元（2017年12月31日：人民幣144.3百萬元）。於2018年，貿易應收款周轉天數為20天（2017年：23天），周轉天數較2017年減少3天，資金回收速度加快。

或然負債

於2018年12月31日，本集團並無重大或然負債（2017年12月31日：無）。

資本承擔

於2018年12月31日，本集團資本承擔額為人民幣5.4百萬元（2017年：人民幣23.1百萬元）。主要為車間改造項目及購置奶粉生產設備。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

27

Provision for doubtful debts of trade and bills receivables

As at 31 December 2018, the Group had provision for doubtful debts of trade and bills receivables of RMB7.6 million (2017: RMB9.1 million). The provision was made for impaired receivables relating to customers that were in default or delinquency of payments. The Group does not hold any collateral or other credit enhancements over such amounts. An impairment analysis is performed by the Group at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of the balances for the groupings of various customer segments with similar loss patterns (i.e., by customer type).

Provision for impairment and disposal losses of inventories

As at 31 December 2018, the Group's balance of provision for impairment of inventories was RMB55.5 million (2017: RMB27.4 million), which was mainly because certain inventories affected by the formula recipe policy had longer age profile and were required to provide for impairment under the policy accordingly. In addition, the Group recorded losses on disposal of inventory of RMB2.6 million in 2018 (2017: RMB50.4 million), which were primarily due to the disposal of some products that are no longer sold at such markets after transformation of sales channels in 2017.

Pledge of assets

As at 31 December 2018, assets with an aggregate value of approximately RMB1,948.7 million (31 December 2017: RMB1,848.4 million) were pledged by the Group.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Group amounted to RMB52.3 million, a 129.1% increase compared to the preceding year. The increase was mainly due to that the sales revenue of the Group increased significantly during this year which helped the Group end up with a profit.

貿易應收款及票據呆賬撥備

於2018年12月31日，本集團貿易應收款及票據的呆賬撥備為人民幣7.6百萬元(2017年：人民幣9.1百萬元)。該等撥備是與拖欠付款的客戶有關的減值應收款而作出的撥備。本集團並無就該等金額持有任何抵押品或其他信貸增級。本集團每個報告日期都會用撥備矩陣進行減值分析，以計量預期信用損失，撥備率基於具有類似報失模式的各個客戶羣的分組(如按客戶類型)的賬齡確定。

存貨減值撥備和報廢虧損

於2018年12月31日，本集團的存貨減值撥備餘額為人民幣55.5百萬元(2017年：人民幣27.4百萬元)，主要是由於受配方註冊政策影響的部分存貨庫齡較長，需按照政策計提相應的減值撥備；此外，本集團2018年亦錄得存貨報廢虧損人民幣2.6百萬元(2017年：人民幣50.4百萬元)主要是由於2017年集團銷售渠道轉型，對部分不再議入賣場經營的產品給予處置。

已抵押資產

於2018年12月31日，本集團已抵押資產合共約人民幣1,948.7百萬元(2017年12月31日：1,848.4百萬元)。

本公司股權持有人應佔溢利

本集團股權持有人應佔溢利為人民幣52.3百萬元，較去年上升129.1%。主要由於本年銷售狀況大幅改善，集團整體扭虧為盈。

Liquidity and capital resources

As at 31 December 2018, the Group's liquidity, including cash and cash equivalents, pledged deposits to be released within one year, long-term bank deposits and other current financial assets, amounted to RMB3,109.2 million in total (31 December 2017: RMB2,716.7 million), representing an increase of 14.4%. The increase was mainly due to the shortened turnover days for accounts receivable, faster turnover and substantially higher sales.

Operating activities

For the year ended 31 December 2018, the Group's net cash inflow from operating activities was RMB264.1 million (2017: net cash outflow of RMB254.9 million). The change of net cash of operating from outflow to inflow was mainly attributed to the increase in revenue and the Group's increased efforts to collect trade receivables during the year.

Investing activities

For the year ended 31 December 2018, net cash inflow generated from investing activities amounted to RMB508.1 million (2017: RMB287.3 million), which was mainly attributable to revenue from the sale of the Scient factory's property, plant and equipment and proceeds from wealth management investments upon maturity during the year.

Financing activities

For the year ended 31 December 2018, net cash outflow generated from financing activities amounted to RMB283.2 million (2017: net cash inflow of RMB50.4 million), mainly attributable to the decrease in pledged deposits in relation to the decreased bank loans during the year.

Loans

As at 31 December 2018, the Group's loans amounted to RMB415.1 million (31 December 2017: RMB529.7 million). The annualised interest rates for loans denominated in RMB was 0.3%–4.05%; the annualised interest rates for loans denominated in USD was LIBOR+0.7% to LIBOR+1% and 3.73%; the annualised interest rate for loans denominated in HKD was HIBOR+0.7%; and the annualised interest rate for loans denominated in NZD was BKBM+1%. The above loans shall be repayable on demand upon maturity. As at 31 December 2018, the Group's gearing ratio, which is calculated by total interest-bearing bank loan at year end divided by total assets at year end, was 5.4% (31 December 2017: 7.1%).

流動資金及資本資源

於2018年12月31日，本集團的流動資金包括現金及現金等價物，一年內解除限制的受限銀行存款、長期銀行存款及其他流動金融資產合計人民幣3,109.2百萬元(2017年12月31日：人民幣2,716.7百萬元)，上升14.4%。上升的原因主要是應收賬款周轉天數縮短，回款較快並銷售額大幅上升所致。

經營活動

截至2018年12月31日止年度，本集團的經營活動現金淨流入人民幣264.1百萬元(2017年：淨流出人民幣254.9百萬元)。經營淨現金由流出轉為流入主要由於本年收入增加，同時集團加強產品貨款的回收力度。

投資活動

截至2018年12月31日止年度，投資活動產生的現金淨流入為人民幣508.1百萬元(2017年：人民幣287.3百萬元)，主要是本年出售施恩工廠物業、廠房和設備的收入以及到期收回理財投資所導致。

融資活動

截至2018年12月31日止年度，融資活動所產生現金淨流出為人民幣283.2百萬元(2017年：淨流入人民幣50.4百萬元)，主要是本年銀行借款減少，相應作為抵押的銀行存款減少所致。

借款

於2018年12月31日，本集團借款為人民幣415.1百萬元(2017年12月31日：人民幣529.7百萬元)。人民幣借款年利率0.3%–4.05%；美元借款利率LIBOR+0.7%到LIBOR+1%和3.73%；港幣借款利率HIBOR+0.7%；紐幣借款利率BKBM+1%。以上貸款需按要求到期償還。於2018年12月31日，本集團資產負債比率為5.4%(2017年12月31日：7.1%)，資產負債比率為年末計息銀行貸款總額除以年末資產總額。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

29

Use of net proceeds from Initial Public Offering

The Company's net proceeds from Initial Public Offering amounted to approximately RMB1,965.8 million after deduction of relevant expenses. The Company had applied these net proceeds as disclosed in the section "Future Plans and Use of Proceeds" in the prospectus dated 30 October 2010. Therefore, the use of net proceeds as of 31 December 2018 is set out as below:

首次公開招股所得款項淨額用途

本公司於扣除有關開支後的首次公開發售所得款項淨額約為人民幣1,965.8百萬元。本公司已按照2010年10月30日的招股章程「未來計劃及所得款項用途」一節所披露的方式運用這些款項淨額。因此，截至2018年12月31日所得款項淨額用途如下：

Item	項目	Available at	Utilised during	Unutilised
		the end of	the year	as at
		2017	ended	31 December
		於2017年底	31 December	2018
		可動用	截至2018年	於2018年
		RMB'000	12月31日止	12月31日
		人民幣千元	年度動用	未動用
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Expansion of production capacity for infant formula and nutrition food products	用於擴大嬰幼兒配方奶粉及營養食品之產能	46,353	46,353	—
Enhancement to the Group's research and development capabilities	提高本集團的研發能力	196	196	—
Total	總計	46,549	46,549	—

HUMAN RESOURCES

As at 31 December 2018, the Group had a total of 2,920 full-time employees (31 December 2017: 2,313). The total staff cost for the year was approximately RMB541.8 million (2017: RMB507.0 million).

In 2018, the Group introduced new values of "Integrity, Responsibility and Entrepreneurship" in accordance with new business structure and development needs to strengthen the organization ability of the staff.

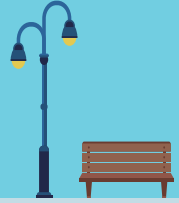
人力資源

於2018年12月31日，本集團共有2,920名（2017年12月31日：2,313名）全職僱員。僱員本年總成本約為人民幣541.8百萬元（2017年：人民幣507.0百萬元）。

本集團2018年發佈了「誠信、擔當、創業精神」的新價值觀，配合業務新架構以及發展需要，強化員工組織能力。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)



1. Strengthen Internal Cohesion of Staff and Improve Innovation and Efficient Productivity

In order to achieve more efficient cooperation among the staff and improve team cohesion, the Group launched a series of workshops and cultural activities, and conducted information education through different types of activities, including Yashili Journal, Micro-course of Corporate Culture for Executives, Design Competition of Corporate Culture Logo and so on. Under the guidance of the new values, Yashili's team won the Best Practice Award of Organization Development Gold Award 2018 of American Chamber of Commerce.

2. Create Expert Team in the Mother-and-Baby Industry

In 2018, the Group improved its employees' skills on professional knowledge, professional ability and business thinking in all aspects. Through focusing on Mini MBA, a 5-month study program, the key management were able to learn and discuss various possible ways to solve business problems in a systematic way in marketing management course, thereby enhancing their business operation capability to form a business management team with the Yashili culture and to select and train up suitable candidates for business development of the Company.

3. Motivate Employees by Incentive Scheme and Promote Policies to Boost Morale

Despite enhancing the knowledge and skills of the staff, the Group also provided incentive scheme to improve the vitality and motivation of the staff. The Group also promoted and implemented various beneficial policies by taking the national policies as reference to promote and communicate with the employees, and assisted them to use and enjoy different kinds of services.

1. 強化員工內部凝聚力 提升創新、高效工作力

為了實現員工更高效合作及提升團隊凝聚力，本集團推出一系列工作坊及文化活動，並通過不同類型的活動進行信息教育，包括雅士利期刊、企業文化高管微講堂、企業文化Logo設計大賽等。雅士利團隊在新價值觀的指導下，更獲得美國商務會2018組織發展實踐金獎。

2. 打造母嬰行業專家團隊

本集團在2018年全方位提升員工在業務知識、業務能力以及業務思維的技能，通過重點Mini MBA 5個月學習項目，讓關鍵管理層系統學習營銷管理課程，共同探討解決業務難題的多種可能性，從而提升業務經營能力，打造符合雅士利文化的業務管理團隊，並從中挑選並培養適合公司業務發展人員。

3. 獎勵制度激勵員工 推動惠民政策提升士氣

本集團在提升員工的知識以及技能的同時，也提供激勵計劃提升員工的活力及動力。本集團亦配合國家政策，推動和落實各種惠民政策，為員工開展推廣和宣導，並協助員工辦理及使用各種服務。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

31

SOCIAL RESPONSIBILITY

In addition to striving to provide comprehensive nutrition solution, the Group also pays close attention and shares its resources and love to those in need to show care to the society.

In May 2018, the Group donated Milk Powder for Growth of Primary and Secondary School Students (中小學生高鈣奶粉) to the People's Government of Weining County, Guizhou Province, paying attention to the healthy growth of children in poor mountainous areas.

In June, the Group actively participated in "Realizing the Chinese Dream together, Having Safe Trips" (同圓中國夢守護安全行) organised by the Red Cross Foundation of Anhui Province to promote safety protection schoolbags donation. The Group purchased and donated safety protection schoolbags on site, for supporting the primary and secondary school students who were left-behind in poor counties and rural areas, so as to protect the health of such teenagers and children, keep them safe on their way to school and improve their safety knowledge as well as self-help and mutual aid abilities.

In July, the Group also made cash donation to the Charity Association of Xinyi in Maoming City, Guangdong Province to help improve the living facilities in poor and backward areas.

In December, the Group carried out a charity campaign to express care to the mothers with severe illness in the program "Warming Mothers, Being Strong for Love"(情暖母親，為愛堅強), to help "Strong Mothers" from 126 families in Chao'an District to get through difficulties and experience human warmth. The Group sponsored the 45th New Year's Eve Run around the Lake in Ma'anshan city to provide the participants with comprehensive service and to support the New Year Run around the Lake.

社會責任

本集團在致力提供全方位營養方案的同時，也密切關顧社會，分享自身的資源以及愛心予有需要的群體。

2018年5月，本集團向貴州省威寧縣人民政府捐贈中小學生高鈣奶粉，關注貧困山區兒童的健康成長。

6月，本集團積極參與安徽省紅十字基金會舉辦的「同圓中國夢守護安全行」安全防護書包捐贈活動，現場認購安全防護書包，並捐贈給貧困縣和農村留守中小學生，保護少年兒童的生命健康，守護少年兒童上學路上的安全，提高少年兒童的安全素質和自助互救能力。

7月，本集團向廣東省茂名信宜市慈善會捐贈現金，幫助貧困落後的地區改善生活設施。

12月，本集團發起了主題為「情暖母親，為愛堅強」的一項關愛重疾母親的公益行動，協助潮安區126戶的「堅強母親」度過困難，體驗人間溫暖。本集團贊助馬鞍山市第45屆迎新年環湖長跑活動，為廣大參賽者提供了完善的服務保障，助力新年環湖長跑活動的順利舉辦。

PUBLIC RELATIONS AND CRISIS MANAGEMENT

公共關係及危機處理

The Group adhered to the principle of openness, interconnection and win-win, and actively communicated with relevant government departments, industry associations, consumers and the media to achieve win-win results. The Group established two-way interactive communication, regularly disclosed the development direction of the enterprise, and inspected it from time to time, protecting the interests of the enterprise and the public and enhancing the corporate image of the Group by keeping good relationship with consumers, the government, etc.

本集團堅持公開、互通、多贏性原則，積極與政府相關職能部門、行業協會、消費者、媒體進行有效溝通，達到多方共贏的效果。本集團建立雙向互動溝通，定期披露企業發展方向，並不時進行檢視，在消費者、政府等關係維護工作多管齊下，維護企業利益以及公眾利益，提升本集團的企業形象。

During the year, the Group has amended and improved the enterprise crisis management system, and strictly implemented it through propaganda and training. The new system could construct smooth communication channels among departments in a more effective way and improve the efficiency of collaborative work among departments. Under the coordination of the Group's Public Affairs Administration Department, all departments cooperated to deal with various consumer demands in a timely and effective manner, and assisted and coordinated with government departments' consultation and responded to media concerns. The Group paid high attention to the market, services and coordination with market sales, providing a solid background for sales.

今年，本集團修訂完善了企業危機管理制度，通過宣貫培訓嚴格落實。新制度能更有效地構建各部門暢通的溝通渠道，提高各部門協同工作效率，在本集團公共事務管理部協調下，各個部門共同合作，及時、有效地處理各種消費者的訴求，協助配合政府部門的諮詢以及回應媒體關注的問題。本集團高度重視市場，服務和配合市場銷售，為銷售提供堅實後台。

INVESTOR RELATIONSHIP

投資者關係

The Group believes that effective communication with shareholders, investors and prospective investors is essential for enhancing investor relationship and enabling investors to understand its business performance and strategies. The Group conducts communication and exchanges with investors through various channels and means such as onsite receptions, telephone conferences, non-trading roadshows and investment summits of securities companies.

本集團認為，與股東、投資者及潛在投資者進行有效溝通，乃提升投資者關係及讓投資者瞭解本集團業務表現及策略的要素。本集團通過現場接待、電話會議、非交易路演及參加券商投資峰會等多種渠道和方式與投資者進行溝通和交流。

To facilitate effective communication, the Group has set up a website (www.yashili.hk) to post its latest financial information, corporate governance practices and other data available for public reference.

為促進有效溝通，本集團還設有網站 (www.yashili.hk)，刊載有關本集團財務資料、企業管治常規及其他數據的最新情況，以供公眾查閱。

FUTURE PROSPECTS

Policy Implications

China's Dairy Industry is Committed to World-class Ranks

The "Opinion on Promoting the Revitalization of Dairy Industry and Ensuring the Quality Safety of Dairy Products" (《關於推進奶業振興保障乳品質量安全的意見》) issued by the State Council and "Several Opinions on Further Promoting the Revitalization of Dairy Industry" (《關於進一步促進奶業振興的若干意見》) jointly issued by nine departments such as the Ministry of Agriculture and Rural Affairs clearly set goals and tasks for the development of domestic dairy industry, and set clear norms on the production operation, quality, supervision and inspection of dairy products, including the proportion of farms with more than 100 cows exceeding 65%, and the self-sufficiency rate of milk source maintaining at over 70%; the dairy industry will be fully revitalized, realizing modernization basically, and entering the world's leading ranks as a whole by 2025, striving to significantly improve the quality, competitiveness and reputation of domestic infant formula within three years, and increasing market share.

To Strengthen Supervision on Food Production Safety and to Implement More Rigorous Spot Check

The Chinese government's supervision and administration department for food production safety will complete the amendment on the production license examination rules for infant formula food, dairy products and formula food products for special medical purposes and also amendment on the food labeling, supervision and inspection as well as flight inspection management measures in 2019. At the same time, it will also carry out research to implement corporate responsibility and improve the quality of dairy products, strengthen the supervision and inspection for meat products, infant supplementary food, and conduct relevant basic research by allying associations, intermediaries, universities, media, etc.

On the other hand, the supervision and administration department for special food safety also plans to strengthen the supervision of infant formula in 2019, and strictly carry out product formula registration. Through scientific safety review, the on-site verification and spot inspection of infant formula registration will be strengthened to ensure the consistency of the application materials for registration and spot inspection. At the same time, it will fully mobilize third-party professionals to participate in the social co-governance of the safety of special food, rate and manage special food registration and inspection institutions, and promote the voluntary filing of institutions to cooperate with the government's supervision according to law.

未來展望

政策影響

中國奶業致力邁向世界級行列

由國務院發佈的《關於推進奶業振興保障乳品質量安全的意見》、由農業農村部等九個部門聯合發佈的《關於進一步促進奶業振興的若干意見》，明確訂立對國產奶業發展的目標任務，就奶業產品的生產作業、質量、監督檢查工作等訂立明確的規範，包括：100頭以上規模養殖比重超過65%，奶源自給率保持在70%以上；到2025年，奶業實現全面振興，基本實現現代化，整體進入世界先進行列；力爭三年內顯著提升國產嬰幼兒配方乳粉的品質、競爭力及美譽度，提高市場佔有率。

加強食品生產安全監督 抽查工作更為嚴謹

中國政府旗下食品生產安全監督管理部門，將在2019年完成有關嬰幼兒配方食品、乳製品類產品以及特殊醫學用途配方食品的生產許可審查細則修訂，並就食品標識、監督檢查以及飛行檢查管理辦法進行修訂；同時，也會進行研究，落實企業責任、提升乳製品質量、加強肉製品、嬰幼兒輔助食品等的監督檢查，以及聯合協會、中介、高校、媒體等進行相關基礎問題研究。

另一方面，特殊食品安全監督管理部門亦計劃在2019年加強嬰幼兒配方奶粉的監管，並嚴格展開產品配方註冊，通過科學化及安全性審查，加大嬰幼兒配方奶粉註冊的現場核查以及抽驗檢查力度，確保申請註冊之材料與現場抽查的一致性。同時，會充分調動社會第三方專業方，參與特殊食品的安全社會共治，就特殊食品註冊、檢驗機構進行評級及管理，並推動機構主動備案，配合政府依法監管工作。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)



Paying More Attention to the Nutrition and Health Level of the People and Increasing the Nutritional Value of Elderly Foods

While breakthroughs have been made in the development of China's infant foods, much attention is given to the health quality standard of elderly foods. The release of the first national standard on elderly foods, namely "National Food Safety Standard, General Rules for Elderly Foods" (《食品安全國家標準老年食品通則》) has demonstrated that China's national departments will vigorously develop nutritional foods for the elders, which has also brought huge development opportunities for the elderly food market. Looking into 2019, it is expected that nutrition foods for the elderly group will be further developed.

Industry Trend

Third- and Fourth-Tier Cities Are Becoming Battlegrounds for Enterprises

The implementation of the Formula Registration Requirement of Infant Formula in 2018 has resulted in stiffer competition among enterprises in domestic milk powder market. At the same time, a gap in the market is created in the third- and fourth-tier cities after the small brands that used to be competitive in such cities and towns have been withdrawn from the markets, leaving spaces for enterprises with scale and brand power to compete.

A Focus on High-End Business Strategy Nationwide Has Given Large-Scale Enterprises An Edge over Others

At the corporate level, under the pressure of performance growth caused by insufficient newly-born population, milk enterprises have been shifting toward high-end route with an aim to gain higher gross profit, as well as optimize and upgrade product structure. Meanwhile, due to the Formula Registration Requirement, some regional enterprises in this sector are taking steps to procure business and build sales networks nationwide, and enterprises with certain scale have basically completed their construction of marketing channels in 2018. For those products that have not been registered under the Formula Registration Requirement, there are material disposal at low prices, causing impact on the stability of prices and channels of large brand products in regional markets.

關注國民營養健康水平提升老年食 關注國民營養健康水平 提升老年 食品營養價值

中國的嬰幼兒食品在獲得突破性的發展的同時，長者食品健康質量標準也備受關注。中國首個老年食品國家標準《食品安全國家標準老年食品通則》的發佈，象徵中國國家部門將大力發展長者群的營養食品，也為老年食品市場開啟龐大的發展機遇。展望2019年，老年人群營養食品有望得到進一步的發展。

行業趨勢

三四線城市成兵家必爭之地

隨著2018年嬰幼兒配方奶粉註冊制的落實，促使國內奶粉市場企業間的激烈之爭，同時由於原有在三四線城市及鄉鎮具備局部競爭優勢的小品牌退出市場，留下了三四線城市的市場空白，給具備一定規模和品牌力的企業騰出競爭空間。

主打全國性高端業務戰略 大規模企業佔上風

從企業層面看，受到出生人口不足帶來的業績增長壓力，乳企紛紛選擇走高端路線，爭取更高毛利及促進產品結構優化升級。與此同時，受配方註冊制影響，部分原區域性行業企業也逐步進行全國性的佈局招商、組建銷售網絡，具有一定規模的企業已在2018年基本完成了市場渠道建設。而未獲通過配方註冊制的產品，則大規模的低價、甩貨，在局部市場不利於大品牌產品的價格和渠道穩定。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

35

The Apparent Trend toward Modern Trade Channel and Digitalization of Mother-And-Baby Stores Has Encouraged Extension of Business Channels to Acquire More Market Shares

At the channel level, mother-and-baby store channels will still be the main battlefield for infant formula business. "Cross-border" and "New retail" will be the new hotspots in such channels. As the middle and large-scale mother-and-baby stores start to undergo digitalization and transform into modern trade channel, the stores start to work together to seek for a better way to operate. Competition for channels has shifted from contest of distribution network resources to refined operation of terminal stores. Foreign-invested brands constantly implement the channel extension strategy to further extend their reach to markets of third- and fourth-tier cities, while domestic brands are proactively vying for resources such as retail terminals, shelves and shopping guides through multiple expansion approaches. With the deepening of digital transformation in various industries in China, big data, cloud computing and artificial intelligence in the mother-and-baby industry will offer new development opportunities for new retailing industry.

New Differentiated Products Are Becoming A New Consumption Trend with Organic Milk Powder and Goat Milk Powder Being Hot Growth Points

Consumer distribution will be diverted from the original high concentration on the medium-priced products to those high-end products at fair prices. The consumption hierarchy will become more rigid with minor differences. At the same time, regional consumption gap is narrowing due to increased urbanization level. Therefore, promoting the development of new categories of differentiated products will be more in line with the overall consumption trend. Pure goat milk powder and organic milk powder will be the new key growth drivers.

母嬰渠道商超化、數字化趨勢明顯 渠道下沉搶佔市場份額

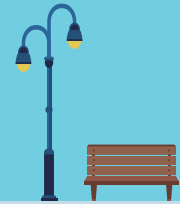
從渠道方面看，母嬰渠道仍然是嬰幼兒配方奶粉的主戰場，「跨境」和「新零售」將成為母嬰渠道的新熱點。大中型連鎖母嬰商超化、數字化的趨勢開始顯現，更多的母嬰店開始聯合，尋求更好的經營方式。渠道的競爭態勢從經銷網絡的資源爭奪轉向對終端門店的精細化經營。外資品牌持續貫徹渠道下沉策略，深耕三四線城市市場；國產品牌則通過各種擴張手段，積極爭奪零售終端、貨架、導購等資源。隨著中國各行業的數字化轉型的深化，大數據、雲計算、人工智能在母嬰行業也將為新零售業態提供新的發展機會。

差異化新品成新消費趨勢 有機奶粉、羊奶粉為增長熱點

消費者分佈由原來的中等價位高度集中向高端、價優分流，消費層級更加清晰且差距減少，同時隨著城鎮化水平的提高，地域的消費差距也在逐漸減少。因此，推動差異化的新品類發展將更貼合整體的消費趨勢，純羊奶粉、有機奶粉將會成為新的增長熱點。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)



Company Strategies

Brand Strategies

Targeting at "Good Milk Powder of International Quality" and Strengthening Brand Authority to Get Closer to Terminal Consumers

In 2019, the Group will further shape its brand to center on its brand positioning of "Good Milk Powder of International Quality", and continue to invest in brand building and empowerment, so as to realize sharing of resources.

In further cooperation with CCTV, the Group has become a "Pioneering Brand in CCTV's National Brand Plan" (CCTV國家品牌計劃領跑品牌), and has further expanded its brand influence through CCTV's precious resources and mainstream media in major cities. In addition to highly frequent air broadcast, it has held major marketing activities, POSM and promotion activities by taking part in prestigious awards and authoritative fairs such as "Children-Baby-Maternity Expo (CBME)" and "China International Import Expo". Furthermore, it endeavors to explore potential users by orienting target group through mother-and-baby vertical media and information flow advertisements. All these efforts help strengthen brand authority and endorsement and facilitate frontline sales.

Meanwhile, the Group will continue to carry out the "Most Beautiful Mother" (《最美媽媽》) roadshow and increase terminal consumers' affection to our brand and raise our attraction to new consumers. The Group will attend the "Mother-Infant-Child Products Fair (MICF)" in Beijing to provide support for sub-brands in expanding markets in Northern China. Besides, the Group will invite consumers to trace milk sources and factories to witness the quality in person, which will highlight the international advantage of global milk source of the Group.

Product R&D

In 2019, the Group plans to finish the registration of all infant formula products recipes submitted last year, and will upgrade the recipes of existing infant formula products in the market.

Furthermore, the Group will extend the product development of formula foods for special medical purpose from infant-oriented to adults with special consuming needs. In 2019, the Group will put more effort on designing unique formula to cater for demands of people in different age stage including children, teenagers, adults, middle-aged and elderly people. Functional ingredients will be taken into account in the new formula to create more consumption hotspots for adult milk powder.

公司策略

品牌策略

定位「國際品質好奶粉」強化品牌權威性拉近與終端消費者之距離

2019年，本集團將進一步深化品牌塑造，圍繞「國際品質好奶粉」的品牌定位，持續投入品牌建設及賦能品牌，實現資源共享。

本集團再次攜手CCTV，成為「CCTV國家品牌計劃領跑品牌」，通過CCTV黃金資源及核心重點城市主流媒體，進一步提升品牌影響力。除了空中高頻次的傳播以外，還將通過參加權威獎項、「CBME孕嬰童展」及「中國國際進口博覽會」等權威展會，舉辦重點營銷推廣活動、POSM和促銷活動，並通過母嬰垂直媒體、信息流廣告等精準定向目標人群，挖掘潛在用戶，強化品牌權威背書，助力一線銷售。

同時，本集團將繼續開展《最美媽媽》路演活動，提升終端消費者對品牌的好感度，增強對新消費者的號召力，並將參展《北京京正孕嬰童展》，為各子品牌拓展華北市場提供支持；另外，本集團將邀請消費者對奶源地及工廠進行溯源，親眼見證品質實力，突出本集團全球奶源的國際優勢。

產品研發

本集團將計劃於2019年完成上一年所遞交的所有嬰幼兒配方產品的配方註冊工作，並對已上市的嬰幼兒配方產品進行配方升級。

此外，特殊醫學用途配方食品的產品開發領域也將從嬰幼兒人群逐漸擴展到針對成人的特殊消費群體。2019年，本集團將加大針對兒童、青少年、成人、中老年等不同人群的年齡需求設計特有配方。新配方將考慮到功能性配料的應用，以增加成人奶粉的消費熱點。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

37

As for rice noodle products and oat products, more flavors and related organic products will be introduced in 2019 with more options on packages and specifications to attract more consumption groups and increase consumption level of products.

Sales Channels

With business segments as the bases, the Group will step up efforts intensively in building sales channels for its brand products and sales regions, focusing on work related to products, channels, marketing and management.

Continue to Focus on Product Categories to Stabilize Milk Powder Products and Strengthen the Brand of Goat Milk Powder and Organic Milk Powder

The Group will be dedicated to stabilizing milk powder products, expanding the share of organic products, and developing a new goat milk powder market. While implementing the layout of product line, the Group will continuously optimize product formulas and provide products with higher quality and distinctive functions based on market demand to enhance overall competitiveness of products. This includes vigorous establishment of main products lines such as organic brand "Reeborne", popular product "Doraler", "Dumex" goat milk and its portfolio "Dumex TruYn" goat milk.

Increase Network Penetration and Enhance Refined Management

In-depth building of channels has produced dividend effect for the Group in 2018. Hence, further efforts will be made to increase network penetration to cover counties, towns and villages. The modern trade channel will help increase the single-store's output. The deepened cooperation with the modern trade channel will help establish a cooperative relationship with large vendors and gradually set up a benchmarking store system while breaking even.

As for mother-and-baby chain stores and KA shopping mall channels, the Group has a proposed strategic expansion plan to increase the market share of advantageous brands in mother-and-baby chain stores and to enable the adult milk powder products to be back to the important position in the modern trade channel. As for refined management of customers, the Group will enhance grade-based management of customers, develop customers for strategic cooperation and increase potential and loyalty of key customers.

對於米粉產品和燕麥片產品，於2019年會推出更多的新口味以及相關有機產品，並對包裝形式和產品規格推出更多選擇，吸引更多的消費人群，提升產品的消費層次。

銷售渠道

本集團將事業部基礎上加大對旗下各品牌產品和銷售區域的銷售渠道深耕建設，圍繞產品、渠道、營銷以及管理層面的工作。

持續品類聚焦穩固牛奶粉產品強化羊奶粉、有機奶粉品牌

本集團將持續以致力於穩固牛奶粉產品、擴大有機產品份額，同時開發新的羊奶粉市場。在落實產品線佈局的同時，繼續優化產品配方，並貼合市場需求不斷提供更優質產品和具差異化產品，包括強勢鑄造「瑞哺恩」有機品牌、「朵拉小羊」網紅產品、「多美滋」羊奶和「多美滋初穎」羊奶組合等重點產品線，提升產品綜合競爭力。

深化網點滲透度 推動精細化管理

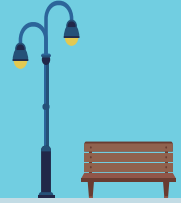
本集團在2018年取得渠道深耕工作帶來的紅利效應，因此未來將繼續深化網點滲透度，至縣、鄉鎮、村，並在商超渠道提升單店產出，深化合作，在滿足盈虧平衡的同時，建立與大系統的廠商合作關係，並逐步建立標桿門店體系。

連鎖母嬰及KA商場渠道方面，本集團將擬定策略性拓展計劃，增加優勢品牌在連鎖母嬰的市場份額，同時使成人奶粉產品重返商超渠道的重要位置。在客戶精細化管理方面，加強客戶分級管理，發展戰略合作客戶，提升核心客戶潛能和忠誠度。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)



Explores Consumption Group through Innovation in Marketing

The Group will constantly enhance connections with the channels and develop potential consuming markets through innovative and targeted marketing and promotion. Meanwhile, the Group will integrate channel resources to expand the coverage of creative marketing, launch a series of promotion activities based on the needs and concerns of target groups and organize integrated marketing campaigns with greater market influence. Besides, the Group will continue to explore and carry out more trendy marketing ways such as Tik Tok celebrities.

Optimizes Sales and Business Data Management and Improves Sales Team Structure for Better Service

The Group will take business segments as foundation to make constant efforts to improve the operating management level of the business team, and will set up a regional marketing management centre in an appropriate time to better various systems of the team in respect of structure organization, talent team building and process control and management. The Group will continue to implement and optimize the information management of channels, control the purchase, sales and inventory data of channels, and provide consumers with precise products and services. It will further promote big data analysis and application, improve service experience of frontline consumers, increase marketing accuracy, and improve product supply and distribution efficiency, to improve overall service quality of the Group to customers and consumers.

Expands E-commerce and New Retail Models for More Profit Growth Points

In order to keep abreast of the development trend of the consumer market in China and better grasp new opportunities brought by E-commerce and new retail models, the Group will put more effort on E-commerce data analysis and application by leveraging on the consumers big data analysis to seek for business opportunities, stabilize prices, enhance customer redirection and improve service.

Supply Chain

Facing the complicated external environment and intensive industry competition, the Group will reinforce and capitalize on its own edges. Through enhancing the reliability and feasibility of supply chain, the Group will be able to provide higher quality products to the market and meet market demands at a faster pace.

創新營銷開拓消費群

本集團將持續增強與渠道的黏性，通過創新及具針對性的營銷推廣方式，開發潛在消費市場。同時，本集團會整合渠道資源，增強創意投放的整體性，根據目標人群的需求點、關注點，開展系列推廣活動，組織更具市場影響力的整合營銷活動等。除此以外，本集團還會持續探索並實施更多具有潮流熱度的營銷方式，如抖音網紅等。

優化銷營數據管理 完善銷售團隊架構 提升服務水平

本集團會以事業部制為基礎，持續提升業務團隊的經營管理水平。適時設立區域營銷管理中心，完善團隊在組織架構、人才梯隊、流程管控的各項制度。繼續實施及優化渠道的信息化管理，掌控渠道的進銷存數據，為消費者提供精準到位的產品服務。進一步推進大數據的分析和應用，改善前端消費者的服務體驗、提升營銷精準度；同時改善產品供應、物流配送的效率，提升本集團對客戶、消費者的整體服務水平。

加大電商及新零售模式 開拓更多利潤增長點

為了緊貼中國消費市場的發展趨勢，更好的緊握電商及新零售模式帶來新機遇，本集團進一步加大對電商數據分析和應用的投入，利用消費者大數據分析，挖掘機會，穩固價格，增強引流，提升服務。

供應鏈

面對複雜的外圍環境以及行業間的激烈競爭，本集團將繼續強化及突顯自身優勢，通過增強供應鏈的可靠性及靈活度，來為市場提供更優質的產品，以更快速的節奏滿足市場的需求。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)

39

Emphasizes on Entrepreneurship and Reserves Professional Talents

The Group will continue cultivating entrepreneurship to drive Yashili towards products and management innovation by introducing more industry-leading training on supply chain management and train professional talents to make Yashili more competitive in the supply chain in an all-round way. Moreover, the Group stays committed to the principle of high security and quality and remains firm in fulfilling its social responsibility of “even one is too much” by comprehensive improvement on control over production sites to make sure zero defect of products and zero accident in production.

Accelerates Digital and Automation Transformation to Increase Productivity

Yashili's smart supply chain enables the Group to follow the change in market demands in a more accurate manner, precisely manage the end-to-end coordination in the supply chain and maximize supply chain agility to realize flexible production.

Maintains Diversified Products and Services to Deepen Upstream and Downstream Integration

On the basis of maintaining the expansion of sales of its main products and the innovation of new product R&D, the Group will further expand the processing industry of whole milk powder and skim milk powder. It upholds diversified products strategy to optimize product portfolios and enhance product profitability. Furthermore, the Group will strengthen its strategic cooperation with key suppliers to maintain its existing strengths of key raw materials, and on the other hand, it will intensively extend customer service by further exploiting the demand of terminal consumers to improve customer service experience. It will also continue to work on network optimization to make it adaptable to customer service demand and cost shock resulting from changing market distribution and retail business.

強調創業精神 儲備專業人才

本集團將繼續培養創業精神，驅動雅士利產品創新、管理創新，引入更多行業頂尖的供應鏈管理培訓，培養專才，全面提升雅士利供應鏈的競爭力。同時，本集團亦會謹守高安全、高質量的宗旨，堅持履行「事故零容忍」的社會責任，全面提升生產現場控制，確保產品零缺陷，生產零事故。

加快數字化、自動化轉型 提高生產力

通過雅士利的智慧供應鏈，本集團可以更加準確把握市場需求變化，精準管理供應鏈端到端的協調，最大限度地提升供應鏈敏捷性，實現柔性生產。

堅持多元化的產品服務 深入「鏈」通上下游

在堅持主營產品的擴大銷售以及新品研發創新的基礎上，本集團將進一步擴大全脂奶粉、脫脂奶粉的加工產業，堅持多元產品戰略，優化產品組合，提升產品盈利能力，並會加強與關鍵供應商的戰略合作，保持關鍵原料的既得優勢，另一方面會深度延伸客戶服務，加強對終端消費者的需求挖掘，提高客戶服務體驗，同時持續進行網絡優化，以適應市場分銷業態、零售業態變化帶來的客戶服務要求及成本衝擊。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論與分析(續)



Human Resources

In 2019, human resources department of Yashili International will focus on five aspects: building brand by deepening culture cultivation; optimizing form of organization structure; promoting business growth; managing performance; and improving workforce efficiency.

Building brand by deepening culture cultivation: corporate culture is a prerequisite for building the acting ability for an organization. In 2019, human resources department will cultivate the corporate culture deeply by holding activities such as corporate culture workshops and visually presenting the corporate culture through decoration in the office environment. Moreover, it will enhance cohesion via recognition from authoritative institutions to create a brand of good employer.

Optimizing form of organization: In terms of organization form, we will further improve the organizational structure of business departments and establish a flexible organization and cross-border platform. In addition, we will recruit and cultivate young talent with huge potential for personnel pool of the organization to cope with the business need rapidly.

Promoting business growth: We will develop the leadership model of Yashili, recruit talents with Yashili characteristics, and establish talent supply chain and channel for career development. By relying on company's internship and marketing training programme, we will provide our staff with a mechanism and platform for fast development.

Managing performance: In order to further stimulate employees' morale and potential, we will keep innovating our performance management mechanism. We will put more efforts to promote the non-material incentive system, pay attention to the mental needs of the organization and inspire employees' internal drive.

Improving workforce efficiency: Human resources department will carry out duty with "frontline services" that support sales with action. It will understand the needs of frontline employees deeper and provide support and assistance timely.

人力資源

2019年，雅士利國際人力資源工作會從5方面著力：深耕文化、塑造品牌；優化組織形式；助力拉升業務；績效管理；及提升人力效能。

深耕文化、塑造品牌：企業文化是打造組織行動力的一個前提，在2019年人力將會依托企業文化工作坊等活動載體，並通過辦公室的環境佈置從視覺上進行企業文化深入熏陶，以推動企業文化落地；通過權威機構的認證打造良好僱主品牌，提升凝聚力。

優化組織形式：在組織形式方面，進一步提升事業部組織架構；打造敏捷型組織和跨界平台；在組織人員儲備上招聘及培養年輕高潛力人才，快速響應業務需求。

助力拉升業務：開發雅士利領導力模型，招聘雅士利特質人才，並建立人才供應鏈及職業發展通道，依托企業大學及營銷重點培訓項目，提供人員快速發展的機制及平台。

績效管理：為進一步激發員工鬥志和潛力，對績效管理機制不斷創新。大力推廣非物質激勵體系，關注組織精神需求，激發員工內驅力。

提升人力效能：人力工作「服務前移」，以行動支持銷售。更深入一線了解員工的需求並及時提供支持和幫助。

CORPORATE GOVERNANCE REPORT

企業管治報告

41

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Board is of the view that throughout the year ended 31 December 2018, the Company has applied the principles as 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”).

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

BOARD OF DIRECTORS

Responsibilities

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company’s affairs.

The Board directly, and indirectly through its committees, leads and provides directions to management by laying down strategies and overseeing their implementation, monitors the Group’s operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All directors, including the non-executive directors and the independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interest and serving on Board committees, all non-executive directors (including the independent non-executive directors) make various contributions to the effective direction of the Company.

企業管治常規

本公司董事會致力保持高水準的企業管治。

董事會相信，高水準的企業管治乃為本公司提供框架以保障股東權益、提升企業價值、制訂其業務策略及政策以及提高透明度及問責性所必需。

董事會認為本公司已於截至2018年12月31日止年度整段期間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14所載企業管治守則(「企業管治守則」)載列的原則。

本公司致力提升適合其業務運作及發展的企業管治常規，並不時檢討該等常規，以確保其符合法定及專業標準，並緊貼最新發展。

董事會

責任

董事會應負有領導及監控本公司的責任，並共同負責指示及監督本公司事務。

董事會直接及透過其轄下各委員會間接通過制定策略並監督其實施領導及提供方向予管理層，監督本集團的營運及財務表現，並確保建立健全的內部控制及風險管理系統。

所有董事(包括非執行董事及獨立非執行董事)均為董事會帶來廣泛的寶貴營商經驗、知識及專業，令其運作高效及有效。透過積極參與董事會會議，牽頭處理涉及潛在利益衝突的事務及於董事會委員會任職，所有非執行董事(包括獨立非執行董事)對本公司的有效引導作出各種貢獻。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

42

The independent non-executive directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All directors carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the shareholders at all times.

The directors shall disclose to the Company details of other offices held by them.

Board Composition

The Board currently comprises seven members, consisting of three non-executive directors, one executive director and three independent non-executive directors.

During the year ended 31 December 2018 and up to the date of this Annual Report, the Board comprises the following directors:

Non-executive directors

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Ms. Lam Pik Po (*resigned on 25 March 2019*)

Executive directors

Mr. Chopin Zhang (*Chief Executive Officer*)
Mr. Hua Li (*Chief Operating Officer*)
(*resigned on 16 March 2018*)

Independent non-executive directors

Mr. Mok Wai Bun Ben
Mr. Cheng Shoutai
Mr. Lee Kong Wai Conway

獨立非執行董事負責確保本公司提供高標準的監管報告，並於董事會內提供制衡作用，以保障對企業行動及營運的有效獨立判斷。

所有董事均真誠地履行職責、遵守適用法律及法規及於任何時候均以符合本公司及其股東的利益行事。

董事須向本公司披露彼等持有的其他職務的詳情。

董事會成員

董事會現由七位成員組成，包括三名非執行董事、一名執行董事及三名獨立非執行董事。

截至2018年12月31日止年度及截至本年報日期，董事會由下列董事組成：

非執行董事

盧敏放先生(主席)
秦鵬先生
張平先生
林碧寶女士(於2019年3月25日辭任)

執行董事

張平(Chopin Zhang)先生(行政總裁)
華力先生(首席運營官)
(於2018年3月16日辭任)

獨立非執行董事

莫衛斌先生
程守太先生
李港衛先生

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the directors including relationships among the members of the Board are set out under “Directors and Management Biographies” on pages 71 to 76 of this Annual Report.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

The positions of Chairman and CEO are held by Mr. Jeffrey, Minfang Lu and Mr. Chopin Zhang respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The CEO focuses on the Company’s business development and daily management and operations generally. The Board considers that the responsibilities of the Chairman and CEO respectively are clear and distinctive and hence written terms thereof are not necessary.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2018, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors are independent.

董事名單(按類別劃分)亦披露於本公司不時根據上市規則發出的所有企業通訊中。根據上市規則，獨立非執行董事於所有企業通訊中會明確識別。

董事的履歷資料(包括董事會成員間的關係)載於本年報第71至76頁的「董事及管理層履歷」內。

主席及行政總裁(「行政總裁」)

主席及行政總裁分別由盧敏放先生及張平(Chopin Zhang)先生出任。主席擔當領導角色及負責董事會有效運作及領導。行政總裁則一般專注於本公司的業務發展、日常管理及營運。董事會認為，主席與行政總裁各自之職責均有明確界定，故毋須編製彼等之書面職權範圍。

獨立非執行董事

截至2018年12月31日止年度，董事會一直符合上市規則有關委任至少三名獨立非執行董事的規定，獨立非執行董事人數佔董事會至少三分之一及其中一名獨立非執行董事須具備合適的專業資格或會計或相關財務管理專業知識。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載的獨立性指引有關其獨立性的年度書面確認。本公司認為全體獨立非執行董事均為獨立人士。

NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the non-executive directors of the Company is appointed for a specific term of three years and is subject to retirement by rotation once every three years.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction includes visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for directors would be arranged and reading materials on relevant topics would be provided to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2018, the Company organized one training session conducted by the legal adviser of the Company for the directors, in relation to updates on changes in the regulations of the Stock Exchange and the Securities and Futures Commission. In addition, relevant reading materials have been provided to the directors for their reference and studying.

非執行董事

企業管治守則的守則條文第A.4.1條訂明非執行董事應按特定任期獲委任，並須膺選連任，而企業管治守則的守則條文第A.4.2條則列明所有獲委任以填補臨時空缺的董事應在彼等獲委任後的首次股東大會上由股東選任及每名董事(包括按特定任期獲委任者)須最少每三年輪席退任一次。

本公司各非執行董事按三年之特定任期獲委任，並須每三年輪值退任。

董事之就任須知及持續專業發展

董事應掌握最新法規進展及變動以有效履行責任，以及確保彼等在持續獲得最新資訊及切合所需的情況下對董事會作出貢獻。

每位新獲委任的董事將於其首次獲委任時接受正式、全面及因應個別董事需要而設計的就任須知，以確保其適當瞭解本公司業務及營運，以及充分認識到上市規則及相關法定要求下董事須承擔的責任及義務。有關就任須知包括考察本公司的主要廠房場地及與本公司的高級管理層會面。

董事應參與合適的持續專業發展，以充實並更新其知識及技能。於適當的情況下，董事將獲安排出席內部舉行的簡報會，並獲發相關主題的閱讀材料。本公司鼓勵全體董事出席相關培訓課程，費用由本公司支付。

截至2018年12月31日止年度，本公司已為董事會安排了一次由本公司法律顧問主持之培訓課程，內容為：上市公司監管更新—聯交所和證監會的最新動態。此外，董事獲提供相關閱讀材料以供彼等參閱及學習。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

45

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2018 and up to date of this Annual Report are summarized as follows:

於截至2018年12月31日止年度及截至本年報日期，董事已接獲有關董事職務以及監管規例及業務發展的持續專業發展記錄概述如下：

Directors	董事	Type of Training ^{Note} 培訓類別 ^{附註}
Non-executive directors	非執行董事	
Mr. Jeffrey, Minfang Lu	盧敏放先生	A/B/C
Mr. Qin Peng	秦鵬先生	A/B
Mr. Zhang Ping	張平先生	A/B
Ms. Lam Pik Po, Katty (resigned on 25 March 2019)	林碧寶女士(於2019年3月25日辭任)	A/B
Executive directors	執行董事	
Mr. Hua Li (resigned on 16 March 2018)	華力先生(於2018年3月16日辭任)	—
Mr. Chopin Zhang	張平(Chopin Zhang)先生	A/B
Independent non-executive Directors	獨立非執行董事	
Mr. Mok Wai Bun Ben	莫衛斌先生	A/B
Mr. Cheng Shoutai	程守太先生	A/B
Mr. Lee Kong Wai Conway	李港衛先生	A/B

Note:

附註：

Types of Training

培訓類別

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading materials relating to directors' duties and responsibilities and regulatory updates
- C: Giving talks at seminars and/or conferences and/or forums

- A: 出席培訓會，包括但不限於簡介會、研討會、會議及專題研討會
- B: 閱讀與董事職責及責任及最新規管資料有關的學習材料
- C: 在研討會及/或會議及/或論壇上發表演說

DELEGATION BY THE BOARD

The Board reserves for its decision of all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular to those that may involve conflict of interest), financial information, appointment of directors and other significant financial and operational matters.

董事會的授權

董事會保留其在本公司所有重大事宜的決策權，包括審批及監督所有政策事宜、整體策略及預算、內部監控及風險管理系統、重大交易(尤為可能涉及利益衝突者)、財務資料、委任董事及其他重大財務及營運事宜。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

46

The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed.

All directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

BOARD COMMITTEES

The Board has established three committees, namely, Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the websites of the Company (www.yashili.hk) and the Stock Exchange (www.hkexnews.hk) and are available to shareholders upon request.

Audit Committee

The Audit Committee was established on 8 October 2010 with revised written terms of reference (adopted on 26 August 2015) in compliance with Rule 3.21 of the Listing Rules.

As at 31 December 2018, the Audit Committee consists of three members including two independent non-executive directors, namely Mr. Lee Kong Wai Conway (Chairman) and Mr. Mok Wai Ben and one non-executive director, namely Mr. Zhang Ping (with Mr. Lee Kong Wai Conway possessing the appropriate professional qualifications or accounting or related financial management expertise).

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, provide advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

本公司的日常管理、行政及營運由高級管理層負責，並定期檢討所指派的職能及責任。

所有董事均可全面並適時查閱所有相關資料，以及獲公司秘書提供意見與服務，以確保遵守董事會程序及所有適用法律及法規。各董事一般可於適當情況下，向董事會提出要求後徵詢獨立專業意見，而費用由本公司承擔。

董事委員會

董事會已成立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司特定方面的事務。本公司所有董事委員會已制訂明確書面職權範圍，並載於本公司網站(www.yashili.hk)及聯交所網站(www.hkexnews.hk)，且股東可要求查閱。

審核委員會

本公司審核委員會於2010年10月8日成立，並制訂經修訂書面職權範圍(於2015年8月26日採納)，以遵守上市規則第3.21條。

於2018年12月31日，審核委員會由三名成員組成，包括兩名獨立非執行董事李港衛先生(主席)及莫衛斌先生，以及一名非執行董事張平先生，其中李港衛先生具備適當專業資格或會計或相關財務管理專業知識。

審核委員會職權範圍的要求不比企業管治守則所載條款寬鬆。審核委員會的主要職責是協助董事會審核財務資料及匯報程序、風險管理及內部監控系統、內部審核職能的有效程度、外聘核數師的審核範圍及委任，向董事會提供意見及評論，以及讓本公司僱員可就本公司在財務報告、內部監控或其他事宜上可能發生的不當行為提出關注的安排。

During the year ended 31 December 2018, the Audit Committee held three meetings and reviewed the Group's interim and annual financial results and interim and annual reports, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors three times without the presence of executive director(s).

Remuneration Committee

The Remuneration Committee was established on 8 October 2010. As at 31 December 2018, the Remuneration Committee consists of five members including three independent non-executive directors, namely Mr. Mok Wai Bun Ben (Chairman), Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway and two non-executive directors, namely Mr. Jeffrey, Minfang Lu and Mr. Qin Peng.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. Its main duties are to evaluate and make recommendation to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group, including making recommendations to the Board on the remuneration packages of individual executive directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages as well as the annual bonuses of the executive directors and the senior management during the year ended 31 December 2018.

The Remuneration Committee held two meetings during the year ended 31 December 2018.

Nomination Committee

The Nomination Committee of the Company was established on 8 October 2010. As at 31 December 2018, the Nomination Committee consists of three members including one non-executive director namely Mr. Jeffrey, Minfang Lu (Chairman), and two independent non-executive directors, namely Mr. Mok Wai Bun Ben and Mr. Cheng Shoutai.

截至2018年12月31日止年度，審核委員會舉行了三次會議及審閱本集團的中期及年度財務業績以及中期報告及年報、有關財務報告、營運及合規監控的重大事宜、風險管理及內部監控系統及內部審核職能的有效性、外聘核數師的委任以及相關工作範圍、關連交易、僱員可就可能發生的不當行為提出關注的安排。

審核委員會亦與外聘核數師進行三次會晤，當中執行董事並無列席。

薪酬委員會

薪酬委員會於2010年10月8日成立。於2018年12月31日，薪酬委員會由五名成員組成，包括三名獨立非執行董事，分別為莫衛斌先生(主席)、程守太先生及李港衛先生，以及兩名非執行董事盧敏放先生及秦鵬先生。

薪酬委員會的職權範圍不比企業管治守則所載條款寬鬆。其主要職責為就與本集團全體董事及高級管理層有關的整體薪酬政策及結構作出評估及向董事會作出建議，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；以及建立具透明度的程序以制訂有關薪酬政策及結構，確保董事或其任何聯繫人並無參與訂定本身的薪酬。

薪酬委員會已審閱本公司的薪酬政策及結構，以及執行董事及高級管理層於截至2018年12月31日止年度內的薪酬待遇及年終花紅。

於截至2018年12月31日止年度內，薪酬委員會舉行了兩次會議。

提名委員會

本公司提名委員會於2010年10月8日成立。於2018年12月31日，提名委員會由三名成員組成，包括一名非執行董事盧敏放先生(主席)，以及兩名獨立非執行董事莫衛斌先生及程守太先生。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

48

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience, etc.

During the year ended 31 December 2018 and up to the date of this annual report, the Nomination Committee reviewed the structure, size and composition of the Board and the independence of independent non-executive directors and considered the qualifications of retiring directors standing for election at the annual general meeting held on 1 June 2018. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

The Nomination Committee held one meeting during the year ended 31 December 2018.

BOARD PROCEEDINGS

Board practices and conduct of meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the directors in advance. Notice of regular Board meetings is served to all the directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with relevant information are sent to all directors at least three days before each Board meeting or committee meeting to keep directors apprised of the latest development and financial position of the Company and to enable them to make decisions. The Board and each director also have separate and independent access to the senior management where necessary.

The senior management normally will attend regular Board meetings and where necessary, other Board and committee meetings, to advise on business development, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

提名委員會的職權範圍不比企業管治守則所載條款寬鬆。提名委員會的主要職責包括檢討董事會的組成、建立及制訂有關提名及委任董事的相關程序、就董事委任及繼任計劃向董事會作出建議，以及評核獨立非執行董事的獨立性。

於評估董事會組成時，提名委員會考慮董事會成員多元化政策所載之各方面，包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識及行業及區域經驗等。

截至2018年12月31日止年度內及截至本年報日期，提名委員會檢討了董事會的架構、人數及組成以及獨立非執行董事的獨立性，並考慮於2018年6月1日所舉行股東周年大會上候選之退任董事之資格。提名委員會認為，董事會多元化各方面已維持適當的平衡。

截至2018年12月31日止年度，提名委員會舉行了一次會議。

董事會程序

董事會常規及舉行會議

董事一般可預先獲提供全年會議日程及各會議的議程草稿。常規董事會會議通告均於會議舉行前最少14日向全體董事發出，而其他董事會及委員會會議的通告則通常會於合理時間內發出。

董事會會議文件連同有關資料，均於各董事會會議或委員會會議舉行前最少3天發送予所有董事，以知會董事有關本公司的最新發展及財務狀況，讓彼等可作出決定。董事會及各董事亦可於有需要時個別及獨立與高級管理層接觸。

高級管理層通常會出席常規董事會會議，並於有需要時出席其他董事會及委員會會議，以就本公司業務發展、財務及會計事宜、法定及監管合規情況、企業管治及其他重大事宜提供意見。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

49

The Company's memorandum and articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at the meetings for approving transactions in which such directors or any of their associates have a material interest.

本公司的組織章程大綱及細則載有條文，規定倘董事或其任何聯繫人於交易中擁有重大利益，則有關董事須於批准該等交易的會議上放棄投票及不計入法定人數。

The secretary of the meetings is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and final versions are open for director's inspection.

會議秘書負責記錄及存置所有董事會會議及委員會會議的會議紀錄。會議紀錄草稿一般於各會議舉行後的一段合理時間內供董事傳閱，以收集意見，而最終版本可供董事查閱。

Attendance Records of Directors

董事出席會議的記錄

The attendance records of each director at the Board meetings, Board committee meetings and the general meetings of the Company held during the year ended 31 December 2018 are set out below:

各董事出席本公司於截至2018年12月31日止年度舉行之董事會議、董事委員會會議及股東大會的記錄載列如下：

Number of Attendance in Person/Number of Meeting(s) 親身出席次數/會議次數

Name of director 董事姓名	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Annual General Meeting ⁽³⁾
					股東周年大會 ⁽³⁾
Mr. Jeffrey, Minfang Lu 盧敏放先生	7/9	—	2/2	1/1	1/1
Mr. Qin Peng 秦鵬先生	9/9	—	2/2	—	0/1
Mr. Zhang Ping, Katty 張平先生	8/9	2/3	—	—	1/1
Ms. Lam Pik Po, Katty ⁽¹⁾ 林碧寶女士 ⁽¹⁾	7/9	—	—	—	1/1
Mr. Hua Li ⁽²⁾ 華力先生 ⁽²⁾	0/1	—	—	—	—
Mr. Chopin Zhang 張平(Chopin Zhang)先生	9/9	—	—	—	1/1
Mr. Mok Wai Bun Ben 莫衛斌先生	8/9	3/3	2/2	1/1	1/1
Mr. Cheng Shoutai 程守太先生	8/9	—	2/2	1/1	1/1
Mr. Lee Kong Wai Conway 李港衛先生	7/9	3/3	1/2	—	1/1

Notes:

附註：

- (1) Resigned on 25 March 2019.
- (2) Resigned on 16 March 2018, no meeting was held on or before 16 March 2018.
- (3) The annual general meeting of the Company was held on 1 June 2018.

- (1) 於2019年3月25日辭任。
- (2) 於2018年3月16日辭任，於2018年3月16日或之前並無舉行任何會議。
- (3) 本公司股東周年大會於2018年6月1日舉行。

Apart from regular Board meetings, an independent non-executive directors' meeting was also held without the presence of the executive director on 26 March 2018.

除定期董事會會議外，亦於2018年3月26日舉行了一次獨立非執行董事會議，會上並無執行董事列席。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

50

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the Group’s code of conduct regarding directors’ securities transactions.

Specific enquiry has been made by the Company with all directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2018.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of directors and senior management of the Group.

The annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2018 is set out below:

進行證券交易的標準守則

董事會已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為本集團有關董事進行證券交易的行為守則。

本公司經向全體董事作出特定查詢後，各董事已確認，於截至2018年12月31日止年度整段期間皆有遵守標準守則。

本公司亦已為可能擁有本公司尚未公佈的內幕消息的僱員制訂進行證券交易的書面指引(「僱員書面指引」)，其條款並不比標準守則寬鬆。本公司並未發現任何僱員不遵守僱員書面指引的事件。

董事及高級管理層的薪酬

本公司已制訂正式且具透明度的程序，以就本集團董事及高級管理層制訂薪酬政策。

截至2018年12月31日止年度，按薪酬組別劃分的高級管理層成員(董事除外)年薪如下：

		Number of individuals 人數
Nil to RMB1,000,000	零至人民幣1,000,000元	1
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	1
Total	總計	2

Details of the remuneration of each of the directors for the year ended 31 December 2018 are set out in Note 9 to the consolidated financial statements.

各董事於截至2018年12月31日止年度內的薪酬詳情載於併財務報表附註9。

Details of the remuneration of the five highest paid individuals of the Group are set out in Note 9 to the consolidated financial statements.

本集團五名最高薪酬人士的薪酬詳情載於合併財務報表附註9。

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and Employee Written Guidelines, the Company's compliance with the CG Code and disclosure in this corporate governance report.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy on 14 December 2018 which sets out the Company's approach on the diversity of the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Company believes that greater diversity of directors is good for corporate governance and is committed:

- To attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talent.
- To maintain a Board with diversity perspectives at all levels, in particular, those aligning with the Company's strategy and objectives.
- To assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.
- To ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.

企業管治職能

董事會負責履行企業管治守則的守則條文第D.3.1條所載的職能。

年內，董事會已審閱本公司的企業管治政策及常規、董事及高級管理層之培訓及持續專業發展、本公司遵守法律及監管規定、遵守標準守則及僱員書面指引的政策及常規、本公司遵守企業管治守則的情況及於本企業管治報告的披露資料。

董事會成員多元化政策

董事會已於2018年12月14日採納董事會成員多元化政策，該政策載列本公司實現其董事會成員多元化的方式。

本公司認同並深信董事會成員多元化裨益良多，並認為提升董事會多元化程度是維持本公司競爭優勢的必要元素。

本公司相信董事更加多元化有利於企業管治並致力於：

- 於廣泛人才庫中招攬並留聘具備各類不同才能的董事會候選人。
- 維持董事會全方位多元化，特別是與本公司策略及目標一致的方面。
- 定期評估董事會及根據本公司繼任計劃下準備獲擢升至董事職位的高級管理層(如適用)的多元化狀況，以及實現多元化目標(如有)的進展。
- 確保董事會職位甄選及提名按適當的程序進行，以便能招徠更多元背景的候選人供本公司考慮。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

52

- To set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions.
- To ensure that changes to the Board's composition can be managed without undue disruption.

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

In reviewing and assessing the Board composition and the nomination of directors (as applicable), Board diversity has to be considered from a number of aspects, including but not limited to the following:

- Gender
- Age
- Cultural and educational background
- Professional qualifications
- Skills, knowledge and industry and regional experience

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendations to the Board.

The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

The Nomination Committee will review the Board diversity policy as appropriate and recommend revisions, if any, to the Board for consideration and approval.

- 設立適當的程序以培養更廣泛及更多元化、技術經驗豐富的高級管理層，為出任董事會職位作準備。

- 確保董事會組成人員的變動不會帶來不適當的干擾。

提名委員會將每年檢討董事會的架構、人數及組成及(如適用)為配合本公司的公司策略而對董事會的變動提出建議。

於檢討及評估董事會組成及董事提名時(視情況而定)，須考慮有關董事會成員多元化的各個方面，包括但不限於：

- 性別
- 年齡
- 文化及教育背景
- 專業資格
- 技能、知識及行業及地區經驗

本公司旨在使董事會成員多元化各方面保持適當平衡，以切合本公司業務發展。

提名委員會將討論及(如需)協定為達致董事會成員多元化的可計量目標並向董事會提出建議。

董事會可不時採納及/或修訂(視情況而定)適用於本公司業務及董事會繼任計劃的有關多元化因素及/或可計量目標(視情況而定)。

提名委員會將適時檢討董事會多元化政策並向董事會建議作出有關修訂(如有)，以供考慮及批准。

DIRECTOR NOMINATION POLICY

The Board has adopted a Director Nomination Policy on 14 December 2018 which sets out the criteria and process in the nomination and appointment of directors of the Company. The policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company as well as the Board continuity and appropriate leadership at Board level.

Criteria for nomination and appointment of directors

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- 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 Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the 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 planning 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.

董事提名政策

董事會於2018年12月14日採納董事提名政策，當中載列本公司提名及委任董事的準則及程序。該政策旨在確保董事會成員具備適合本公司的技能、經驗及多元觀點的平衡並確保董事會的持續性及維持其在董事會層面的適當領導角色。

提名及委任董事的準則

於評估及甄選董事候選人時，應考慮以下準則：

- 品格與誠實。
- 資格，包括與本公司業務及公司策略相關的專業資格、技能、知識及經驗以及董事會成員多元化政策所提述的多元化方面。
- 為實現董事會成員多元化而採納的任何可計量目標。
- 根據香港上市規則，董事會需包括獨立董事的規定，以及參考上市規則所載獨立性指引候選人是否被視為獨立。
- 候選人在資格、技能、經驗、獨立性及性別多元化方面可為董事會帶來的任何潛在貢獻。
- 是否願意及是否能夠投放足夠時間履行身為董事會及/或本公司董事委員會成員的職責。
- 適用於本公司業務及繼任計劃，以及(如適用)董事會及/或提名委員會就提名董事及繼任計劃可能不時採納及/或修訂的有關其他方面。

Nomination process

(a) Appointment of new director

- (i) 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 above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, where applicable.
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to shareholders in respect of the proposed election of director at the general meeting.

提名程序

(a) 委任新董事

- (i) 提名委員會及／或董事會應在收到委任新董事的建議及候選人的履歷資料(或相關詳情)後，依據上文所載標準評估該候選人，以確定該候選人是否合資格擔任董事。
- (ii) 倘程序產生一名或多名合意的候選人，提名委員會及／或董事會應根據本公司的需要及每名候選人的背景調查(如適用)排列彼等的優先次序。
- (iii) 提名委員會隨後應就委任合適人選擔任董事向董事會提出推薦意見(如適用)。
- (iv) 就任何經由股東提名於本公司股東大會上選舉為董事的人士，提名委員會及／或董事會應依據上文所載標準評估該候選人，以確定該候選人是否合資格擔任董事。

如合適，提名委員會及／或董事會應就於股東大會上選舉董事的提案向股東提出推薦意見。

(b) Re-election of director at general meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendations to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

DIVIDEND POLICY

The Board adopted a Dividend Policy on 14 December 2018 which sets 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 of the Company.

A summary of the dividend policy is set out below:

1. 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.

(b) 於股東大會上重選董事

- (i) 提名委員會及／或董事會應檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現。
- (ii) 提名委員會及／或董事會亦應檢討及確定退任董事是否仍然符合上述標準。
- (iii) 提名委員會及／或董事會應就於股東大會上重選董事的提案向股東提出推薦意見。

倘董事會擬於股東大會上提呈決議案委任或重選某候選人為董事，候選人的有關資料將會按上市規則及／或適用法律及法規，載入隨附有關股東大會通告的致股東通函及／或說明函件中。

提名委員會將定期檢討董事會的架構、人數及組成以及本政策，並在適當時為配合本公司的企業策略及業務需求而提出有關變動董事會的建議。

股息政策

董事會已於2018年12月14日採納股息政策，當中載有本公司對宣派、派付或分派其純利作為本公司股東股息擬應用的準則及指引。

股息政策概要載列如下：

1. 於建議或宣派股息時，本公司應維持足夠現金儲備，以應付其營運資金需求、未來增長以及其股東價值。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

56

2. The Company intends to distribute part of the annual net profits of the Group or other special dividend amount approved by the Board as dividends to its shareholders, subject to the conditions and factors as set out below. No specific dividend proportion has been currently adopted.
 3. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of the Association of the Company and all applicable laws and regulations and the factors set out below.
 4. The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:
 - 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.
 5. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:
 - interim dividend;
 - final dividend;
 - special dividend; and
 - any distribution of net profits that the Board may deem appropriate.
2. 受下列條件及因素所限，本公司擬分派本集團的部分年度純利或董事會批准的其他特定股息金額作為給予本公司股東的股息。目前概無採納特定股息比例。
 3. 根據本公司組織章程細則、所有適用法律及法規以及下列因素，董事會可酌情宣派及分派股息予本公司股東。
 4. 董事會在考慮宣派及派付股息時，應同時考慮下列有關本集團的因素：
 - 財務業績；
 - 現金流狀況；
 - 業務狀況及策略；
 - 未來營運及收益；
 - 資金需求及支出計劃；
 - 股東的利益；
 - 任何派付股息的限制；及
 - 董事會可能視為相關的任何其他因素。
 5. 視乎本公司及本集團的財政狀況以及上述條件及因素，董事會可在財政年度或期間建議及／或宣派下列股息：
 - 中期股息；
 - 末期股息；
 - 特別股息；及
 - 任何董事會認為合適的純利派付。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

57

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| <p>6. Any final dividend for a financial year will be subject to shareholders' approval.</p> <p>7. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.</p> <p>8. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.</p> | <p>6. 財政年度的任何末期股息均須由股東批准。</p> <p>7. 本公司可以現金或以股代息方式或董事會認為合適的其他形式宣派及派付股息。</p> <p>8. 任何未領取的股息應被沒收及應根據本公司組織章程細則復歸本公司。</p> |
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The Board will review the dividend policy as appropriate from time to time.

董事會將在適當時不時檢討股息政策。

ACCOUNTABILITY AND AUDIT

Directors' responsibilities for financial reporting in respect of financial statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2018.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of insider information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this Annual Report.

問責性及審核

董事就有關財務報表的財務報告的責任

董事確認負有編製本公司截至2018年12月31日止年度的財務報表之責任。

董事會負責呈報平衡、清晰及容易明白的年報及中期報告評估、有關披露內幕消息的公告及其他根據上市規則及其他法定和監管要求所規定的披露。

管理層已向董事會提供相關所需解釋及資料，讓董事會可以就本公司財務報表作出知情的評估，而有關財務報表已提交董事會審批。

董事會並不知悉有關可能對本集團持續經營能力構成重大疑問之事件或情況之任何重大不確定因素。

本公司獨立核數師有關其就綜合財務報表的申報責任的聲明載於本年報的獨立核數師報告。

RISK MANAGEMENT AND INTERNAL CONTROL

風險管理及內部監控

The Board acknowledges that it is responsible for the risk management and internal control systems, and that it has the responsibility to review their effectiveness on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance that there will be no material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board is the highest decision-making authority for overall corporate risk management, and is mainly responsible for performing the following risk management duties.

During 2018, the Audit Committee reviewed whether or not the risk management and internal control systems of the Company were effective and adequate on behalf of the Board, submitted a report to the Board on a proposed increase in the number of internal audit staff and established a risk control committee composed of the members of the Board and the department heads of the Group pursuant to the guidelines of the Listing Rules. By establishing a comprehensive risk management organizational system, the Group carried out risk management effectively, clarified decision-making, execution, supervision and other risk management responsibilities, formed a scientific and effective system with division of duties and set up three lines of defense for risk management. The first line of defense consisted of the centres, marketing and sales affairs divisions and factories directly in charge of risk management; the second line of defense comprised the risk and internal control management committee and the risk management division of the audit centre in charge of the overall planning and supervising of risk management; and the third line of defense was composed of the Audit Committee and the internal audit division of the audit centre in charge of verifying risk management.

董事會知悉其須對風險管理及內部監控系統負責，並有責任持續檢討該等系統的有效性。該等系統旨在管理而非消除未能達成業務目標的風險，而且僅能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

董事會有整體責任評估及釐定本公司為達成戰略目標時所願意承擔的風險性質及程度，並設立及維持適切及有效的風險管理及內部監控系統。董事會是公司整體風險管理的最高決策機構，主要履行以下風險管理職責。

於2018年，審核委員會已代表董事會檢討本公司風險管理及內部監控系統是否有效及足夠，並已向董事會提交報告建議提升內部審核人員數目，並根據上市規則指引成立風險監控委員會，該委員會由董事會成員及本集團部門負責人組成。本集團通過建立全面風險管理組織體系，有效實施風險管理工作，明確決策、執行、監督等方面的風險管理職責，形成科學有效的職責分工體系，建立風險管理三道防線，即各中心、營銷事業部及工廠為第一道防線，是風險管理的直接責任者；風險與內控管理委員會以及審計中心風險管理部為第二道防線，是風險管理的統籌策劃和監督者；審核委員會和審計中心內部審計部為第三道防線，是風險管理的驗證者。

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The Audit Committee is the supervisory and evaluation office of risk and internal control management, which guides and supervises the Group in carrying out risk management. The risk and internal control management committee, being a committee established under the Audit Committee, is the highest coordination and business affairs office for risk management. The committee is composed of the first level officials in charge of various centres, marketing and sales affairs divisions and factories, and chaired by the chief executive officer of the Group. The risk management division is directly under the audit centre of the Group, reporting to the head of the audit centre. As the centralized management department of the Group's risk management, the risk management division is responsible for the Company's day-to-day arrangement, coordination, supervision, analysis and reporting of risk management.

The risk management division has developed a "Risk Management Workflow", which divides the workflow into five major sections, namely (I) risk identification, (II) risk assessment, (III) risk response, (IV) risk monitoring and (V) risk management reporting, and clarifies and unifies the workflow trend of risk management as well as the roles and functions of relevant departments, implementation steps and so on. To regulate the system and set out unified management requirements for workflow execution, the department has specifically set out the work requirements for each section in the workflow as follows:

(I) Risk identification

Risk identification is the first step and the basis for risk management. It refers to the process of analysing and discovering, by the staff in each business area and at each level of the Company, the potential factors that may impact on the achievement of business objectives. The Group may take the initiative to select appropriate, effective ways to cope with and handle risks only if it is able to identify its own risks comprehensively and correctly.

審核委員會協助董事會領導管理層並監督彼等對風險管理及內部監控系統之設計、實施及監控。審核委員會是風險與內控管理工作的監督評價機構，對本集團開展風險管理工作進行指導和監督。風險與內控管理委員會作為審核委員會下設委員會，為風險管理的最高協調及議事機構。該風險委員會由各中心、營銷事業部及工廠的第一負責人組成，委員會主席由本集團行政總裁擔任。風險管理部直屬本集團審計中心，向審計中心負責人彙報。作為本集團風險管理工作的歸口管理部門，風險管理部負責本公司日常風險管理組織、協調、監督、分析和報告工作。

風險管理部制定了《風險管理工作流程》，將風險管理流程分為(一)風險識別、(二)風險評估、(三)風險應對、(四)風險監控及(五)風險管理報告五個主要環節，明確和統一了風險管理的流程走向、相關部門的角色職能和實施步驟等。為了規範系統和列明流程執行中的統一管理要求，該部門特規定各流程環節中的工作要求，具體如下：

(一) 風險識別

風險識別是風險管理的第一步，也是風險管理的基礎，其是指本公司各業務領域、各層級人員對可能影響企業目標實現的潛在因素進行分析、發現的過程。只有全面、正確地識別出自身所面臨的風險，本集團才能主動選擇適當有效的方法進行應對處理。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

60

The Group's risk identification is carried out in two main lines. The first one is a routine check on risk identification arranged and initiated by the risk management division once a year, and the second one is a temporary risk identification initiated by each of the centres, marketing and sales affair divisions and factories in line with the management needs. The job requirements for risk identification are as follows:

- (1) Time of risk identification: the Group will initiate routine risk identification for the coming year in the fourth quarter of each year. The risk management division will issue the relevant notice and collect internal and external information (such as changes in China's relevant policies or industry regulatory requirements, the Company's strategic and operational objectives for the current period as well as major findings on the risk management and internal audit supervision for the previous year) for the preparation of annual risk alerts;
- (2) Scope of risk identification: there are inherent risks in conducting any business activities. All the centres, marketing and sales affairs divisions and factories are required to organize risk identification on a unified basis according to the required dates of starting and ending the risk identification as notified by the risk management division. Management staff and risk counterpart staff at each level are the main organizers of risk identification and are required to boost the risk management awareness among all staff internally and to comprehensively identify various internal and external risks which impact on the achievement of objectives;
- (3) Areas of risk identification: in commencing a risk identification process, each centre, marketing and sales affairs division and factory are required to sort out and collect risks comprehensively and systematically in line with the Group's risk management framework which consists of seven dimensional areas including strategy, market, finance, operations, law and compliance, quality and food safety as well as sustainable development, taking into account the factors that impact on the achievement of the Company's business objectives;
- (4) Principle of risk identification: it is necessary to follow the three basic principles including comprehensiveness, systematicness and continuity;

本集團風險識別工作分兩條主線開展，一為由風險管理部組織發起的一年一次例行風險識別盤點，二為各中心、營銷事業部及工廠根據管理需要發起的臨時性風險識別。風險識別的工作要求如下：

- (1) 風險識別的時限：本集團每年第四季度將例行啟動下年度風險識別工作，由風險管理部下發相關通知，並收集內外外部信息(如國家有關政策或行業監管要求的調整、本公司當期戰略目標和運營目標、上年度風險管理與內部審計監督重大發現等信息)，以編製年度風險提示；
- (2) 風險識別的範圍：任何業務活動開展均存在固有風險，各中心、營銷事業部及工廠需根據風險管理部通知的風險識別起止時間要求，統一組織開展風險識別工作。各層級管理人員及風險對接人是風險識別的主要組織者，需在內部倡導全員風險管理的意識，全面識別影響目標達成的內外部各種風險；
- (3) 風險識別的領域：各中心、營銷事業部及工廠在開展風險識別的過程中，需根據本集團風險管理框架，從戰略、市場、財務、運營、法律與合規、質量與食品安全、可持續發展七個維度全面、系統地進行風險梳理和收集，綜合考慮影響本公司業務目標達成的因素；
- (4) 風險識別的原則：需遵循三項基本原則包括全面性、系統性和連續性；

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

61

- (5) Method of risk identification: Employing the risk identification methods commonly used by enterprises as well as a variety of ways and methods to collect a wide range of risks associated with the Group's business areas;
- (6) Summarizing and submitting findings on risk identification: risk counterpart staff of each centre, marketing and sales affairs division and factory are required to describe each risk identified strictly in accordance with the Company's common risk language and compile a list of risks identified at the centre/marketing and sales affairs division/factory level which, after being verified and confirmed by the centre, marketing and sales affairs division and factory manager, shall be submitted by the risk counterpart staff of centre, marketing and sales affairs division and factory to the risk management division of the Group's audit centre;
- (7) Organization of risk seminars: specifically for the findings on risk identification submitted by each centre, marketing and sales affairs division and factory, the risk management division is required to sort out the differences regarding the unclearly defined leading role in risk management and incomplete description of risks;
- (8) Establishment and improvement of the risk database: the risk management division is required to establish and improve the risk database of the Group as an essential basis for risk management based on the findings on risk identification submitted by each centre, marketing and sales affairs division and factory annually;
- (9) Other requirements: in addition to the routine risk identification carried out by the Group each year, the centres, marketing and sales affairs divisions and factories are required to carry out temporary risk identification in line with their own internal actual situations. The workflow and methods shall be carried out with reference to the above criteria.
- (5) 風險識別的方法：利用企業常用的風險識別方法及通過多種途徑和方法廣泛收集本集團業務領域相關的風險；
- (6) 風險識別結果匯總與報送：各中心、營銷事業部及工廠風險對接人需將識別的每項風險嚴格按照本公司統一的風險語言進行描述，形成中心／營銷事業部／工廠層面的風險識別清單，經各中心、營銷事業部及工廠負責人審核確認後，由各中心、營銷事業部及工廠的風險對接人報送本集團審計中心風險管理部；
- (7) 風險研討會的組織：針對各中心、營銷事業部及工廠報送的風險識別結果，風險管理部需對存在風險管理主導職責不清、風險描述不完整等存異內容進行整理；
- (8) 風險數據庫的建立和完善：風險管理部需根據每年度各中心、營銷事業部及工廠報送的風險識別結果，建立和完善本集團風險數據庫，作為風險管理的重要依據；
- (9) 其他要求：在每年本集團例行開展的風險識別之外，各中心、營銷事業部及工廠需根據彼等各自的內部實際情況組織開展臨時的風險識別工作，工作流程和方法參照以上標準執行。

(II) Risk assessment

Risk assessment refers to the risk assessment conducted on the basis of the possibility of occurrence and the degree of impact of a risk. In particular, possibility refers to the probability of occurrence of a risk, and the degree of impact means the degree of impact of the occurrence of a risk created on the target. The scope of impact covers daily operations, laws and regulations, financial loss, food hygiene and safety, environmental protection, corporate reputation and so on. By comparing various risks, the significant risks are arranged, and the priority to manage these risks in chronological order and the strategies to cope with them are determined initially. The specific job requirements include:

- (1) the cycle of a risk assessment (conduct regularly once a year);
- (2) to carry out a risk assessment at different levels;
- (3) to assess and identify significant risks at different levels;
- (4) to build up a team of risk assessment experts;
- (5) to set risk score weight across centres/marketing and sales affairs divisions/factories.

(III) Risk response

Risk response refers to the strategies and plans determined by each level of the management for responding to risks in line with the Company's own conditions and the external environment, with a focus on the management intent determined in the Company's development strategy upon assessment of the relevant risks. Risk response shall take into account the growth objectives and the balance between risk and opportunity, and focus on emphasized management of and response to significant risks at each level. The specific workflow includes:

- (1) to determine the main unit in charge of the Group's significant risks;
- (2) to make preparations for responding to and notifying of risk;
- (3) to develop strategies for analysing and responding to risks;
- (4) to execute and modify measures for responding to risks.

(二) 風險評估

風險評估是指基於風險發生的可能性和影響程度進行評估，其中可能性是指風險發生的概率，影響程度是指風險發生對目標產生的影響程度，影響範圍包括：日常運營、法律法規、財務損失、食品衛生安全、環境保護、公司聲譽等。通過對各項風險進行比較排列出重大風險，並初步確定優先管理順序和應對策略。具體工作要求包括：

- (1) 風險評估的周期(每年例行展開一次)；
- (2) 分層次開展風險評估；
- (3) 分層次評估確定重大風險；
- (4) 風險評估專家團隊建設；
- (5) 跨中心／營銷事業部／工廠風險評分權重的設定。

(三) 風險應對

風險應對是指本公司根據自身條件和外部環境，圍繞本公司發展戰略確定的管理意圖，通過對相關風險進行了評估之後，本公司各級管理層應確定風險應對策略以及應對方案。風險應對需綜合考慮成長目標和風險與機會的平衡，聚焦各層次重大風險進行重點管理和應對。具體工作流程包括：

- (1) 本集團重大風險主負責單位確定；
- (2) 風險應對準備與通知；
- (3) 風險分析與應對策略制定；
- (4) 風險應對措施執行與變更。

(IV) Risk monitoring

Risk monitoring is a mechanism or method used by the management to understand and determine whether risk management is functioning continuously and effectively under the changing internal and external environment. It is a continuous process aimed at evaluating the effectiveness of risk control, detecting control deficiencies and making improvement in a timely manner. The specific work requirements are as follows:

- (1) Division of duties in risk monitoring: significant risks at Group level are monitored by the risk management division throughout the process. The risk management division conducts random checks while significant risks of centre/marketing and sales affairs division/factory level are monitored by the risk counterpart staff of the centres/marketing and sales affairs divisions/factories throughout the process;
- (2) Frequency of risk monitoring: significant risks at Group level are monitored quarterly, while significant risks at centre/marketing and sales affairs division/factory level are monitored quarterly or monthly by the centres/marketing and sales affairs divisions/factories on a selective basis;
- (3) Particulars of risk monitoring: risk monitoring covers the implementation and effectiveness of strategies for responding to significant risks at each level as well as the monitoring and early warning of significant risk events and related risk information within the industry.

(V) Risk management reporting

Risk management reporting includes the report submitted to the superior risk management division annually as well as the information and communication details generated in each part of the process of carrying out risk management. The specific requirements for risk management reporting are as follows:

- (1) Risk management reporting to the Audit Committee: report at least once a year, as required by the Audit Committee;

(四) 風險監控

風險監控是指管理層用於瞭解、確認風險管理工作是否在內外部環境的不斷變化過程中持續、有效地發揮作用的機制或方法，是一個旨在評價風險監控的有效性，發現監控缺陷，並及時進行改進的持續過程。具體工作要求如下：

- (1) 風險監控職責分工：本集團層面重大風險由風險管理部全程監控；中心／營銷事業部／工廠層面重大風險由中心／營銷事業部／工廠風險對接人全程監控，風險管理部不定期抽查；
- (2) 風險監控頻次：本集團層面的重大風險監控頻次為季度；中心／營銷事業部／工廠層面的重大風險監控頻次為季度或月度，由各中心／營銷事業部／工廠選擇性執行；
- (3) 風險監控內容：包括各層級重大風險應對策略的執行情況與成效、重大風險事件和行業內相關風險信息的監測預警。

(五) 風險管理報告

風險管理報告包括每年度向上級風險管理部門報送的報告和風險管理工作推進中每個流程環節產生的信息與溝通資料。風險管理報告的具體要求如下：

- (1) 向審核委員會的風險管理報告：根據審核委員會的要求，每年度至少彙報一次；



CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

64

- (2) Reporting to the risk and internal control committee: report at least twice a year, as required by the risk and internal control committee;
- (3) Other risk management forms and reports: while the risk management system and workflow (refers to risk identification, assessment, response and monitoring) are being carried out, the centres/marketing and sales affairs divisions/factories shall, as required by the risk management division, submit all kinds of process management form and information report in a timely and quality manner to ensure that the Group's risk management information is communicated and reported smoothly.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2018.

- The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.
- Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

- (2) 向風險與內控管理委員會的報告：根據風險與內控管理委員會的要求，每年度至少彙報兩次；

- (3) 其他風險管理表單與報告：在風險管理體系和流程(指風險識別、評估、應對、監控環節)推進的過程中，各中心／營銷事業部／工廠需根據風險管理部的要求按時保質報送各類過程管理表單和資料，保證本集團風險管理資料溝通與報告通暢。

管理層已向董事會及審核委員會確認截至2018年12月31日止年度就有關風險管理及內部監控系統的成效。

- 本公司已制訂披露政策，向本公司董事、高級行政人員、高級管理層及相關員工就處理保密資料、監察披露資料及回應查詢提供一般指引。
- 監控程序已經實施，以確保嚴禁未經授權訪問與使用內幕消息。

CONNECTED TRANSACTIONS MANAGEMENT SYSTEM

For any transaction proposed to be conducted between the Group and its connected persons, the Company may be required to publish a connected transaction announcement under the Listing Rules if such transaction constitutes a connected transaction as defined under the Listing Rules and the proposed transaction amount is above certain threshold.

To ensure the strict compliance with such requirements by all departments, the Company has implemented the Management System for Transactions between the Company and External Related Party (《公司與外部關連方交易管理制度》) with effect from September 2017, details of which are as follows:

- (i) All business departments of the Company shall act as the first gatekeeper prior to the occurrence of transaction, paying close attention to any business activity which may constitute a connected transaction and notifying the compliance department in writing for identification, assessment and determination prior to the occurrence of transaction or during the contract-drafting stage.

In the event that the proposed transaction amount meets the disclosure requirement:

- if the transaction is identified as a non-continuing connected transaction, the business department shall enter into business contract to specify the contract term (no more than one year) and the fixed transaction amount. Meanwhile, the compliance department will publish a non-continuing connected transaction announcement.
- if the transaction is identified as a continuing connected transaction, (1) the term of the relevant business contract shall be at least two years but no more than three years; (2) the business department shall estimate the annual transaction amounts and determine the annual transaction cap with the compliance department; (3) the business department shall keep proper record to avoid the actual annual transaction amount exceeding the annual cap; (4) the business department shall provide explanations in the case that the term of the continuing connected transaction lasts for only one year or below due to some exceptional reasons.

關連交易管理制度

本集團與其關連人士擬產生交易，若屬於上市規則規定範疇下的關連交易，在擬交易金額超過一定限度的情況下，本公司可能須根據上市規則刊發關連交易公告。

為使各部門嚴格執行有關規定，本公司已於2017年9月起實施《公司與外部關連方交易管理制度》，具體安排如下：

- (一) 本公司各業務部門須自覺把好第一道關(交易發生前的把關口)，重視可能構成關連交易的任何商業行為，在產生交易前或合同草擬階段，以書面形式知會合規部進行識別、評估及判定。

在擬交易金額滿足披露要求條件下：

- 若識別為非持續關連交易，業務部門須確保簽訂業務合同，約定合同期限(不超過1年)以及交易固定金額，同時合規部將安排刊發非持續關連交易公告。
- 若識別為持續關連交易，則：(1) 有關業務合同期限須至少釐定為2年，不得超過3年；(2) 業務部門須對每年交易金額做出預估，並與合規部共同釐定年度交易上限；(3) 業務部門須做好業務統計，避免每年實際交易額超越年度上限；(4) 若出於特殊原因，持續關連交易合同期限僅釐定為1年或1年以下，業務部門須提供解釋。



CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

66

- (II) The legal department of the Company shall act as the second gatekeeper for connected transactions prior to the occurrence of transaction. Through contract management and control, the legal department shall notify the compliance department for identification, assessment and determination in the event that any contract to be signed is identified as one that may constitute an connected transaction.
- (二) 公司法務部門是把控關連交易的第二道關(交易發生前的把關口)。法務部門通過對合同的管理及把控,若發現任何可能構成關連交易的待簽合同,須知會合規部進行識別、評估及判定。
- (III) The finance department of the Company acting as the third gatekeeper for connected transactions, and the compliance department, are jointly responsible for, among others, gathering information for disclosure of continuing connected transactions pursuant to the Listing Rules and on-going monitoring of all the continuing connected transactions of the Group. The finance department will keep an eye on the nature of the transactions when reviewing contracts to be signed, and shall notify the compliance department immediately for identification, assessment and determination in the event that any transaction could possibly constitute a connected transaction. It, together with the compliance department, shall also review and monitor the connected transaction related information, including aggregate transaction amounts and monthly trend of connected transactions that have been announced, on a monthly basis.
- (三) 公司財務部門是把控關連交易的第三道關。財務部及合規部共同負責(其中包括)為持續關連交易根據上市規則須披露的事項收集資訊,以及共同持續監控本集團所有持續關連交易。財務部在審視待簽的合約時,將關注有關交易的性質,並就任何可潛在構成關連交易之交易,即時通知合規部,以便該部門執行辨識、評估及鑑定工作。財務部聯同合規部應每月審視及監控持續關連交易的相關資訊,包括已公佈的關連交易的總交易額及每月趨勢。

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 118 to 123 of this Annual Report.

During the year ended 31 December 2018, the remuneration paid/payable to the Company's auditors, Ernst & Young, Certified Public Accountants, is set out below:

Category of services	服務類別	Fee paid/payable 已付/應付費用 RMB'000 人民幣千元
Annual audit services	年度審核服務	2,309
Interim review services	中期審核服務	380
Other assurance services	其他鑒證服務	294
Total	合計	2,983

COMPANY SECRETARY

Ms. Wu Miu Wah was the company secretary of the Company during the year ended 31 December 2018. Ms. Wu is a senior manager of the Corporate Services Department of Tricor Services Limited and is not an employee of the Company. On 10 April 2019, Ms. Wu resigned and Mr. Kwok Wai Cheong, Chris was appointed as company secretary of the Company. Mr. Kwok is the financial controller and company secretary of Mengniu Dairy, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwok is not an employee of the Company. Ms. Wu and Mr. Kwok will contact the management of the Company and report to the Board chairman and/or the chief executive through Mr. Eric Fang of Investment Management Division, when necessary. Ms. Wu has confirmed that she has taken no less than 15 hours of relevant professional trainings during the year ended 31 December 2018.

外聘核數師及核數師的薪酬

本公司外聘核數師有關其對財務報表的申報之責任聲明載於本年報第118至123頁的「獨立核數師報告」。

截至2018年12月31日止年度，本公司已付/應付本公司核數師安永會計師事務所(註冊會計師)的薪酬載列如下：

公司秘書

胡妙華女士為本公司截至2018年12月31日止年度的公司秘書。胡女士為卓佳專業商務有限公司企業服務部高級經理，並非為本公司僱員。於2019年4月10日，胡女士辭任，同時郭偉昌先生獲委任為本公司公司秘書。郭先生為蒙牛乳業的財務總監兼公司秘書，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。郭先生並非為本公司僱員。胡女士及郭先生將於有需要時透過投資管理部方紹東先生與本公司管理層聯繫，並報告董事會主席及/或行政總裁。胡女士已確認其於截至2018年12月31日止年度已參與不少於15小時的相關專業培訓。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

68

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

與股東的溝通及投資者關係

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

本公司認為，與股東進行有效溝通，乃提升投資者關係及讓投資者瞭解本集團業務表現及策略的要素。本公司亦深明透明度及適時披露公司資料的重要性，其將有助股東及投資者作出最佳投資決定。

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees, are available to answer shareholders' questions at general meetings.

本公司致力與股東持續對話，特別是透過股東周年大會及其他股東大會。本公司的股東大會為董事會與股東溝通提供一個平台。董事會主席及提名委員會、薪酬委員會及審核委員會主席(如未能出席，則為各委員會的其他成員)，會於股東大會上回答股東提問。

The Company has not made any changes to its memorandum and articles of association in the year of 2018. The Company's memorandum and articles of association is available on the websites of the Company (www.yashili.hk) and the Stock Exchange (www.hkexnews.hk).

本公司於2018年度並無對其組織章程大綱及細則作出任何改動。本公司的組織章程大綱及細則登載於本公司的網站(www.yashili.hk)及聯交所的網站(www.hkexnews.hk)。

To promote effective communication, the Company maintains a website (www.yashili.hk), where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are available for public access.

為促進有效溝通，本公司設有網站(www.yashili.hk)，刊載有關本公司財務資料、企業管治常規及其他資料的最新情況，以供公眾查閱。

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each separate substantial issue at general meetings, including the election of directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

The procedures for shareholders of the Company to propose a person for election as a director are available on the Company's website (www.yashili.hk).

Policy relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSAL AT GENERAL MEETING

Article 58 of the Company's Articles of Association provides that any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

股東權利

為保障股東利益及權利，本公司將於股東大會上就各獨立重大事項(包括選舉董事)提呈獨立決議案。

根據上市規則，所有於股東大會上提呈的決議案將以投票方式表決。表決的結果將於各股東大會後刊登於本公司及聯交所的網站。

本公司股東提名人士參選董事的程序登載於本公司網站(www.yashili.hk)。

有關股東的政策

本公司已採取一項股東溝通政策，以確保股東的意見及問題得以適當解決。本公司定期審閱該政策以確保其有效性。

股東召開股東特別大會及於股東大會上提呈建議的程序

本公司組織章程細則第58條規定，任何一位或以上於遞呈要求當日持有不少於附有於本公司股東大會上投票權之本公司繳足股本之十分之一的本公司股東於任何時候均有權透過向本公司董事會或公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何事項，且該大會應於遞呈該要求後2個月內舉行。倘遞呈後21日內，董事會未能召開該大會，則遞呈要求人士可自行以同樣方式召開大會，而遞呈要求的人士因董事會未有召開大會而合理產生的所有開支應由本公司向要求人作出償付。

CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

70

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the Company:

Address: Room A, 32nd Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Telephone: +852 2845 1230
Fax: +852 2845 1231
Email: ir@yashili.cn
Contact person: Mr. Eric Fang

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

向董事會作出查詢

股東可以書面形式向本公司寄發查詢，藉以向董事會作出任何查詢。本公司一般不會處理口頭或匿名查詢。

聯絡資料

股東可如上文所述向本公司寄發彼等的查詢或要求：

地址：香港
銅鑼灣
告士打道262號
中糧大廈32樓A室

電話：+852 2845 1230
傳真：+852 2845 1231
電郵：ir@yashili.cn
聯絡人：方紹東先生

為免生疑問，股東必須將正式簽署之書面要求、通知或聲明或查詢(視情況而定)之正本存放及寄發至上述地址，並提供彼全名、聯絡資料及身份，以使其生效。股東資料可能根據法律規定予以披露。

DIRECTORS AND MANAGEMENT BIOGRAPHIES

董事及管理層履歷

71

NON-EXECUTIVE DIRECTORS

Mr. Jeffrey, Minfang Lu

Aged 50, was appointed as the Chairman of the Board, the Chairman of the Nomination Committee of the Board and a member of the Remuneration Committee of the Board, and was redesignated as a non-executive director of the Company on 15 September 2016. Mr. Lu was a director for each of the following subsidiaries of the Company, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited (“Newou”) and Scient International Group Limited from 27 April 2015 to 9 January 2017. Mr. Lu is currently an executive director and the CEO of Mengniu Dairy as well as a non-executive director and the chairman of the board of China Modern Dairy Holdings Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1117). Mr. Lu was the Vice President (Greater China) of Danone Early Life Nutrition Greater China and had been with the Danone Group and Dumex Baby Food Co., Ltd. (“Dumex China”) for over 10 years. During the tenure at the Danone Group, he demonstrated strong strategic business and market planning capabilities. With strong leadership, management skills and in-depth knowledge of markets, Mr. Lu contributed significantly to the success of the Danone Group’s baby nutrition business in China. Prior to joining the 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 serving in general manager or executive level roles for over 9 years. He has extensive experience in the management of fast-moving consumer products and dairy companies and has an excellent grasp and the in-depth knowledge of the PRC market. Mr. Lu obtained his Bachelor degree from Shanghai Fudan University.

非執行董事

盧敏放先生

50歲，於2016年9月15日獲委任為本公司董事會主席、董事會提名委員會主席及薪酬委員會成員，並同時調任為本公司非執行董事。盧先生曾於2015年4月27日至2017年1月9日期間擔任本公司以下附屬公司之董事：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（「新歐」）及施恩國際集團有限公司。盧先生目前擔任蒙牛乳業之執行董事及行政總裁，以及中國現代牧業控股有限公司（一間在聯交所主板上市的公司，股份代號：1117）之非執行董事及董事會主席。盧先生曾擔任達能早期生命營養品公司大中華區副總裁，曾服務達能集團及多美滋嬰幼兒食品有限公司（「多美滋中國」）超過10年。彼在達能集團任職期間已展現了非凡的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，幫助達能集團在中國的嬰幼兒營養品業務取得了巨大的成功。加入達能集團前，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年的經驗，亦擔任總經理或高層管理人員職務超過9年。盧先生具有豐富的快速消費品及乳品公司管理經驗，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 MANAGEMENT BIOGRAPHIES (CONTINUED) 董事及管理層履歷(續)

72

Mr. Qin Peng

Aged 63, was appointed as a non-executive director of the Company and a member of the Remuneration Committee on 27 April 2015 and 5 June 2015 respectively. Mr. Qin has been appointed as the Chairman of China division of the Danone Group since 2007, and has a deep knowledge and understanding of international and Chinese business and culture. Mr. Qin joined the Danone Group in 1983. Mr. Qin was appointed as the vice president of the China Operation division of the Danone Group from 1997 to 2006 and as the vice president of the Corporate Development division of the Danone Group in Asia Pacific from 1995 to 1996. Mr. Qin served as the general manager of Amoy Foods Limited in Hong Kong from 1991 to 1994 and as the general manager of Guangzhou Danone Yogurt Company Limited from 1988 to 1990. Mr. Qin was engaged in Danone's marketing and sales operations in France when he joined the Danone Group and has moved to Asia since 1988. Mr. Qin graduated from the Rene Descartes University with a Bachelor degree and from the Paris Institute of Political Sciences with a Master degree.

Mr. Zhang Ping

Aged 54, was appointed as a non-executive Director of the Company and a member of the Audit Committee on 27 April 2015. Mr. Zhang was appointed as the authorized representative of the Company on 16 March 2018. He has been also a director of Yashili International Group Limited, a subsidiary of the Company, since 27 April 2015. Mr. Zhang joined the Mengniu Group in 2014 and is currently the chief financial officer of Mengniu Dairy. He has over 25 years of experience in the industry of fast-moving consumer goods, specializing in the management of operation, finance and audit as well as risk control. Mr. Zhang successively worked as the manager of internal audit and system development, finance director in Swire Beverages Co., Ltd., general manager of its bottler manufacturing company and chief executive officer in Coca-Cola Bottler Manufacturing Holdings Limited. Mr. Zhang graduated from Beijing Information Science and Technology University with a Master degree in management engineering. Mr. Zhang has also been a non-executive director of China Modern Dairy Holdings Ltd. (stock code: 1117) since 22 March 2016.

秦鵬先生

63歲，於2015年4月27日及2015年6月5日分別獲委任為本公司非執行董事及薪酬委員會成員。秦先生自2007年起獲委任為達能集團中國區主席，秦先生對國際及中國的商務及文化皆具有深入的知識和瞭解。秦先生於1983年加入達能集團。秦先生於1997年至2006年獲委任為達能集團中國營運部副總裁，於1995年至1996年獲委任為達能集團亞太區企業發展部副總裁。秦先生於1991年至1994年間出任香港淘化大同食品有限公司總經理，於1988年至1990年間出任廣州達能酸乳酪有限公司總經理。秦先生加入達能集團後先在達能法國公司從事營銷及銷售工作，自1988年起移駐亞洲。秦先生為法國巴黎第五大學(Rene Descartes University)學士畢業生及巴黎政治學院(Institute of Political Sciences)碩士畢業生。

張平先生

54歲，於2015年4月27日獲委任為本公司非執行董事及審核委員會成員。於2018年3月16日，張先生獲委任為本公司之授權代表。自2015年4月27日起，彼亦出任本公司附屬公司雅士利國際集團有限公司之董事。張先生於2014年加入蒙牛集團，現任蒙牛乳業首席財務官。彼於快速消費品行業累積超過25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，及可口可樂裝瓶生產控股有限公司首席執行官。張先生於北京信息科技大學管理工程學專業畢業，取得研究生學歷。張先生亦於2016年3月22日起出任中國現代牧業控股有限公司(股份代號：1117)之非執行董事。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED) 董事及管理層履歷(續)

73

EXECUTIVE DIRECTOR

Mr. Chopin Zhang

Aged 54, was appointed as the CEO and an executive director of the Company on 1 January 2017. Mr. Zhang is one of the authorized representatives of the Company. Mr. Zhang has also been a director for each of the following subsidiaries of the Company, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited since 10 January 2017. Mr. Zhang has over 30 years' experience in production and supply chain management and has extensive management experience in the food and beverage industry. Mr. Zhang served as the chief executive officer of Food Union (China) Co., Ltd. ("Food Union") from August 2015 to December 2016 and devoted to the establishment and development of Food Union's business in China. Food Union is a global manufacturer of dairy products and ice cream. Prior to joining Food Union, Mr. Zhang served as the operation director of Dumex China from March 2010 to July 2015 and was responsible for the operation, supply chain and procurement of Dumex China, and has made important contribution to the development of Dumex China's business. Prior to joining Dumex China, Mr. Zhang held positions in a number of famous multinational corporations, including serving as the supply chain director (Greater China) of Starbucks and the General Manager of Starbucks China Trading Company, and holding various positions with Owens Corning (a global leader in the development and production of construction materials and fiberglass composites), Nike (leading global sports brand), Johnson & Johnson (the world's leading manufacturer of medical devices, pharmaceutical and consumer healthcare products) and American Standard (the world's leading manufacturer of bath and kitchen products), specializing in production and supply chain consolidation and management. Mr. Zhang obtained his Bachelor's degree in mechanical engineering from Shanghai Medical Instruments College and his Master degree of Business Administration from Maastricht School of Management in the Netherlands.

執行董事

張平(Chopin Zhang)先生

54歲，於2017年1月1日起獲委任為本公司行政總裁及執行董事。彼為本公司授權代表之一。自2017年1月10日起，彼亦出任為本公司以下附屬公司之董事：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。張先生在生產及供應鏈管理領域擁有逾30年經驗，在食品及飲料行業具有豐富管理經驗。張先生於2015年8月至2016年12月期間擔任富友聯合食品(中國)有限公司(「富友聯合食品」)首席執行官，專注於建立和發展富友聯合食品的中國業務。富友聯合食品是一家全球性的乳製品及冰淇淋製造商。加入富友聯合食品前，張先生曾於2010年3月至2015年7月期間擔任多美滋中國運營總監，負責多美滋中國的運營、供應鏈及採購，為多美滋中國業務的發展作出了重要貢獻。加入多美滋中國前，張先生曾任職於多家知名跨國企業，包括擔任星巴克大中華區供應鏈總監、星巴克中國貿易公司總經理，及於歐文斯科寧(全球建築材料和玻璃纖維複合材料研發及生產領域領先者)、Nike(全球著名體育運動品牌)、強生公司(全球領先的醫療器材、藥品及消費者護理產品生產商)及美標(全球領先的衛浴及廚房用品生產商)擔任多項職務，專注於生產及供應鏈整合及管理。張先生於上海醫療器械學院取得機械工程專業本科學位，及於荷蘭馬斯特里赫特管理學院獲工商管理碩士學位。



DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED) 董事及管理層履歷(續)

74

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mok Wai Bun Ben

Aged 70, was appointed as an independent non-executive director of the Company, the chairman of the Remuneration Committee, and a member of each of the Nomination Committee and the Audit Committee on 15 November 2013. Mr. Mok has been appointed as an independent non-executive director of China Foods Limited (a company listed on the Main Board of the Stock Exchange, stock code: 506) since 29 August 2017. Mr. Mok served as a senior consultant for COFCO Coca-Cola Beverages Limited in 2012. Mr. Mok had served as a general manager of Beijing Coca-Cola Beverage Co., Ltd. from 2002 to 2011. From 1993 to 2001, he was a general manager of Hangzhou BC Foods Company Limited and Nanjing BC Foods Company Limited. Mr. Mok also served as the general manager of Swire Beverages Limited responsible for overseeing bottling plant of Swire Beverages Limited in China. Mr. Mok was awarded a Bachelor degree of Economics from McGill University, Canada in 1975.

Mr. Cheng Shoutai

Aged 52, was appointed as an independent non-executive director of the Company, and a member of each of the Remuneration Committee and the Nomination Committee on 15 November 2013. Mr. Cheng is a qualified lawyer of the People's Republic of China, the chief partner of Tahota Law Firm, a law firm based in China. Mr. Cheng also serves as a director of the All China Lawyers Association (中華全國律師協會理事), an arbitrator of the China International Economic and Trade Arbitration Commission (CIETAC) (中國國際經濟貿易仲裁委員會仲裁員), the president of Sichuan Province Lawyers Association (四川省律師協會會長) and a legal advisor of the People's Government of Sichuan Province. Mr. Cheng holds a Doctorate's degree in civil and commercial law from Southwestern University of Finance and Economics. Mr. Cheng is honored with the titles of "Model Worker in the Judicial Administration System in Countrywide (全國司法行政系統勞動模範)", National Outstanding Lawyer, Chambers Asia-Pacific Asia's Leading Lawyer for Business (錢伯斯亞太地區傑出商務律師) and China Top Ten Influential Lawyers of Asia Legal Business (ALB) (亞洲法律雜誌). He has been nominated for the Best Managing Partners of the Year of ALB for two times and was one of the Fangyuan Top Ten Elite Lawyers of the Year as well as the First Session of Top Ten Outstanding Lawyers Graduated from Southwest University of Political Science and Law.

獨立非執行董事

莫衛斌先生

70歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會主席、提名委員會及審核委員會成員。莫先生於2017年8月29日起出任中國食品有限公司(一間在聯交所主板上市的公司，股份代號：506)之獨立非執行董事。莫先生於2012年擔任中糧可口可樂飲料有限公司高級顧問。莫先生於2002年至2011年期間擔任北京可口可樂飲料有限公司的總經理。於1993年至2001年期間擔任杭州中萃食品有限公司及南京中萃食品有限公司的總經理。莫先生亦曾任職於太古飲料有限公司總經理，負責監督太古飲料有限公司在中國的裝瓶廠管理。莫先生於1975年獲得加拿大麥基爾大學(McGill University)經濟學學士學位。

程守太先生

52歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會及提名委員會成員。程先生為中華人民共和國合資格律師，現任位於中國的律師事務所泰和泰律師事務所首席合夥人。程先生亦分別擔任中華全國律師協會理事、中國國際經濟貿易仲裁委員會(CIETAC)仲裁員、四川省律師協會會長、四川省人民政府法律顧問。程先生獲得西南財經大學民商法博士學位。程先生榮獲「全國司法行政系統勞動模範」稱號，全國優秀律師，錢伯斯亞太地區傑出商務律師(Chambers Asia-Pacific Asia's Leading Lawyer for Business)，亞洲法律雜誌(ALB)中國最具影響力的十佳律師，彼兩次榮獲亞洲法律雜誌(ALB)年度最佳管理合夥人大獎提名，方圓律政年度十大精英律師，西南政法大學首屆十大傑出律師校友。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED) 董事及管理層履歷(續)

75

Mr. Lee Kong Wai Conway

Aged 64, was appointed as an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee on 27 November 2013. Mr. Lee has over 30 years of experience in public accounting and auditing, corporate finance, merger and acquisition and initial public offerings. Mr. Lee served at Ernst & Young from September 1980 to September 2009. Mr. Lee was a partner of Ernst & Young and held key leadership positions in the development of Ernst & Young in China. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Certified Practising Accountants respectively. From 2007 to 2017, Mr. Lee was a member of Chinese People's Political Consultative Conference of Hunan Province.

Mr. Lee is an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), China Modern Dairy Holdings Ltd. (stock code: 1117), China Rundong Auto Group Limited (stock code: 1365), GCL New Energy Holdings Limited (stock code: 451), GOME Retail Holdings Limited (stock code: 493), NVC Lighting Holding Limited (stock code: 2222), Tibet Water Resources Ltd. (stock code: 1115), West China Cement Limited (stock code: 2233), WH Group Limited (stock code: 288) and Guotai Junan Securities Co., Ltd. (stock code: 2611) (the above companies are all listed on the Main Board of the Stock Exchange). From July 2014 to September 2015, Mr. Lee also served as a non-executive director of China Environmental Technology and Bioenergy Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1237). From November 2011 to May 2016, Mr. Lee was also an independent non-executive director of CITIC Securities Company Limited (a company listed on the Stock Exchange (stock code: 6030) as well as the Shanghai Stock Exchange (stock code: 600030)). Mr. Lee was an independent non-executive director of China Taiping Insurance Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 966) from October 2009 to August 2013. Mr. Lee was an independent non-executive director of Sino Vanadium Inc. (a company which was delisted on the TSX Venture Exchange in December 2011, stock code: SVX) from September 2009 to December 2011.

Mr. Lee graduated from Kingston University (formerly known as Kingston Polytechnic) in London with a Bachelor's degree in Arts in July 1980 and further obtained his postgraduate diploma in business from Curtin University of Technology in Australia in February 1988.

李港衛先生

64歲，於2013年11月27日獲委任為本公司之獨立非執行董事、審核委員會主席及薪酬委員會成員。李先生於執業會計及審核、公司財務、合併及收購以及首次公開發售方面積逾30年經驗。李先生於1980年9月至2009年9月任職於安永會計師事務所，李先生曾擔任安永會計師事務所的合夥人，並在安永會計師事務所中國業務的發展中擔任主要領導職務。李先生分別為英格蘭及威爾士特許會計師公會會員、澳洲及新西蘭特許會計師公會會員、英國特許會計師公會會員、香港會計師公會會員及澳門註冊會計師公會會員。自2007年至2017年止，李先生為中國人民政治協商會議湖南省委員。

李先生現為超威動力控股有限公司(股份代號：951)、中國現代牧業控股有限公司(股份代號：1117)、中國潤東汽車集團有限公司(股份代號：1365)、協鑫新能源控股有限公司(股份代號：451)、國美零售控股有限公司(股份代號：493)、雷士照明控股有限公司(股份代號：2222)、西藏水資源有限公司(股份代號：1115)、中國西部水泥有限公司(股份代號：2233)、萬洲國際有限公司(股份代號：288)及國泰君安證券股份有限公司(股份代號：2611)(上述均為在聯交所主板上市的公司)之獨立非執行董事。自2014年7月至2015年9月，李先生亦曾為中科生物控股有限公司(一間在聯交所主板上市的公司，股份代號：1237)的非執行董事。自2011年11月至2016年5月，李先生亦出任中信證券股份有限公司(一間在聯交所(股份代號：6030)及上海證券交易所(股份代號：600030)上市的公司)之獨立非執行董事。自2009年10月至2013年8月，李先生曾為中國太平保險控股有限公司(一間在聯交所主板上市的公司，股份代號：966)之獨立非執行董事。自2009年9月至2011年12月，李先生曾為Sino Vanadium Inc.(一間已於2011年12月從多倫多證券交易所創業板(股份代號：SVX)除牌的公司)之獨立非執行董事。

李先生於1980年7月畢業於倫敦金斯頓大學(前稱為金斯頓理工學院)，獲得文學學士學位，並於1988年2月獲頒發澳洲科廷科技大學的商學深造文憑。



DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED) 董事及管理層履歷(續)

76

SENIOR MANAGEMENT

Ms. Wen Jieping

Aged 42, is the chief financial officer and the general manager of the financial management centre of the Company. Ms. Wen joined the Company in May 2011 and is primarily responsible for the internal financial control and overseas investment projects. Prior to this, Ms. Wen was the department head and a senior manager of the audit department of KPMG (Guangzhou office). She obtained her dual Bachelor degree in International Commerce English and Accounting from Guangdong University of Foreign Studies and her Executive Master of Business Administration degree from Sun Yat-sen University. Ms. Wen is a member of the Chinese Institute of Certified Public Accountants.

Mr. Kwok Wai Cheong, Chris

Aged 46, was appointed as the company secretary of the Company on 10 April 2019. He is also the financial controller and company secretary of Mengniu Dairy. Prior to joining the Mengniu Group in May 2007, Mr. Kwok was the financial controller of a Hong Kong listed company and had also served in an international accounting firm. Mr. Kwok graduated from The Hong Kong Polytechnic University with a Bachelor 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.

高級管理層

溫潔平女士

42歲，為本公司首席財務官、財務管理中心總經理。溫女士於2011年5月加入本公司，主要負責內部財務監控及境外投資項目工作。在此之前，溫女士為畢馬威華振會計師事務所(廣州分所)審計部部門主管、高級經理。溫女士獲廣東外語外貿大學國際商務英語及會計學專業雙學士學位和中山大學高層管理人員工商管理碩士學位(EMBA)。溫女士為中國註冊會計師協會會員。

郭偉昌先生

46歲，於2019年4月10日獲委任為本公司公司秘書。彼亦為蒙牛乳業的財務總監兼公司秘書。2007年5月加入蒙牛集團以前，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。

REPORT OF THE DIRECTORS

董事會報告

77

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2018.

董事欣然提呈其報告，連同截至2018年12月31日止年度的經審核合併財務報表。

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2018 are provided in the "Management's Discussion and Analysis" on pages 12 to 40 of this Annual Report. An account of the Company's relationships with its key stakeholders is included in the paragraphs headed "Emolument Policy", "Retirement Benefits Schemes" and "Major Customers and Suppliers" of this Directors' Report.

An analysis of the Group's performance during the year ended 31 December 2018 using financial performance indicators is provided in the section headed "Management's Discussion and Analysis" on pages 12 to 40 of this Annual Report.

In addition, more details regarding the Group's performance by reference to environmental and social related policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company will be provided in the "Environmental, Social and Governance Report" which will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yashili.hk) and a printed copy of the same will be despatched to the shareholders of the Company upon request.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year under review.

業務回顧及表現

本集團業務回顧及本集團於回顧年度表現的討論與分析、本集團未來業務發展及本公司業務前景的討論、本集團可能面臨的風險及不確定因素以及截至2018年12月31日止年度所發生影響本公司的重要事件，載列於本年報第12至40頁「管理層討論與分析」內。本公司與其主要持份者關係的說明載於本董事會報告「薪酬政策」、「退休福利計劃」及「主要客戶及供應商」的段落內。

本集團採用財務表現指標就其於截至2018年12月31日止年度表現進行的分析載列於本年報第12至40頁「管理層討論與分析」一節。

此外，有關本集團在環境及社會相關政策方面表現以及遵守對本公司構成重大影響的相關法律及法規情況的更多詳情，將載於「環境、社會及管治報告」，該報告將於聯交所網站(www.hkexnews.hk)及本公司網站(www.yashili.hk)刊發，而本公司將於股東要求時向其寄發報告印副本。

主要業務

本公司的主要業務為投資控股。有關其子公司主要業務的詳情載於合併財務報表附註1。於回顧年度，本集團的主要業務性質並無重大變動。



REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

78

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2018 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 124 to 263 of this Annual Report.

FINAL DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

SPECIAL DIVIDENDS

The Board has recommended the payment of a special dividend of RMB1 cent per ordinary share for the year ended 31 December 2018, amounting to approximately RMB47,456,000 in total (2017: Nil) to the shareholders whose names appear on the register of members on 18 June 2019, subject to the approval by the shareholders at the forthcoming annual general meeting to be held on 6 June 2019. The payment of the proposed special dividend will be in cash.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 6 June 2019. Notice of the annual general meeting and all other relevant documents will be published and despatched to the shareholders of the Company in due course.

RESERVES

Details of movements in reserves of the Group during the year under review are set out in the consolidated statement of changes in equity.

財務報表

本集團截至2018年12月31日止年度的溢利以及本公司及本集團於該日的事務狀況載於本年報第124至263頁的合併財務報表。

末期股息

董事會不建議就截至2018年12月31日止年度派發末期股息(2017年：零)。

特別股息

董事會建議就截至2018年12月31日止年度向於2019年6月18日名列股東名冊的股東派付特別股息每股股份人民幣1分，合共約人民幣47,456,000元(2017年：零)，惟須獲股東於2019年6月6日舉行的應屆股東周年大會上批准方可作實。建議派發之特別股息將以現金支付。

股東周年大會

本公司股東周年大會將於2019年6月6日(星期四)舉行。該股東周年大會的通告及所有其他相關文件將於適當時候刊發並寄發予本公司股東。

儲備

本集團於回顧年度儲備的變動詳情載於合併權益變動表。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

79

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB5,158.5 million, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE DONATIONS

Donations made by the Group during the year under review amounted to approximately RMB0.8 million.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2018, the Group held property, plant and equipment of approximately RMB1,510.6 million. Movements in property, plant and equipment of the Group for the year ended 31 December 2018 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2018 are set out in note 29 to the consolidated financial statements.

本公司的可供分派儲備

於2018年12月31日，本公司根據開曼群島第22章(1961年第三號法例，經合併及修訂)公司法計算的可供分派儲備約為人民幣5,158.5百萬元，其可供分派，惟緊隨建議分派股息日期後，本公司須能繳清其於日常業務過程中到期的債務。

慈善捐贈

本集團於回顧年度作出價值約人民幣0.8百萬元的捐贈。

物業、廠房及設備

截至2018年12月31日止年度，本集團持有物業、廠房及設備約人民幣1,510.6百萬元。本集團截至2018年12月31日止年度的物業、廠房及設備變動載於合併財務報表附註13。

股本

本公司截至2018年12月31日止年度股本的變動詳情載於合併財務報表附註29。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

80

DIRECTORS

The Directors of the Company during the year ended 31 December 2018 and during the period from the end of the year of 2018 to the date of this Annual Report were:

Non-executive directors:

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Ms. Lam Pik Po, Katty⁽¹⁾

Executive directors:

Mr. Chopin Zhang (*Chief Executive Officer*)
Mr. Hua Li⁽²⁾

Independent non-executive directors:

Mr. Mok Wai Bun Ben
Mr. Cheng Shoutai
Mr. Lee Kong Wai Conway

Notes:

- (1) Resigned with effect from 25 March 2019.
- (2) Resigned with effect from 16 March 2018.

In accordance with Article 84 of the Article of Association of the Company, Mr. Zhang Ping, Mr. Mok Wai Bun Ben and Mr. Lee Kong Wai Conway shall retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

The Company has received annual confirmations of independence from each of the existing independent non-executive directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive directors are independent in accordance with the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 71 to 76 of this Annual Report.

董事

截至2018年12月31日止年度及2018年年末至本年報日期期間，本公司董事為：

非執行董事：

盧敏放先生(主席)
秦鵬先生
張平先生
林碧寶女士⁽¹⁾

執行董事：

張平(Chopin Zhang)先生(行政總裁)
華力先生⁽²⁾

獨立非執行董事：

莫衛斌先生
程守太先生
李港衛先生

附註：

- (1) 於2019年3月25日辭任。
- (2) 於2018年3月16日辭任。

根據本公司組織章程細則第84條，張平先生、莫衛斌先生及李港衛先生須於應屆股東周年大會上輪席退任，且符合資格膺選連任。

根據上市規則第3.13條，本公司已接獲各現有獨立非執行董事有關其獨立性的年度確認。本公司認為，根據上市規則，所有獨立非執行董事均屬獨立。

董事及高級管理層履歷

董事及高級管理層的履歷詳情載於本年報第71至76頁。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

81

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed below, there was no transaction, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisting during or at the end of the year ended 31 December 2018.

DIRECTORS' SERVICE CONTRACTS

Each of the non-executive directors and independent non-executive directors in the Board has entered into a service contract with the Company for an initial fixed term of three years which will continue thereafter unless otherwise terminated in accordance with the terms of the service contract, including by not less than three months' notice in writing served by either party to the other. No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

董事於交易、安排或合約的權益

除下文所披露者外，截至2018年12月31日止年度或於該年年末，概無本公司、其控股公司或其任何子公司為訂約方而任何本公司董事直接或間接擁有重大權益的重大交易、安排或合約仍然存續。

董事服務合約

董事會各非執行董事及獨立非執行董事已與本公司訂立服務合約，初步固定期限為三年，除非其根據服務合約的條款(包括任何一方向另一方發出不少於三個月的書面通知)予以另行終止，否則服務合約將於該期限後繼續生效。概無擬於應屆股東周年大會上膺選連任的董事與本公司或其任何子公司訂有不可於一年內不作賠償(法定賠償除外)即可終止的尚未屆滿服務合約。

獲准許彌償條文

根據本公司的組織章程細則，各董事均可就彼等或彼等任何一人、彼等或彼等任何一人的承繼人、遺囑執行人或遺產管理人因執行彼等各自職務或受託的職責或據稱職責或因就此而作出、贊同作出或沒有作出的任何行動而將會或可能承擔或蒙受的所有訴訟、成本、押記、虧損、損害及開支獲得以本公司的資產及溢利作出的彌償保證及免受損害。

本公司於本年度整段期間已為董事及本集團高級行政人員安排適當的董事及高級行政人員責任保險計劃。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

82

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the Directors and the chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are 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 pursuant to the Model Code contained in the Listing Rules:

Directors' interests in the shares of Mengniu Dairy (being a holding company of the Company and an associated corporation of the Company):

董事及最高行政人員於股份、相關股份及債券的權益及淡倉

於2018年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見香港法例第571章《證券及期貨條例》(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部已知會本公司及聯交所的權益或淡倉(包括董事及本公司主要行政人員根據證券及期貨條例該等條文被當作及視為擁有的權益及淡倉)或須記錄於根據證券及期貨條例第352條須予存置的登記冊的權益或淡倉，或根據上市規則所載標準守則另行知會本公司及聯交所的權益或淡倉如下：

董事於蒙牛乳業(本公司的控股公司及相聯法團)股份中的權益：

Name of director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of the issued share capital
董事名稱	身份／權益性質	普通股數目	已發行股本的概約百分比
Mr. Jeffrey, Minfang Lu 盧敏放先生	Beneficial owner 實益擁有人	1,777,574 ⁽¹⁾	0.05%
Mr. Zhang Ping 張平先生	Beneficial owner 實益擁有人	486,223 ⁽¹⁾	0.01%
Mr. Chopin Zhang 張平(Chopin Zhang)先生	Beneficial owner 實益擁有人	532,793 ⁽¹⁾	0.01%

Note:

(1) All the shares are held in long position.

附註：

(1) 所有股份均以好倉持有。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

83

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Save as disclosed above, at no time was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 8 October 2010, and adopted a share option scheme (the "Share Option Scheme") on 8 October 2010. Details of the Share Option Scheme are as follows:

The Company has adopted the Share Option Scheme for the purpose of motivating eligible participants to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The maximum number of the ordinary shares of the Company (the "Shares") which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at 1 November 2010 (the "Listing Date"), that is, 350,000,000 Shares, which represented approximately 7.38% of the Company's shares in issue as at the date of this report. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

除上文所披露者外，於2018年12月31日，董事或本公司最高行政人員概無於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中擁有或被視作擁有記錄於本公司根據證券及期貨條例第352條所存置登記冊的權益或淡倉，或已根據上市規則所載標準守則知會本公司及聯交所的任何權益或淡倉。

除上文所披露者外，於任何時間，本公司、其控股公司或其任何子公司概無訂立任何安排，致使董事及本公司最高行政人員(包括彼等的配偶及未滿18歲的子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份或相關股份或債券中持有任何權益或淡倉。

購股權計劃

本公司已於2010年10月8日採納首次公開發售前購股權計劃(「首次公開發售前購股權計劃」)，並已於2010年10月8日採納一項購股權計劃(「購股權計劃」)。購股權計劃的詳情如下：

本公司已採納購股權計劃，其目的為激勵合資格參與者，令其對本集團的未來貢獻達致最佳及／或獎勵彼等過往的貢獻、吸引及挽留或以其他方式維持與該等對本集團的表現、增長或成功而言屬重要及／或其貢獻屬有利或將會有利的合資格參與者的持續關係。

因行使根據購股權計劃及本集團任何其他計劃將予授出的所有購股權而可能發行的最高本公司普通股(「股份」)數目，合共不得超過於2010年11月1日(「上市日期」)已發行股份的10%，即350,000,000股股份，相當於本公司於本報告日期已發行股份約7.38%。本公司不得向任何購股權計劃參與人士授出購股權，致使在任何截至最近授出當日止12個月期間行使已授出及將予授出的購股權而已發行及將予發行的股份總數超過本公司不時已發行股本的1%。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

84

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.00 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a share;
- (b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

On 23 July 2013, Mengniu International made a voluntary general offer to option holders of the Company ("Option Offer"), to cancel the outstanding options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the composite offer and response document issued by the Company, Mengniu Dairy and Mengniu International relating to, among other things, the Option Offer dated 23 July 2013 for further details.

On 13 August 2013 (being the final closing date of the Option Offer), the Option Offer was accepted in respect of 52,088,266 options. The underlying options together with all the rights attached thereto were cancelled and given up and all the outstanding options automatically lapsed upon acceptance of the Option Offer.

No option was granted by the Company nor was there any outstanding option granted by the Company from 1 January 2018 to 31 December 2018. As at 31 December 2018, there is no outstanding option granted by the Company.

購股權可根據購股權計劃的條款於董事會釐定的期間內任何時間予以行使，惟不得超過授出日期起計10年。於購股權可獲行使前並無最短持有購股權的期限。購股權計劃參與人士在要約日期後28天或之前接納授出購股權時須向本公司繳付1.00港元。購股權的行使價由董事會全權酌情釐定，惟不得低於下列三者中的最高者：

- (a) 股份面值；
- (b) 於要約日期在聯交所每日報價表所列的股份收市價；及
- (c) 緊接要約日期前五個營業日於聯交所每日報價表所列的股份平均收市價。

購股權計劃將由上市日期起計10年期間內有效及生效，於該期間後，將不會進一步授出或提呈購股權。

於2013年7月23日，蒙牛國際向本公司的期權持有人提出自願性全面收購要約（「期權要約」），以註銷首次公開發售前購股權計劃及購股權計劃項下授出的未行使期權。進一步詳情請參閱本公司、蒙牛乳業及蒙牛國際日期為2013年7月23日有關（其中包括）期權要約的綜合收購要約及回應文件。

於2013年8月13日（即期權要約的最後截止日期），有關52,088,266份期權的期權要約已被接納。於期權要約獲接納後，相關期權連同其附帶的所有權利已被註銷及放棄，而所有未行使期權亦自動失效。

自2018年1月1日至2018年12月31日，本公司並無授出期權，亦概無任何由本公司授出的未行使期權。於2018年12月31日，本公司概無授出任何未行使期權。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

85

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed “Share Option Schemes” above, no equity-linked agreements were entered into by the Group, or existed during the year.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in paragraph headed “Share Option Schemes” above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

股票掛鈎協議

除上文「購股權計劃」一節所披露者外，本集團於本年度概無訂立或存在股票掛鈎協議。

董事購買股份或債券的安排

除上文「購股權計劃」一段所披露者外，本公司概無於年內任何時間向任何董事或彼等各自的配偶或未成年的子女授出權利，以供藉收購本公司的股份或債券的方式獲取利益，而彼等亦無行使任何該等權利；本公司、其控股公司或其任何子公司概無訂立任何安排，致使董事可藉收購本公司或任何其他法人團體的股份或債務證券(包括債券)的方式獲取利益。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

86

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

主要股東於股份及相關股份的 權益及淡倉

So far as is known to the Director or chief executives of the Company, as at 31 December 2018, the persons or corporations (other than Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

就本公司董事或主要行政人員所知，於2018年12月31日，於本公司或其相聯法團的股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須披露予本公司的權益或淡倉，或須記入根據證券及期貨條例第336條規定須存置的登記冊內的權益或淡倉的人士或法團（並非本公司董事或主要行政人員）如下：

Name	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of shareholding ⁽⁴⁾
名稱	身份／權益性質	普通股數目	佔股權概約百分比 ⁽⁴⁾
Mengniu Dairy ⁽¹⁾ 蒙牛乳業 ⁽¹⁾	Interests in a controlled corporation 受控制法團的權益	2,422,150,437 ⁽⁴⁾	51.04%
Mengniu International 蒙牛國際	Beneficial owner 實益擁有人	2,422,150,437 ⁽⁴⁾	51.04%
Danone SA ⁽²⁾ 達能SA ⁽²⁾	Interests in a controlled corporation 受控制法團的權益	1,186,390,074 ⁽⁴⁾	25.00%
Danone Baby and Medical Holding ⁽²⁾	Interests in a controlled corporation 受控制法團的權益	1,186,390,074 ⁽⁴⁾	25.00%
Danone Baby and Medical Nutrition BV ⁽²⁾	Interests in a controlled corporation 受控制法團的權益	1,186,390,074 ⁽⁴⁾	25.00%
Nutricia International BV ⁽²⁾	Interests in a controlled corporation 受控制法團的權益	1,186,390,074 ⁽⁴⁾	25.00%
Danone Asia ⁽²⁾ 達能亞洲 ⁽²⁾	Beneficial owner 實益擁有人	1,186,390,074 ⁽⁴⁾	25.00%
Zhang International Investment Ltd. ⁽³⁾ 張氏國際投資有限公司 ⁽³⁾	Beneficial owner 實益擁有人	303,462,119 ⁽⁴⁾	6.39%
Vanguard International Investment Co., Ltd	Interests in a controlled corporation 受控制法團的權益	303,462,119 ⁽⁴⁾	6.39%
Zhang Yangui 張雁桂	Interests in a controlled corporation 受控制法團的權益	303,462,119 ⁽⁴⁾	6.39%

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

87

Notes:

- (1) As at 31 December 2018, Mengniu Dairy held 99.95% interest in Mengniu International and Mengniu International directly held the relevant Shares.
- (2) As at 31 December 2018, Danone SA held 100% interest in Danone Baby and Medical Holding. Danone Baby and Medical Holding held 100% interest in Danone Baby and Medical Nutrition BV. Danone Baby and Medical Nutrition BV held 100% interest in Nutricia International BV. Nutricia International BV held 100% interest in Danone Asia and Danone Asia directly held the relevant shares.
- (3) As at 31 December 2018, Zhang International Investment Ltd. was held as to 35.06% by Vanguard International Investment Co., Ltd, which is in turn wholly owned by Mr. Zhang Yangui.
- (4) All the shares are held in long position.
- (5) The total issued Shares as at 31 December 2018 was 4,745,560,296.

Save as disclosed above, as at 31 December 2018, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

附註：

- (1) 於2018年12月31日，蒙牛乳業持有蒙牛國際的99.95%權益，而蒙牛國際直接持有有關股份。
- (2) 於2018年12月31日，達能SA持有Danone Baby and Medical Holding的100%權益。Danone Baby and Medical Holding持有Danone Baby and Medical Nutrition BV的100%權益。Danone Baby and Medical Nutrition BV持有Nutricia International BV的100%權益。Nutricia International BV持有達能亞洲的100%權益，而達能亞洲直接持有有關股份。
- (3) 於2018年12月31日，Vanguard International Investment Co., Ltd持有張氏國際投資有限公司的35.06%權益，而凡嘉國際投資有限公司則由張雁桂先生全資擁有。
- (4) 所有股份均以好倉持有。
- (5) 於2018年12月31日，本公司已發行股份總數為4,745,560,296股。

除上文所披露者外，於2018年12月31日，董事概不知悉任何其他人士或法團於本公司或其相聯法團的股份及相關股份中擁有須記入本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

購買、出售或贖回本公司上市證券

除上文所披露者外，本公司或其任何子公司於截至2018年12月31日止年度概無購買、出售或贖回任何本公司上市證券。

CONNECTED TRANSACTIONS

1. The March Settlement Agreement with Inner Mongolia Mengniu

On 16 March 2018, Yashili Dairy (Maanshan) Trading Limited (“Maanshan Trading”) entered into a settlement agreement (the “March Settlement Agreement”) with Inner Mongolia Mengniu Dairy (Group) Co., Ltd (“Inner Mongolia Mengniu”), a subsidiary of Mengniu Dairy, in respect of the settlement between Maanshan Trading and Inner Mongolia Mengniu of the consideration for the purchase of tickets for the 2018 FIFA World Cup by Maanshan Trading from FIFA through Inner Mongolia Mengniu. The total consideration under the March Settlement Agreement shall be US\$514,174.2 (equivalent to approximately HK\$4.0 million). Please refer to the announcement of the Company dated 16 March 2018 for further details.

The Directors are of the view that the March Settlement Agreement and the transactions contemplated thereunder would support the marketing activities of the Group.

As of the date of the March Settlement Agreement, Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and therefore is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As Inner Mongolia Mengniu is a subsidiary of Mengniu Dairy and Maanshan Trading is a subsidiary of the Company, the entering into of the March Settlement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the March Settlement Agreement exceeds 0.1% but is less than 5%, the March Settlement Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

關連交易

1. 與內蒙蒙牛的3月結算合同

於2018年3月16日，雅士利乳業(馬鞍山)銷售有限公司(「馬鞍山銷售公司」)與蒙牛乳業的子公司內蒙古蒙牛乳業(集團)股份有限公司(「內蒙蒙牛」)訂立結算合同(「3月結算合同」)，內容有關馬鞍山銷售公司與內蒙蒙牛結算就馬鞍山銷售公司透過內蒙蒙牛向FIFA購買2018年FIFA世界盃門票的代價。3月結算合同項下代價總額為514,174.2美元(相當於約4.0百萬港元)。有關進一步詳情，請參閱本公司日期為2018年3月16日的公告。

董事認為，3月結算合同及其項下擬進行的交易會支持本集團的營銷活動。

於3月結算合同日期，蒙牛乳業的子公司蒙牛國際持有本公司51.04%的股份，即為本公司的主要股東。因此，蒙牛乳業為本公司的關連人士。由於內蒙蒙牛為蒙牛乳業的子公司，而馬鞍山銷售公司為本公司的子公司，故訂立3月結算合同構成上市規則第14A章項下本公司的關連交易。由於有關3月結算合同的最高適用百分比率超過0.1%但低於5%，故3月結算合同須遵守上市規則第14A章項下申報及公告規定，惟獲豁免遵守獨立股東批准規定。

2. The April Settlement Agreement with Inner Mongolia Mengniu

On 13 April 2018, Maanshan Trading entered into a settlement agreement (the “April Settlement Agreement”) with Inner Mongolia Mengniu in respect of the settlement between Maanshan Trading and Inner Mongolia Mengniu of the consideration for certain FIFA sponsorship rights relating to the 2018 FIFA World Cup (being rights relating to, among others, the use of intellectual property, advertising, supply and distribution of products, marketing and promotional activities, and the allocation of tickets for the 2018 FIFA World Cup) (the “FIFA Sponsorship Rights”). Pursuant to the April Settlement Agreement, Inner Mongolia Mengniu shall allow Maanshan Trading to enjoy the FIFA Sponsorship Rights which were granted by FIFA to the Mengniu Group, and in consideration, Maanshan Trading shall pay Inner Mongolia Mengniu an amount of US\$879,400 (equivalent to approximately HK\$6.9 million) (exclusive of tax). Please refer to the announcement of the Company dated 13 April 2018 for further details.

The Directors are of the view that the April Settlement Agreement and the transactions contemplated thereunder would enable the Group to enjoy such FIFA Sponsorship Rights which would support the marketing activities of the Group.

As of the date of the April Settlement Agreement, Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As Inner Mongolia Mengniu is a subsidiary of Mengniu Dairy and Maanshan Trading is a subsidiary of the Company, the entering into of the April Settlement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the April Settlement Agreement exceeds 0.1% but is less than 5%, the April Settlement Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

2. 與內蒙蒙牛的4月結算合同

於2018年4月13日，馬鞍山銷售公司與內蒙蒙牛訂立結算合同（「4月結算合同」），內容有關馬鞍山銷售公司與內蒙蒙牛結算若干有關2018年FIFA世界盃的FIFA贊助權（即使用知識產權、廣告、供應及分銷產品、營銷及推廣活動以及分配2018年FIFA世界盃門票的權利）（「FIFA贊助權」）的代價。根據4月結算合同，內蒙蒙牛准許馬鞍山銷售公司享有由FIFA授予蒙牛集團的FIFA贊助權，代價為馬鞍山銷售公司須向內蒙蒙牛支付879,400美元（相當於約6.9百萬港元）（不含稅）。有關進一步詳情，請參閱本公司日期為2018年4月13日的公告。

董事認為，4月結算合同及其項下擬進行的交易可使本集團享有相關FIFA贊助權，從而支持本集團的營銷活動。

於4月結算合同日期，蒙牛乳業的子公司蒙牛國際持有本公司51.04%的股份，並為本公司的主要股東。因此，蒙牛乳業為本公司的關連人士。由於內蒙蒙牛為蒙牛乳業的子公司，而馬鞍山銷售公司為本公司的子公司，故訂立4月結算合同構成上市規則第14A章項下本公司的關連交易。由於有關4月結算合同的最高適用百分比率超過0.1%但低於5%，故4月結算合同須遵守上市規則第14A章項下申報及公告規定，惟獲豁免遵守獨立股東批准規定。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

90

3. Product Development Cost Arrangement with Danone ELN

On 9 October 2018, Dumex China entered into a letter of intent (the “Letter of Intent”) with Danone Trading ELN BV (“Danone Trading”), a subsidiary of Danone SA and a member of the Danone Group, with respect to the proposed development and manufacture of infant formula products by Danone Trading for Dumex China. The Letter of Intent provides for, among others, the product development cost arrangement (the “Product Development Cost Arrangement”), pursuant to which Dumex China shall reimburse Danone Trading for all costs and expenses incurred by Danone Trading in developing the infant formula products for Dumex China in accordance with the development schedule set out in the Letter of Intent (the “Development Cost”). The Development Cost is expected to amount to EUR713,361 and may be adjusted upward by no more than EUR100,000 as the development work progresses in accordance with the development schedule set out in the Letter of Intent. Except for the provisions in relation to the Product Development Cost Arrangement and certain miscellaneous provisions, the entering into of the Letter of Intent does not constitute legally binding commitments from Dumex China and Danone Trading. On 15 January 2019, Dumex China, Newou and Danone Trading entered into an addendum (the “Addendum”), pursuant to which Newou shall replace Dumex China to be the buyer of the infant formula products that Danone Trading undertakes to develop and manufacture, and shall be the person to reimburse Danone Trading for the Development Cost in pursuance to the Letter of Intent. Save for the amendments set out above, all other major terms and conditions of the Letter of Intent shall remain in full force and effect. Please refer to the announcements of the Company dated 9 October 2018 and 16 January 2019 for further details.

The Directors are of the view that the Product Development Cost Arrangement and the transactions contemplated thereunder would lay a foundation for the Group’s diversification of product lines and strengthen the synergies between the Group and the Danone Group.

3. 與達能ELN的產品開發成本安排

於2018年10月9日，多美滋中國與達能SA的子公司及達能的成員公司Danone Trading ELN BV（「Danone Trading」）訂立意向書（「意向書」），內容有關建議達能ELN為多美滋中國開發及生產嬰幼兒配方產品。意向書規定（其中包括）多美滋中國須根據產品開發成本安排（「產品開發成本安排」）向Danone Trading彌償按照意向書所載開發方案為多美滋中國開發嬰幼兒配方奶粉產品過程中產生的所有成本及開支（「開發成本」）。預計開發成本達713,361歐元，且根據意向書所載開發計劃，可在開發工作過程上調不超過100,000歐元。除產品開發成本安排相關條文及若干雜項條文以外，訂立意向書並不構成多美滋中國及Danone Trading具法律約束力的承諾。於二零一九年一月十五日，多美滋中國、新歐與Danone Trading訂立一份補充文件（「補充文件」），據此，新歐將代替多美滋中國成為Danone Trading承接進行開發及生產的嬰幼兒配方產品的買方，並將根據意向書成為向Danone Trading彌償開發成本的人士。除上述修訂外，意向書中的所有其他主要條款及條件將維持具有十足效力及作用。有關進一步詳情，請參閱本公司日期為2018年10月9日及2019年1月16日的公告。

董事認為，產品開發成本安排及其項下擬進行的交易將為擴大本集團的產品線多元化奠定基礎，同時加強本集團與達能集團的協同效應。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

91

As of the date of this announcement, Danone Asia has a 25.0% shareholding interest in the Company. Danone Trading is an indirect subsidiary of Danone SA and a member of Danone. Therefore, Danone Trading is a connected person of the Company under the Listing Rules. Dumex China is an indirect wholly owned subsidiary of the Company. As such, the Product Development Cost Arrangement and the transactions thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) calculated based on the maximum amount of the consideration of the Product Development Cost Arrangement exceeds 0.1% but is less than 5%, the Product Development Cost Arrangement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

於本公告日期，達能亞洲擁有本公司25.0%股權。Danone Trading為達能SA的間接子公司及達能的成員公司。因此，Danone Trading為本公司於上市規則項下的關連人士。多美滋中國為本公司的間接全資子公司。因此，產品開發成本安排及其項下進行的交易構成上市規則第14A章項下本公司的關連交易。由於按產品開發成本安排的代價最高金額計算所得的最高適用百分比率(盈利比率除外)高於0.1%但低於5%，故產品開發成本安排須遵守上市規則第14A章項下的申報、公告及年度審閱規定，惟獲豁免遵守獨立股東批准規定。

4. Disposal of Interest in Yashili New Zealand, the Share Purchase Agreement and the Shareholders' Agreement

On 14 December 2018, Yashili International Group Limited ("Yashili (HK)") and Danone Asia Pacific Holdings Pte. Ltd. (the "Purchaser") entered into a share purchase agreement (the "Share Purchase Agreement"), pursuant to which Yashili (HK) has conditionally agreed to dispose of (the "Disposal"), and the Purchaser has conditionally agreed to acquire 49% of the issued share capital of Yashili New Zealand, subject to the approval of the independent Shareholders. The consideration for the Disposal consists of two tranches. The first tranche is the US\$ equivalent of 49% of NZ\$315,000,000. The second tranche is the sum of: (i) the US\$ equivalent of 49% of NZ\$2,937,716; (ii) the US\$ equivalent of 49% of the closing date total comprehensive profit amount (if positive); and (iii) the US\$ equivalent of 51% of the forfeited tax loss amount.

Yashili New Zealand is a company incorporated in New Zealand and an indirect wholly owned subsidiary of the Company. As of the date of the Share Purchase Agreement, Yashili (HK) holds 100% of the issued share capital of Yashili New Zealand. Upon completion of the Disposal, Yashili (HK) will hold 51% of the issued share capital in Yashili New Zealand, and Yashili New Zealand continues to be a subsidiary of the Company.

4. 出售新西蘭乳業的權益、股份購買協議及股東協議

於2018年12月14日，雅士利國際集團有限公司(「雅士利(香港)」)及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(「出售事項」)而買方有條件同意收購新西蘭乳業的49%已發行股本，惟須取得獨立股東的批准。出售事項的代價分兩筆支付。第一筆付款為315,000,000新西蘭元的49%的美元等值金額。第二筆付款為以下各項的和：(i)2,937,716新西蘭元的49%的美元等值金額；(ii)完成日期全面溢利總額(倘為正數)的49%的美元等值金額；及(iii)已沒收稅項虧損金額的51%的美元等值金額。

新西蘭乳業為一家於新西蘭註冊成立的公司，並為雅士利的間接全資子公司。截至股份購買協議日期，雅士利(香港)持有新西蘭乳業全部已發行股本。出售事項交割後，雅士利(香港)將持有新西蘭乳業的51%已發行股本，即新西蘭乳業仍為雅士利的子公司。



REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

92

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 of the Disposal, subject to the approval of the independent Shareholders.

Please refer to the joint announcement of the Company and Mengniu Dairy dated 14 December 2018 for further details.

The Directors (excluding the independent non-executive Directors (whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the Shareholders)) are of the view that the Share Purchase Agreement, the Disposal and the Shareholders' Agreement would enable the Group to strengthen its strategic partnership with the Danone Group and achieve greater synergies.

As of the date of the Share Purchase Agreement, Danone Asia has a 25.0% shareholding interest in the Company. The Purchaser is an indirect wholly-owned subsidiary of Danone SA and a member of the Danone Group. Therefore, the Purchaser is a connected person of the Company under the Listing Rules. As Yashili (HK) is an indirect wholly-owned subsidiary of the Company, 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 applicable percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in respect of the Disposal is more than 5% and the total consideration thereof is not less than HK\$10,000,000, the Share Purchase Agreement, the Disposal and the Shareholders' Agreement are subject to the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. As of the date of this Annual Report, the Share Purchase Agreement, the Disposal and the Shareholders' Agreement have not been approved by the independent shareholders and the Disposal has not been completed.

於2018年12月14日，雅士利(香港)、買方及新西蘭乳業訂立股東協議(「股東協議」)，以規範出售事項交割後對新西蘭乳業的管理、雅士利(香港)與買方之間的關係及彼等進行新西蘭乳業股份的交易，惟須取得獨立股東的批准。

有關進一步詳情，請參閱本公司及蒙牛乳業日期為2018年12月14日的聯合公告。

董事(不包括獨立非執行董事(其意見將載於將向股東寄發的通函所載獨立董事委員會函件))認為，股份購買協議、出售事項及股東協議將加強本集團與達能集團的戰略夥伴關係，並實現更大的協同效應。

截至股份購買協議日期，達能亞洲擁有雅士利25.0%股權。買方為達能SA的間接全資子公司及達能集團的成員公司。因此，根據上市規則，買方為本公司的關連人士。由於雅士利(香港)為本公司的間接全資子公司，故根據上市規則第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。由於有關出售事項的最高適用百分比率(定義見上市規則)(盈利比率除外)超過5%及其總代價不少於10,000,000港元，故股份購買協議、出售事項及股東協議須遵守上市規則第14A章項下的獨立股東批准、申報、年度審閱及公告的規定。截至本年報日期，股份購買協議、出售事項及股東協議尚未獲獨立股東批准，且出售事項尚未完成。

CONTINUING CONNECTED TRANSACTIONS

Connected Persons

- (a) Mengniu Dairy, Inner Mongolia Mengniu, Tian Jin New Value Supply Chain Company Limited (“Tianjin New Value”), Burra Foods Pty Ltd (“Burra Foods”) and Inner Mongolia Digital Technology Digital Distribution Co., Ltd. (“Inner Mongolia Digital Technology”)

Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As each of Inner Mongolia Mengniu and Tianjin New Value is a subsidiary of Mengniu Dairy, each of Inner Mongolia Mengniu and Tianjin New Value is a connected person of the Company. Burra Foods is owned as to 51.35% by Inner Mongolia Fuyuan Farming Co., Ltd., which is in turn owned as to 42.3% by Mengniu Dairy. Therefore, Burra Foods is an associate of Mengniu Dairy under Rule 14A.13(3) of the Listing Rules and a connected person of the Company. Inner Mongolia Digital Technology is wholly owned by Inner Mongolia Mengniu, which is in turn a subsidiary of Mengniu Dairy. Therefore, Inner Mongolia Digital Technology is an associate of Mengniu Dairy under Rule 14A.13(3) of the Listing Rules and a connected person of the Company.

- (b) Danone Trading, Danone Asia-Pacific Management Co. Ltd. (“DAPM”), Nutricia Early Life Nutrition (Shanghai) Co. Ltd. (“NELN”), Danone Asia Pacific Holdings Pte. Ltd. (“DAPH”), Nutricia Pharmaceutical (Wuxi) Co., Ltd. (“Nutricia Pharma”), Danone Nutricia NZ Ltd (“Nutricia NZ”) and Shanghai Nutri Go Food Co. Ltd. (“Shanghai Nutri Go”)

Danone Asia, a subsidiary of Danone SA, has a 25.0% shareholding interest in the Company. Therefore, Danone SA is a connected person of the Company. As each of Danone Trading, DAPM, NELN, DAPH, Nutricia Pharma, Nutricia NZ and Shanghai Nutri Go is an indirect subsidiary of Danone SA and a member of the Danone Group, each of Danone Trading, DAPM, NELN, DAPH, Nutricia Pharma, Nutricia NZ and Shanghai Nutri Go is a connected person of the Company.

持續關連交易

關連人士

- (a) 蒙牛乳業、內蒙蒙牛、天津通瑞供應鏈有限公司(「天津通瑞」)、Burra Foods Pty Ltd(「Burra Foods」)及內蒙古數科數字營銷有限公司(「內蒙數科」)

蒙牛乳業子公司蒙牛國際持有本公司51.04%股份，為本公司主要股東。因此，蒙牛乳業為本公司的關連人士。由於內蒙蒙牛及天津通瑞各自為蒙牛乳業的子公司，故內蒙蒙牛及天津通瑞各自為本公司的關連人士。內蒙古富源牧業有限責任公司擁有Burra Foods 51.35%權益，而蒙牛乳業擁有內蒙古富源牧業有限責任公司42.3%權益。因此，根據上市規則第14A.13(3)條，Burra Foods為蒙牛乳業的聯繫人，並為本公司的關連人士。內蒙數科由內蒙蒙牛全資擁有，而內蒙蒙牛為蒙牛乳業的子公司。因此，根據上市規則第14A.13(3)條，內蒙數科為蒙牛乳業的聯繫人，並為本公司的關連人士。

- (b) Danone Trading、達能亞太(上海)管理有限公司(「DAPM」)、紐迪希亞生命早期營養品管理(上海)有限公司(「NELN」)、Danone Asia Pacific Holdings Pte. Ltd.(「DAPH」)、紐迪希亞製藥(無錫)有限公司(「紐迪希亞製藥」)、Danone Nutricia NZ Ltd(「Nutricia NZ」)及上海起跑營養食品有限公司(「上海起跑營養」)

達能SA的子公司達能亞洲擁有本公司25.0%股份權益，因此達能SA為本公司的關連人士。Danone Trading、DAPM、NELN、DAPH、紐迪希亞製藥、Nutricia NZ及上海起跑營養各自為達能SA的間接子公司及達能集團成員公司，因此Danone Trading、DAPM、NELN、DAPH、紐迪希亞製藥、Nutricia NZ及上海起跑營養各自為本公司的關連人士。

Continuing Connected Transactions

1. Trademark Licensing Agreement

On 25 September 2015, as one of the conditions precedent to the completion of the equity transfer agreement in relation to the entire equity interests in Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. (“Oushi Mengniu”), Yashili International Group Ltd. (“Yashili (Guangdong)”), Oushi Mengniu and Inner Mongolia Mengniu entered into a trademark licensing agreement (the “Trademark Licensing Agreement”) pursuant to which Inner Mongolia Mengniu (as licensor) agreed to grant Oushi Mengniu, Yashili (Guangdong) and its affiliates (as licensees) a nontransferable and non-exclusive right to use and sub-license certain registered trademarks (the “Trademarks”) of Inner Mongolia Mengniu, which are subject to change by Inner Mongolia Mengniu from time to time in the PRC, for a term commencing from the date of the Trademark Licensing Agreement for a period of (i) 50 years, or (ii) the operation period of Oushi Mengniu, whichever is later. The Trademark Licensing Agreement may be renewed subject to the negotiations among the parties in the future. The annual license fee is equal to (a) 3% of the net sales revenue arising from the sale of the pediatric milk formula products and milk powder products for adults for which the Trademarks are used (the “Products”) by Yashili (Guangdong) and its affiliates during that respective year, and (b) (i) 3% of the net sales revenue arising from the sale of the Products by Oushi Mengniu during that respective year, or (ii) RMB18.0 million, whichever is higher. The net sales revenue of Oushi Mengniu shall start to accrue (i) following the completion of the registration of the capital reduction as further described in the joint announcement of the Company and Mengniu Dairy dated 21 September 2015 and the circular of the Company dated 29 October 2015, or (ii) from January 1, 2016, whichever is earlier. The annual license fee shall be paid by Oushi Mengniu, Yashili (Guangdong) and its affiliates within two months after the end of each year. Please refer to the announcement of the Company dated 25 September 2015 (“September 2015 Announcement”) for further details.

持續關連交易

1. 商標使用許可合同

作為完成有關內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)全部股權的股權轉讓協議的其中一項先決條件，於2015年9月25日，雅士利國際集團有限公司(「雅士利(廣東)」)、歐世蒙牛與內蒙蒙牛訂立一項商標使用許可合同(「商標使用許可合同」)，據此，內蒙蒙牛(作為許可人)同意授予歐世蒙牛、雅士利(廣東)及其關聯公司(作為被許可人)一項在中國有分許可權，但無轉讓權的非排他性、非獨佔使用內蒙蒙牛部分註冊商標(「商標」)(可由內蒙蒙牛不時更改)的權利，期限為(i)50年或(ii)歐世蒙牛經營期限(以較後者為準)，自商標使用許可合同日期起生效，且日後各方可經協商確定商標使用許可合同續訂事宜。每年許可費金額相當於(a)相關年度內雅士利(廣東)及其關聯公司使用商標銷售嬰幼兒配方奶粉產品及成人奶粉產品(「產品」)所產生淨銷售收入的3%，及(b)(i)相關年度內歐世蒙牛銷售產品所產生淨銷售收入的3%；或(ii)人民幣18.0百萬元(以較高者為準)。歐世蒙牛的淨銷售收入將從(i)完成資本減少的註冊(於本公司與蒙牛乳業日期為2015年9月21日的聯合公告及本公司日期為2015年10月29日的通函進一步闡述)之後，或(ii)2016年1月1日(以較早者為準)開始累計。年度許可費將由歐世蒙牛、雅士利(廣東)及其關聯公司於每年度結束後兩個月內支付。有關進一步詳情，請參閱本公司日期為2015年9月25日的公告(「2015年9月公告」)。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

95

The Directors are of the view that the entering into of the Trademark Licensing Agreement will benefit the Company and its Shareholders as a whole in the following respects: (i) the Company can benefit from the brand of Mengniu Dairy, the “Mengniu” trademark is highly recognized in the PRC and the use of the “Mengniu” trademark would be beneficial to the sale of the Company’s adult milk powder products and maintain the market share of Oushi Mengniu’s infant milk powder; and (ii) through the “Mengniu” trademark license, the Company could access more support from Mengniu Dairy in terms of brand resources.

On 22 December 2017, Yashili (Guangdong), Oushi Mengniu and Inner Mongolia Mengniu entered into a confirmation letter in relation to the Trademark Licensing Agreement, pursuant to which the parties agreed that for each of the years ending 31 December 2017 and 2018:

- no license fee shall be payable by Oushi Mengniu and Yashili (Guangdong) to Inner Mongolia Mengniu for the use of the Trademarks under the Trademark Licensing Agreement provided that the expenses incurred by Oushi Mengniu and Yashili (Guangdong) (and its affiliates) for the promotion, marketing, advertising and distribution of the Products (the “Marketing Expenses”) in any such year shall not be less than 3% of the revenue from the sales of the Products to third party customers in such year; and
- in the event that the Marketing Expenses incurred by Oushi Mengniu and Yashili (Guangdong) (and its affiliates) in any year are less than 3% of the revenue from the sales of the Products to third party customers in such year, Oushi Mengniu and Yashili (Guangdong) shall pay the shortfall to Inner Mongolia Mengniu within two months after the end of such year.

For the year ended 31 December 2018, the aggregate license fees payable by Oushi Mengniu, Yashili (Guangdong) and its affiliates to Inner Mongolia Mengniu under the Trademark Licensing Agreement was RMB0, which was less than the cap of RMB45 million (equivalent to approximately HK\$54.771 million) as disclosed in the September 2015 Announcement.

董事認為，訂立商標使用許可合同將在下列方面整體有利於本公司及其股東：(i)本公司可受惠於蒙牛乳業品牌，「蒙牛」商標在中國市場備受肯定，使用「蒙牛」商標有利於本公司銷售成人奶粉產品，並保持歐世蒙牛嬰幼兒奶粉的市場份額；及(ii)借助「蒙牛」商標許可，本公司可獲取更多蒙牛乳業在品牌資源方面的支持。

於2017年12月22日，雅士利(廣東)、歐世蒙牛與內蒙蒙牛就商標使用許可合同訂立一份確認函，據此，訂約方同意，截至2017年及2018年12月31日止年度各年：

- 歐世蒙牛及雅士利(廣東)毋須就使用商標使用許可合同項下的商標向內蒙蒙牛支付許可費，惟歐世蒙牛及雅士利(廣東)(及其聯屬公司)於任何有關年度就產品推廣、營銷、廣告及分銷產生的開支(「營銷開支」)不得少於有關年度向第三方客戶銷售產品所得收入的3%；及
- 倘歐世蒙牛及雅士利(廣東)(及其聯屬公司)於任何年度產生的營銷開支少於有關年度向第三方客戶銷售產品所得收入的3%，則歐世蒙牛及雅士利(廣東)須於有關年度結束後兩個月內向內蒙蒙牛支付有關差額。

截至2018年12月31日止年度，根據商標使用許可合同，歐世蒙牛、雅士利(廣東)及其關聯公司應付內蒙蒙牛的許可費合共為人民幣零元，低於2015年9月公告所披露的限額人民幣45萬元(相當於約54.771百萬港元)。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

96

2. Transition Services Agreements

On 27 May 2016 (after trading hours), Dumex China entered into a series of transition services agreements (the “Transition Services Agreements”) with members of the Danone Group, pursuant to which the relevant members of the Danone Group agreed to provide certain transitional services to Dumex China in respect of IT support, lab sharing, accounting service, procurement support and office sharing during the respective terms of the Transition Services Agreements.

A. IT Support Transition Services Agreement

Pursuant to an IT support transition services agreement (the “IT Support Transition Services Agreement”) entered into between DAPM and Dumex China, DAPM will provide, or cause to be provided (including subcontracting any of its affiliates to provide) to Dumex China, certain IT services from the completion of the acquisition of Dumex China by Yashili (Guangdong) (the “Dumex Transaction”) until the date on which all of the individual transition periods for the services provided by DAPM under the IT Support Transition Services Agreement have expired. The consideration for the services shall be the aggregate amount of the cost of the services plus a 5% markup and the applicable value added tax at the time the written invoice from DAPM is issued to Dumex China.

B. Accounting Service Transition Services Agreement

Pursuant to an accounting service transition services agreement (the “Accounting Service Transition Services Agreement”) entered into between Dumex China and NELN, NELN will provide, or cause to be provided to Dumex China, tax services, treasury services and accounting services during each individual transition period from the completion of Dumex Transaction until the date on which all of the individual transition periods for the services provided by NELN under the Accounting Service Transition Services Agreement have expired. The consideration for the services provided pursuant to the Accounting Service Transition Services Agreement shall be the aggregate amount of the cost of the services plus a 5% markup and the applicable value added tax at the time the written invoice from NELN is issued to Dumex China.

2. 過渡服務協議

於2016年5月27日(交易時段後),多美滋中國與達能集團成員公司訂立多項過渡服務協議(「過渡服務協議」),據此,達能集團有關成員公司同意於過渡服務協議各自的期限內就IT支援、實驗室共享、會計服務、採購支援及辦公室共享向多美滋中國提供若干過渡服務。

A. IT支援過渡服務協議

根據DAPM與多美滋中國所訂立的IT支援過渡服務協議(「IT支援過渡服務協議」),DAPM將自雅士利(廣東)完成收購多美滋中國(「多美滋交易事項」)至DAPM於IT支援過渡服務協議項下所提供服務的所有個別過渡期間屆滿當日,向多美滋中國提供或促使向其提供(包括分包予其任何關聯公司提供)若干IT服務。服務代價將為服務成本另加5%以及DAPM向多美滋中國出具書面發票時適用增值稅的總額。

B. 會計服務過渡服務協議

根據多美滋中國與NELN所訂立的會計服務過渡服務協議(「會計服務過渡服務協議」),NELN將自多美滋交易事項交割至NELN於會計服務過渡服務協議項下所提供服務的所有個別過渡期間屆滿當日止各個別過渡期間,向多美滋中國提供或促使向其提供稅務服務、庫務服務及會計服務。根據會計服務過渡服務協議提供服務的代價將為服務成本另加5%以及NELN向多美滋中國出具書面發票時適用增值稅的總額。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

97

C. Office Sharing Transition Services Agreement

Pursuant to an office sharing transition services agreement (the "Office Sharing Transition Services Agreement") entered into between NELN and Dumex China, NELN will provide, or cause to be provided to Dumex China access to certain offices during each individual transition period from the completion of Dumex Transaction until the date on which all of the individual transition periods for the services provided by NELN under the Office Sharing Transition Services Agreement have expired. The consideration for the services provided pursuant to the Office Sharing Transition Services Agreement shall be the aggregate amount of the cost of the offices plus a 5% markup and the applicable value added tax at the time the written invoice from NELN is issued to Dumex China.

Please refer to the announcement of the Company dated 27 May 2016 ("May 2016 Announcement") for further details of the Transition Service Agreements.

The Directors are of the view that the Transition Services Agreements ensure the smooth transition and operation of Dumex China following the completion of the Dumex Transaction.

For the year ended 31 December 2018, the value of the transactions contemplated under the IT Support Transition Services Agreement was RMB0 million, which was less than the cap of RMB5 million (equivalent to approximately HK\$5.92 million) as disclosed in the May 2016 Announcement.

For the year ended 31 December 2018, the value of the transactions contemplated under the Accounting Service Transition Services Agreement was RMB0 million, which was less than the cap of RMB0.8 million (equivalent to approximately HK\$0.947 million) as disclosed in the May 2016 Announcement.

For the year ended 31 December 2018, the value of the transactions contemplated under the Office Sharing Transition Services Agreement was RMB0 million, which was less than the cap of RMB0.3 million (equivalent to approximately HK\$0.355 million) as disclosed in the May 2016 Announcement.

C. 辦公室共享過渡服務協議

根據NELN與多美滋中國訂立的辦公室共享過渡服務協議(「辦公室共享過渡服務協議」)，NELN將自多美滋交易事項交割至NELN於辦公室共享過渡服務協議項下所提供服務的所有個別過渡期間屆滿當日止各個別過渡期間，向多美滋中國提供或促使向其提供若干辦公室的使用權。根據辦公室共享過渡服務協議提供服務的代價將為辦公室成本另加5%以及NELN向多美滋中國出具書面發票時適用增值稅的總額。

有關過渡服務協議的進一步詳情，請參閱本公司日期為2016年5月27日的公告(「2016年5月公告」)。

董事認為，過渡服務協議確保多美滋中國於多美滋交易事項交割後平穩過渡及順利運作。

截至2018年12月31日止年度，IT支援過渡服務協議下擬進行交易的價值為人民幣零百萬元，低於2016年5月公告所披露的上限人民幣5百萬元(相當於約5.92百萬港元)。

截至2018年12月31日止年度，會計服務過渡服務協議下擬進行交易的價值為人民幣零百萬元，低於2016年5月公告所披露的上限人民幣0.8百萬元(相當於約0.947百萬港元)。

截至2018年12月31日止年度，辦公室共享過渡服務協議下擬進行交易的價值為人民幣零百萬元，低於2016年5月公告所披露的上限人民幣0.3百萬元(相當於約0.355百萬港元)。



REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

98

3. Manufacturing and Supply Agreement

On 27 May 2016, Dumex China entered into a manufacturing and supply agreement (the “Manufacturing and Supplying Agreement”) with Danone Trading, an indirect subsidiary of Danone SA, pursuant to which Dumex China agreed to purchase and Danone Trading agreed to sell certain products for infant nutrition from time to time during the term from the completion of Dumex Transaction to 31 December 2027. The prices shall be negotiated each year prior to the start of the year and shall be calculated based on the cost of the relevant infant nutrition products supplied plus a markup of 10% and with reference to the volume forecasts provided by the Dumex China to Danone Trading. Please refer to the May 2016 Announcement for further details.

The Directors are of the view that the Manufacturing and Supply Agreement enables Dumex China to secure a long-term supply of four tailored nutrition products from the Danone Group, which would complement the existing product portfolio of the Group and enhance the bargaining power the Group in channel distribution.

For the year ended 31 December 2018, the value of the transactions contemplated under the Manufacturing and Supply Agreement was RMB0, which was less than the cap of RMB14 million (equivalent to approximately HK\$16.576 million) as disclosed in the May 2016 Announcement.

3. 生產及供應協議

於2016年5月27日，多美滋中國與Danone Trading（達能SA間接子公司）訂立生產及供應協議（「生產及供應協議」），據此，於多美滋交易事項交割至2027年12月31日止期間內，多美滋中國同意不時購買而Danone Trading同意不時出售若干嬰幼兒營養品。價格將於每年年初之前進行磋商，並參考多美滋中國預期向Danone Trading提供的訂單數量按所提供相關嬰幼兒營養品的成本另加10%計算。有關進一步詳情，請參閱2016年5月公告。

董事認為，生產及供應協議可令多美滋中國獲得達能集團對四種定制營養品的長期供應，豐富本集團的現有產品組合，從而加強本集團在渠道分銷方面的議價能力。

截至2018年12月31日止年度，生產及供應協議下擬進行交易的價值為人民幣零元，低於2016年5月公告所披露的上限人民幣14百萬元（相當於約16.576百萬港元）。

4. Strategic Cooperation Supply Agreement

On 4 November 2016, Yashili New Zealand, a subsidiary of the Company, entered into a strategic cooperation supply agreement (the “Strategic Cooperation Supply Agreement”) with DAPH and Danone Trading, each a subsidiary of Danone SA and a member of the Danone Group, pursuant to which Yashili New Zealand agreed to sell and DAPH and Danone Trading (on behalf of themselves and their Affiliates) agreed to purchase base powder products and dairy ingredients during the term of the Strategic Cooperation Supply Agreement. The Strategic Cooperation Supply Agreement shall take effect upon: (i) the approval of the independent shareholders of the Company of the Strategic Cooperation Supply Agreement and the transactions contemplated hereunder, and (ii) consultation with the DAPH and Danone Trading’s shareholders. The Strategic Cooperation Supply Agreement shall be effective until 31 December 2018 (the “Initial Term”). The term of the Strategic Cooperation Supply Agreement shall be extended for one year upon the expiry of the Initial Term unless any party gives notice to refuse to extend the term of the Strategic Cooperation Supply Agreement beyond the Initial Term at least six months prior to the expiry of the Initial Term. The price of the base powder products and dairy ingredients will be specified in individual purchase orders and shall be determined on a cost plus basis with reference to the applicable Incoterms and payment terms, which is consistent with market practice. The prices for the base powder products and dairy ingredients may be revised upon mutual agreement between Yashili New Zealand and DAPH and Danone Trading every calendar trimester.

Please refer to the announcement of the Company dated 4 November 2016 (“November 2016 Announcement”), the circular of the Company dated 23 November 2016 (“November 2016 Circular”) in relation to the Strategic Cooperation Supply Agreement for further details.

4. 戰略合作供應協議

於2016年11月4日，本公司子公司新西蘭乳業與DAPH及Danone Trading（各自為達能SA的子公司及達能集團的成員公司）訂立戰略合作供應協議（「戰略合作供應協議」）。據此，於戰略合作供應協議期間新西蘭乳業同意銷售而DAPH及Danone Trading（代表自身及其聯屬公司）同意購買奶粉基粉產品及乳品原料。戰略合作供應協議須待(i)本公司獨立股東批准戰略合作供應協議及其項下擬進行的交易，及(ii)諮詢DAPH及Danone Trading的股東後方可生效。戰略合作供應協議將生效直至2018年12月31日（「初步年期」）。除非任何訂約方於初步年期屆滿前至少六個月發出通知拒絕於初步年期後延長戰略合作供應協議期限，否則戰略合作供應協議的期限將於初步年期屆滿後延長一年。奶粉基粉產品及乳品原料的價格將於個別購買訂單中列明，並經參考與行業慣例一致的適用國際貿易術語及付款條款後按成本加基準釐定。奶粉基粉產品及乳品原料的價格可經新西蘭乳業與DAPH及Danone Trading共同協定後每三個曆月修訂一次。

有關戰略合作供應協議的進一步詳情，請參閱本公司日期為2016年11月4日的公告（「2016年11月公告」）及本公司日期為2016年11月23日的通函（「2016年11月通函」）。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

100

The Directors (excluding the independent non-executive Directors (whose views were set out in the letter from the independent board committee included in the circular despatched to the Shareholders)) are of the view that the Strategic Cooperation Supply Agreement and the transactions contemplated thereunder would enable Yashili New Zealand to improve its utilisation rate, thereby achieving greater synergies between the Group and the Danone Group. Upon the taking effect of the Strategic Cooperation Supply Agreement, the purchase contract (the "Purchase Contract") dated 17 August 2016 between Yashili New Zealand and DAPH will terminate automatically, and all the purchase orders under the Purchase Contract will be automatically be subject to the Strategic Cooperation Supply Agreement.

The Strategic Cooperation Supply Agreement and the transactions contemplated thereunder were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 14 December 2016 (the "2016 EGM"). The Strategic Cooperation Supply Agreement became effective on 31 December 2016.

For the year ended 31 December 2018, the value of the transactions contemplated under the Strategic Cooperation Supply Agreement was RMB283.50 million, which was less than the cap of RMB350 million (equivalent to approximately HK\$401.524 million) as disclosed in the November 2016 Announcement and the November 2016 Circular and approved by the independent shareholders of the Company at the 2016 EGM.

As disclosed in the announcement of the Company dated 2 July 2018, as of 30 June 2018, none of DAPH and Danone Trading has notified Yashili New Zealand to terminate the Strategic Cooperation Supply Agreement after the Initial Term expires. Therefore, in accordance with the Strategic Cooperation Supply Agreement, the term of the Strategic Cooperation Supply Agreement shall be extended for one year beyond the Initial Term (the "Extension"), subject to the approval of the independent Shareholders. As disclosed in the joint announcement of the Company and Mengniu Dairy dated 14 December 2018, as the parties to the Strategic Cooperation Supply Agreement were contemplating new arrangements in relation to the cooperation, the Extension lapsed. Please refer to the announcement of the Company dated 2 July 2018 and the joint announcement of the Company and Mengniu Dairy dated 14 December 2018 for further details.

董事(不包括獨立非執行董事,其意見載於寄發予股東的通函中所載獨立董事委員會函件)認為,戰略合作供應協議及其項下擬進行的交易將可讓新西蘭乳業提升其利用率,從而增強本集團與達能集團的協同效應。戰略合作供應協議生效後,新西蘭乳業與DAPH於2016年8月17日訂立的採購合約(「採購合約」)將自動終止,且採購合約下的所有採購訂單將自動受戰略合作供應協議所規限。

戰略合作供應協議及其項下擬進行的交易已於2016年12月14日舉行的本公司股東特別大會(「2016年股東特別大會」)上獲本公司獨立股東批准。戰略合作供應協議已於2016年12月31日生效。

截至2018年12月31日止年度,戰略合作供應協議下擬進行交易的價值為人民幣283.50百萬元,低於2016年11月公告及2016年11月通函所披露並於2016年股東特別大會上獲本公司獨立股東批准的上限人民幣350百萬元(相當於約401.524百萬港元)。

如本公司日期為2018年7月2日的公告所述,截至2018年6月30日,DAPH及Danone Trading均無於初步年期屆滿後通知新西蘭乳業終止戰略合作供應協議。因此,根據戰略合作供應協議,戰略合作供應協議的期限將於初步年期後延長一年(「延長」),惟須取得獨立股東的批准。如本公司與蒙牛乳業日期為2018年12月14日之聯合公告所述,由於戰略合作供應協議之訂約方擬就合作訂立新安排,故延長失效。有關進一步詳情,請參閱本公司日期為2018年7月2日之公告及本公司與蒙牛乳業日期為2018年12月14日之聯合公告。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

101

5. Framework Purchase Agreement with Inner Mongolia Mengniu

On 9 March 2017, Dumex China, Yashili (Guangdong), Shanxi Yashili Dairy Co., Ltd. (“Yashili (Shanxi)”) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the “Framework Purchase Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Inner Mongolia Mengniu agreed to sell (by itself or through its subsidiaries), raw materials from time to time during the term of the Framework Purchase Agreement with Inner Mongolia Mengniu. The Framework Purchase Agreement with Inner Mongolia Mengniu supersedes the purchase contract dated 1 December 2015 between Oushi Mengniu and Inner Mongolia Mengniu. The Framework Purchase Agreement with Inner Mongolia Mengniu is effective from 9 March 2017 to 31 December 2018 and shall be extended for two more years if no written request is delivered by a party to the other party before 31 December 2018. As of 31 December 2018, neither the Dumex China, Yashili (Guangdong), Yashili (Shanxi) or Oushi Mengniu nor Inner Mongolia Mengniu has delivered any written notice in respect of termination of the Framework Purchase Agreement with Inner Mongolia Mengniu to the other party. Therefore, the term of the Framework Purchase Agreement with Inner Mongolia Mengniu shall be extended for two years (the “31 December 2018 Extension”). Accordingly, the Framework Purchase Agreement with Inner Mongolia Mengniu shall remain in force until 31 December 2020. Please refer to the announcements of the Company dated 9 March 2017 (the “9 March 2017 Announcement”), 25 August 2017 (the “25 August 2017 Announcement”), 22 December 2017 (the “22 December 2017 Announcement”) and 31 December 2018 for further details.

The Directors expect that the transactions contemplated under the Framework Purchase Agreement with Inner Mongolia Mengniu and the 31 December 2018 Extension would enable the Company to procure high quality raw materials from a stable source and reduce its procurement costs for raw materials.

5. 與內蒙蒙牛的採購框架協議

於2017年3月9日，本公司子公司多美滋中國、雅士利(廣東)、山西雅士利乳業有限公司(「雅士利(山西)」)及歐世蒙牛與蒙牛乳業子公司內蒙蒙牛訂立採購框架協議(「與內蒙蒙牛的採購框架協議」)，據此，在與內蒙蒙牛的採購框架協議的期限內，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意不時購買而內蒙蒙牛同意不時出售(以其本身或透過其子公司)原材料。與內蒙蒙牛的採購框架協議取代歐世蒙牛與內蒙蒙牛於2015年12月1日簽訂的採購協議。與內蒙蒙牛的採購框架協議自2017年3月9日至2018年12月31日生效，倘於2018年12月31日前並無一方向另一方提出書面要求，則該協議將延長兩年。截至2018年12月31日，多美滋中國、雅士利(廣東)、雅士利(山西)或歐世蒙牛與內蒙蒙牛皆無就終止與內蒙蒙牛的採購框架協議向另一方遞交任何書面通知。因此，與內蒙蒙牛的採購框架協議的期限將延長兩年(「2018年12月31日延長」)。因此，與內蒙蒙牛的採購框架協議將維持有效，直至2020年12月31日。有關進一步詳情，請參閱本公司日期為2017年3月9日(「2017年3月9日公告」)、2017年8月25日(「2017年8月25日公告」)、2017年12月22日(「2017年12月22日公告」)及2018年12月31日的公告。

董事預期，與內蒙蒙牛的採購框架協議項下擬進行的交易及2018年12月31日延長可令本公司自穩定來源採購優質原材料，並降低其原材料的採購成本。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

102

The annual cap of the Framework Purchase Agreement with Inner Mongolia Mengniu for the year ended 31 December 2018 was initially RMB100 million (equivalent to approximately HK\$112 million) as disclosed in the 9 March 2017 Announcement. It was adjusted to RMB39 million (equivalent to approximately HK\$46 million), RMB19 million (equivalent to approximately HK\$23 million), RMB39 million (equivalent to approximately HK\$45 million) and RMB50 million (equivalent to approximately HK\$56 million) as disclosed in the announcements of the Company dated 25 August 2017, 20 June 2018, 4 September 2018 and 23 November 2018 (the “23 November 2018 Announcement”), respectively.

For the year ended 31 December 2018, the value of the transactions contemplated under the Framework Purchase Agreement with Inner Mongolia Mengniu was RMB49.67 million, which was less than the cap of RMB50 million (equivalent to approximately HK\$56 million) as disclosed in the 23 November 2018 Announcement.

6. The Service Agreement with Nutricia NZ

On 1 May 2017, Yashili New Zealand, a subsidiary of the Company, entered into a service agreement (the “Service Agreement with Nutricia NZ”) with Nutricia NZ, pursuant to which Yashili New Zealand agreed to co-pack and deliver to Nutricia NZ canned infant formula during the period from 1 May 2017 to 30 June 2018 (being the initial term commencing from 1 May 2017 to 31 December 2017 extended for six months according to the Service Agreement with Nutricia NZ). Please refer to the announcement of the Company dated 18 January 2018 for further details.

On 31 May 2018, Yashili New Zealand and Nutricia NZ agreed to extend the Service Agreement with Nutricia NZ for another six months (the “31 May 2018 Extension”). Accordingly, the Service Agreement with Nutricia NZ shall remain in force until 31 December 2018. Please refer to the announcement of the Company dated 31 May 2018 (“31 May 2018 Announcement”) for further details.

如2017年3月9日公告所披露，截至2018年12月31日止年度，與內蒙蒙牛的採購框架協議的年度上限初步為人民幣100百萬元(相當於約112百萬港元)。如本公司日期為2017年8月25日、2018年6月20日、2018年9月4日及2018年11月23日(「2018年11月23日公告」)的公告所披露，該年度上限分別調整至人民幣39百萬元(相當於約46百萬港元)、人民幣19百萬元(相當於約23百萬港元)、人民幣39百萬元(相當於約45百萬港元)及人民幣50百萬元(相當於約56百萬港元)。

截至2018年12月31日止年度，與內蒙蒙牛的採購框架協議項下擬進行交易的價值為人民幣49.67百萬元，低於2018年11月23日公告所披露的上限人民幣50百萬元(相當於約56百萬港元)。

6. 與Nutricia NZ的服務協議

於2017年5月1日，本公司子公司新西蘭乳業與Nutricia NZ訂立服務協議(「與Nutricia NZ的服務協議」)，據此，新西蘭乳業同意於2017年5月1日至2018年6月30日期間(即根據與Nutricia NZ的服務協議，將自2017年5月1日起至2017年12月31日的初步年期延長六個月)內向Nutricia NZ合作包裝並交付罐裝嬰幼兒配方奶粉。有關進一步詳情，請參閱本公司日期為2018年1月18日的公告。

於2018年5月31日，新西蘭乳業與Nutricia NZ同意將與Nutricia NZ的服務協議延長六個月(「2018年5月31日延長」)。因此，與Nutricia NZ的服務協議將保持有效直至2018年12月31日。有關進一步詳情，請參閱本公司日期為2018年5月31日的公告(「2018年5月31日公告」)。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

103

On 3 December 2018, Yashili New Zealand and Nutricia NZ agreed to extend the Service Agreement with Nutricia NZ for another six months (the "3 December 2018 Extension"). Accordingly, the Service Agreement with Nutricia NZ shall remain in force until 30 June 2019. Please refer to the announcement of the Company dated 3 December 2018 for further details.

The Directors are of the view that the transactions contemplated under the Service Agreement with Nutricia NZ, the 31 May 2018 Extension and the 3 December 2018 Extension would enable Yashili New Zealand to further improve its utilisation rate, thereby achieving greater synergies between the Group and the Danone Group.

For the year ended 31 December 2018, the value of the transactions contemplated under the Service Agreement with Nutricia NZ as extended by the 31 May Extension was NZ\$6.91 million, which was less than the annual cap of NZ\$12 million (equivalent to approximately HK\$66 million) as disclosed in the 31 May 2018 Announcement.

7. Framework Purchase Agreement With Tianjin New Value

On 22 August 2017, Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the "Framework Purchase Agreement with Tianjin New Value") with Tianjin New Value, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Tianjin New Value agreed to sell, raw materials from 22 August 2017 to 31 July 2019. Please refer to the 25 August 2017 Announcement and the 22 December 2017 Announcement for further details.

The Directors expect that the Framework Purchase Agreement with Tianjin New Value and the transactions contemplated thereunder would enable the Company to procure high quality raw materials from a stable source and reduce its procurement costs for raw materials.

於2018年12月3日，新西蘭乳業與Nutricia NZ同意將與Nutricia NZ的服務協議延長六個月（「2018年12月3日延長」）。因此，與Nutricia NZ的服務協議將保持有效直至2019年6月30日。有關進一步詳情，請參閱本公司日期為2018年12月3日的公告。

董事認為，與Nutricia NZ的服務協議項下擬進行的交易、2018年5月31日延長及2018年12月3日延長能令新西蘭乳業進一步提升其利用率，從而增強本集團與達能集團的協同效應。

截至2018年12月31日止年度，與Nutricia NZ的服務協議（經5月31日延長後）項下擬進行交易的價值為6.91百萬新西蘭元，低於2018年5月31日公告所披露的年度上限12百萬新西蘭元（相當於約66百萬港元）。

7. 與天津通瑞訂立的採購框架協議

於2017年8月22日，本公司子公司多美滋中國、雅士利（廣東）、雅士利（山西）及歐世蒙牛與天津通瑞訂立採購框架協議（「與天津通瑞訂立的採購框架協議」），據此，於2017年8月22日至2019年7月31日，多美滋中國、雅士利（廣東）、雅士利（山西）及歐世蒙牛同意購買而天津通瑞同意出售原材料。有關進一步詳情，請參閱2017年8月25日公告及2017年12月22日公告。

董事預期，與天津通瑞訂立的採購框架協議及其項下擬進行的交易可令本公司自穩定來源採購優質原材料，並降低其原材料的採購成本。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

104

The annual cap of the Framework Purchase Agreement with Tianjin New Value for the year ended 31 December 2018 was initially RMB71 million (equivalent to approximately HK\$83 million) as disclosed in the 25 August 2017 Announcement. It was adjusted to RMB91 million (equivalent to approximately HK\$110 million), RMB71 million (equivalent to approximately HK\$82 million) and RMB62 million (equivalent to approximately HK\$70 million) as disclosed in the announcements of the Company dated 20 June 2018, 4 September 2018 and the 23 November 2018 Announcement, respectively.

For the year ended 31 December 2018, the value of the transactions contemplated under the Framework Purchase Agreement with Tianjin New Value was RMB59.04 million, which was less than the cap of RMB62 million (equivalent to approximately HK\$70 million) as disclosed in the 23 November 2018 Announcement.

8. Lab Testing Service Framework Agreement

On 13 November 2017, Dumex China, a wholly-owned subsidiary of the Company, entered into a lab testing service framework agreement (the "Lab Testing Service Framework Agreement") with Nutricia Pharma, an indirect subsidiary of Danone SA and a member of the Danone Group, pursuant to which Dumex China agreed to provide lab testing services to Nutricia Pharma from 13 November 2017 to 31 December 2019. Please refer to the announcement of the Company dated 14 November 2017 ("14 November 2017 Announcement") for further details.

The Directors are of the view that the transactions contemplated under the Lab Testing Service Framework Agreement enable the Group to achieve greater synergies between the Group and the Danone Group.

For the year ended 31 December 2018, the value of the transactions contemplated under the Lab Testing Service Framework Agreement was RMB0.01 million, which was less than the cap of RMB0.3 million (equivalent to approximately HK\$0.35 million) as disclosed in the 14 November 2017 Announcement.

如2017年8月25日公告所披露，截至2018年12月31日止年度，與天津通瑞訂立的採購框架協議的年度上限初步為人民幣71百萬元(相當於約83百萬港元)。如本公司日期為2018年6月20日、2018年9月4日及2018年11月23日的公告所披露，該年度上限分別調整為人民幣91百萬元(相當於約110百萬港元)、人民幣71百萬元(相當於約82百萬港元)及人民幣62百萬元(相當於約70百萬港元)。

截至2018年12月31日止年度，與天津通瑞訂立的採購框架協議項下擬進行交易的價值為人民幣59.04百萬元，低於2018年11月23日公告所披露的上限人民幣62百萬元(相當於約70百萬港元)。

8. 實驗室檢測服務框架協議

於2017年11月13日，本公司全資子公司多美滋中國與紐迪希亞製藥(達能SA的間接子公司及達能集團的成員公司)訂立實驗室檢測服務框架協議(「實驗室檢測服務框架協議」)，據此，多美滋中國同意於2017年11月13日起至2019年12月31日向紐迪希亞製藥提供實驗室檢測服務。有關進一步詳情，請參閱本公司日期為2017年11月14日的公告(「2017年11月14日公告」)。

董事認為，實驗室檢測服務框架協議項下擬進行的交易能夠讓本集團擴大本集團與達能集團的協同效應。

截至2018年12月31日止年度，實驗室檢測服務框架協議項下擬進行交易的價值為人民幣0.01百萬元，低於2017年11月14日公告所披露的上限人民幣0.3百萬元(相當於約0.35百萬港元)。

9. Processing Agreement with Inner Mongolia Mengniu

On 1 January 2018, Oushi Mengniu and Yashili (Shanxi), each a subsidiary of the Company, entered into a processing agreement (the “Processing Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu and Yashili (Shanxi) agreed to provide processing services in respect of whole milk powder, skim milk powder and other products to Inner Mongolia Mengniu from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 2 January 2018 (“2 January 2018 Announcement”) for further details.

The Directors are of the view that the transactions contemplated under the Processing Agreement with Inner Mongolia Mengniu would enable the Group to meet the production needs for its milk powder products as well as fully utilize and better allocate the Group’s production capacities which in turn generate additional revenue to the Group.

For the year ended 31 December 2018, the value of the transactions contemplated under the Processing Agreement with Inner Mongolia Mengniu was RMB51.87 million, which was less than the cap of RMB80 million (equivalent to approximately HK\$96 million) as disclosed in the 2 January 2018 Announcement.

9. 與內蒙蒙牛的加工協議

於2018年1月1日，本公司子公司歐世蒙牛及雅士利(山西)與蒙牛乳業子公司內蒙蒙牛訂立加工協議(「與內蒙蒙牛的加工協議」)，據此，歐世蒙牛及雅士利(山西)同意於2018年1月1日至2020年12月31日向內蒙蒙牛提供全脂奶粉、脫脂奶粉及其他產品的加工服務。有關進一步詳情，請參閱本公司日期為2018年1月2日的公告(「2018年1月2日公告」)。

董事認為，與內蒙蒙牛的加工協議項下擬進行的交易使本集團滿足奶粉產品的生產需求，同時充分利用及優化分配本集團的產能，從而為本集團產生額外收入。

截至2018年12月31日止年度，與內蒙蒙牛的加工協議下擬進行交易的價值為人民幣51.87百萬元，低於2018年1月2日公告所披露的上限人民幣80百萬元(相當於約96百萬港元)。

10. Processing Agreement with Shanghai Nutri Go

On 23 March 2018, Dumex China, a wholly-owned subsidiary of the Company, entered into a processing agreement (the "Processing Agreement with Shanghai Nutri Go") with Shanghai Nutri Go pursuant to which Dumex China agreed to provide processing services in respect of *NutriGo* nutrition packs to Shanghai Nutri Go from time to time from 23 March 2018 to 22 March 2019. Please refer to the announcement of the Company dated 23 March 2018 ("23 March 2018 Announcement") for further details.

The Directors are of the view that the transactions contemplated under the Processing Agreement with Shanghai Nutri Go would generate revenue for the Group and enable the Group to explore additional business opportunities in the future.

For the year ended 31 December 2018, the value of the transactions contemplated under the Processing Agreement with Shanghai Nutri Go was RMB0.38 million, which was less than the cap of RMB6 million (equivalent to approximately HK\$7.43 million) as disclosed in the 23 March 2018 Announcement.

11. Supply Agreement with Burra Foods and Offtake Agreement with Burra Foods

On 26 April 2018, Newou, a wholly-owned subsidiary of the Company, entered into a supply agreement (the "Supply Agreement with Burra Foods") with Burra Foods, pursuant to which Newou agreed to purchase, and Burra Foods agreed to sell, base powder products for milk based recipes (the "Base Powder Products") from 26 April 2018 to 30 June 2018. If Newou and Burra Foods enter into a new supply agreement before 30 June 2018, such agreement shall supersede the Supply Agreement with Burra Foods. Please refer to the announcement of the Company dated 26 April 2018 for further details.

10. 與上海起跑營養的加工協議

於2018年3月23日，本公司全資子公司多美滋中國與上海起跑營養訂立加工協議（「與上海起跑營養的加工協議」），據此，多美滋中國同意於2018年3月23日至2019年3月22日不時向上海起跑營養提供營養起跑營養包的加工服務。有關進一步詳情，請參閱本公司日期為2018年3月23日的公告（「2018年3月23日公告」）。

董事認為，與上海起跑營養的加工協議項下擬進行的交易將為本集團產生收益，並可令本集團在將來開拓額外商機。

截至2018年12月31日止年度，上海起跑營養加工協議項下擬進行交易的價值為人民幣0.38百萬元，低於2018年3月23日公告所披露的上限人民幣6百萬元（相當於約7.43百萬港元）。

11. 與Burra Foods訂立的供應協議及與Burra Foods訂立的採購協議

於2018年4月26日，本公司全資子公司新歐與Burra Foods訂立供應協議（「與Burra Foods訂立的供應協議」），據此，於2018年4月26日至2018年6月30日，新歐同意購買而Burra Foods同意出售用於牛奶食譜的奶粉基粉產品（「奶粉基粉產品」）。倘新歐與Burra Foods於2018年6月30日前訂立新的供應協議，則有關協議將取代與Burra Foods訂立的供應協議。有關進一步詳情，請參閱本公司日期為2018年4月26日的公告。

On 28 June 2018, Newou entered into the an offtake agreement (the "Offtake Agreement with Burra Foods") with Burra Foods, pursuant to which Newou agreed to purchase, and Burra Foods agreed to sell, the Base Powder Products from time to time from 28 June 2018 to 31 December 2018. The Offtake Agreement with Burra Foods shall supersede the Supply Agreement with Burra Foods, and all the purchase orders still performing under the Supply Agreement with Burra Foods shall automatically be subject to the Offtake Agreement with Burra Foods. Please refer to the announcement of the Company dated 28 June 2018 (the "28 June 2018 Announcement") for further details.

The Directors are of the view that the transactions contemplated under the Supply Agreement with Burra Foods and the Offtake Agreement with Burra Foods would enable Newou to procure high quality raw materials from a stable source, which would lay a solid foundation for the Group's expansion into high-end product categories.

For the year ended 31 December 2018, the value of the transactions contemplated under the Supply Agreement with Burra Foods and the Offtake Agreement with Burra Foods was AUD1.99 million in aggregate, which was less than the cap of AUD10 million (equivalent to approximately HK\$57.68 million) as disclosed in the 28 June 2018 Announcement.

12. Can Supply Agreement with Nutricia NZ

On 23 May 2018, Yashili New Zealand, a subsidiary of the Company, entered into a can supply agreement (the "Can Supply Agreement with Nutricia NZ") with Nutricia NZ, a subsidiary of Danone SA, pursuant to which Yashili New Zealand agreed to purchase and Nutricia NZ, agreed to supply cans from time to time from 23 May 2018 to 30 June 2020 unless terminated earlier in accordance with the terms of the Can Supply Agreement with Nutricia NZ. Please refer to the announcement of the Company dated 23 May 2018 ("23 May 2018 Announcement") for further details.

於2018年6月28日，新歐與Burra Foods訂立採購協議(「與Burra Foods訂立的採購協議」)，據此，自2018年6月28日起至2018年12月31日止，新歐同意不時購買，而Burra Foods同意不時出售奶粉基粉產品。與Burra Foods訂立的採購協議將取代與Burra Foods訂立的供應協議，而所有仍在與Burra Foods的供應協議下履行的採購訂單將自動受與Burra Foods訂立的採購協議所約束。有關更多詳情，請參閱本公司日期為2018年6月28日的公告(「2018年6月28日公告」)。

董事認為，與Burra Foods訂立的供應協議及與Burra Foods訂立的採購協議項下擬進行交易會使新歐自穩定來源採購優質原材料，為本集團向高端產品類別擴張奠定堅實的基礎。

截至2018年12月31日止年度，與Burra Foods訂立的供應協議及與Burra Foods訂立的採購協議項下擬進行交易價值總共為1.99百萬澳元，低於2018年6月28日公告所披露的上限10百萬澳元(相當於約57.68百萬港元)。

12. 與Nutricia NZ訂立的鐵罐供應協議

於2018年5月23日，本公司的子公司新西蘭乳業與Nutricia NZ(達能SA的子公司)訂立鐵罐供應協議(「與Nutricia NZ訂立的鐵罐供應協議」)，據此，自2018年5月23日起至2020年6月30日止，新西蘭乳業同意不時採購，而Nutricia NZ同意不時供應鐵罐，惟根據與Nutricia NZ訂立的鐵罐供應協議條款提早終止除外。有關更多詳情，請參閱本公司日期為2018年5月23日的公告(「2018年5月23日公告」)。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

108

The Directors are of the view that the transactions contemplated under the Can Supply Agreement with Nutricia NZ would enable Yashili New Zealand to procure high quality packing materials from a stable source, further achieving greater synergies between the Group and the Danone Group.

For the year ended 31 December 2018, the value of the transactions contemplated under the Can Supply Agreement with Nutricia NZ was NZ\$0 million, which was less than the cap of NZ\$2 million (equivalent to approximately HK\$10.8 million) as disclosed in the 23 May 2018 Announcement.

13. Framework Supply Agreement with Burra Foods

On 20 June 2018, Newou entered into a framework supply agreement (the "Framework Supply Agreement with Burra Foods") with Burra Foods, pursuant to which Newou agreed to purchase, and Burra Foods agreed to sell, canned infant formula milk powder under the brand of *Shanai* from time to time from 20 June 2018 to 31 December 2018. Please refer to the announcement of the Company dated 20 June 2018 ("20 June 2018 Announcement") and the supplemental announcement of the Company dated 26 June 2018 for further details.

The Directors are of the view that the transactions contemplated under the Framework Supply Agreement with Burra Foods would enable the Group to further develop its high-end product line.

For the year ended 31 December 2018, the value of the transactions contemplated under the Framework Supply Agreement with Burra Foods was AUD0 million, which was less than the cap of AUD7 million (equivalent to approximately HK\$41 million) as disclosed in the 20 June 2018 Announcement.

董事認為，與Nutricia NZ訂立的鐵罐供應協議項下擬進行交易可使新西蘭乳業自穩定來源採購優質包材，並進一步增強本集團與達能集團的協同效應。

截至2018年12月31日止年度，與Nutricia NZ訂立的鐵罐供應協議項下擬進行交易價值為零百萬新西蘭元，低於2018年5月23日公告所披露的上限2百萬新西蘭元(相當於約10.8百萬港元)。

13. 與BURRA FOODS訂立的框架供應協議

於2018年6月20日，新歐與Burra Foods訂立框架供應協議(「與Burra Foods訂立的框架供應協議」)，據此，自2018年6月20日起至2018年12月31日止，新歐同意不時購買，而Burra Foods同意不時出售「膳愛」品牌罐裝嬰幼兒配方奶粉。有關更多詳情，請參閱本公司日期為2018年6月20日的公告(「2018年6月20日公告」)及本公司日期為2018年6月26日的補充公告。

董事認為，與Burra Foods訂立的框架供應協議項下擬進行交易會使本集團進一步發展其高端產品線。

截至2018年12月31日止年度，與Burra Foods訂立的框架供應協議項下擬進行交易價值為零百萬澳元，低於2018年6月20日公告所披露的上限7百萬澳元(相當於約41百萬港元)。

14. Framework Agreement with Mengniu Dairy

On 29 June 2018, the Company entered into a Framework Agreement (the "Framework Agreement with Mengniu Dairy") with Mengniu Dairy in relation to (i) purchase of goods by the Mengniu Group from the Group ("Type I CCT"); (ii) purchase of goods by the Group from the Mengniu Group ("Type II CCT"); (iii) provision of services by the Mengniu Group to the Group ("Type III CCT"); and (iv) provision of services by the Group to the Mengniu Group ("Type IV CCT"). The Framework Agreement has a term of three years commencing from the date of the approval of the independent Shareholders (the "Effective Date").

The goods under the Type I CCT and Type II CCT are mainly raw materials for dairy products, raw materials for food, food additives (including but not limited to whole milk powder, skimmed milk powder, white sugar, etc.), auxiliary materials, packing materials, semi-finished goods and finished goods. The list of goods may be updated from time to time according to the business needs of the Group and the Mengniu Group. The services under the Type III CCT and Type IV CCT are mainly testing services, storage and leasing services, marketing and sales services, IT services, labour services, advisory services and management services. The scope of services may be updated from time to time according to the business needs of the Group and the Mengniu Group. The price and terms of the transactions under the Framework Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no less favourable to the Group than those available to the Group from independent third parties.

Please refer to (i) the announcement of the Company dated 2 July 2018 in relation to the entering into of the Framework Agreement with Mengniu Dairy ("2 July 2018 Announcement"), (ii) the announcement of the Company dated 31 December 2018 in relation to, among others, the revision of proposed annual caps of the continuing connected transactions under the Framework Agreement with Mengniu Dairy, and (iii) the circular of the Company dated 22 February 2019 ("22 February 2019 Circular"), for further details.

14. 與蒙牛乳業訂立的框架協議

於2018年6月29日，本公司與蒙牛乳業就(i)蒙牛集團向本集團採購商品(「持續關連交易類別I」)；(ii)本集團向蒙牛集團採購商品(「持續關連交易類別II」)；(iii)蒙牛集團向本集團提供服務(「持續關連交易類別III」)；及(iv)本集團向蒙牛集團提供服務(「持續關連交易類別IV」)訂立框架協議(「與蒙牛乳業訂立的框架協議」)。框架協議自獨立股東批准當日(「生效日期」)起計為期三年。

持續關連交易類別I及持續關連交易類別II項下商品主要為乳製品原材料、食物原料、食品添加劑(包括但不限於全脂奶粉、脫脂奶粉、白糖等)、輔料、包裝材料、半成品及成品。商品清單或會因應本集團及蒙牛集團的業務需要不時更新。持續關連交易類別III及持續關連交易類別IV項下服務主要為檢測服務、倉儲及租賃服務、市場及銷售服務、IT服務、勞務服務、諮詢服務及管理服務。服務範疇或會因應本集團及蒙牛集團的業務需要不時更新。框架協議項下交易的價格及條款乃於日常業務過程中按正常商業條款經公平磋商後釐定，給予本集團的價格及條款並不遜於本集團自獨立第三方所獲得者。

(i)有關更多詳情，請參閱本公司日期為2018年7月2日有關訂立與蒙牛乳業訂立的框架協議的公告(「2018年7月2日公告」)，(ii)本公司日期為2018年12月31日有關(其中包括)修訂與蒙牛乳業的框架協議項下持續關連交易之建議年度上限的公告，及(iii)本公司日期為2019年2月22日之通函(「2019年2月22日通函」)。



REPORT OF THE DIRECTORS (CONTINUED) 董事會報告 (續)

110

The Directors (excluding the independent non-executive Directors (whose views were set out in the letter from the independent board committee included in the 22 February 2019 Circular)) are of the view that the Framework Agreement with Mengniu Dairy and the transactions contemplated thereunder would enable the Group to achieve greater synergies with the Mengniu Group. In particular, (i) the purchase of goods and services from the Mengniu Group will enable the Group to realize stable and quality sourcing and reduce purchase costs; and (ii) the provision of goods and services by the Group to the Mengniu Group will diversify and increase the Group's income and most importantly improve the capacity utilization of the Group.

The Framework Agreement with Mengniu Dairy and the transactions contemplated thereunder were approved by the independent Shareholders of the Company at the extraordinary general meeting of the Company held on 12 March 2019. The Framework Agreement with Mengniu Dairy became effective on 12 March 2019.

For the year ended 31 December 2018, the value of transactions under the Framework Agreement with Mengniu Dairy was RMB0 million, RMB0 million, RMB0 million, RMB0 million for Type I CCT, Type II CCT, Type III CCT and Type IV CCT, respectively.

董事(不包括獨立非執行董事,彼等意見已於2019年2月22日通函中所載的獨立董事委員會函件中載列)認為,與蒙牛乳業訂立的框架協議及其項下擬進行交易會有助提升本集團與蒙牛集團之間的協同效應。具體而言,(i)向蒙牛集團採購商品及服務有助本集團確保穩定及優質採購來源,並降低採購成本;及(ii)本集團向蒙牛集團提供商品及服務可多元化本集團的收入來源及增加本集團的收入,而更重要的是可提升本集團的產能利用率。

與蒙牛乳業的框架協議及其項下擬進行交易已於2019年3月12日舉行之本公司股東特別大會上由本公司獨立股東批准。與蒙牛乳業的框架協議已於2019年3月12日生效。

截至2018年12月31日止年度,有關與蒙牛乳業的框架協議項下持續關連交易類別I、持續關連交易類別II、持續關連交易類別III及持續關連交易類別IV的交易價值分別為人民幣零百萬元、人民幣零百萬元、人民幣零百萬元及人民幣零百萬元。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

111

15. Settlement Agreement with Inner Mongolia Mengniu and Settlement Agreement with Mengniu Dairy

On 29 June 2018, the Company entered into: (i) a settlement agreement (the “Settlement Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, in respect of the settlement between the Company and Inner Mongolia Mengniu of the consideration of the shares of Mengniu Dairy granted to the certain employees of the Group according to and vested under the restricted share award scheme adopted by Mengniu Dairy on 26 March 2013, and (ii) a settlement agreement (the “Settlement Agreement with Mengniu Dairy”) with Mengniu Dairy in respect of the settlement between the Company and Mengniu Dairy of the consideration of the share options granted to the certain employees of the Group according to and vested under the share option scheme adopted by Mengniu Dairy on 3 June 2016 (together, the “Settlement Agreements”). Please refer to (i) the announcement of Mengniu Dairy dated 7 May 2018 for further details about the abovementioned restricted share award scheme and share option scheme, and (ii) the announcement of the Company dated 2 July 2018 in relation to the Settlement Agreements (the “Settlement Agreements Announcement”) for further details of the Settlement Agreements.

The Directors are of the view that the Settlement Agreements and the transactions contemplated thereunder will provide incentives to and retain the core team of the Company, and in turn achieve the stable development of the Company in the long run.

For the year ended 31 December 2018, the value of the transactions contemplated under the Settlement Agreement with Inner Mongolia Mengniu and the Settlement Agreement with Mengniu Dairy was RMB3.19 million and RMB2.22 million, respectively, which was less than the cap of RMB6.5 million and RMB3.5 million, respectively, as disclosed in the Settlement Agreements Announcement.

15. 與內蒙蒙牛訂立的結算合同及與蒙牛乳業訂立的結算合同

於2018年6月29日，本公司(i)與蒙牛乳業的子公司內蒙蒙牛訂立結算合同(「與內蒙蒙牛訂立的結算合同」)，內容有關本公司與內蒙蒙牛結算根據蒙牛乳業於2013年3月26日所採納限制性股票獎勵計劃授予並歸屬於本集團若干僱員的蒙牛乳業股票的代價，及(ii)與蒙牛乳業訂立結算合同(「與蒙牛乳業訂立的結算合同」)，內容有關本公司與蒙牛乳業結算根據蒙牛乳業於2016年6月3日所採納的購股權計劃授予並歸屬於本集團若干僱員的購股權的代價(統稱「結算合同」)。(i)有關上述限制性股票獎勵計劃及購股權計劃的進一步詳情，請參閱蒙牛乳業日期為2018年5月7日的公告；及(ii)有關結算合同的進一步詳情，請參閱本公司日期為2018年7月2日有關結算合同的公告(「結算合同公告」)。

董事認為，結算合同及其項下擬進行的交易使得本公司激勵及留住本公司核心隊伍，以達致本公司的長期穩定發展。

截至2018年12月31日止年度，有關與內蒙蒙牛訂立的結算合同及與蒙牛乳業訂立的結算合同項下擬進行交易價值分別為人民幣3.19百萬元及人民幣2.22百萬元，低於結算合同公告所披露分別為人民幣6.5百萬元及人民幣3.5百萬元上限。

16. Distribution Agreement with Inner Mongolia Digital Technology

On 2 October 2018, Yashili Dairy (Maanshan) Distribution Co., Ltd. ("Yashili Maanshan"), a wholly-owned subsidiary of the Company, entered into a distribution agreement (the "Distribution Agreement with Inner Mongolia Digital Technology") with Inner Mongolia Digital Technology, an indirect subsidiary of Mengniu Dairy, pursuant to which Inner Mongolia Digital Technology was authorized by Yashili Maanshan and agreed to distribute the Products of the Group via a number of designated e-commerce platforms from time to time from 2 October 2018 to 31 December 2018. Please refer to the announcement of the Company dated 2 October 2018 ("2 October 2018 Announcement") for further details.

The Directors are of the view that the transactions contemplated under the Distribution Agreement with Inner Mongolia Digital Technology would enable the Group to access the established resources and advantages in the designated e-commerce platforms by the Mengniu Group and strengthen the synergies between the Group and the Mengniu Group.

For the year ended 31 December 2018, the value of the transactions contemplated under the Distribution Agreement with Inner Mongolia Digital Technology was RMB10.83 million, which was less than the cap of RMB90 million as disclosed in the 2 October 2018 Announcement.

The pricing policies set out in the relevant announcements and circulars (where applicable) of the connected transactions and continuing connected transactions set out above have been followed when determining the price and terms of the transactions conducted during the year.

Other than the connected transactions and the continuing connected transactions set out above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2018.

16. 與內蒙數科訂立的分銷協議

於2018年10月2日，本公司全資子公司雅士利乳業(馬鞍山)銷售有限公司(「馬鞍山雅士利」)與蒙牛乳業間接子公司內蒙數科訂立分銷協議(「與內蒙數科訂立的分銷協議」)，據此，內蒙數科獲馬鞍山雅士利授權並同意自2018年10月2日起至2018年12月31日止不時通過多個指定電商平台分銷本集團產品。有關進一步詳情，請參閱本公司日期為2018年10月2日的公告(「2018年10月2日公告」)。

董事認為，與內蒙數科訂立的分銷協議項下擬進行交易將有利於本集團共享蒙牛集團於指定電商平台已有的資源和優勢，加大本集團與蒙牛集團的協同效應。

截至2018年12月31日止年度，有關與內蒙數科訂立的分銷協議項下擬進行的交易價值為人民幣10.83百萬元，低於2018年10月2日公告所披露的上限人民幣90百萬元。

於釐定年內所進行交易之價格及條款時已遵從上述關連交易及持續關連交易的相關公告及通函(如適用)內所載的定價政策。

除上文所載的關連交易及持續關連交易(已就此遵守上市規則第14A章的披露規定)外，本公司或其任何子公司與控股股東於截至2018年12月31日止年度內概無訂立重大合約。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

113

The independent non-executive directors of the Company have reviewed these connected transactions and confirmed that such transactions were entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms or better; and
- according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected 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. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2018 and up to and including the date of this Annual Report.

本公司的獨立非執行董事已審閱該等關連交易，並確認該等關連交易乃：

- 於本集團一般及日常業務過程中進行；
- 按正常或較佳的商業條款訂立；以及
- 按照規管彼等的協議進行，而有關條款屬公平合理，並符合本公司股東的整體利益。

本公司核數師根據香港會計師公會頒佈的《香港核證委聘準則》第3000號「審核或審閱過去財務資料以外的核證委聘」，並參閱《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」，受聘對本集團的持續關連交易匯報。核數師已就本集團按照上市規則第14A.56條在本年報披露的持續關連交易發出無保留意見的函件，並載有其發現和結論。公司已向聯交所提供了一份核數師函件的副本。

董事於競爭性業務的權益

除本集團業務外，概無董事現正或曾經於截至2018年12月31日止年度內及截至本年報日期(包括該日)止任何時間直接或間接於與本集團業務競爭或曾經競爭或現正或曾經可能競爭的任何業務中擁有權益。



REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

114

MANAGEMENT CONTRACTS

Other than the service contracts disclosed in the paragraph headed “Directors’ Service Contracts” above, 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 ended 31 December 2018.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association or the laws of Cayman Islands where the Company is incorporated applicable to the Company.

EMOLUMENT POLICY

The Group’s emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically. The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, having regard to the Group’s operating results, individual performance and comparable market statistics.

The Company has previously adopted two share option schemes to motivate and reward its Directors and eligible employees. Details of the schemes are set out in the paragraph headed “Share Option Schemes” above.

None of the Directors waived any emoluments during the year ended 31 December 2018.

RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries of the Company are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute certain percentages of basic salaries of the employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the state-managed retirement benefits scheme.

管理合約

除上文「董事服務合約」一段所披露的服務合約外，於截至2018年12月31日止年度內概無訂立或存在有關本公司業務整體或任何重大部分的管理及行政合約。

優先權

本公司組織章程細則或開曼群島(本公司註冊成立所在地)法例項下概無任何優先權條文適用於本公司。

薪酬政策

本集團的薪酬政策乃按個別僱員的優點、資歷及能力為基礎，並定期由薪酬委員會審閱。董事薪酬乃經參考本集團的經營業績、個別表現及可比較的市場統計數字後由薪酬委員會建議，並由董事會決定。

本公司過往已採納兩項購股權計劃以推動及獎勵其董事及合資格僱員。該等計劃的詳情載於上文「購股權計劃」一段。

概無董事於截至2018年12月31日止年度內放棄任何酬金。

退休福利計劃

本公司於中國的子公司的僱員為由中國政府運作的國家管理退休福利計劃的成員。中國子公司須按僱員基本薪金的若干百分比向退休福利計劃供款以撥付該等福利。本集團有關退休福利計劃的唯一責任為根據計劃作出所需供款。該等供款於根據國家管理退休福利計劃的規則成為應付時於合併收益表內扣除。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

115

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

For the year ended 31 December 2018, the Group's total contributions to the retirement benefits schemes charged in the income statement amounted to RMB29.5 million. Details of the Group's retirement benefits scheme and the basis of calculation are set out in note 7 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers were 10% and 17% of the Group's total sales respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers were 17% and 49% of the Group's total purchases respectively.

At no time during the year ended 31 December 2018 did a Director, his/her associate(s) or a shareholder, which to the knowledge of the Directors owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest suppliers.

CLOSURE OF REGISTER OF MEMBERS

(i) For the purpose of determining the identity of shareholders who are entitled to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from Friday, 31 May 2019 to Thursday, 6 June 2019, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting to be held on Thursday, 6 June 2019, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 May 2019

本集團並無有關上述年度供款以外的任何其他重大退休福利付款責任。

截至2018年12月31日止年度，本集團於收益表內扣除的退休福利計劃總供款為人民幣29.5百萬元。本集團的退休福利計劃及計算基準的詳情載於合併財務報表附註7。

主要客戶及供應商

本集團最大及五大客戶所佔的銷售總額分別佔本集團銷售總額的10%及17%。

本集團最大及五大供應商所佔的採購總額分別佔本集團採購總額的17%及49%。

於截至2018年12月31日止年度內任何時間，概無董事、其聯繫人或據董事所知擁有本公司股本超過5%的股東於本集團任何五大供應商中擁有權益。

暫停辦理股份過戶登記手續

(i) 釐定有權出席應屆股東周年大會並於會上表決的股東身份

本公司將於2019年5月31日(星期五)至2019年6月6日(星期四)(包括首尾兩日)暫停辦理股份過戶登記手續，期間將不會進行任何本公司股份過戶登記。為符合出席將於2019年6月6日(星期四)舉行的應屆股東周年大會並於會上表決的資格，所有已填妥及簽署的過戶表格連同相關股票必須於2019年5月30日(星期四)下午4時30分前送達本公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716號室以作登記。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

116

(ii) For the purpose of determining the identity of shareholders who are entitled to the proposed special dividend

Subject to the approval of the proposed special dividend by the shareholders at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 14 June 2019 to Tuesday, 18 June 2019, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed special dividend, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 13 June 2019.

(ii) 釐定有權享有建議特別股息的股東身份

待股東於應屆股東周年大會上批准建議派發特別股息後，本公司將於2019年6月14日(星期五)至2019年6月18日(星期二)(包括首尾兩日)暫停辦理股份過戶登記手續，期間將不會進行任何本公司股份過戶登記。為符合收取建議特別股息的資格，所有已填妥及簽署之過戶文件連同相關股票必須於2019年6月13日(星期四)下午4時30分前送達本公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716室以作登記。

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's financial statements' for the year ended 31 December 2018.

AUDITORS

The consolidated financial statements for the year ended 31 December 2018 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for its re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

審核委員會

本公司審核委員會與本公司管理層以及外部核數師審閱本公司採納的會計原則與慣例，並討論審核、風險管理、內部監控、舉報政策及系統以及財務報告事宜，其中包括審閱本集團截至2018年12月31日止年度的財務報表。

核數師

截至2018年12月31日止年度的合併財務報表已由安永會計師事務所審核，其將會退休並符合資格於本公司應屆股東周年大會上膺選以獲續聘。一項續聘本公司核數師的決議案將於本公司應屆股東周年大會上提呈。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

117

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed public float of not less than 23.42% of the Company's issued shares pursuant to a waiver granted to the Company by the Stock Exchange for the period from the Listing Date.

BANK LOANS AND OTHER BORROWINGS

Particulars of short-term and long-term bank loans of the Group as at 31 December 2018 are set out in note 27 to the consolidated financial statements. Other than such bank loans, the Group had no other bank loans.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 41 to 70 of this Annual Report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2018 is set out on page 264 of this Annual Report.

EVENT AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

On behalf of the Board

Jeffrey, Minfang Lu
Chairman

Hong Kong, 27 March 2019

充足公眾持股量

根據本公司可取得的公開資料及據董事於本年報日期所知，自上市日期以來期間，本公司已根據聯交所授予本公司的豁免，維持不低於本公司已發行股份23.42%的指定公眾持股量。

銀行貸款及其他借貸

本集團於2018年12月31日的短期及長期銀行貸款的詳情載於合併財務報表附註27。除該等銀行貸款外，本集團並無其他銀行貸款。

企業管治

本公司的企業管治原則及常規載於本年報第41至70頁的企業管治報告。

財務資料概要

本集團截至2018年12月31日止五個財政年度的業績以及資產及負債概要載於本年報第264頁。

報告期後事項

本集團並無報告期後的重大事項。

代表董事會

盧敏放
主席

香港，2019年3月27日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

118



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To the shareholders of Yashili International Holdings Ltd
(Incorporated in the Cayman Islands with limited liability)

致雅士利國際控股有限公司股東
(於開曼群島註冊成立的有限責任公司)

OPINION

We have audited the consolidated financial statements of Yashili International Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 124 to 263, 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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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.

意見

我們已完成審計雅士利國際控股有限公司（「貴公司」）及其子公司（「貴集團」）載於第124至263頁的合併財務報表，包括於2018年12月31日的合併財務狀況表、截至該日止年度的合併損益表、合併全面收益表、合併權益變動表及合併現金流量表，以及合併財務報表附註，包括重大會計政策概要。

我們認為，該等合併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2018年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港公司法妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的香港審計準則進行審計。我們就該等準則下承擔的責任於本報告「核數師就審計合併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」），我們獨立於貴集團，並已履行守則中其他職業道德責任。我們相信，我們獲得的審計憑證充足且能適當地為我們的意見提供基礎。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

119

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.

關鍵審計事項

關鍵審計事項為我們的專業判斷中，審計本期合併財務報表中最重要的事項。此等事項乃於我們審計整體合併財務報表及就此出具意見時處理，而不會就此等事項單獨發表意見。下文載有我們的審計如何處理以下各項事項的資料。

我們已履行本報告「核數師就審計合併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，我們的審計包括執行為評估應對合併財務報表重大錯誤陳述風險而設的程式。審計程式結果包括處理以下事項的程式，為我們就隨附的合併財務報表審計意見提供基礎。

Key audit matter	How our audit addressed the key audit matter	關鍵審計事項：	該事項在審計中是如何應對的：
Impairment testing of goodwill <p>Goodwill amounting to RMB991 million represented 13% of the Group's total assets as at 31 December 2018. The impairment tests performed by management involved significant estimations of the value in use of the cash-generating unit ("CGU") groups to which the goodwill is allocated.</p> <p>The accounting policies, significant estimates and related disclosures are included in note 2.4 Business combinations and goodwill, note 3 Impairment of goodwill and note 18 Goodwill to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, evaluation of management's identification of CGU groups to which goodwill is allocated and assessment of the impairment model and underlying assumptions by comparing key assumptions such as the forecasted revenue and gross margins with historical operating results. We involved internal valuation experts to assist in evaluating the impairment model and in benchmarking key assumptions including expected perpetual growth rates and discount rates. We also assessed management's sensitivity analysis to evaluate the impact of reasonably possible changes including revenue growth rates and gross margins.</p> <p>We also reviewed the adequacy and appropriateness of the related disclosures included in the consolidated financial statements.</p>	商譽減值測試 <p>於2018年12月31日，商譽為人民幣9.91億元，佔貴集團總資產的13%。管理層執行的減值測試包含對商譽所分配至的現金產出單元組使用價值的重要估計。</p> <p>會計政策、重要估計和相關披露包含於合併財務報告附註2.4業務合併及商譽、附註3商譽減值和附註18商譽中。</p>	<p>我們的審計程序包括評價管理層對於分配商譽的現金產出單位組的認定；評估減值模型及其假設，將收入增長率及毛利率等主要假設與歷史經營業績進行比較。我們邀請內部估值專家，協助我們評估減值模型，並對包括預期永續增長率及貼現率在內的主要假設進行同行業基準測試。我們還評估了管理層的敏感性分析，以評估收入增長率和毛利率在合理範圍內的變化對減值測試的影響。</p> <p>我們也關注了貴公司合併財務報表中相關披露的充足性及適當性。</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

120

Key audit matter

Impairment testing of trademark with indefinite lives

Trademark with indefinite life amounting to RMB283 million represented 4% of the Group's total assets as at 31 December 2018. The impairment tests performed by management involved significant estimations in determination of the value in use of the CGU to which the trademarks belong.

The accounting policies, significant estimates and related disclosures are included in note 2.4 Intangible assets, note 3 Impairment of non-financial assets and note 17 Intangible assets to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included, among others, assessment of the impairment model and the key assumptions, such as forecasted revenue growth rates and gross margins. We compared key assumptions such as forecasted revenue growth rates, unit selling prices and unit costs with historical results or industry peers. We involved internal valuation experts to assist us in evaluating the impairment model and key assumptions in particular those relating to perpetual growth rates and discount rates. We also assessed management's sensitivity analysis to evaluate the impact of reasonably possible changes including revenue growth rates and gross margins.

We also reviewed the adequacy and appropriateness of the related disclosures included in the consolidated financial statements.

關鍵審計事項:

不確定使用壽命商標的減值測試

於2018年12月31日，多美滋商標價值為人民幣2.83億元，佔貴集團總資產的4%。管理層執行的減值測試包含對商標所屬現金產出單元使用價值的重要估計。

會計政策、重要估計和相關披露包含於合併財務報告附註2.4無形資產、附註3非金融資產的減值和附註17無形資產中。

該事項在審計中是如何應對的:

我們的審計程序包括對減值模型、預計收入增長率和預計毛利率等關鍵假設的評估。我們將管理層對重大假設如收入增長率、單位售價和單位成本的預測與公司歷史業績和同行業可比公司進行了比較。我們邀請內部估值專家，協助我們評估減值模型與包括預期永續增長率及貼現率在內的主要假設。我們還評估了管理層的敏感性分析，以評估收入增長率和毛利率在合理範圍內的變化對減值測試的影響。

我們也關注了貴公司合併財務報表中相關披露的充足性及適當性。

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.

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，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式的鑒證結論。

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

121

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.

審計合併財務報表時，我們的責任為閱讀其他資料，在此過程中，考慮其他資料是否與合併財務報表或我們於審計過程中所瞭解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於我們已執行的工作，倘我們認為其他資料有重大錯誤陳述，我們須報告該事實。在此方面，我們並無任何報告。

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.

董事對合併財務報表的責任

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法編製真實兼公允地呈列的合併財務報表，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合併財務報表而言屬必要的內部監控。

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.

編製合併財務報表時，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。

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

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。

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.

核數師就審計合併財務報表須承擔的責任

我們的目標為合理確定整體合併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，並發出載有我們意見的核數師報告。本報告僅為全體股東編製，並不能作其他用途。我們概不就本報告內容對任何其他人士承擔或接受任何責任。

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

122

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.
- 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.

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合併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，我們運用專業判斷，於整個審計過程中抱持專業懷疑態度。我們亦：

- 識別及評估合併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我們的意見提供基礎。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。
- 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。倘我們總結認為存在重大不確定因素，我們需於核數師報告中提請注意合併財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們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。

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

123

- 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.
- 評估合併財務報表(包括資料披露)的整體列報、架構及內容，以及合併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，以就合併財務報表發表意見。我們須負責指導、監督及執行集團的審計工作。我們須為我們的審計意見承擔全部責任。

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.

我們與審核委員會就(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，包括我們於審計期間識別出內部監控的任何重大缺陷溝通。

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.

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們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。

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.

我們從與審核委員會溝通的事項中，決定哪些事項對本期合併財務報表的審計工作最為重要，因而構成關鍵審核事項。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，我們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，否則我們會於核數師報告中描述此等事項。

The engagement partner on the audit resulting in this independent auditor's report is Mr. TONG KA YAN.

出具本獨立核數師報告的審計項目合夥人為唐嘉欣。

Ernst & Young
Certified Public Accountants

安永會計師事務所
執業會計師

Hong Kong
27 March 2019

香港
2019年3月27日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

合併損益表

Year ended 31 December 2018 截至2018年12月31日止年度

124

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
CONTINUING OPERATIONS	持續經營			
REVENUE	收入	5	3,011,200	2,254,716
Cost of sales	銷售成本	7	(1,817,421)	(1,332,513)
GROSS PROFIT	毛利		1,193,779	922,203
Other income and gains	其他收入及收益	5	91,572	70,167
Selling and distribution expenses	銷售及經銷開支		(1,140,433)	(893,156)
Administrative expenses	行政開支		(208,637)	(271,224)
Impairment losses on financial assets	金融資產減值損失		1,249	(17,437)
Other expenses	其他開支	6	(69,841)	(145,537)
LOSS FROM CONTINUING OPERATIONS	持續經營虧損		(132,311)	(334,984)
Finance income	財務收入	7	113,577	123,728
Finance costs	財務成本	8	(16,099)	(18,109)
Net finance income	淨財務收入		97,478	105,619
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	持續經營除稅前虧損	7	(34,833)	(229,365)
Income tax credit	所得稅抵減	10	87,108	49,554
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	持續經營年度溢利/(虧損)		52,275	(179,811)
Attributable to:	歸屬於：			
Owners of the parent	母公司股權持有人		52,275	(179,811)
			RMB cents	RMB cents
			人民幣分	人民幣分
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股擁有人應佔每股盈利/(虧損)	12		
Basic and diluted	基本和攤薄		(1.1)	(3.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

Year ended 31 December 2018 截至2018年12月31日止年度

125

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
PROFIT/(LOSS) FOR THE YEAR	年度溢利/(虧損)	52,275	(179,811)
OTHER COMPREHENSIVE INCOME/(LOSS)	其他全面收益/(損失)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	可於以後期間重新分類至損益之其他全面收益/(損失):		
Exchange differences on translation of foreign operations	海外經營外幣報表折算差額	7,351	(33,250)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	可於以後期間重新分類至損益之淨其他全面收益(損失)	7,351	(33,250)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	年度稅後其他全面收益/(損失)	7,351	(33,250)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	年度全面收益/(損失)總額	59,626	(213,061)
Attributable to:	歸屬於:		
Owners of the parent	母公司股權持有人	59,626	(213,061)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

31 December 2018 2018年12月31日

126

Notes
附註

2018
RMB'000
人民幣千元

2017
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	13	1,510,604	1,602,976
Construction in progress	在建工程	14	85,677	64,383
Investment properties	投資物業	15	73,785	59,333
Land use rights	土地使用權	16	86,420	88,793
Intangible assets	無形資產	17	327,972	316,750
Goodwill	商譽	18	991,236	991,236
Deferred tax assets	遞延稅項資產	19	371,036	277,793
Long-term bank deposits	長期銀行存款	24	100,000	—
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	22	8,882	3,462
Total non-current assets	非流動資產總額		3,555,612	3,404,726
CURRENT ASSETS	流動資產			
Inventories	存貨	20	757,376	786,324
Trade and bills receivables	貿易應收款及票據	21	162,968	144,336
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	22	237,012	191,189
Other current financial assets	其他流動金融資產	23	683,616	724,748
Pledged deposits	保證金存款	24	315,315	243,621
Cash and bank balances	現金及銀行結餘	24	2,010,318	1,748,395
			4,166,605	3,838,613
Assets of a disposal group classified as held for sale	分類為持有待售的處置組資產	30	—	187,237
Total current assets	流動資產總額		4,166,605	4,025,850
CURRENT LIABILITIES	流動負債			
Trade payables	貿易應付款	25	349,935	338,440
Other payables and accruals	其他應付款及應計費用	26	1,376,401	1,037,658
Interest-bearing bank loans	計息銀行借款	27	415,128	529,696
Tax payable	應付所得稅		8,569	12,192
Total current liabilities	流動負債總額		2,150,033	1,917,986
NET CURRENT ASSETS	流動資產淨值		2,016,572	2,107,864
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		5,572,184	5,512,590

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

合併財務狀況表(續)

31 December 2018 2018年12月31日

127

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Deferred income	遞延收益	28	4,362	2,245
Deferred tax liabilities	遞延稅項負債	19	9,997	19,418
Total non-current liabilities	非流動負債總額		14,359	21,663
Net assets	資產淨額		5,557,825	5,490,927
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	29	399,352	399,352
Reserves	儲備		5,158,473	5,091,575
TOTAL EQUITY	權益總額		5,557,825	5,490,927

Mr. Chopin Zhang
張平(Chopin Zhang)先生
Director
董事

Mr. Zhang Ping
張平先生
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

Year ended 31 December 2018 截至2018年12月31日止年度

Attributable to owners of the parent

歸屬於母公司股權持有人

		Share capital	Share premium	Capital redemption reserve	PRC statutory reserve	Other capital reserve	Share option reserve/share award reserve	Translation reserve	Contributed surplus	Merger reserve	Retained earnings	Total
		股本	股份溢價	回購儲備	法定儲備	其他資本儲備	獎勵儲備	匯兌儲備	實繳盈餘	合併儲備	保留盈利	總計
		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
Notes		(note 29)	(note 41(i))					(note 41(iii))	(note 41(ii))			
附註		(附註 29)	(附註 41(i))					(附註 41(iii))	(附註 41(ii))			
As at 1 January 2017	於2017年1月1日	399,352	3,845,616*	818*	182,021*	(44,615)*	—	57,067*	1,367,204*	(850,504)*	744,655*	5,701,614
Loss for the year	年度虧損	—	—	—	—	—	—	—	—	—	(179,811)	(179,811)
Other comprehensive income	其他全面收益	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	海外子公司外幣報表折算差額	—	—	—	—	—	—	(33,250)	—	—	—	(33,250)
Total comprehensive loss for the year	全面損失總額	—	—	—	—	—	—	(33,250)	—	—	(179,811)	(213,061)
Share option and share award arrangements**	股票期權及股權激勵計劃**	—	—	—	—	—	2,374	—	—	—	—	2,374
At 31 December 2017	於2017年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	2,374*	23,817*	1,367,204*	(850,504)*	564,844*	5,490,927
At 1 January 2018	於2018年1月1日	399,352	3,845,616*	818*	182,021*	(44,615)*	2,374*	23,817*	1,367,204*	(850,504)*	564,844*	5,490,927
Profit for the year	年度溢利	—	—	—	—	—	—	—	—	—	52,275	52,275
Other comprehensive income	其他全面收益	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	海外子公司外幣報表折算差額	—	—	—	—	—	—	7,351	—	—	—	7,351
Total comprehensive income for the year	全面收益總額	—	—	—	—	—	—	7,351	—	—	52,275	59,626
Share option and share award arrangements**	股票期權及股權激勵計劃**	—	—	—	—	—	7,272	—	—	—	—	7,272
At 31 December 2018	於2018年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	9,646*	31,168*	1,367,204*	(850,504)*	617,119*	5,557,825

* These reserve amounts comprise the consolidated reserves of RMB5,158,473,000 (2017: RMB5,091,575,000) in the consolidated statement of financial position.

* 這些儲備金額組成2018年財務狀況合併表中的儲備人民幣5,158,473,000元(2017年: 人民幣5,091,575,000元)。

** On 13 July 2017, 7 May 2018 and 24 December 2018, China Mengniu Dairy Company Limited ("Mengniu Dairy"), the Company's ultimate holding company, granted 570,845 unit of shares and 4,445,780 unit of share options under its share award scheme and share option scheme, respectively, to the Company's directors and management of the Group for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Mengniu Dairy. The amount represented the fair value amortisation of these share options and share awards in 2018.

** 於2017年7月13日、2018年5月7日和2018年12月24日，中國蒙牛乳業有限公司(「蒙牛乳業」)，本公司之最終控股公司，根據其股票期權及股權激勵計劃向本公司董事及管理人員授出570,845股股票和4,445,780股期權，以向為中國蒙牛業務成功作出貢獻的重要人員提供激勵及獎勵。列式金額為以上股票期權及股權激勵在2018年的公允價值攤銷額。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended 31 December 2018 截至2018年12月31日止年度

129

	Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動現金流量		
Loss before tax	稅前虧損	(34,833)	(229,365)
Adjustments for:	調整項目：		
Depreciation and amortisation	折舊及攤銷	7	178,596
Net loss on non-current assets	出售非流動資產的 虧損淨額	6	250
Impairment losses for property, plant and equipment	物業、廠房及設備的減值	—	7,216
Provision for impairment of trade and other receivables	貿易及其他應收款的 減值準備	(1,249)	17,437
Provision for impairment of inventories	存貨跌價準備	6	25,656
Interest income	利息收入	7	(105,813)
Interest expense	利息開支	8	18,109
Foreign exchange difference, net	匯兌損益淨額	6	3,300
Net gain on disposal of assets classified as held for sale	出售持有待售資產組的 收益淨額	5(a)	—
Loss on disposal of a subsidiary	處置子公司損失	6	11,698
Gain on other investments	其他投資收益	7	(17,915)
Share option and share award arrangements	股票期權及股權激勵計劃		2,374
		7,272	
		33,788	(88,457)
Increase in inventories	存貨增加	(1,425)	(200,331)
(Increase)/decrease in trade and bills receivables	貿易應收賬款及票據 (增加)/減少	(17,823)	4,598
(Increase)/decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產(增加)/減少	(92,481)	48,837
Decrease/(increase) in pledged deposits and other financial assets	受限制銀行存款和其他金融 資產減少/(增加)	40,739	(288,016)
Increase in trade payables, other payables and accruals	貿易應付賬款、其他應付 款項和應計費用增加	312,514	288,940
Increase/(decrease) in deferred income	遞延收益增加/(減少)	2,116	(1,084)
Cash generated/(used) in operations	經營活動產生/(所用)現金	277,428	(235,513)
Income tax paid on operating activities	經營活動已付所得稅	(13,305)	(19,345)
Net cash flows from/(used in) operating activities	經營活動所得/(所用)現金 淨額	264,123	(254,858)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

合併現金流量表(續)

Year ended 31 December 2018 截至2018年12月31日止年度

130

	Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and gains on investments received		162,443	77,408
Tax paid on investing activities		(12,990)	—
Proceeds from disposal of property, plant and equipment		9,267	13,789
Proceeds from sale of other financial assets		1,993,207	1,587,245
Proceeds from disposal of assets classified as held for sale	5 (a)	252,822	—
Receipts of bank deposits with original maturity of more than three months		227,489	379,927
Proceeds from disposal of a subsidiary	31	—	4,747
Payment of bank deposits with original maturity of more than three months		—	(18,107)
Payment of long term bank deposits		(100,000)	—
Acquisition of property, plant and equipment		(17,631)	(23,102)
Payment of construction in progress		(75,670)	(97,604)
Acquisition of intangible assets		(17,275)	(1,086)
Acquisition of other financial assets		(1,913,571)	(1,635,895)
Net cash flows from investing activities		508,091	287,322
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	32	568,285	1,227,252
Receipts of pledged deposits at maturity in relation to bank loans		150,491	798,905
Payment of pledged deposits in relation to bank loans		(301,428)	(150,491)
Repayments of interest-bearing bank loans	32	(689,490)	(1,807,132)
Interest paid		(11,019)	(18,154)
Net cash flows (used in)/from financing activities		(283,161)	50,380
NET INCREASE IN CASH AND CASH EQUIVALENTS		489,053	82,844
Cash and cash equivalents at beginning of year	24	668,962	581,491
Effect of exchange rate changes on cash and cash equivalents		358	4,627
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	1,158,373	668,962

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

31 December 2018 2018年12月31日

131

1. CORPORATE AND GROUP INFORMATION

Yashili International Holdings Ltd (the “Company”) was incorporated in the Cayman Islands on 3 June 2010 as an exempted company with limited liability under the Companies Law, Chapter 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is primarily engaged in the manufacture and sale of dairy and nourishment products.

In the opinion of the directors, the holding company is China Mengniu International Company Limited (BVI). The ultimate holding company of the Company is China Mengniu Dairy Company Limited (Cayman).

Information about subsidiaries

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

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and business 註冊成立/ 登記及營業地點	Issued ordinary/ registered share capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili International Ltd. (“Yashili (BVI)”) 雅士利國際有限公司 (“Yashili (BVI)”)		BVI	US\$1	100%	—	Investment holding
Yashili International Group Limited (“Yashili (HK)”) 雅士利國際集團有限公司 (“雅士利(香港)”)		Hong Kong	HK\$1	—	100%	Investment holding
Newou Hong Kong International Co., Limited (“Newou Hong Kong”) 新歐香港國際有限公司 (“新歐香港”)		Hong Kong	HK\$1	—	100%	Import and export of dairy products and related materials
		Hong Kong	HK\$1	—	100%	進出口乳製品及 相關材料

1. 公司及集團資料

雅士利國際控股有限公司(「本公司」)於2010年6月3日根據開曼群島公司法第22章(1961年第三號法例，經合併及修訂)在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本集團主要從事製造及銷售乳製品及營養品。

董事認為，集團控股公司為中國蒙牛國際有限公司(BVI)。集團最終控股公司為中國蒙牛乳業有限公司(開曼)。

子公司信息

本公司重要子公司的詳情如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

132

1. CORPORATE AND GROUP INFORMATION (Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

子公司信息(續)

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and business 註冊成立/ 登記及營業地點	Issued ordinary/ registered share capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili New Zealand Dairy Co., Limited ("Yashili New Zealand") 新西蘭雅士利乳業有限公司 (「新西蘭乳業」)		New Zealand 新西蘭	NZD287,032,059 新西蘭元287,032,059元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. ("Oushi Mengniu") 內蒙古歐世蒙牛乳製品有限 責任公司(「歐世蒙牛」)	(ii)	PRC 中國	RMB470,000,000 人民幣470,000,000元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Yashili International Baby Nourishment Co., Ltd. ("Yashili Nourishment") 雅士利國際嬰幼兒營養品 有限公司(「雅士利營養品」)	(i) & (ii)	PRC 中國	RMB531,815,600 人民幣531,815,600元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Yashili Dairy (Maanshan) Trading Limited ("Maanshan Trading") 雅士利乳業(馬鞍山)銷售有限 公司(「馬鞍山銷售」)	(ii)	PRC 中國	RMB20,000,000 人民幣20,000,000元	—	100%	Wholesale and retail of dairy products 乳製品批發兼零售
Yashili International Group Ltd. ("Yashili (Guangdong)") 雅士利國際集團有限公司 (「雅士利(廣東)」)	(i) & (ii)	PRC 中國	RMB1,126,105,300 人民幣1,126,105,300元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Shanxi Yashili Dairy Co., Ltd. ("Yashili (Shanxi)") 山西雅士利乳業有限公司 (「雅士利(山西)」)	(ii)	PRC 中國	RMB300,000,000 人民幣300,000,000元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Dumex Baby Food Co., Ltd. ("Dumex China") 多美滋嬰幼兒食品有限公司 (「多美滋中國」)	(ii) & (iii)	PRC 中國	RMB2,226,000,000 人民幣2,226,000,000元	—	100%	Production and sale of dairy products 生產及銷售乳製品

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

133

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

- (i) These companies are registered as wholly-foreign-owned enterprises under PRC law.
- (ii) These companies are limited liability companies established in the PRC. The official names of these companies are in Chinese and the English names are for reference only.
- (iii) In May 2016, Yashili (Guangdong) acquired Dumex China from Danone Asia.

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 PRESENTATION

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 Interpretations) issued by the International Accounting Standards Boards (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for other current financial assets which have been measured at fair value. Disposal groups 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 consolidated 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)

子公司信息(續)

- (i) 該等公司為於中國成立的外資企業。
- (ii) 該等公司為於中國成立的有限責任公司。該等公司的正式名稱為中文，而其英文譯名則僅供參考。
- (iii) 2016年5月，雅士利(廣東)從達能亞洲收購了多美滋中國。

董事認為上表載列之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之重大部分。董事認為提供其他子公司之詳情會導致詳情過於冗長。

2.1 呈列基準

該等財務報表乃根據由國際會計準則理事會發佈的國際財務報告準則(「國際財務報告準則」)(其中包括全部國際會計報告準則、國際會計準則及其詮釋)的披露規定以及香港公司法編製。除其他流動金融資產以公允價值計量外，該等財務報表已根據歷史成本慣例編製。持有待售處置資產組按照其賬面價值與公允價值減去處置費用的淨額孰低列示，詳見2.4。該等合併財務報表以人民幣(「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數。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

134

2.1 BASIS OF PRESENTATION (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 right 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.

2.1 呈列基準(續)

合併基準

合併財務報表包括本公司及其子公司(統稱為「本集團」)於截至2018年12月31日止年度的財務報表。

子公司是指由本公司直接或間接控制的實體(包括結構化實體)。當本集團因參與被投資企業的活動而承擔或有權獲得可變回報,且有能力通過對被投資企業行使權力影響所得到回報的金額(即本集團有對被投資企業相關活動施加影響的現時權利),視為本集團能夠控制該被投資企業。

當本公司直接或間接擁有被投資企業半數或半數以下的表決權,本集團會考慮以下相關事實來確定其是否對被投資企業擁有控制:

- (a) 與被投資企業其他投票權持有者之間的協議;
- (b) 因其他協議而擁有的權利;及
- (c) 本集團的投票權和潛在投票權。

子公司的財務報表乃使用一致的會計政策,並按與本公司相同的報告期間編製。子公司的業績由收購日期(即本集團取得控制權之日)起合併於賬目內,並將繼續合併直至該控制終止之日。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

135

2.1 BASIS OF PRESENTATION (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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.

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.

2.1 呈列基準(續)

合併基準(續)

損益和其他全面收益的各組成部分都在集團母公司的所有者和非控股權益之間進行分配，即使這樣會導致非控股權益產生赤字。所有集團內成員之間發生的資產、負債、權益、收入、開支及現金流相關的交易都在合併層面予以抵銷。

如果事實和情況表明以上所描述的三項控制條件中的一項或多項發生了改變，集團將會對是否控制以下子公司進行重評估。在不失去對子公司控制權情況下的所有者權益的改變被核算為權益性交易。

倘本集團失去對一間子公司的控制權，則其撤銷確認(i)該子公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計折算差額；及確認(i)所收代價的公允價值、(ii)所保留任何投資的公允價值及(iii)損益賬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份重新分類為損益或保留利潤，在集團直接處置相關資產和負債的情況下也應作相同的考慮。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

136

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

2.2 會計政策及披露事項的變動

本集團已於本年首次應用以下新訂及經修訂國際財務報告準則。

國際財務報告準則第2號修訂本	股份支付的分類與計量
國際財務報告準則第4號修訂本	採用國際財務報告準則第4號保險合約及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	與客戶簽訂合同的收入
國際財務報告準則第15號修訂本	澄清國際財務報告準則第15號與客戶簽訂合同的收入
國際會計準則第40號修訂本	投資性房地產轉讓
國際財務報告詮釋委員會詮釋第22號	外幣交易及其預收款項
國際財務報告準則2014年至2016年週期之年度改進	國際財務報告準則第1號及國際會計準則第28號的修訂本

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

137

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendments to IFRS 4 and *Annual Improvements to IFRSs 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: Classification and Measurement of Share-based Payment Transactions

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.

2.2 會計政策及披露事項的變動(續)

除國際財務報告準則第4號修訂本、國際財務報告準則2014年至2016年週期之年度改進(與編製本集團財務報表無關)、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:「股份支付交易的分類及計量」

國際財務報告準則第2號的修訂涉及三個主要領域:歸屬條件對計量以現金結算的股份支付交易的影響;對與股份支付有關且有特定金額的扣稅義務具有淨值結算特徵的股份支付交易的分類;和對股份支付交易的條款和條件的修改將股份支付交易的分類從現金結算變為權益結算時對其的會計處理。該等修訂澄清,在計量以權益結算的股份支付時,用於計算歸屬條件的方法亦適用於以現金結算的以股份為基礎的付款。該等修訂引入例外情況,以便在特定條件被滿足的情況下,對有特定金額的扣稅義務具有淨值結算特徵的股份支付交易被完全分類為以權益結算的股份支付交易。此外,該等修訂澄清,倘現金結算的股份支付交易的條款及條件被修改,使其成為以權益結算的股份支付交易,則該交易自修改之日起作為權益結算入賬。

由於本集團無任何以現金結算的股份支付交易,亦無任何扣稅義務具有淨值結算特徵的股份支付交易,該等修訂對本集團的財務狀況或業績並無任何影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

138

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) IFRS 9: Financial Instruments

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.

The Group has early adopted IFRS 9 (2013) on 1 July 2014, the Group has adopted the full text of IFRS 9 (2014) from 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IFRS 9 (2013).

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

2.2 會計政策及披露事項的變 動(續)

(b) 國際財務報告準則第9 號：「金融工具」

於2018年1月1日或之後開始的年度期間，國際財務報告準則第9號金融工具在對金融工具賬務處理的三個方面：分類和計量，減值和套期會計均取代了國際會計準則第39號金融工具：確認及計量。

本集團於2014年7月1日提前採用了國際財務報告準則第9號(2013)，本集團於2018年1月1日採用國際財務報告準則第9號(2014)。因此，比較資料並未重述，並繼續根據國際財務報告準則第9號(2013)報告。

分類和計量

以下資料載列採納國際財務報告準則第9號對財務狀況表的影響，包括以國際財務報告準則第9號的預期信貸虧損("ECLs")取代國際會計準則第39號所產生的信貸虧損計算的影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 合併財務報表附註(續)

31 December 2018 2018年12月31日

139

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 會計政策及披露事項的變 動(續)

(b) IFRS 9: Financial Instruments (Continued)

(b) 國際財務報告準則第9 號：「金融工具」(續)

Classification and measurement (Continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

分類和計量(續)

根據國際會計準則第39號的賬面值與2018年1月1日根據國際財務報告準則第9號報告的結餘進行對賬如下：

		IAS 39 measurement 國際會計準則第39號 下計量			IFRS 9 measurement 國際財務報告準則第9號 下計量			
	Category 類別	Amount 金額	Re-classification 重分類	ECL 預期信貸虧損	Amount 金額	Category 類別		
Note 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			
	Financial assets	金融資產						
	Trade and bills receivables	貿易應收款及票據	(i)	L&R ¹	144,336	—	144,336	AC ²
	Financial assets included in prepayments, other receivables and other assets	包括於預付款項、其他應收款項及其他資產的金融資產		L&R ¹	69,065	—	69,065	AC ²
	Other current financial assets	其他流動金融資產		FVPL ³	724,748	—	724,748	FVPL ³
	Pledged deposits	受限制的銀行存款		L&R ¹	243,621	—	243,621	AC ²
	Cash and cash equivalents	現金及銀行結存		L&R ¹	1,748,395	—	1,748,395	AC ²
					2,930,165	—	2,930,165	
	Total assets	資產總額			7,430,576	—	7,430,576	
	Financial liabilities	金融負債						
	Trade payables	貿易應付款		AC ²	338,440	—	338,440	AC ²
	Financial liabilities included in other payables and accruals	包括於其他應付款及應計費用的金融負債		AC ²	554,986	—	554,986	AC ²
	Interest-bearing bank loans	計息銀行借款		AC ²	529,696	—	529,696	AC ²
					1,423,122	—	1,423,122	
	Total liabilities	負債總額			1,939,649	—	1,939,649	

¹ L&R: Loans and receivables

² AC: Financial assets or financial liabilities at amortised cost

³ FVPL: Financial assets at fair value through profit or loss

¹ L&R: 貸款及應收款項

² AC: 以攤銷成本計量的金融資產或金融負債

³ FVPL: 以公允價值計量且其變動計入損益的金融資產

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

140

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) IFRS 9: Financial Instruments (Continued)

Classification and measurement (Continued)

Note:

- (i) The gross carrying amounts of the trade and bills receivables under the column "IAS 39 measurement — Amount" represent the amounts after adjustments for the adoption of IFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of IFRS 15 are included in note 2.2(c) to the financial statements.

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in note 21 to the financial statements.

2.2 會計政策及披露事項的變動(續)

(b) 國際財務報告準則第9號：「金融工具」(續)

分類和計量(續)

附註：

- (i) 「國際會計準則第39號下計量—金額」列下的貿易應收款及票據的總賬面值是採用國際財務報告準則第15號的調整後但預期信用損失計量前的金額。採用國際財務報告準則第15號的調整的更細節的信息將會在財務報表附註2.2(c)中闡述。

減值

以下表格載列國際會計準則第39號下的總期初減值撥備和國際財務報告準則第9號下預期信用損失撥備的對賬結果。更細節的信息將會在財務報表附註21中闡述。

		Impairment allowances under IAS 39 國際會計準則第39號下減值撥備 at 31 December 2017 於2017年12月31日 RMB'000 人民幣千元	Re-measurement 重新計量 RMB'000 人民幣千元	ECL allowances under IFRS 9 國際財務報告準則第9號下預期信用損失撥備 at 1 January 2018 於2018年1月1日 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款及票據	9,119	—	9,119
Financial assets included in prepayments, other receivables and other assets	包括於預付款項、其他應收款項和其他資產的金融資產	4,192	—	4,192
		13,311	—	13,311

Impact on reserves and retained profits

The transition to IFRS 9 has had no impact on the opening reserves and retained profits.

對儲備和保留盈利的影響

轉至應用國際會計準則第9號對期初儲備和保留盈利並無影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

141

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue from Contracts with Customers and its clarifications

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 and elected to apply the standard to contracts that are not completed as at 1 January 2018.

2.2 會計政策及披露事項的變 動(續)

(c) 國際財務報告準則第15 號及其修訂本：「與客戶 簽訂合同的收入及其澄 清」

國際財務報告準則第15號及其修訂本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，並除少數例外情況外適用於與客戶訂立合約產生的所有收入。國際財務報告準則第15號建立一個新的五步模型，以計算與客戶合約產生的收入。根據國際財務報告準則第15號，收益確認的金額反映實體預期向客戶轉讓貨品或服務而有權換取的代價。國際財務報告準則第15號為衡量和確認收入提供了更加結構化的方法。準則亦引入了廣泛的定性和定量披露要求，包括總收入的拆分，履約義務信息，各期間合同資產和負債餘額變化以及關鍵判斷和估計。披露內容載於財務報表附註3及5。由於應用國際財務報告準則第15號，本集團已就財務報表附註2.4的收入確認更改會計政策。

本集團採用修訂追溯法採納國際財務報告準則第15號，並選擇就於2018年1月1日前尚未完成的合同應用新準則。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

142

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue from Contracts with Customers and its clarifications (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 會計政策及披露事項的變 動(續)

(c) 國際財務報告準則第15 號及其修訂本：「與客戶 簽訂合同的收入及其澄 清」(續)

首次採納國際財務報告準則第15號的累積影響作為調整於2018年1月1日的保留盈利期初結餘中確認。因此，比較資料並未重述，並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。

採納國際財務報告準則第15號對於2018年1月1日的財務報表各列的影響金額載列如下。

			Increase/ (decrease) 增加/(減少)
		Notes 附註	RMB'000 人民幣千元
Liabilities	負債		
Other payables and accruals:	其他應付款項及應計費用：	(ii)	
— Advances from customers	— 客戶預付款	(ii)	(289,320)
— Contract liabilities	— 合同負債	(ii)	289,320
Total liabilities	總負債		—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

143

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue from Contracts with Customers and its clarifications (Continued)

Set out below are the amounts by which each financial statement line item was affected as at 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 financial performance, opening reserves 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 會計政策及披露事項的變 動(續)

(c) 國際財務報告準則第15 號及其修訂本：「與客戶 簽訂合同的收入及其澄 清」(續)

採納國際財務報告準則第15號對於2018年12月31日的財務報表各列的影響金額載列如下。採納國際財務報告準則第15號對本集團的財務業績、期初儲備和本集團的經營活動、投資活動和融資活動現金流量無影響。第一列金額表示採納國際財務報告準則第15號後的金額，第二列金額表示如未採納國際財務報告準則第15號的金額。

於2018年12月31日的合併財務狀況表：

		Amounts prepared under 金額基於			
	Notes 附註	IFRS 15 採納國際財務報 告準則第15號後 RMB'000 人民幣千元	Previous IFRS 採納國際財務 報告準則前 RMB'000 人民幣千元	Increase/ (decrease) 增加/ (減少) RMB'000 人民幣千元	
Inventories	存貨	(i)	757,376	758,872	(1,496)
Prepayments, other receivables and other assets	預付款項、其他應收款項 及其他資產				
— Right-of-return assets	— 應收退貨成本	(i)	1,496	—	1,496
Total assets	資產總額		7,722,217	7,722,217	—
Other payables and accruals	其他應付款及應計費用				
— Contract liabilities	— 合同負債	(ii)	249,686	—	249,686
— Advances from customers	— 客戶預付款	(ii)	—	249,686	(249,686)
— Refund liabilities	— 預計負債—應付 退貨款	(i)	2,291	—	2,291
— Return right liabilities	— 退貨權負債	(i)	—	2,291	(2,291)
Total liabilities	負債總額		2,164,392	2,164,392	—
Net assets	資產淨額		5,557,825	5,557,825	—
Total equity	權益總額		5,557,825	5,557,825	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

144

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue from Contracts with Customers and its clarifications (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 dairy and nourishment products with variable consideration

Some contracts for the sale of dairy and nourishment products provide customers with a right of return and trade discount. 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 and allowances. If revenue could not be reliably measured, the Group deferred the recognition of revenue until the uncertainty was resolved. Under IFRS 15, a transaction price is considered variable if a customer is provided with a right of return.

Rights of return

For a contract that provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns based on the average historical return rate. Before the adoption of IFRS 15, the amount of revenue related to the expected returns was deferred and recognised as return right liabilities, which were included in other payables and accruals in the statement of financial position with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in inventories.

2.2 會計政策及披露事項的變動(續)

(c) 國際財務報告準則第15號及其修訂本：「與客戶簽訂合同的收入及其澄清」(續)

截至2018年1月1日的調整性質和2018年12月31日財務狀況表的重大變動原因如下：

(i) 出售具有可變對價的乳製品和營養品

一些乳製品和營養品銷售合同為客戶提供了退貨權和銷售折扣。於採納國際財務報告準則第15號前，本集團採用淨值法確認收入，以已收或應收對價的公允價值確認收入，不包含因為預計退貨而計提的退貨準備。如果收入無法可靠計量，則本集團將收入確認推遲到不確定性得到解決之前。根據國際財務報告準則第15號，如果客戶被授予退貨權，則交易價格可變。

退貨權

對於為客戶提供在指定期限內退貨的權利的合約，本集團先前根據平均歷史回報率估計預期回報。於採納國際財務報告準則第15號前，與預期回報相關的收入金額已遞延並確認為退貨權負債，併計入財務狀況表的其他應付款項及應計費用，並對銷售成本作出相應調整。預期退回的貨物的初始賬面金額計入存貨。

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

145

2.2 CHANGES IN ACCOUNTING POLICIES AND
DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue
from Contracts with Customers and its
clarifications (Continued)

(i) Sale of dairy and nourishment products
with variable consideration (Continued)
Rights of return (Continued)

Upon adoption of IFRS 15, the Group has 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 liability was recognised based on the amount that the Group expects to return to the customers using the expected value method. Accordingly, the Group reclassified return right liabilities of RMB2,291,000 to refund liabilities as included in other payables and accruals, reclassified inventories of RMB1,496,000 to right-of-return assets as included in prepayments, other receivables and other assets as at 31 December 2018.

2.2 會計政策及披露事項的變
動(續)

(c) 國際財務報告準則第15
號及其修訂本：「與客戶
簽訂合同的收入及其澄
清」(續)

(i) 出售具有可變對價的
乳製品和營養品(續)
退貨權(續)

於採納國際財務報告準則第15號後，本集團在預付款項、其他應收款項及其他資產中確認應收退貨成本，並按貨物的售前賬面金額減去所有回收貨物的預期成本(包括退回貨物的任何潛在減值)計量。此外，預計負債一應付退貨款根據本集團使用預期價值法計算出的退回到客戶的金額確認。因此，本集團於2018年12月31日將其他應付款項及應計費用中的退貨權負債人民幣2,291,000元重新分類為預計負債一應付退貨款，將存貨人民幣1,496,000元重新分類為預付款項、其他應收款項及其他資產中的應收退貨成本。



NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

146

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRS 15 and its amendments: Revenue from Contracts with Customers and its clarifications (Continued)

(ii) Consideration received from customers in advance

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

Therefore, upon adoption of IFRS 15, the Group reclassified RMB289,320,000 from other payables and accruals 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, RMB249,686,000 was recorded in contract liabilities in relation to the consideration received from customers in advance for the sale of dairy and nourishment products.

2.2 會計政策及披露事項的變動(續)

(c) 國際財務報告準則第15號及其修訂本：「與客戶簽訂合同的收入及其澄清」(續)

(ii) 收到客戶的預付款的對價

於採納國際財務報告準則第15號前，本集團在其他應付款項及應計費用中確認收到的客戶預付款的對價。根據國際財務報告準則第15號，該金額被分類為其他應付款項及應計費用中的合同負債。

因此，採納國際財務報告準則第15號後，於2018年1月1日，本集團就其於2018年1月1日收到的客戶預付款人民幣289,320,000元從其他應付款項及應計費用重新分類至合同負債。

於2018年12月31日，根據國際財務報告準則第15號，銷售乳製品及營養品而收到的客戶預付款人民幣249,686,000元被計入合同負債。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

147

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(d) Amendments to IAS 40: Transfers of Investment Property

The amendments 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 no impact on the financial position or performance of the Group.

(e) IFRIC 22: Foreign Currency Transactions and Advance Consideration

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 no impact on the financial position or performance of the Group.

2.2 會計政策及披露事項的變 動(續)

(d) 國際會計準則第40號的 修訂：「投資物業的轉 移」

該等修訂闡釋了公司何時應將物業(包括在建物業或在開發物業)轉入或轉出投資物業。該等修訂規定，當財產符合或不再符合投資財產的定義且有使用變更的證據時，發生使用變更。僅改變管理層使用財產的意圖並不能提供使用變更的證據。該等修訂對本集團財務狀況或業績並無任何影響。

(e) 國際財務報告詮釋委員 會詮釋第22號：「外幣交 易及其預收款項」

國際財務報告詮釋委員會詮釋第22號就實施國際會計準則第21號時如何針對企業收到或支付外幣預付款並確認非貨幣資產或負債的情形確定交易日期提供指引。該解釋闡明，為確認在初始確認相關資產，費用或收入(或其中一部分)時使用的匯率，其交易日期為初始確認非貨幣資產的日期(如預付款)或因支付或收到預付對價而產生的非貨幣負債(如遞延收入)的日期。如果預先有多筆支付或收款，則公司必須確定每筆付款或預收對價的交易日期。該等解釋對本集團財務狀況或業績並無任何影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

148

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> ¹
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	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 ¹

2.3 已公佈未生效的國際會計 準則

本集團在編製該等財務報表時並未採用下列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號修訂本	業務定義 ¹
國際財務報告準則第9號修訂本	提早還款特性及負補償 ¹
國際財務報告準則第10號修訂本 國際會計準則第28號 修訂本	投資者與其聯營公司或合營公司之間的資產出售或投入 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	保險合同 ³
國際財務報告準則第1號修訂本 國際會計準則第8號修訂本	重要性之定義 ²
國際會計準則第19號修訂本	設定提存計劃 ¹
國際會計準則第28號修訂本	聯營公司或合營公司的長期權益 ¹
IFRIC 詮釋第23號	所得稅不確定性的處理 ¹
國際財務報告準則2015年至2017年週期之年度改進	國際財務報告準則第3號修訂版國際財務報告準則第11號修訂版、國際會計準則第12號修訂版、國際會計準則第23號修訂版 ¹

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

149

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

- 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 these IFRSs that are expected to be applicable to the Group is described below.

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.

2.3 已公佈未生效的國際會計 準則(續)

- 1 於2019年1月1日或之後開始的年度期間生效
- 2 於2020年1月1日或之後開始的年度期間生效
- 3 於2021年1月1日或之後開始的年度期間生效
- 4 尚未確定生效日，但可以採用。

下文描述了該等預計適用於本集團的國際財務報告準則的詳細信息。

國際財務報告準則第3號修訂本明確並提供有關業務定義的進一步指引。修訂本明確，對於一系列被視為業務的綜合活動和資產，它必須至少包括一項投入和有助於創造產出的能力的實質性過程。一項業務可以不包括創建輸出所需的所有輸入和相應程序。修訂本取消了對市場參與者是否有能力獲得業務並繼續產出產出的評估。相反，重點是獲得的投入和獲得的實質性過程是否有助於共同對創造產出的能力。修訂本還縮小了產出的定義，重點關注向客戶提供的商品或服務，投資收入或普通活動的其他收入。此外，修訂本提供了指導以評估所收購的流程是否具有實質性，並引入可選的公允價值集中測試，以便簡化評估所獲得的一系列活動和資產是否不構成業務。本集團預期將於2020年1月1日採納該等修訂本。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

150

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

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 January 2016 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.

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.

2.3 已公佈未生效的國際會計 準則(續)

國際財務報告準則第10號和國際會計準則第28號(2011年)的修訂本解決了在處理投資者與其聯營公司或合營企業之間的資產出售或出資時，國際財務報告準則第10號和國際會計準則第28號(2011年)的要求之間的不一致。當投資者與其聯營公司或合營企業之間的資產出售或出資構成一項業務時，該等修訂要求該項業務全面確認收益或虧損。對於涉及不構成業務的資產的交易，交易產生的利得或損失僅在無關投資者對該聯營企業或合營企業的權益的範圍內在投資者的損益中確認。修訂本將採用未來適用法。國際財務報告準則第10號及國際會計準則第28號(2011年)之前的強制生效日期已由國際會計師公會於2016年1月取消，而新的強制生效日期將於完成對聯營公司及合營公司會計處理的更廣泛審核後釐定。但是，修訂本現在可以被採用。

國際財務報告準則第16號取代了國際會計準則第17號租賃、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、常設詮釋委員會詮釋第15號經營租賃—優惠及常設詮釋委員會詮釋第27號評估牽涉租賃的法律形式的交易的內容。該準則載列有關租賃確認、計量、呈列及披露的原則，並要求承租人就絕大部分租賃按單一資產負債表模式入賬。準則包括承租人免於確認的兩項事項：租賃低價值資產及短期租賃。於租賃開始日期，承租人將確認負債以作出租賃付款(即租賃負債)，而資產指於租期使用相關資產的權利(即使用權資產)。使用權資產其後按成本減累計折舊及任何減值虧損計量，除非使用權資產符合於國際會計準則第40號中投資物業的定義，或對物業、廠房及設備採用價值重估模式。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

151

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

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.

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. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB31,684,000 and lease liabilities of RMB31,684,000 will be recognised at 1 January 2019.

2.3 已公佈未生效的國際會計 準則(續)

租賃負債將於其後增加以反映有關租賃負債利息並因支付租賃付款而減少。承租人將須單獨確認有關租賃負債的利息開支及有關使用權資產的折舊費。承租人亦將須於發生若干事件(即租期變動、用於釐定未來租賃付款的指數或利率變動導致的該等付款變動)時重新計量租賃負債。承租人將一般確認重新計量租賃負債金額,作為對使用權資產的調整。國際財務報告準則第16號項下的出租人會計與國際會計準則第17號項下的會計相比並無大幅改變。

出租人基於國際會計準則第16號將繼續使用國際會計準則第17號中的相同劃分原則劃分所有租賃及區分經營租賃及融資租賃。與國際會計準則第17號相比,國際財務報告準則第16號亦要求承租人及出租人更加廣泛地進行披露。承租人在採用該準則時,可選擇完全追溯調整法或經修訂的追溯調整法。本集團將於2019年1月1日採納國際財務報告準則第16號。於2018年,本集團已就採納國際財務報告準則第16號的影響進行詳細評估。本集團已估計人民幣31,684,000元的使用權資產及人民幣31,684,000的租賃負債將於2019年1月1日確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

152

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. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計 準則(續)

國際會計準則第1號及國際會計準則第8號的修訂本提供了新的重要性之定義。新定義指出，如果省略，錯報或模糊某項信息后，可以合理地預期這些行為會影響財務報表使用者基於財務報表所做出的決策，則這項信息是重要的。修訂本明確了重要性將取決於信息的性質或程度。如果可以合理地預期信息的錯誤陳述會影響使用者做出的決定，那麼錯誤陳述信息就很重要。本集團預期自2020年1月1日起預期採納該等修訂。該等修訂預期不會對本集團的財務報表產生任何重大影響。

國際會計準則第28號修訂本明確其適用範圍是在國際財務報告準則第9號之外，僅包括採用權益法核算的聯營公司或合營公司的權益，且不包括實質上沒有採用權益法但構成聯營公司或聯營公司淨投資的一部分的風險投資。因此，實體應用國際財務報告準則第9號而非國際會計準則第28號(包括國際財務報告準則第9號的減值要求)來計算該等長期權益投資。之後，國際會計準則第28號只適用於在聯營公司或合營公司存在虧損以及對聯營公司或合營公司的淨投資存在減值的情況下，應用於包括長期權益在內的淨投資。本集團預期於2019年1月1日採納該等修訂。該等修訂預期不會對本集團的財務報表產生任何重大影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

153

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.

2.3 已公佈未生效的國際會計 準則(續)

倘稅項處理涉及影響國際會計準則第12號的應用的不確定性，則國際財務報告詮釋委員會第23號詮釋指出該情況下的所得稅會計處理方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅，尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。詮釋具體處理以下事項：(i) 實體是否考慮不確定稅項進行單獨處理；(ii) 實體對稅務機關的稅項處理檢查所作的假設；(iii) 實體如何釐定應課稅溢利(稅項虧損)、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv) 實體如何考慮事實及情況變動。該解釋被追溯應用，一種方式為視同該解釋自始至終存在，是完全追溯的形式；另一種方式是自最初適用日起，追溯調整期初權益的累積影響，並且不對可比資訊進行重述。本集團預期於2019年1月1日採用該詮釋。本集團預期此舉對其合併財務報表不會產生重大影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

154

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

2.4 主要會計政策摘要

業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公允價值計算，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團自被收購方之前任擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。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賬面淨值的應佔比例，計算被賦予現時擁有人權利並將於清盤時按比例分佔實體的淨資產的非控股股東權益。非控股股東權益的一切其他成分乃按公允值計量。收購成本於產生時列為開支。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及標示。其中包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘企業合併分階段進行，收購方先前持有的被收購方股權於收購日期的權益價值應按收購日期的公允價值以及透過損益賬確認的損益重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公允價值確認。或然代價(被視為一項資產或負債)公允價值的其後變動確認為損益。倘將或然代價分類為權益，則其毋須重新計量。後續結算計入權益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

155

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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.

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.

2.4 主要會計政策摘要(續)

業務合併及商譽(續)

商譽初步按成本計量，而成本乃指所轉讓代價、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。倘此代價與其他專案的總和低於所收購淨資產的公允值，則經重新評估後的差額於合併損益表確認為廉價購入的收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢討。本集團於12月31日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產生單位或現金產生單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值通過評估與商譽有關的現金產生單位(或現金產生單位組別)的可收回金額來確定。如果現金產生單位(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在後續期間內回撥。

如果商譽構成現金產生單位(或現金產生單位組別)的一部分，該單位的部分業務出售時，則在確定所出售業務的盈虧時，與所出售的業務相關的商譽計入該業務的賬面值。在這種情況下出售的商譽根據所出售業務的相對價值和現金產生單位的保留份額進行計量。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

156

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its derivative financial instruments 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.

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.

2.4 主要會計政策摘要(續)

公允價值計量

主體在每個報告期末對其衍生金融工具採用公允價值計量。公允價值為市場參與者之間在計量日發生的有序交易中，出售一項資產所能收到或轉移一項負債所需支付的價格。公允價值計量假設出售資產或者轉移負債發生在主要市場，或者在主要市場不存在的情況下，能夠在最有利的市場上進行資產和負債的交易。並且主體可以在主要市場或者有利市場上進行交易。對資產和負債採用公允價值計量假定市場參與者以符合其經濟利益的最優價格，對資產和負債進行定價。

以公允價值計量非金融資產，應當考慮市場參與者通過直接將該資產用於最佳效用的方式產生經濟利益的能力，或者通過將該資產出售給能夠使其用於最佳效用的其他市場參與者的方式產生經濟利益的能力。

主體在計量公允價值時，應當採用在當前情況下適用並且有足夠可利用數據支持的估值技術，應當盡可能多地使用相關可觀察輸入值，盡可能少地使用不可觀察輸入值。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

157

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), 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.

2.4 主要會計政策摘要(續)

公允價值計量(續)

所有在財務報表上以公允價值計量和披露的資產和負債，基於對公允價值計量整體而言重要的輸入值所屬的最低層次，分為以下層級：

- 第1層次 — 以在活躍市場中相同資產或負債的未經調整的報價來確定公允價值。
- 第2層次 — 以使用輸入數據為可直接或間接觀察的及對公允價值計量有重要影響的市場信息的估值技術來確定公允價值。
- 第3層次 — 以使用輸入數據是對公允價值計量有重大影響，而並非可觀察的市場信息的估值技術來確定公允價值。

資產和負債基於連續性原則在財務報表上進行確認，集團根據在每個報告結束時的重新評估分類。(根據最低水準的輸入值對作為整體的公允價值計量有重大影響)來決定是否在層級上發生轉移。

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、遞延所得稅資產及金融資產除外)，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處置成本的較高者，並對個別資產釐定，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。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

158

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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 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 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 主要會計政策摘要(續)

非金融資產減值(續)

減值損失僅於資產賬面值超逾其可收回金額時確認。在評估使用價值時，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了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。僅若用以釐定商譽除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)。減值損失轉回計入減值產生期間的損益表中，除非資產按重估價值計量，在該模式下減值損失的轉回將根據該重估資產的相關會計政策計量。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

159

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; and the sponsoring employers of the post-employment benefit plan;

2.4 主要會計政策摘要(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之旗下)；
 - (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企業，而另一實體為該方實體的聯營公司；
 - (v) 該實體為離職後福利計劃，計劃的受益人為本集團或與本集團有關的實體僱員；以及退休福利計劃的僱主；

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

160

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (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.

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.

2.4 主要會計政策摘要(續)

關聯人士(續)

(b) (續)

- (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) 該實體或集團內的任意一個部分，其主要管理人員服務於本集團或者本集團的母公司。

物業、廠房及設備以及折舊

物業、廠房及設備，在建工程除外，是按成本值減去累計折舊及任何減值損失後列賬。當一項物業、廠房及設備被分類為持有待售或作為被分類為持有待售的處置資產組的組成部分，並且根據國際財務報告準則第5號，將不做折舊處理，在之後分類為持有待售的非流動資產中有相關解釋。物業、廠房及設備項目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。

成本還可能包括使用外幣購買物業、廠房和設備的合規現金流量對沖中的任何收益或損失的權益轉移。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

161

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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.

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 estimated useful lives of property, plant and equipment are as follows:

Freehold land	Not depreciated
Plant and buildings	13–47 years
Machinery and equipment	5–10 years
Motor vehicles	4–5 years
Office equipment and others	3–5 years

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.

2.4 主要會計政策摘要(續)

物業、廠房及設備以及折舊 (續)

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，重要檢修費用資本化計入資產的賬面價值而作為更換成本。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。

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、廠房及設備的估計可使用年期：

自有土地	不提折舊
廠房及樓宇	13–47年
機器及設備	5–10年
機動車	4–5年
辦公室設備及其他設備	3–5年

倘一項物業、廠房及設備的各部分有著不同可使用年期，則有關項目的成本以合理基準分配於各部分，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。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

162

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 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 represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is 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.

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.

2.4 主要會計政策摘要(續)

物業、廠房及設備以及折舊 (續)

物業、廠房及設備項目(包括經初步確認為資產的任何重要部件)乃在處置時或在預計未來不可從其使用或處置中獲得經濟利益時終止確認。於終止確認資產當年的損益表中確認的處置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。

在建工程是指正在興建的廠房及物業，乃以成本值減任何減值損失列賬，在建工程不計提折舊。成本值包括在建期間的直接建築成本以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，在建工程重新分類歸入物業、廠房及設備內的適當類別。

投資物業

投資物業指為賺取租賃收入及/或資本增值而持有的樓宇，而非用作生產或提供商品或服務，或用作行政用途，或屬於在日常業務過程中出售的土地及樓宇。該等物業初始確認時按成本(包括交易成本)計量。初始確認之後，投資物業按成本減去累計折舊和任何減值損失列賬。

折舊根據資產成本減去剩餘價值計量。折舊是在投資物業的估計可使用年期內，以直線法在損益中確認。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重新審核。

在資產退役或處置時所產生的任何損益會在該項目被取消確認的年度內計入損益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

163

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 as 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 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.

2.4 主要會計政策摘要(續)

非流動資產和持有待售的處 置組

當非流動資產或待處置組的賬面價值通過銷售交易收回，而非繼續使用，則其將被列為持有待售。對於這種情況，資產或處置組須符合可以在當前狀態下按通常或慣用條款即可立即出售的條件及該出售是極可能發生的。集團子公司定義為處置組的所有資產和負債將重分類為持有待售，無論本集團是否保留在其非控制性權益。

非流動資產或處置組(除金融資產外)被分類為持有待售將按賬面價值和公允價值減去處置成本後的淨額孰低計量。房產、廠房及設備和無形資產在列為持有待售後不計提折舊或攤銷。

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價值。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於可使用經濟年期內攤銷，並於有跡象顯示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年期及攤銷方法至少於各財政年度結算日複核一次。

年期無限的無形資產每年將單獨或以現金組的形式進行測試。該無形資產不進行攤銷。年期無限的無形資產每年將進行使用年期測試以確定其是否繼續符合年期無限的條件。如果不符合，使用年限從無限到有限的改變將採用未來適用法核算。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

164

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Office software

Office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the 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.

Operating leases

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 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 statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 主要會計政策摘要(續)

無形資產(商譽除外)(續)

辦公軟件

所購買的軟件按成本減任何減值損失列賬，並於5年期內按直線法攤銷。

研發成本

所有研究成本均於產生時計入損益。

當本集團可證明完成無形資產以供使用或出售在技術上屬可行，且有意完成並有能力使用或出售該資產，能明確資產產生未來經濟利益的方法及擁有足夠的資源以完成專案，並能夠可靠衡量開發期間的開支時，方會將開發新產品的項目開支資本化並遞延處理。不符合上述條件的產品開發支出於產生時列作費用開支。

遞延開發成本按成本減任何減值損失入賬，並於有關產品投入商業生產之日起在其商業年期內以直線法攤銷。

經營租賃

凡資產擁有權的絕大部分回報及風險仍由出租人承擔的租賃均以經營租賃入賬。倘本集團為出租人，則本集團根據經營租賃所出租的資產計入非流動資產，而經營租賃的應收租金則按照租期以直線法計入損益表。倘本集團為承租人，則經營租賃的應付租金抵銷掉應收出租人的一切金額後按照租期以直線法自損益表扣除。

經營租賃的預付土地租賃款項初始按成本入賬，其後則按租期以直線法確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

165

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

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.

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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際財務報告準則第9號自 2018年1月1日起適用的政 策)

初始確認和計量

金融資產於初步確認時分類為後續計量按攤銷成本、公允價值按其他綜合收益及公允價值按損益的方式計量。

初始確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理這些金融資產的業務模式。除貿易應收款項不包含重大融資成分或本集團已採用不調整重大融資成分影響的實際權宜之外，本集團初步以公允價值計量金融資產，加上金融資產不以公允價值計量且其變動計入損益的交易費用。不包含重大融資成分或本集團已採用實際權宜方式按國際財務報告準則第15號所確定的交易價格確定，參見下文「收入確認(適用於2018年1月1日)」所載政策計量。

為了使金融資產歸類於按攤餘成本或以公允價值計量且其變動計入其他綜合收益核算損益的金融資產，該金融資產應當滿足產生現金流量，這些現金流量僅用於支付未償還本金的本金及利息(「SPPI」)。

本集團管理金融資產的業務模式是指其如何使用金融資產以產生現金流量。業務模型確定現金流量是否來自收穫合同現金流量，出售金融資產，或兩者兼而有之。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

166

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)
(Continued)

Initial recognition and measurement (Continued)

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 主要會計政策摘要(續)

投資及其他金融資產(基於國際財務報告準則第9號自2018年1月1日起適用的政策)(續)

初始確認和計量(續)

所有常規方式的金融資產購買和出售均在交易日確認，即本集團承諾購買或出售資產的日期。定期購買或出售的方式是購買或出售哪些需要在市場規則或慣例規定的期限內交付的金融資產。

後續計量

金融資產的後續計量取決於其如下分類：

以攤餘成本計量的金融資產(債務工具)

如果滿足以下兩個條件，本集團按攤餘成本計量金融資產：

- 金融資產以持有金融資產以收取合同現金流量為目的業務模式持有。
- 金融資產的合約條款約定了產生現金流量的日期，該現金流量僅用於支付未償還本金的金額及利息。

按攤餘成本計算的金融資產後續計量採用實際利率法，並減去可能出現的減值。當資產終止計量，修改或減值時，損益在損益表中確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

167

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)
(Continued)

Subsequent measurement (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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於國際財務報告準則第9號自2018年1月1日起適用的政策)(續)

後續計量(續)

以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)

如果滿足以下兩個條件，本集團按以公允價值計量且其變動計入其他綜合收益的金融資產：

- 金融資產以持有金融資產以收取合同現金流量和出售為目的業務模式持有。
- 金融資產的合約條款約定了產生現金流量的日期，該現金流量僅用於支付未償還本金的本金及利息。

就以公允價值計量且其變動計入其他綜合收益的債務投資而言，利息收入，外匯重估及於損益表中確認的減值虧損或撥回並按與按攤餘成本計量的金融資產相同的方式計算。其餘公允價值變動確認為其他全面收益。終止確認後，去認為其他綜合收益的累計公允價值變動將轉回損益表。

以公允價值計量且變動計入其他綜合收益(股權投資)的金融資產

本集團在符合國際會計準則第32號披露財務資產的權益定義且不用於交易時，可在初始確認時選擇直接指定為不可撤銷地將其股權投資分類為以公允價值計量且其變動計入其他綜合收益的股權投資。分類是根據工具的不同分別確定的。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

168

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments) (Continued)

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.

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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際財務報告準則第9號自 2018年1月1日起適用的政 策)(續)

後續計量(續)

以公允價值計量且變動計入其他 綜合收益(股權投資)的金融資產 (續)

這些金融資產的收益和損失將不會轉回到損益表當中。當支付權確立時股息在損益表中確認為其他收入，與股息相關的經濟利益很可能流入本集團且股息金額能夠可靠地計量，除非當本集團從收益中獲益時，即收回部分金融資產成本，在此情況下，該等收益計入其他綜合收益。以公允價值計量且其他綜合收益的股權投資不需要接受減值評估。

以公允價值計量且其變動計入損 益的金融資產

以公允價值計量且其變動計入損益的金融資產包括交易性金融資產，初始確認時直接指定為以公允價值計量且其變動計入損益的金融資產，或強制要求按公允價值計量的金融資產。如果金融資產是為了近期出售或回購而被收購的，則歸類為可供出售金融資產。除非被指定為有效對沖工具，否則衍生工具(包括分離嵌入式衍生工具)亦被分類為可供出售金融資產。

現金流量不僅僅是本金和利息支付的金融資產不論其業務模式如何都歸類為以公允價值計量且其變動計入損益的金融資產。儘管債務工具的標準按攤餘成本或以公允價值計入其他綜合收益，如上所述，債務工具亦可在初始確認時直接指定為以公允價值計量且其變動計入損益的金融資產。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

169

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

(Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

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 through 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. 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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際財務報告準則第9號自 2018年1月1日起適用的政 策)(續)

後續計量(續)

以公允價值計量且其變動計入損益的 金融資產(續)

以公允價值計量且其變動計入損益的金融資產在財務狀況表中按公允價值列賬，公允價值變動淨額在損益表中確認。

此類別包括衍生工具及股本投資，本集團並無不可撤銷地選擇按公允價值透過其他全面收益分類。當與股息相關的經濟利益很可能流入本集團及股息金額可以可靠地計量，分類為以公允價值計量且其變動計入損益的金融資產的股權投資股息也在確認支付權時在損益表中確認為其他收益。

如果經濟特徵和風險與持有沒有密切關係，則混合合同中包含金融負債或非金融主體的衍生工具與持有分離，並作為單獨衍生工具入賬；若與嵌入衍生工具具有相同條款的單獨工具符合衍生工具的定義；而混合合約並非按公允價值計入損益。嵌入式衍生工具按公允價值計量，公允價值變動計入損益表。只有在合同條款發生變化時才需要重新評估，這些變更會顯著改變原本需要的現金流量或將金融資產重新分類為以公允價值計量且其變動計入損益類別。

嵌入式衍生工具包含在混合合同中不會單獨計算。金融信託與嵌入式衍生工具必須全部分類為以公允價值計量且其變動計入損益的金融資產。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

170

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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 fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際會計準則第39號於2018 年1月1日前適用的政策)

初始確認和計量

金融資產於初步確認時分類為以公允價值計量且其變動計入損益的金融資產、貸款及應收款項及可供出售金融投資，或作為有效對沖中指定為對沖工具的衍生工具(如適用)。金融資產初始確認時，按公允價值加上購買金融資產所產生的交易成本計量，但以公允價值計量且其變動計入損益的金融資產除外。

所有以常規方式購買和出售的金融資產均在交易日確認，即本集團承諾購買或出售資產的日期。定期購買或出售的方式是指購買或出售需要在市場規則或慣例規定的期限內交付的金融資產。

後續計量

金融資產的後續計量取決於其如下分類：

以公允價值計量且其變動計入損益的金融資產

以公允價值計量且其變動計入損益的金融資產包括交易性金融資產和初始確認時以公允價值計量且其變動計入損益的金融資產。如果金融資產是為了近期出售而被收購的，則歸類為持有以進行交易。衍生工具(包括分離的嵌入衍生工具)也被歸類為持有以進行交易，除非其被指定為國際會計準則第39號定義的有效對沖工具。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

171

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. 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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際會計準則第39號於2018 年1月1日前適用的政策)(續)

後續計量(續)

以公允價值計量且其變動計入損 益的金融資產(續)

以公允價值計量且其變動計入損益的金融資產在財務狀況表中按公允價值列報，公允價值的正淨變動列示為其他收入和收益，公允價值的負淨變動在利潤表中列為財務成本。這些公允價值變動淨額不包括這些金融資產所產生的任何股息或利息，這些股息或利息根據下文「收入確認(2018年1月1日前適用)」的政策確認。

初始確認時指定為以公允價值計量且其變動計入損益的金融資產在初始確認日期指定，且僅在符合國際會計準則第39號標準的情況下指定。

如果嵌入在主合約中的衍生工具的經濟特徵和風險與主合同的風險特徵和風險並不密切相關且主合同不是為交易而持有或指定為以公允價值計量且變動計入損益，則其作為單獨的衍生工具以公允價值入賬。該等嵌入式衍生工具按公允價值計量，而公允價值變動於損益表確認。只有在合同條款發生變化時才會重新評估，該等變更會顯著改變原本需要的現金流量或將金融資產重新分類為不屬於以公允價值計量且變動計入損益類別。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

172

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

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.

2.4 主要會計政策摘要(續)

投資及其他金融資產(基於 國際會計準則第39號於2018 年1月1日前適用的政策)(續)

後續計量(續)

貸款和應收款項

貸款和應收款項是指在活躍市場中沒有報價，回收金額固定或可確定的非衍生金融資產。初步計量後，該等資產其後使用實際利率法減去任何減值準備按攤銷成本計量。攤銷成本的計算方法是考慮收購時的任何折扣或溢價，並包括作為實際利率不可分割部分的費用或成本。實際利率攤銷計入損益表的其他收入及收益。減值產生的虧損於損益表的貸款財務成本及應收款項的其他開支中確認。

金融資產終止確認(基於國 際財務報告準則第9號自 2018年1月1日起適用的政策 和基於國際會計準則第39號 於2018年1月1日前適用的政 策)

在下列情況下，一項金融資產(或在適用情況下，一項金融資產的一部分或一組類似金融資產的一部分)主要終止確認(即從本集團的綜合財務狀況表中刪除)：

- 通過該項資產收取現金流量的權利已逾期；或
- 本集團已轉讓其收取該項資產現金流量的權利，或已承擔按「過手」合同向第三方全額支付已收現金流量的責任；(a)本集團已將該資產的絕大部分風險及報酬轉移，或(b)本集團並未轉移或保留該資產的絕大部分風險及報酬，但已轉讓該資產的控制權。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

173

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018) (Continued)

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.

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.

金融資產終止確認(基於國際財務報告準則第9號自2018年1月1日起適用的政策和基於國際會計準則第39號於2018年1月1日前適用的政策)

當本集團已轉讓其從資產收取現金流量或已訂立轉讓安排的權利時，其會評估其是否以及在多大程度上保留該資產所有權的風險及回報。當既未轉讓或保留資產的絕大部分風險及報酬或轉讓資產控制權時，本集團繼續在本集團持續參與的範圍內確認轉讓資產。在該情況下，本集團亦確認相關負債。轉讓資產及相關負債按反映本集團所保留權利及責任的基準計量。

以擔保形式的持續參與按資產原始賬面金額與本集團可能需要償還的最高代價金額中的較低者計量。

金融資產減值(基於國際財務報告準則第9號自2018年1月1日起適用的政策)

本集團針對所有未按公允價值計量且其變動計入損益的債務工具按預期信用損失計提了撥備。預期信用損失基於到期的合同現金流量與本集團預期收到的所有現金流量之間的差額，以原始實際利率的近似值貼現。預期現金流量將包括出售所持有抵押品的現金流量或其他合同條款的組成部分中的信貸增強。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

174

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 主要會計政策摘要(續)

金融資產減值(基於國際財 務報告準則第9號自2018年 1月1日起適用的政策)(續)

一般方式

預期信用損失分兩階段進行確認。對於自初始確認以來信用風險沒有顯著增加的信用風險敞口，預期信用損失提供了由未來12個月(12個月ECL)內可能發生的違約事件而導致的信用損失。對於自初始確認以來信用風險顯著增加的信用風險敞口，無論違約時間(終身ECL)如何，預計在風險的剩餘期限內預計的信用損失均需要損失準備金。

於各報告日期，本集團評估自初步確認後金融工具的信貸風險是否大幅增加。在進行評估時，本集團將金融工具在報告日發生的違約風險與初始確認日期金融工具發生違約的風險進行比較，並考慮在沒有不必要的成本或精力下可用的合理且可支持的信息，包括歷史和前瞻性信息。

對於以公允價值計量且變動計入其他綜合收益的債務投資，本集團採用低信用風險簡化。於各報告日期，本集團會使用所有合理及可支持且無需過多的成本或努力的資料評估債務投資是否被視為低信貸風險。在進行評估時，本集團重新評估債務投資的外部信用評級。此外，本集團認為，合約付款超過30天後，信貸風險大幅增加。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

175

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

金融資產減值(基於國際財 務報告準則第9號自2018年 1月1日起適用的政策)(續)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

一般方式(續)

合約付款逾期90天時，本集團認為金融資產違約。然而，在若干情況下，當內部或外部資料顯示本集團無法考慮本集團持有的任何信貸增強前已經不可能全數收取未償還合同金額時，本集團亦可能認為金融資產違約。當沒有合理預期收回合約現金流量時，會撇銷金融資產。

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 contract assets which apply the simplified approach as detailed below.

以公允價值計量且其變動計入其他綜合收益的債務工具和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，並且除採用簡化方法的合同資產(以下詳述)外，它們在以下階段分類用於計量預期信用損失。

- 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

- 第1階段 — 自初始確認以來信用風險未顯著增加且其損失準備金等於12個月預期信用損失的金融工具
- 第2階段 — 自初始確認以來信用風險顯著增加但不是信用減值金融資產且其損失準備金等於終身預期信用損失的金融工具
- 第3階段 — 報告日信用減值的金融資產(但不是購買或原始信用減值)，其損失準備金的金額等於終身預期信用損失

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

176

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Simplified approach

For trade receivables 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.

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.

2.4 主要會計政策摘要(續)

金融資產減值(基於國際財 務報告準則第9號自2018年 1月1日起適用的政策)(續)

簡化方法

對於不包含重大融資成分的貿易應收款項，或本集團採用不調整重大融資成分影響的實際權宜方式，本集團採用簡化方法計算預期信用損失。根據簡化方法，本集團不會追蹤信用風險的變化，而是根據每個報告日的終身ECL確認損失準備。本集團已根據其歷史信用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。

金融資產減值(基於國際會 計準則第39號於2018年1月 1日前適用的政策)

本集團於各報告期末評估是否有客觀證據顯示金融資產或一組金融資產出現減值。如果在初始確認資產後發生的一項或多項事件對可以可靠估計的金融資產或金融資產組的估計未來現金流量產生影響，則存在減值。減值證據可能包括債務人或一組債務人正在經歷重大財務困難，違約或拖欠利息或本金付款的跡象，他們將進入破產或其他財務重組的可能性以及表明預計未來現金流量存在可計量的減少的可觀察數據，例如與違約相關的欠款或經濟狀況變化。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

177

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

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.

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.

2.4 主要會計政策摘要(續)

金融資產減值(基於國際會計準則第39號於2018年1月1日前適用的政策)(續)

以攤銷成本計量的金融資產

就以攤銷成本入賬的金融資產而言，本集團首先評估對於個別重大的金融資產，或對於非個別重大的金融資產的集體是否存在減值。如果本集團確定單項評估的金融資產(無論是否重大)不存在客觀減值證據，則將該資產包括在一組具有類似信用風險特徵的金融資產中，並對其進行減值測試。單獨評估減值且已確認或繼續確認減值損失的資產不包括在集體減值評估中。

已識別的任何減值虧損金額按資產賬面值與估計未來現金流量現值(不包括尚未產生的未來信貸虧損)之間的差額計量。估計未來現金流量的現值按金融資產的原實際利率(即初始確認時計算的實際利率)貼現。

資產的賬面金額通過使用備抵賬戶減少，且虧損在損益表中確認。利息收入繼續按減少的賬面金額計算，使用利息貼現未來現金流量以計量減值虧損。當沒有未來可收回的實際可能性且所有抵押品已變現或已轉移至本集團時，貸款及應收款項連同任何相關撥備將予以核銷。

如果在後續期間，估計的減值損失金額因確認減值後發生的事件而增加或減少，則通過調整備抵賬戶增加或減少先前確認的減值損失。如果以後撤回核銷，則將該撤回貸記入損益表中的其他開支。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

178

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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, and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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 consolidated 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 主要會計政策摘要(續)

金融負債(基於國際財務報告準則第9號自2018年1月1日起適用的政策和基於國際會計準則第39號於2018年1月1日前適用的政策)

初始確認和計量

金融負債於初始確認時分類為以公允價值計量且其變動計入損益的金融負債、貸款及借款、應付賬款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價值確認，而貸款和借款和應付賬款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貿易應付賬款、其他應付款項、計息銀行貸款及其他貸款。

後續計量

金融負債的後續計量取決於其分類如下：

貸款和借款

於初始確認後，計息貸款和借款其後採用實際利率法以攤銷成本計量，除非折現影響非屬重大，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，收益及虧損於綜合損益表確認。

攤銷成本乃經考慮收購的任何折價或溢價以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綜合損益表的融資成本中。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

179

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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 statement of profit or loss.

2.4 主要會計政策摘要(續)

金融負債(基於國際財務報告準則第9號自2018年1月1日起適用的政策和基於國際會計準則第39號於2018年1月1日前適用的政策)(續)

後續計量(續)

財務擔保合約

本集團發行的財務擔保合約乃因特定債務人不能支付到期款項(與債務工具所述條款一致)而應向持有人支付款項以彌補其由此招致的損失的合約。財務擔保合約首次按公允值並對發行擔保的直接應佔交易成本進行調整後確認為負債。於首次確認後,本集團按下列兩者的較高者計量財務擔保合約:(i)於報告期末履行現時責任的最佳估計開支金額;及(ii)首次確認金額減累計攤銷金額(如適用)。

金融負債終止確認(基於國際財務報告準則第9號自2018年1月1日起適用的政策和基於國際會計準則第39號於2018年1月1日前適用的政策)

當責任義務解除或取消或到期時,金融負債終止確認。

如果現有金融負債由同一貸款人以實質上不同的條款替換為現有金融負債,或者現有負債的條款被大幅修改,則此類交換或修改被視為終止確認原始責任並確認新的負債,前後負債賬面價值之間的差額於損益表確認損益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

180

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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.

2.4 主要會計政策摘要(續)

金融工具的抵銷(基於國際 財務報告準則第9號自2018 年1月1日起適用的政策和 基於國際會計準則第39號於 2018年1月1日前適用的政 策)

倘目前有強制執行的法律權力要求抵銷已確認的金額且有按照淨額結清，或同時變現資產和結清負債的意圖，金融資產和金融負債可抵銷並按淨值列報於財務狀況表中。

存貨

存貨按成本與可變現淨值兩者中較低者入賬。成本按加權平均法計算，就在產品及製成品而言，其成本包括直接原料成本、直接勞工及按適當比例分攤的間接成本。可變現淨值根據估計出售價減去預計至完工及出售將產生的任何估計成本計算。

現金及現金等價物

就現金流量表而言，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或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。

就合併財務狀況表而言，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。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

181

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of profit or loss.

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 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 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.

2.4 主要會計政策摘要(續)

撥備

本集團若因過往事項而現時有法定或推定債務，而且可能需要有涉及經濟利益的資源外流以償付這些債務，並能對債務數額作出可靠估計，便確認撥備。

如折現的影響重大，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，列作融資成本計入損益表。

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。

當期或前期的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數額計算，並考慮本集團經營所在國家的現行詮釋及慣例。

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暫時性差異，須按債務法計提遞延稅項撥備。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

182

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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, 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.

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, 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.

2.4 主要會計政策摘要(續)

所得稅(續)

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：

- 倘若遞延稅項負債的起因，是產生於商譽或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
- 對於涉及子公司的投資的應課稅暫時性差異，倘若撥回暫時性差異的時間可以控制，且該暫時性差異在可預見的將來很可能不會撥回。

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的，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。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

183

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

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

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 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 statement of profit or loss by way of a reduced depreciation charge.

2.4 主要會計政策摘要(續)

所得稅(續)

遞延稅項資產的賬面值，在報告期末予以審閱。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，在報告期末重新評估，若日後可能有應課稅利潤將可收回遞延稅項資產，則予確認。

變現資產或清償負債的年度預期適用的稅率，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(及税法)為基準。

當且僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應課稅實體或於各未來期間預期的有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債之不同稅務實體徵收的所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助金

當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。

若補助金與資產有關，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損益表。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

184

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 主要會計政策摘要(續)

收入確認(自2018年1月1日 起適用)

與客戶簽訂合同的收入

與客戶簽訂合同的收入在商品控制權轉移時確認，金額為交換該等貨品或服務而有權獲得的代價。

當合約中的代價包括可變金額時，交易對價將由本集團以轉移貨品或服務有權獲取的金額估計。可變對價在合約開始時估計並被抵減，直至很可能在隨後解決與可變對價的相關不確定性時，未確認累計收入金額隨後轉回。

如果合同中包含一個融資部分，即為客戶提供轉移貨物或服務的同時還獲得超過一年的重大金融收益時，收入應按應收金額的現值計量，並使用在合約開始時反映在本集團與客戶之間的獨立融資交易中的貼現率貼現。當合約包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收入應去除按實際利率法計算的合約負債所產生的利息開支。對於客戶付款與承諾商品或服務轉讓之間的期限為一年或一年以下的合同，交易價格不會根據國際財務報告準則第15號的實際權宜方式根據重大融資成分的影響進行調整。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

185

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 January 2018) (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of dairy and nourishment products

Revenue from the sale of dairy and nourishment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the dairy and nourishment products.

Some contracts for the sale of dairy and nourishment 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.

2.4 主要會計政策摘要(續)

收入確認(自2018年1月1日 起適用)(續)

與客戶簽訂合同的收入(續)

(a) 銷售乳製品和營養品

銷售乳製品和營養產品的收入在資產控制權轉移給客戶的時間點確認，通常是在交付乳製品和營養品時。

一些乳製品和營養產品銷售合同為客戶提供了退貨權。退貨權會產生可變對價。

退貨權

對於為客戶提供在指定期限內退貨權的合同，預期價值法會被用於估計不會被退回的貨物，因為該方法是預測本集團的可變對價金額的最好之方法。國際財務報告準則第15號有關限制可變代價估計的規定適用於確定可計入交易價格的可變對價金額。對於預計將退回的貨物而非收入，需要確認退貨負債。對於從客戶處收回商品的權利，還需要確認應收退貨成本(銷售成本也應當調整)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

186

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 January 2018) (Continued)

Revenue from contracts with customers (Continued) (b) Consigned processing service

Revenue from the consigned processing service is recognised when dairy and nourishment products is delivered.

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.

Dividend income

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.

Service income

Revenues from services rendered are derived principally from the testing service performed by the Group. Revenue is recognised when the services are rendered.

2.4 主要會計政策摘要(續)

收入確認(自2018年1月1日 起適用)(續)

與客戶簽訂合同的收入(續) (b) 受託代加工服務

受託代加工服務的收入在乳製品和營養產品交付時確認。

租金收入

收入乃按租期的時間比例確認。

利息收入

在利息收入產生時預先確認為收入，採用實際利率法計算，該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

股息收入於作為股東獲得收取款項的權利後確認，並且與股息相關的經濟利益很可能流入本集團且股息金額能夠可靠地計量。

服務收入

服務提供收入主要來自集團提供的檢測服務。收入在服務提供時確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

187

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

- (a) from the sale of goods, 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;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, 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; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

Contract assets (applicable from 1 January 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.4 主要會計政策摘要(續)

收入確認(2018年1月1日前 適用)

當經濟利益很可能流入本集團且收入能夠可靠地計量時，以下列基準確認收入：

- (a) 對於銷售商品，當所有權的重大風險和報酬轉移給買方時確認收入，但前提是本集團保持既沒有通常與所有權相關的程度的管理層參與，也沒有在銷售貨物過程中進行有效控制；
- (b) 租金收入，按租期的時間比例確認收入；
- (c) 利息收入，採用實際利率法計算，該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，以及
- (d) 股息收入，當股東收取付款的權利被確認時確認收入。

合同資產(自2018年1月1日 起適用)

合同資產是轉移給客戶的商品或服務以獲取交易對價的權利。如果本集團在客戶支付對價之前或在付款到期之前將貨物交付給客戶或執行了相關服務，則合同資產的確認存在不確定性。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

188

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.

Contract costs (applicable from 1 January 2018)

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

2.4 主要會計政策摘要(續)

合同負債(自2018年1月1日起適用)

合約負債是指本集團已收到客戶對價(或應付代價金額)後所需要交付的商品或提供服務。如果客戶在本集團向客戶轉移貨物或服務之前支付代價,則在付款或付款到期時(以較早者為準)確認合同負債。合約負債於本集團履行合約時確認為收入。

合同成本(自2018年1月1日起適用)

除作為存貨,物業,廠房和設備以及無形資產資本化的成本外,與客戶履行合同所發生的成本在符合以下所有條件的情況下可以資本化:

- (a) 費用直接與合同或企業可以確定的預期合同有關。
- (b) 成本產生或增加企業資源以用於滿足(或繼續履行)履約義務。
- (c) 費用預計可以收回。

資本化合同成本攤銷及計入損益表並按與收益確認為資產的模式一致的攤銷方式攤銷。其他合約成本於產生時費用化。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

189

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Defined contribution plans

The Group's subsidiaries operating in the People's Republic of China (the "PRC") except for Hong Kong ("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 主要會計政策摘要(續)

應收退貨成本(自2018年1月 1日起適用)

應收退貨成本代表本集團收回客戶預期退回的貨物的權利。資產按之前退回貨物的賬面金額減去收回貨物的預期成本(包括退回貨物價值的任何可能減損)計量。本集團會基於對其預期回報水平的修訂以更新相關資產的計量,以及退回貨物價值的任何額外減損。

預計負債—應付退貨款(自 2018年1月1日起適用)

退款債務是退還部分或全部客戶對價的義務,並按本集團最終預期需要返還給客戶的金額計量。本集團於各報告期末更新其退款負債估計(及交易價格的相應變動)。

僱員福利

界定供款計劃

本集團在中華人民共和國(「中國」)香港除外(「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,應付時在綜合利潤表內支銷。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

190

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based payments

The Group operates share option schemes 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 fair value is determined by an external valuer using a binomial model.

2.4 主要會計政策摘要(續)

僱員福利(續)

短期僱員福利

短期僱員福利責任乃按未折現基準計算，並於提供有關服務時列為開支。

倘本集團就僱員過去提供的服務而擁有現有法定或推定責任支付有關金額，且該責任能可靠估計，則就預期根據短期現金獎金或分紅計劃將予支付的金額確認準備。

辭退福利

辭退福利於本集團不能撤回該等福利要約時或本集團確認涉及支付辭退福利的重組成本時兩者中較早的時點確認。

股權支付

本集團採納股權支付計劃，藉此對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(權益結算的交易)的代價。

與僱員進行的股權結算交易乃參考授出權利當日的公允值計算成本。公允值乃由外聘估值師按二項式計價模式釐定。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

191

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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/or 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 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.

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, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee as measured at the date of modification.

2.4 主要會計政策摘要(續)

股權支付(續)

在員工福利費中，權益結算交易的成本連同權益的相應增加會於業績及／或服務條件達到的期間內確認。歸屬日之前的各報告期末就權益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。期間內於損益表扣除或計入的數額指於該期間初及終已確認累計支出的變動。

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，除非同時有其他服務及／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，惟其他所有業績及／或服務條件必須達成。

當權益結算報酬條款修訂時，倘報酬的原條款達到，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。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

192

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where a share-based option 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 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.

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.

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. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 主要會計政策摘要(續)

股權支付(續)

當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。

借貸費用

若借貸費用直接屬於購買、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時，即不再把該等借貸費用撥充資本。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費用中扣除。所有其他借貸費用皆於產生期間支銷。借貸費用包括利息及實體因資金借貸而產生的其他成本。

股息

期末股息一經股東大會批准，即確認為負債。建議末期股息披露於財務報表附註。

中期股息同時建議及宣派。因此，中期股息在建議及宣派時直接確認為負債。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

193

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. Once the functional currency is determined, it can be changed only if there is a change to the underlying transactions, events and conditions. 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 statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the 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 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 主要會計政策摘要(續)

外幣

本集團各實體按其特定事實及情況釐定其功能貨幣。只有當基礎交易，事件和條件發生變化時，實體才能改變已確定的功能貨幣。由於本集團主要於中國大陸營業，故使用人民幣作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損益表確認。

當外幣貨幣性項目是由於管理層對於國外業務淨投資特定套期保值的一部份時，以外幣為單位的貨幣資產及負債按報告期末的適用功能貨幣匯率重新換算的差額不撥入損益，而計入其他全面收益，直到在這些國外投資項目處置時，此前累計記錄的差額將重新分類至損益。因這些貨幣性項匯率差異造成的稅務收入及費用也計入其他全面收益中。

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，須按釐定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(即其他全面收益或合併損益表已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表確認)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

194

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 overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the 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 主要會計政策摘要(續)

外幣(續)

於釐定用於相關資產，或終止確認非貨幣資產或非貨幣負債的預付對價產生的費用或收入初始確認的匯率時，初始交易日期為本集團初步確認因預付代價產生的非貨幣性資產或非貨幣性負債的日期。如果提前有多筆付款或收據，則本集團會確定每筆付款或收到預付代價的交易日期。

若干集團內境外子公司的功能貨幣並非人民幣。於報告期末，該等實體的資產及負債按報告期末的匯率換算為本集團的列報貨幣，該等實體的損益表按本年度的加權平均匯率換算為人民幣，因此產生的匯兌差額於其他全面收益中確認並計入外幣變動儲備中。在出售海外業務時，與該特定海外業務相關的其他全面收益組成部分確認於損益中。

就合併現金流量表而言，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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

195

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 consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the method to estimate variable consideration and assessing the constraint for the sale of dairy and nourishment products

Certain contracts for the sale of dairy and nourishment products include a right of return and trade discounts 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.

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，須對收入、開支、資產及負債及其隨附披露事項，以及或然負債的披露作出判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致資產或負債的賬面值須於未來作出重大調整。

判斷

於應用本集團的會計政策的過程中，除了與之關聯的估計，管理層已作出以下判斷，乃對合併財務報表內已確認金額構成最重大影響：

與客戶訂立合同獲取的收入

本集團採用的以下判斷顯著影響與客戶合約收入金額及時間的確定：

確定估算可變對價和評估銷售乳製品和營養品的限制的方法

某些乳製品和營養品銷售合同包括產生可變對價的退貨權和銷售折扣。在估計可變對價時，本集團將使用預期價值法或最佳估計法對可變對價進行預估。

在將任何數額的可變對價納入交易價格之前，本集團會考慮可變對價的金額是否受到限制。本集團根據其歷史經驗，業務預測及當前經濟狀況確定可變對價的估計是否不受限制。此外，可變對價的不確定性將在短時間內得到解決。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

196

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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 returns

The Group estimates variable consideration to be included in the transaction price for the sale of dairy and nourishment products with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data 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.

3. 重大會計判斷及估計(續)

判斷(續)

投資物業與自置物業的分類

本集團決定物業是否符合投資物業的資格，並已制訂出作此判斷的準則。投資物業是為賺取租金或資本增值或同時為此兩項目的而持有的物業。因此，本集團會考慮一項物業產生現金流量時是否基本上與集團持有的其他資產無關。若干物業包括就賺取租金或資本增值而持有的部分及持作生產或供應貨品或服務或作行政用途的另一部分。倘此等部分可獨立出售或根據融資租約獨立出租，本集團會將該等部分個別列賬。倘該等部分無法獨立出售，則僅於非重大部分乃持作生產或供應貨品或服務或作行政用途的情況下，該項物業方分類為投資物業。本集團按個別物業基準作出判斷，以釐定輔助服務是否極為重大，以致物業不合資格列為投資物業。

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。

可變對價退貨因素考慮

本集團估計可變對價將包括在具有退貨權的乳製品和營養品銷售的交易價格中。

本集團開發了預測銷售退貨的統計模型。該模型使用歷史退貨數據來得出預期的退貨百分比，應用這些百分比來確定可變對價的預期值。與歷史回報模式相比，經驗的任何重大變化都將影響本集團估計的預期退貨百分比。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

197

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Variable consideration for returns (Continued)

The Group updates its assessment of expected returns every half year and the refund liabilities are adjusted accordingly. As at 31 December 2018, the amount recognised as refund liabilities was RMB2,291,000 for the expected returns and trade discounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2018 was RMB991,236,000 (2017: RMB991,236,000). Further details are given in note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other 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. Further details, including a sensitivity analysis of key assumptions, are given in note 17 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

可變對價退貨因素考慮(續)

本集團每半年更新其對預期退貨的評估，並相應調整預計負債—應付退貨款。截至2018年12月31日，因預期退貨而確認為預計負債—應付退貨款的金額為人民幣2,291,000元。

商譽減值

本集團每年最少一次釐定商譽是否減值。釐定商譽是否減值須對獲分派商譽的現金產生單位的使用價值作出估計。估計使用價值時，本集團須估計預期來自現金產生單位之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。2018年12月31日商譽賬面價值為人民幣991,236,000 (2017年：人民幣991,236,000)更細節的信息將會在附註18中闡述。

非金融資產的減值(商譽除外)

集團在每一報告期結束時對所有非金融資產進行評估以確定該資產是否有減值跡象。無限年期的無形資產將每年或者存在減值跡象時進行減值測試。其他非金融資產在賬面價值可能無法回收時進行減值測試。當資產或者現金產生組的賬面價值高於其可回收價值時，即其公允價值減去處置成本和使用價值孰高值，該資產存在減值。交易的公允價值減去成本是根據在一定時期內相似資產的交易或處置資產可觀察的市場價格等相關有效數據進行計算。在計算時，管理者必須估計資產或現金產生組織的預期未來現金流，並選擇合適的折現率來計算現金流的現值。進一步的細節，包括關鍵假設的敏感性分析，在財務報表附註17中披露。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

198

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 rates are based on ageing of the balances for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

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 manufacturing sector, 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 21 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項的預期信用損失。撥備率基於具有類似損失模式的各個客戶群的分組(如按客戶類型)的賬齡確定。

撥備矩陣最初基於集團歷史觀察到的違約率。本集團將校準矩陣以使用前瞻性信息調整歷史信用損失經驗。例如,如果預計經濟狀況(即國內生產總值)預計在明年惡化,這可能導致製造業違約數量增加,則調整歷史違約率。在每個報告日期,更新歷史觀察到的違約率並分析前瞻性估計值的變化。

對歷史觀察到的違約率,預測經濟狀況和預期信用損失之間的相關性的評估是一個重要的估計。預期信用損失的數量對環境變化和預測經濟條件敏感。本集團的歷史信用損失經驗和經濟狀況預測也可能無法代表客戶未來的實際違約。有關集團貿易的預期信用損失的信息請參見附註21。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

199

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Useful lives, residual values and depreciation of items of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charges where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the 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 together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2018 was RMB128,977,000 (2017: RMB124,569,000). The amount of unrecognised tax losses at 31 December 2018 was RMB2,460,739,000 (2017: RMB2,515,312,000). Further details are contained in note 19 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

物業、廠房及設備的使用年期、剩餘價值及折舊

本集團就其物業、廠房及設備釐定估計可使用年期及相關折舊開支。此項估計乃按照性質及用途相似的物業、廠房及設備的實際可使用年期的過往經驗而作出。倘可使用年期與過往的估計年期有出入，本集團將調整折舊開支，或撇銷或撇減技術上陳舊或非策略性而已遭廢棄或出售的資產。實際經濟年期或會與估計可使用年期有所不同；實際剩餘價值亦可能會與估計剩餘價值有所不同。定期審閱可導致可予折舊年期及剩餘價值有所更改，從而導致未來期間的折舊開支有所更改。

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。管理層需要進行重大判斷以確定可確認的遞延所得稅資產的金額。於2018年12月31日，與確認稅項虧損有關的遞延稅項資產的賬面值為人民幣128,977,000(2017年：人民幣124,569,000)。於2018年12月31日，未確認稅項虧損金額為人民幣2,460,739,000(2017年：人民幣2,515,312,000)。進一步詳情載於財務報表附註19。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

200

4. OPERATING SEGMENT INFORMATION

Since the acquisition of Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. (“Oushi Mengniu”) and Dumex Baby Food Co., Ltd. (“Dumex China”) in 2015 and 2016, respectively, and the operation of Yashili New Zealand Dairy Co., Limited (“Yashili New Zealand”) at the end of 2015, the Group underwent various group reorganisations, including the purchase, production and sales functions.

From the first half of 2018, the Group is reorganised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Production and sale of milk powder products — this segment includes the development, manufacture and sale of milk powder products in the PRC and overseas.
- (b) Production and sale of dissolvable products — this segment includes the development, manufacture and sale of soymilk powder, rice flour and cereal products.
- (c) Other operations mainly include the sale of surplus raw materials, the production and sale of base-powder and consigned processing service, the results of these operations are included in the “others” column.

The change was made to improve the way in which the business units can be managed. The comparative figures have been retrospectively adjusted.

For the purpose of assessing segment performance and allocating resources among segments, the senior executive management team assesses the performance of the operating segments based on a measure of “reportable segment profit”, i.e., “revenue less cost of sales and allocated selling and distribution expenses”. The Group does not allocate other income and gains, net finance costs, expenses other than certain selling and distribution expenses to its segments, as the senior executive management does not use this information to allocate resources to or evaluate the performance of the operating segments. Segment assets and liabilities are not regularly reported to the Group’s senior executive management and therefore information of reportable segment assets and liabilities is not presented in these financial statements.

4. 經營分部資料

自從2015年收購內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)、2016年收購多美滋嬰幼兒食品有限公司(「多美滋中國」),以及2015年底新西蘭雅士利乳業有限公司(「新西蘭乳業」)的運營,本集團經歷了數次集團重組,包括採購、生產及銷售功能。

自2018年上半年,本集團根據產品和服務對經營分部進行重新分類,共有下列三個可報告經營分部:

- (a) 生產及銷售奶粉產品 — 該分部包括在中國及海外開發、製造及銷售奶粉產品。
- (b) 生產及銷售沖調產品 — 該分部包括開發、製造及銷售豆奶粉、米粉及麥片產品。
- (c) 其他業務主要包括銷售盈餘原材料及生產、出售基粉及受託加工服務。該等業務的業績載於「其他」一欄。

可報告經營分部的改變是為了優化業務單元的管理。可比較數字已經過追溯調整。

為便於在分部之間評估分部表現及分配資源,高級行政管理團隊會根據「可呈報分部溢利」的計量(即「收入減去銷售成本和可分攤的銷售及經銷開支」)來評估經營分部的表現。本集團不會把其他收入及收益、財務成本淨額、部份銷售及經銷開支以外的開支分配至分部中,原因是高級行政管理人員並不會使用上述資料分配資源至經營分部或評估其表現。由於本集團不會定期向高級行政管理人員匯報分部資產及負債,因此,此等財務報表內並無呈列可呈報分部資產及負債的資料。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

201

4. OPERATING SEGMENT INFORMATION (Continued)

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)

分部間銷售及轉讓是參考以當時市價向第三者銷售所採用的售價進行交易。

Year ended 31 December 2018

截至2018年12月31日止年度

		Milk powder products 奶粉產品 RMB'000 人民幣千元	Dissolvable products 沖調產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 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	2,442,281	145,033	423,886	3,011,200
Intersegment sales	分部間銷售	—	—	138,458	138,458
		2,442,281	145,033	562,344	3,149,658
<i>Reconciliation:</i> Elimination of intersegment sales	對賬： 抵銷分部間銷售	—	—	(138,458)	(138,458)
Revenue from continuing operations	持續經營收入				3,011,200
Segment results	分部業績	33,907	(37,724)	57,163	53,346
<i>Reconciliation:</i> Finance income	對賬： 財務收入				113,577
Finance costs	財務成本				(16,099)
Other income and gains	其他收入及收益				91,572
Corporate and other unallocated expenses	集團和其他未分配 的支出				(277,229)
Loss before tax	除稅前虧損				(34,833)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	80,055	6,324	61,476	147,855
Unallocated amounts	未分配款項				5,348
Total depreciation and amortisation	折舊及攤銷總額				153,203

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

202

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

		Year ended 31 December 2017 截至2017年12月31日止年度			
		Milk powder products 奶粉產品 RMB'000 人民幣千元	Dissolvable products 沖調產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment revenue:	分部收入：				
Sales to external customers	銷售予外部客戶	1,867,329	144,911	242,476	2,254,716
Intersegment sales	分部間銷售	—	—	9,360	9,360
		1,867,329	144,911	251,836	2,264,076
<i>Reconciliation:</i>	<i>對賬：</i>				
Elimination of intersegment sales	抵銷分部間銷售	—	—	(9,360)	(9,360)
Total revenue	總收入				2,254,716
Segment results	分部業績	92,677	(14,326)	(8,257)	70,094
<i>Reconciliation:</i>	<i>對賬：</i>				
Finance income	財務收入				123,728
Finance costs	財務成本				(18,109)
Other income and gains	其他收入及收益				70,167
Corporate and other unallocated expenses	集團和其他未分配的支出				(475,245)
Loss before tax	除稅前虧損				(229,365)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	109,602	7,916	38,799	156,317
Unallocated amounts	未分配款項				22,279
Total depreciation and amortisation	折舊及攤銷總額				178,596

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

203

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Mainland China	中國內陸	2,588,913	2,066,132
Overseas	海外地區	422,287	188,584
		3,011,200	2,254,716

The revenue information above is based on the locations of the customers.

Information about a major customer

Revenue from continuing operations of approximately RMB304,498,000 (2017: RMB170,910,000) was derived from sales by other segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. 經營分部資料(續)

地區資料

	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Mainland China	2,588,913	2,066,132
Overseas	422,287	188,584
	3,011,200	2,254,716

上述收入信息以客戶所在地區劃分。

主要客戶的信息

持續經營業務的收入中約人民幣304,498,000元(2017年: 人民幣170,910,000元)乃來自其他分部向單一客戶的銷售, 包括向已知與該客戶共同控制的一組實體的銷售。

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Revenue from contracts with customers	依據與客戶訂立合同收入		
Sales of goods	銷售商品	2,929,984	2,254,716
Consigned processing services	受託代加工服務	81,216	—
		3,011,200	2,254,716

5. 收入、其他收入及收益

收入分析如下:

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

204

5. REVENUE, OTHER INCOME AND GAINS
(Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

5. 收入、其他收入及收益(續)

依據與客戶訂立合同收入

(i) 收入信息明細

For the year ended 31 December 2018

截至2018年12月31日止年度

		Milk powder products 奶粉產品 RMB'000 人民幣千元	Dissolvable products 沖調產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Types of goods or services	產品服務類別				
Sale of goods	銷售商品	2,442,281	145,033	342,670	2,929,984
Consigned processing services	受託代加工服務	—	—	81,216	81,216
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	145,033	423,886	3,011,200
Geographical markets	地區市場				
Mainland China	中國大陸	2,377,228	145,033	66,652	2,588,913
Overseas	海外	65,053	—	357,234	422,287
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	145,033	423,886	3,011,200
Timing of revenue recognition	收入確認時點				
Goods transferred at a point in time	於時點交接貨物	2,442,281	145,033	342,670	2,929,984
Services rendered at a point in time	於時點完成服務	—	—	81,216	81,216
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	145,033	423,886	3,011,200

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

205

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:

5. 收入、其他收入及收益(續)

依據與客戶訂立合同收入(續)

(i) 收入信息明細(續)

以下列出的是本集團依據與客戶訂立合同收入分部間信息明細：

Year ended 31 December 2018

截至2018年12月31日止年度

Segments	分部	Milk powder products	Dissolvable products	Others	Total
		RMB'000	RMB'000	RMB'000	RMB'000
		奶粉產品	沖調產品	其他	合計
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Sales to external customers	銷售予外部客戶	2,442,281	145,033	423,886	3,011,200
Intersegment sales	分部間銷售	—	—	138,458	138,458
		2,442,281	145,033	562,344	3,149,658
<i>Reconciliation:</i>	<i>對賬：</i>				
Elimination of intersegment sales	抵銷分部間銷售	—	—	(138,458)	(138,458)
Total revenue from contracts with customers	依據與客戶訂立合同總收入				3,011,200

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:

下表顯示本報告期內確認的、被包括在期初合同負債中及以前期間滿足的履約義務的收入金額：

		2018 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	期初合同負債中在報告期內確認的收入：	
Sale of goods	銷售商品	289,320



NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

206

5. REVENUE, OTHER INCOME AND GAINS(Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of dairy and nourishment products

Revenue from the sale of dairy and nourishment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the dairy and nourishment products.

Consigned processing service

Revenue from the consigned processing service is recognised when dairy and nourishment products is delivered.

5. 收入、其他收入及收益(續)

依據與客戶訂立合同收入 (續)

(ii) 履約義務

本集團的履約義務如下：

銷售乳製品和營養品

銷售乳製品和營養產品的收入在資產控制權轉移給客戶的時間點確認，通常是在交付乳製品和營養品時。

受託代加工服務

受託代加工服務的收入在乳製品和營養產品交付時確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

207

5. REVENUE, OTHER INCOME AND GAINS(Continued)

5. 收入、其他收入及收益(續)

An analysis of other income and gains is as follows:

其他收入及收益的分析如下：

		2018	2017
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Other income and gains			
Net gain on disposal of assets classified as held for sale	(a)	51,962	—
Government grants			
— Compensation for expenses incurred		21,052	1,698
— Compensation for acquisition of assets		1,084	1,084
— Taxes refunded		142	400
Rental income		7,733	9,423
Promotion service income		—	17,000
Consigned processing services		—	33,267
Others		9,599	7,295
		91,572	70,167

Note:

附註：

- (a) During the year ended 31 December 2018, the Group received a consideration of RMB252,822,000 for disposing of property, plant and equipment and a land use right of Scient (China) Baby Nourishment Co., Ltd. ("Scient (China)"), the cost and expenses incurred of which amounted to RMB200,860,000, resulting in a net gain of RMB51,962,000 before income tax.

- (a) 本年處置施恩(中國)嬰幼兒營養品有限公司「施恩(中國)」工廠廠房、設備及土地使用權，收到補償款人民幣252,822,000元，處置資產成本及發生費用共計人民幣200,860,000元，形成所得稅前處置收益人民幣51,962,000元。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

208

6. OTHER EXPENSES

6. 其他開支

		2018	2017
	Notes	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Impairment of inventories		30,728	25,656
Foreign exchange expenses, net		23,926	3,300
Loss on disposal of non-current assets			
		4,181	250
Losses on disposal of inventories	(a)	2,613	50,356
Donations		837	940
Cost of consigned processing services		—	38,289
Losses on disposal of a subsidiary	31	—	11,698
Others		7,556	15,048
		69,841	145,537

Note:

- (a) Losses on disposal of inventories mainly represented losses arising from stocktake, and disposal of obsolete inventories.

附註：

- (a) 存貨報廢損失主要指因盤點及報廢存貨所產生的損失。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

209

7. LOSS BEFORE TAX

7. 除稅前虧損

The Group's loss before tax is arrived at after charging/(crediting):

本集團的稅前虧損乃經扣除/(增加)下列各項後計算所得：

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cost of goods sold	貨品銷售成本		1,756,628	1,332,513
Cost of consigned processing services	受託加工成本		60,793	—
Depreciation of items of property, plant and equipment	物業、廠房及設備折舊	13	136,107	164,445
Depreciation of investment properties	投資物業折舊	15	3,937	2,447
Amortisation of land use rights	土地使用權攤銷	16	2,373	2,394
Amortisation of other non-current assets	其他非流動資產攤銷		2,419	4,275
Amortisation of intangible assets	無形資產攤銷	17	8,367	5,035
Total depreciation and amortisation	折舊及攤銷總額		153,203	178,596
Minimum lease payments under operating leases of buildings	房屋的經營租賃最低租金		29,660	27,125
Auditors' remuneration	核數師酬金		2,983	2,726
Employee benefit expense (excluding directors' and chief executive's remuneration):	僱員福利費(不包括董事及主要行政人員薪酬):			
Wages, salaries and allowances	工資、薪金及津貼		473,897	418,121
Termination benefits	離職補償		20,889	42,876
Pension scheme contributions (defined contribution schemes)	退休金計劃供款(定額供款計劃)		29,522	33,677
Equity-settled share-based payment expenses	股權結算股份支付開支		7,272	2,374
			531,580	497,048
Interest income	利息收入		(77,677)	(105,813)
Gain on other investments	其他投資收益		(35,900)	(17,915)
Total financial income	財務收入總額		(113,577)	(123,728)
Impairment of trade receivables	貿易應收賬款減值	21	(1,566)	7,495

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

210

8. FINANCE COSTS

8. 財務成本

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interest on bank loans wholly repayable within five years	須於五年內悉數償還的銀行貸款的利息	16,099	18,109

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

9. 董事及首席執行官薪酬

The Directors' and chief executive's remuneration for the years, disclosed pursuant to 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:

根據香港公司條例第383條(1)(a)、(b)、(c)和(f)及第二部分(關於董事及總裁薪酬的披露)，如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Fees	袍金	660	660
Other emoluments	其他酬金		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,585	2,271
Performance related pay	與業績有關的報酬	7,920	7,922
Pension scheme contributions	退休金計劃供款	62	94
		9,567	10,287
		10,227	10,947

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

211

9. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
— Mr. Mok Wai Bun Ben	— 莫衛斌先生	220	220
— Mr. Cheng Shoutai	— 程守太先生	220	220
— Mr. Lee Kong Wai Conway	— 李港衛先生	220	220
		660	660

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

(b) Executive directors, non-executive directors and the chief executive

2018	2018年	Fees RMB'000 人民幣千元	Salaries, allowances, and benefits in kind 薪金、津貼 及實物利益 RMB'000 人民幣千元	Performance related pay 與業績 有關的報酬 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 薪酬總額 RMB'000 人民幣千元
Executive directors	執行董事					
— Mr. Chopin Zhang (i) (iii)	— 張平 Chopin 先生 (i) (iii)	—	1,354	7,920	49	9,323
— Mr. Hua Li (ii)	— 華力先生(ii)	—	231	—	13	244
		—	1,585	7,920	62	9,567
Non-executive directors	非執行董事					
— Mr. Lu Minfang	— 盧敏放先生	—	—	—	—	—
— Mr. Qin Peng	— 秦鵬先生	—	—	—	—	—
— Mr. Zhang Ping	— 張平 Peter 先生	—	—	—	—	—
— Ms. Lam Pik Po, Katty (iv)	— 林碧寶女士(iv)	—	—	—	—	—
		—	1,585	7,920	62	9,567

9. 董事及首席執行官薪酬(續)

(a) 獨立非執行董事

本年度支付給獨立非執行董事的費用如下：

	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
— Mr. Mok Wai Bun Ben	220	220
— Mr. Cheng Shoutai	220	220
— Mr. Lee Kong Wai Conway	220	220
	660	660

本年度無應支付給獨立非執行董事的其他薪酬(2017年：無)。

(b) 執行董事、非執行董事和首席執行官

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

212

9. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (Continued)

9. 董事及首席執行官薪酬(續)

(b) Executive directors, non-executive
directors and the chief executive (Continued)

(b) 執行董事、非執行董事
和首席執行官(續)

2017	2017年	Fees 袍金 RMB'000 人民幣千元	Salaries, allowances, and benefits in kind 薪金、津貼 及實物利益	Performance related pay 與業績 有關的報酬	Pension scheme contributions 退休金 計劃供款	Total remuneration 薪酬總額
			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
Executive directors 執行董事						
— Mr. Chopin Zhang (i) (iii)	— 張平 Chopin 先生 (i) (iii)	—	1,230	5,794	43	7,067
— Mr. Hua Li (ii)	— 華力先生(ii)	—	1,041	2,128	51	3,220
		—	2,271	7,922	94	10,287
Non-executive directors 非執行董事						
— Mr. Lu Minfang	— 盧敏放先生	—	—	—	—	—
— Mr. Qin Peng	— 秦鵬先生	—	—	—	—	—
— Mr. Zhang Ping	— 張平 Peter 先生	—	—	—	—	—
— Mr. Huang Xiaojun (v)	— 黃曉軍先生(v)	—	—	—	—	—
— Ms. Lam Pik Po, Katty (iv)	— 林碧寶女士(iv)	—	—	—	—	—
		—	2,271	7,922	94	10,287

Notes:

- (i) Mr. Chopin Zhang is also the chief executive.
- (ii) On 16 March 2018, Mr. Hua Li resigned as an executive director.
- (iii) During the year ended 31 December 2018, Mr. Chopin Zhang has been granted certain units of shares and share options by Mengniu Dairy under its share option scheme and share award scheme. The amounts of fair value amortisation of these shares and share options granted to Mr. Chopin Zhang during the year ended 31 December 2018 was RMB2,584,050. The remuneration relating to the share options and shares granted to the directors is not included in the above analysis.
- (iv) On 25 March 2019, Ms. Lam Pik Po, Katty resigned as a non-executive director.
- (v) On 5 June 2017, Mr. Huang Xiaojun resigned as an executive director.

附註：

- (i) 張平先生同時也為首席執行官。
- (ii) 於2018年3月16日，華力先生辭任執行董事。
- (iii) 截至2018年12月31日止年度，張平(Chopin Zhang)先生被授予蒙牛乳業的購股權計劃及股份獎勵計劃下的若干股份及購股權。張平(Chopin Zhang)先生獲授予的該等股份及購股權於截至2018年12月31日止年度的公允價值攤銷金額為人民幣2,584,050元。有關董事獲授予的該等購股權及股票的相關酬金並未包含於上述分析中。
- (iv) 於2019年3月25日，林碧寶女士辭任非執行董事。
- (v) 於2017年6月5日，黃曉軍先生辭任執行董事。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

213

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(c) Five highest paid employees

The five highest paid employees during the year included one director (2017: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2017: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	3,814	1,168
Performance related pay	與業績有關的報酬	10,102	5,427
Pension scheme contributions (defined contribution schemes)	退休金計劃供款 (定額供款計劃)	147	101
		14,063	6,696

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員數目	
		2018	2017
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至港幣2,500,000元	—	1
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至港幣3,000,000元	—	2
HK\$3,000,001 to HK\$3,500,000	港幣3,000,001元至港幣3,500,000元	1	—
HK\$3,500,001 to HK\$4,000,000	港幣3,500,001元至港幣4,000,000元	1	—
HK\$4,000,001 to HK\$4,500,000	港幣4,000,001元至港幣4,500,000元	1	—
HK\$4,500,001 to HK\$5,000,000	港幣4,500,001元至港幣5,000,000元	—	—
HK\$5,000,001 to HK\$5,500,000	港幣5,000,001元至港幣5,500,000元	1	—
		4	3

9. 董事及首席執行官薪酬(續)

(c) 五名最高酬金僱員

本年度五位最高薪人士中包括一位(2017年:兩位)董事,有關彼等的酬金資料已於上文附註披露。本年度支付予四位(2017年:三位)非董事、非首席執行官的最高薪高級行政人員的酬金如下:

酬金列入以下組別的非董事及非首席執行官的最高薪酬的僱員數目如下:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

214

10. INCOME TAX

PRC income tax has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits arising in PRC during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

10. 所得稅

中國大陸所得稅已按年內在中國產生的估計應課稅溢利按25%(2017年: 25%)的稅率計算。其他地區應課稅溢利的稅項乃按本集團經營所在國家(或司法權區)的現行稅率計算。

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Current income tax	即期所得稅	15,908	13,694
Adjustments in respect of current tax of previous periods	本年內確認以往年度的即期稅項調整	—	1,382
Deferred income tax	遞延所得稅	(103,016)	(64,630)
Tax credit for the year from continuing operations	本年度持續經營稅項支出	(87,108)	(49,554)

A reconciliation of the income tax credit applicable to loss before tax at the PRC statutory income tax rate and the income tax credit at the Group's effective income tax rate for the year is as follows:

在年度內，就除稅前虧損按中國法定所得稅稅率計算的所得稅抵減，與按照本集團實際所得稅稅率計算的所得稅抵減，對賬如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(34,833)	(229,365)
At the PRC statutory tax rate of 25% (2017: 25%) (i)	按中國法定稅率25%(2017年: 25%)(i)	(8,708)	(57,341)
Adjustments in respect of current tax of previous periods	本年內確認以往年度的即期稅項調整	—	1,382
Effect of non-deductible expenses	不可扣稅開支的影響	970	3,349
Effect of tax rate differences (i)	不同稅率的影響(i)	(6,706)	(14,169)
Tax losses not recognised	未確認稅項虧損	3,270	54,033
Tax losses utilised from previous periods	動用以往未確認虧損	(62,292)	(22,849)
Effect of non-taxable income	不徵稅收入的影響	(13,642)	(13,959)
Tax credit for the year at the effective rate	本年度按實際稅率計算的稅項支出	(87,108)	(49,554)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

215

10. INCOME TAX(Continued)

- (i) Pursuant to the Corporate Income Tax Law of the PRC passed by the Tenth National People's Congress on 16 March 2007 (the "New Tax Law"), the statutory income tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008, except for Oushi Mengniu which is subject to a preferential tax rate of 15%, in accordance with "The Notice of Tax Policies Relating to The Implementation of Western China Development Strategy".

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong profits tax for 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profit for the year.

Pursuant to the rules and regulations of New Zealand, Yashili New Zealand is subject to an income tax rate of 28% (2017: 28%) in New Zealand.

10. 所得稅(續)

- (i) 根據第十屆全國人民代表大會於2007年3月16日通過的《中華人民共和國企業所得稅法》(「新稅法」)，本集團中國附屬公司自2008年1月1日起的法定所得稅稅率為25%。根據《關於深入實施西部大開發戰略有關稅收政策問題的通知》，歐世蒙牛享有15%的優惠稅率。

根據開曼群島及英屬處女群島(「英屬處女群島」)的規定及法規，本集團無須在開曼群島及英屬處女群島繳納任何所得稅。

本集團2018年香港利得稅撥備是以本年度的估計應課稅溢利，按照16.5%(2017年：16.5%)的稅率計提。

根據新西蘭國家的規定及法規，新西蘭乳業在新西蘭採納法定28%(2017年：28%)的所得稅稅率。

11. DIVIDENDS

11. 股息

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Proposed special — RMB 1 cent (2017: Nil) per ordinary share	建議特別—每普通股 人民幣1分(2017年：無)	47,456	—

The proposed special dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (2017: Nil).

本年建議派發的特別股息，惟須待股東於應屆股東周年大會上批准作實(2017年：無)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

216

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,745,560,296 (2017: 4,745,560,296) in issue during the year, as adjusted to reflect the rights issue during the year.

The parent has no dilutive potential shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

12. 母公司普通權益持有人應 佔的每股盈利/(虧損)

每股基本盈利/(虧損)乃根據年內母公司普通權益持有人應佔溢利/(虧損)除以年內已發行普通股的加權平均數4,745,560,296股(2017年: 4,745,560,296股)計算, 該股數已經調整以反映本年度的配股情況。

本公司無潛在攤薄股本。

計算每股基本和攤薄盈利/(虧損)金額基於如下:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Earnings/(loss):	盈利/(虧損):		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations	用於計算每股基本和攤薄盈利/(虧損)的母公司普通權益持有人應佔溢利/(虧損)	52,275	(179,811)
		Number of shares	
		股份數目	
		2018	2017
		'000	'000
		千股	千股
Shares:	股份:		
Weighted average number of ordinary shares for the purpose of the basic and diluted earnings/(loss) per share calculations	計算每股基本和攤薄盈利/(虧損)所用的普通股加權平均數	4,745,560	4,745,560

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

217

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

2018	2018年	Freehold land	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
		自有土地 RMB'000 人民幣千元	廠房及樓宇 RMB'000 人民幣千元	機器及設備 RMB'000 人民幣千元	機動車 RMB'000 人民幣千元	辦公室及其他設備 RMB'000 人民幣千元	合計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2018	於2018年1月1日	52,286	869,850	1,541,995	22,787	39,108	2,526,026
Additions	添置	—	892	9,846	72	6,821	17,631
Transfer from construction in progress (note 14)	轉撥自在建工程 (附註14)	—	16,022	43,325	—	5,511	64,858
Transfer to investment properties (note 15)	轉撥至投資物業 (附註15)	—	(20,049)	—	—	—	(20,049)
Disposals	處置	—	—	(34,226)	(2,733)	(2,201)	(39,160)
Exchange realignment	匯率調整	(415)	(3,051)	(6,292)	(6)	(27)	(9,791)
At 31 December 2018	於2018年12月31日	51,871	863,664	1,554,648	20,120	49,212	2,539,515
Accumulated depreciation and impairment:	累計折舊及減值：						
At 1 January 2018	於2018年1月1日	—	(214,746)	(666,183)	(17,514)	(24,607)	(923,050)
Depreciation provided during the year (note 7)	年內計提的折舊 (附註7)	—	(37,066)	(90,116)	(1,157)	(7,768)	(136,107)
Transfer to investment properties (note 15)	轉撥至投資物業 (附註15)	—	1,660	—	—	—	1,660
Disposals	處置	—	—	23,173	2,408	2,201	27,782
Exchange realignment	匯率調整	—	229	565	4	6	804
At 31 December 2018	於2018年12月31日	—	(249,923)	(732,561)	(16,259)	(30,168)	(1,028,911)
Net carrying amount:	賬面淨值：						
At 31 December 2018	於2018年12月31日	51,871	613,741	822,087	3,861	19,044	1,510,604
At 1 January 2018	於2018年1月1日	52,286	655,104	875,812	5,273	14,501	1,602,976

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

218

13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

		Freehold land	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
		自有土地 RMB'000	廠房及樓宇 RMB'000	機器及設備 RMB'000	機動車 RMB'000	辦公室及 其他設備 RMB'000	合計 RMB'000
2017	2017年	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
Cost:	成本：						
At 1 January 2017	於2017年1月1日	54,513	909,521	1,616,310	33,091	45,789	2,659,224
Additions	添置	—	5,483	10,665	5	6,949	23,102
Transfer from construction in progress	轉撥自在建工程	—	5,651	23,450	362	2,767	32,230
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	2,002	11,356	1,613	5,447	20,418
Transfer from investment properties	轉撥自投資物業	—	55,011	—	—	—	55,011
Assets of a disposal group classified as held for sale	分類為持有待售的處置組資產	—	(53,274)	—	—	—	(53,274)
Transfer to construction in progress	轉撥至在建工程	—	(185)	(1,050)	—	—	(1,235)
Disposals	處置	—	(3,147)	(46,426)	(11,715)	(19,883)	(81,171)
Disposal of a subsidiary	處置子公司	—	(34,984)	(38,653)	(539)	(1,875)	(76,051)
Exchange realignment	匯率調整	(2,227)	(16,228)	(33,657)	(30)	(86)	(52,228)
At 31 December 2017	於2017年12月31日	52,286	869,850	1,541,995	22,787	39,108	2,526,026
Accumulated depreciation and impairment:	累計折舊及減值：						
At 1 January 2017	於2017年1月1日	—	(191,082)	(617,374)	(25,498)	(36,612)	(870,566)
Depreciation provided during the year	年內計提的折舊	—	(45,003)	(112,219)	(2,037)	(5,186)	(164,445)
Impairment	減值	—	(3,077)	(3,956)	(154)	(29)	(7,216)
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	(905)	(4,375)	(522)	(2,226)	(8,028)
Transfer from investment properties	轉撥自投資物業	—	(4,531)	—	—	—	(4,531)
Disposals	處置	—	1,586	37,011	10,165	18,370	67,132
Assets of a disposal group classified as held for sale	分類為持有待售的處置組資產	—	8,500	—	—	—	8,500
Transfer to construction in progress	轉撥至在建工程	—	27	150	—	—	177
Disposal of a subsidiary	處置子公司	—	18,591	30,625	512	1,034	50,762
Exchange realignment	匯率調整	—	1,148	3,955	20	42	5,165
At 31 December 2017	於2017年12月31日	—	(214,746)	(666,183)	(17,514)	(24,607)	(923,050)
Net carrying amount:	賬面淨值：						
At 31 December 2017	於2017年12月31日	52,286	655,104	875,812	5,273	14,501	1,602,976
At 1 January 2017	於2017年1月1日	54,513	718,439	998,936	7,593	9,177	1,788,658

As at 31 December 2018, all the assets of Yashili New Zealand including property, plant and equipment of RMB1,025,260,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: property, plant and equipment of RMB1,093,906,000 were collateralised for a bank loan of RMB66,883,000).

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣1,025,260,000元的物業、廠房及設備處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款(2017年：人民幣1,093,906,000元的物業、廠房及設備處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

219

14. CONSTRUCTION IN PROGRESS

14. 在建工程

			2018	2017
	Notes		RMB'000	RMB'000
	附註		人民幣千元	人民幣千元
Cost		成本		
At beginning of the year		於年初	64,383	40,524
Additions		增加	89,288	79,730
Disposal of a subsidiary	31	處置一家子公司	—	(41)
Transfer from property, plant and equipment		轉撥自物業、廠房及設備	—	1,058
Transfer to property, plant and equipment	13	轉撥至物業、廠房及設備	(64,858)	(32,230)
Transfer to intangible assets	17	轉撥至無形資產	(3,104)	(22,478)
Transfer to long-term deferred expense		轉撥至長期待攤費用	—	(332)
Exchange realignment		匯率調整	(32)	(136)
At end of the year		於年末	85,677	66,095
Provision for impairment		減值	—	(1,712)
Carrying amount at 31 December		於12月31日的賬面值	85,677	64,383

As at 31 December 2018, all the assets of Yashili New Zealand including construction in progress of RMB3,049,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: construction in progress of RMB3,576,000 were collateralised for a bank loan of RMB66,883,000).

None of the interest expense was capitalised to construction in progress for the year ended 31 December 2018 (2017: Nil) prior to being transferred to property, plant and equipment.

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣3,049,000元的在建工程處於一般保證協議下，以獲取數額約為人民幣33,920,000的銀行貸款(2017年：人民幣3,576,000元的在建工程處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

於轉出至物業、廠房及設備前，於截至2018年12月31日止年度，無被資本化為在建工程的利息費用(2017年：無)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

220

15. INVESTMENT PROPERTIES

15. 投資物業

		2018	2017
	Notes	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Cost:	成本：		
At beginning of the year	於年初	73,295	75,032
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	20,049	—
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	53,274
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	—	(55,011)
At end of the year	於年末	93,344	73,295
Accumulated depreciation:	累計折舊：		
At beginning of the year	於年初	(13,962)	(7,546)
Charge for the year	年內折舊	(3,937)	(2,447)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	(1,660)	—
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	(8,500)
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	—	4,531
At end of the year	於年末	(19,559)	(13,962)
Carrying amount at end of the year	於年末賬面價值	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).

本公司的董事參照類似物業的市場交易價格，並考慮到其他的因素，如該物業的特徵、位置，以市場法評估出該投資物業於2018年12月31日的公允價值約為人民幣156,275,000元(2017年：人民幣124,721,000元)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

221

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

15. 投資物業(續)

公允價值層次結構

下面表格說明了本集團投資性物業的公允價值計量的層次結構：

Fair value measurements as at 31 December 2018 using 用於2018年12月31日的公允價值的測量

Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
活躍市場 之報價 (等級一)	重大可觀察 輸入數據 (等級二)	重大不可觀察 輸入數據 (等級三)	合計
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
Fair value measurement for: 公允價值計量： Commercial properties 商業性物業	—	—	156,275
			156,275

Fair value measurements as at 31 December 2017 using 用於2017年12月31日的公允價值的測量

Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
活躍市場 之報價 (等級一)	重大可觀察 輸入數據 (等級二)	重大不可觀察 輸入數據 (等級三)	合計
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
Fair value measurement for: 公允價值計量： Commercial properties 商業性物業	—	—	124,721
			124,721

During the years of 2018 and 2017, there were no transfers into or out of Level 3.

2018年及2017年均無公允價值計量轉入第三級或自第三級轉出。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

222

16. LAND USE RIGHTS

16. 土地使用權

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Carrying amount at beginning of the year	年初賬面價值	90,375	95,265
Disposal of a subsidiary (note 31)	處置子公司(附註31)	—	(2,496)
Amortisation for the year (note 7)	年內計提攤銷(附註7)	(2,373)	(2,394)
		88,002	90,375
Current portion included in prepayments, other receivables and other assets	計入流動資產中預付款項、 其他應收款和其他資產	(1,582)	(1,582)
		86,420	88,793

Land use rights represent prepayments of land use rights premium to the PRC authorities by the Group. The Group's leasehold land is located in Mainland China, on which its manufacturing plants were located. The Group is granted land use rights for a period of 50 years. The Group has obtained land title certificates for all the land use rights.

土地使用權為本集團向中國政府機關預付的土地使用權出讓金。本集團的租賃土地位於中國，建有生產廠房。本集團獲授予的土地使用權，為期50年。本集團已經取得賬面記錄的全部土地使用權的權證。

17. INTANGIBLE ASSETS

17. 無形資產

31 December 2018	2018年12月31日	Notes 附註	Software	Trademarks	Total
			軟件 人民幣千元	商標 人民幣千元	合計 人民幣千元
Cost at 1 January 2018, net of accumulated amortisation	年初淨值		33,703	283,047	316,750
Purchased	購置		17,275	—	17,275
Transfer from construction in progress	轉撥自在建工程	14	3,104	—	3,104
Disposals	處置		(745)	—	(745)
Amortisation provided during the year	本年攤銷	7	(8,367)	—	(8,367)
Exchange realignment	匯率變動		(45)	—	(45)
At 31 December 2018	年末淨值		44,925	283,047	327,972
At 31 December 2018	年末				
Cost	成本		70,598	283,047	353,645
Accumulated amortisation	累計攤銷		(25,673)	—	(25,673)
Net carrying amount	年末淨值		44,925	283,047	327,972

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

223

17. INTANGIBLE ASSETS (Continued)

17. 無形資產(續)

31 December 2017	2017年12月31日	Note 附註	Software 軟件 人民幣千元	Trademarks 商標 人民幣千元	Total 合計 人民幣千元
Cost at 1 January 2017, net of accumulated amortisation	年初淨值		14,754	283,047	297,801
Purchased	購置		1,086	—	1,086
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		645	—	645
Transfer from construction in progress	轉撥自在建工程		22,478	—	22,478
Disposal of a subsidiary	處置子公司	31	(10)	—	(10)
Amortisation provided during the year	本年攤銷		(5,035)	—	(5,035)
Exchange realignment	匯率變動		(215)	—	(215)
At 31 December 2017	年末淨值		33,703	283,047	316,750
At 31 December 2017	年末				
Cost	成本		53,953	283,047	337,000
Accumulated amortisation	累計攤銷		(20,250)	—	(20,250)
Net carrying amount	年末淨值		33,703	283,047	316,750

As at 31 December 2018, all the assets of Yashili New Zealand including intangible assets of RMB3,483,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: all the assets of Yashili New Zealand including intangible assets of RMB4,761,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement).

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣3,483,000元的無形資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款(2017年：全部資產包括價值人民幣4,761,000元的無形資產處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

As at 31 December 2018 and 31 December 2017, the intangible assets represented trademarks with indefinite useful lives identified in acquisition, and purchased and customised software held by the Group. Amortisation of the intangible assets is included in "Administrative expenses", "Selling and distribution expenses" and "Cost of sales".

於2018年12月31日及2017年12月31日，無形資產為收購中識別的使用壽命不確定的商標和購買及訂製的由本集團持有的軟件。無形資產攤銷乃計入「行政開支」、「銷售及經銷開支」及「銷售成本」。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

224

17. INTANGIBLE ASSETS (Continued)

Impairment testing of trademarks

The recoverable amount of the Dumex infant formula products CGU to which the trademarks belong has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 17.28% (2017: 16.87%). The growth rate used to extrapolate the cash flows of the Dumex infant formula products CGU beyond the five-year period is 3% (2017: 3%).

Assumptions were used in the value in use calculation for 31 December 2018 and 31 December 2017. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of trademarks:

- (a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- (b) Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant CGU.
- (c) Raw materials price fluctuation — Reference is made to the actual data of the past year of countries from where raw materials are sourced.

The values assigned to the key assumptions on market development of dairy and nourishment products, discount rates and raw materials price inflation are consistent with external information sources.

17. 無形資產(續)

商標減值測試

商標所屬於的多美滋嬰兒配方奶粉產品現金產出單位的可收回金額乃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。推算五年期以後現金流量的貼現率為17.28% (2017: 16.87%)。多美滋嬰幼兒配方奶粉現金產生單位現金流量增長率根據涵蓋五年期之財務預算確定為3% (2017: 3%)。

在計算2018年12月31日及2017年12月31日的使用價值時採用若干假設。管理層按現金流量預測進行商標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一年所達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- (b) 折現率 — 所用折現率乃稅前並反映有關現金產出單位的特定風險。
- (c) 原材料價格變動 — 參考原料採購國家往年實際數據。

基於乳製品和營養品市場發展情況、折現率和原材料價格變動的主要假設的價值與外部數據來源一致。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

225

17. INTANGIBLE ASSETS (Continued)

Impairment testing of trademarks (Continued)

The sensitivity analysis for the Dumex infant formula products CGU to which the trademarks belong on the key assumptions used in the calculation of value in use, taken individually, gives the following results:

		Reasonably possible change 可能發生的合理變動	Impairment 減值 RMB'000 人民幣千元
Revenue growth rate	收入增長率	Decrease 6%	56,271
Gross margin rate	毛利率	Decrease 11%	38,076

17. 無形資產(續)

商標減值測試(續)

計算商標所屬於的多美滋嬰兒配方奶粉產品現金產出單位的使用價值時有幾項關鍵假設，通過對其分別進行敏感性分析，得出結果如下：

18. GOODWILL

Carrying amount at 1 January and 31 December	於1月1日和12月31日的 賬面價值

As at 31 May 2016, Yashili (Guangdong) (the “acquirer”), a subsidiary of the Group, acquired a 100% equity interest in Dumex China (the “acquiree”). The business acquisition gave rise to goodwill of RMB718,476,000.

In 2015, Yashili (Guangdong) (the “acquirer”), a subsidiary of the Group, acquired a 100% interest in Oushi Mengniu (the “acquiree”), a subsidiary of Mengniu Dairy, which is also the ultimate holding company of the Group. The acquirer recorded goodwill amounting to RMB272,760,000, which was originally recorded in the book of Mengniu Dairy as a result of the Mengniu Dairy’s acquisition of Oushi Mengniu in a previous year.

18. 商譽

2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
991,236	991,236

於2016年5月31日，雅士利(廣東)(「收購方」)，本集團的一家子公司，收購多美滋中國(「被收購方」)100%股權。此項業務收購帶來價值人民幣718,476,000元之商譽。

於2015年，雅士利(廣東)(「收購方」)，本集團的一家子公司，收購了歐世蒙牛(「被收購方」)(本集團的控股公司蒙牛乳業的一家子公司)的100%股權。收購方賬面記錄了人民幣約272,760,000元的商譽。該商譽為過往年度蒙牛乳業收購歐世蒙牛股權時產生。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

226

18. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing which is in line with the way in which the Company manages its business:

- Milk powder products cash-generating unit group.

The carrying amounts of goodwill allocated to the milk powder products cash-generating unit group is RMB991,236,000.

The recoverable amount of the milk powder products cash-generating unit group has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 17.47% (2017: 14.70%). The growth rate used to extrapolate the cash flows of the milk powder products CGU beyond the five-year period is 3% (2017: 3%).

Assumptions were used in the value in use calculation for 31 December 2018 and 2017. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

- (a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- (b) Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant group of CGU.
- (c) Raw materials price fluctuation — Reference is made to the actual data of the past year of countries from where the raw materials are sourced.

18. 商譽(續)

商譽減值測試

通過業務合併產生的商譽根據管理業務的方式被分配到以下現金產出單元組合以做減值測試：

- 奶粉現金產出單位組合

被分配到奶粉現金產生單位組合的商譽為人民幣991,236,000元。

奶粉產品現金產出單位組合的可收回金額乃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。推算五年期以後現金流量的貼現率為17.47%（2017年：14.70%）。奶粉產品產生單位現金流量增長率根據涵蓋五年期之財務預算確定為3%（2017年：3%）。

在計算2018年及2017年12月31日的使用價值時採用若干假設。管理層按現金流量預測進行商譽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一年所達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- (b) 折現率 — 所用折現率乃稅前並反映有關現金產出單位的特定風險。
- (c) 原材料價格變動 — 參考原料採購國家往年實際數據。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

227

18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The values assigned to the key assumptions on market development of dairy and nourishment products, discount rates and raw materials price inflation are consistent with external information sources.

The sensitivity analysis for the milk powder product cash-generating unit group on the key assumptions used in the calculation of value in use, taken individually, gives the following results:

		Reasonably possible change 可能發生的合理變動		Impairment 減值 RMB'000 人民幣千元
Revenue growth rate	收入增長率	Decrease 2%	降低2%	543,216
Gross margin rate	毛利率	Decrease 4%	降低4%	178,756

In the opinion of the Company's directors, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the milk powder products cash-generating unit group's carrying amount to exceed its recoverable amount.

18. 商譽(續)

商譽減值測試(續)

基於乳製品和營養品市場發展情況、折現率和原材料價格變動的主要假設的價值與外部數據來源一致。

計算奶粉產品現金產出單位組合的使用價值時有幾項關鍵假設，通過對其分別進行敏感性分析，得出結果如下：

本集團董事認為，奶粉產品現金產出單位組合的可回收價值所依據的其他關鍵假設發生任何可能的合理變動，都不會導致賬面價值超過可回收價值。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

228

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Impairment 資產減值	Tax losses 稅務虧損	Accruals 預提費用	Others 其他	Total 合計
	Note	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
	附註					
At 1 January 2018		8,747	124,569	107,473	37,004	277,793
Debited/(credited) to the statement of profit or loss	10	6,334	4,760	90,312	(7,811)	93,595
Charged to other comprehensive income		—	(352)	—	—	(352)
At 31 December 2018		15,081	128,977	197,785	29,193	371,036
At 1 January 2017		10,152	108,255	62,738	21,805	202,950
Debited/(credited) to the statement of profit or loss	10	(1,393)	17,994	44,735	15,199	76,535
Charged to other comprehensive income		(12)	(1,680)	—	—	(1,692)
At 31 December 2017		8,747	124,569	107,473	37,004	277,793

19. 遞延稅項

年內遞延所得稅資產項和負債項的變動如下：

遞延所得稅資產

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

229

19. DEFERRED TAX (Continued)

Deferred tax liabilities

		Note	Interest income accruals 定期存款 利息預提 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日		19,387	31	19,418
Debited to the statement of profit or loss	年內於損益表計入的遞延稅項	10	(9,421)	—	(9,421)
At 31 December 2018	於2018年12月31日		9,966	31	9,997
At 1 January 2017	於2017年1月1日		7,482	31	7,513
Credited to the statement of profit or loss	年內於損益表計入的遞延稅項	10	11,905	—	11,905
At 31 December 2017	於2017年12月31日		19,387	31	19,418
				2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Represented by:	其中包括:				
— Deferred tax assets	— 遞延稅項資產			371,036	277,793
— Deferred tax liabilities	— 遞延稅項負債			(9,997)	(19,418)
				361,039	258,375

As at 31 December 2018, all the assets of Yashili New Zealand including deferred tax assets of RMB32,583,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: all the assets of Yashili New Zealand including deferred tax assets of RMB39,607,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement).

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.

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣32,583,000元的遞延稅項資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款(2017年：新西蘭乳業的全部資產包括價值人民幣39,607,000元的遞延稅項資產處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

230

19. DEFERRED TAX (Continued)

The Group has tax losses arising in New Zealand of RMB32,740,000 (2017: RMB39,282,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB96,237,000 (2017: RMB85,287,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the following item:

- (i) The above tax losses are available for a maximum of five years to offset against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that there will be taxable profit available to offset against the tax losses in the future.

The following deferred tax liabilities have not been recognised in respect of the following items:

At 31 December 2018, temporary differences relating to the undistributed profits of the subsidiaries established in Mainland China amounted to RMB413,240,000 (2017: RMB413,557,000). Deferred tax liabilities have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained earnings, as the Company controls the dividend policy of these subsidiaries in Mainland China and the directors have determined that these profits are not likely to be distributed in the foreseeable future.

19. 遞延稅項(續)

本集團於新西蘭產生的稅項虧損人民幣32,740,000元(2017年: 人民幣39,282,000元), 可無限期抵銷虧損公司的未來應稅溢利。

本集團於中國內地產生的稅項虧損為人民幣96,237,000元(2017年: 人民幣85,287,000元), 將於一至五年屆滿, 以抵銷未來應稅溢利。

遞延稅項資產並未就下列項目確認:

	2018 RMB'000 人民幣千元	2017 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)	2,460,739	2,515,312

- (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。

就上述各項的遞延稅項資產並未予以確認, 原因是本集團不大可能擁有未來應課稅利潤用以抵銷未動用稅項虧損。

未確認的遞延稅項負債:

於2018年12月31日, 與在中國大陸成立的子公司的未分配利潤有關之暫時性差異為人民幣413,240,000元(2017年: 人民幣413,557,000元)。由於本公司控制此等在中國大陸的子公司的股息政策, 並且董事已確定於可見的將來溢利將不會被分配, 故未有確認於分配此等留存溢利時須要繳納的預提稅款為遞延稅項負債。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

231

20. INVENTORIES

20. 存貨

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Raw materials	原材料	226,568	208,142
Finished goods	成品	250,560	398,607
Work in progress	半成品	255,585	161,501
Packing materials	包裝材料	23,450	16,985
Low value consumables	低價消耗品	1,213	1,089
Total	合計	757,376	786,324

As at 31 December 2018, all the assets of Yashili New Zealand including inventories of RMB193,567,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: all the assets of Yashili New Zealand including inventories of RMB152,961,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement).

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣193,567,000元的存貨處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款(2017年：新西蘭乳業的全部資產包括價值人民幣152,961,000元的存貨處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

21. TRADE AND BILLS RECEIVABLES

21. 貿易應收款及票據

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款及票據	170,521	153,455
Impairment	減值	(7,553)	(9,119)
		162,968	144,336

The Group normally allows a credit limit and credit term to its customers which is adjustable in certain circumstances. The Group's trade and bills receivables relate to a large number of diversified customers, and there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

本集團通常給予客戶特定信貸額度和信貸期限，並可在特定情況下調整。本集團的貿易應收款及票據與大量不同類別的客戶有關，故並無重大信貸集中風險。貿易應收款及票據並無附帶利息。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

232

21. 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 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Within 3 months	三個月以內	162,441	126,288
3 to 6 months	三至六個月	354	4,606
6 months to 1 year	六個月至一年	69	12,470
1 to 2 years	一年至兩年	88	972
Over 2 years	兩年以上	16	—
		162,968	144,336

As at 31 December 2018, all the assets of Yashili New Zealand including trade receivables of RMB108,469,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: all the assets of Yashili New Zealand including inventories of RMB101,608,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement).

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

		Note	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
At 1 January	於1月1日		9,119	747
Impairment losses, net	減值損失淨額	7	(1,566)	7,495
Transfer from assets of a disposal group classified as held for sale	轉自持有待售		—	877
At 31 December	於12月31日		7,553	9,119

21. 貿易應收款及票據(續)

於報告期末，經扣除撥備的應收賬款及應收票據按發票日期的賬齡分析如下：

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣108,469,000元的貿易應收款處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款(2017年：新西蘭乳業的全部資產包括價值人民幣101,608,000元的存貨處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款)。

貿易應收款及票據減值撥備的變動如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

233

21. 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 ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

21. 貿易應收款及票據(續)

國際財務報告準則第9號下 截至2018年12月31日止年度 減值如下：

每個報告日期都會用撥備矩陣進行減值分析，以計量預期信用損失。撥備率基於具有類似損失模式的各個客戶群的分組(如按客戶類型)的賬齡確定。該計算反映了概率加權結果，貨幣時間價值以及報告日期可獲得的關於過去事件，當前狀況和未來經濟狀況預測的合理且可支援的資訊。

本集團貿易應收款使用撥備矩陣的信貸風險的信息載列如下：

As at 31 December 2018	於2018年12月31日	Ageing 賬齡			Total 總計
		Less than 1 year 一年以內	1 to 2 years 一年至兩年	Over 2 years 兩年以上	
Expected credit loss rate	預期信用損失率	1%	98%	99%	
Cross carrying amount (RMB'000)	總賬面價值 (人民幣千元)	164,835	4,092	1,594	170,521
Expected credit losses (RMB'000)	預期信用損失 (人民幣千元)	1,971	4,004	1,578	7,553

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

234

21. TRADE AND BILLS RECEIVABLES (Continued)

Impairment under IAS 39 for the year ended 31 December 2017:

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

		2017 RMB'000 人民幣千元
Neither past due nor impaired	並未逾期或減值	129,600
Less than 3 months past due	逾期少於三個月	7,096
		136,696

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there were no recent history of default.

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 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.

21. 貿易應收款及票據(續)

國際會計準則第39號下截至 2017年12月31日止年度減值 如下：

基於國際會計準則第39號，截止2017年12月31日並未個別或整體被視為已減值之貿易應收款之賬齡分析如下：

既未逾期亦無減值之應收款項乃與大量不同類別的客戶有關，彼等在近期並無拖欠款項之記錄。

到期未付但並無減值之應收款項乃與一些獨立客戶有關，該等客戶在本集團內有良好的交易記錄。根據過往經驗，董事認為基於國際會計準則第39號無需就該等結餘計提減值撥備，皆因信貸質量並無重大的變化而結餘被認為依然可以全數收回。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

235

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

22. 預付款項、其他應收款項 及其他資產

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Prepayments for purchase of raw materials	購買原材料的預付款	81,217	14,939
Value-added tax recoverable	待抵扣增值稅	44,577	81,065
Prepayments for purchase of advertising services	預付廣告開支	31,501	—
Other receivables arising from suppliers' rebate	應收供應商返利	18,600	—
Interest receivable	應收利息	8,250	57,116
Advances to sales offices	聯絡點備用金	6,755	3,172
Others	其他	59,498	42,551
		250,398	198,843
Less: Non-current prepayments	減：一年以上的長期待攤費用	8,882	3,462
Impairment allowance	減值準備	(4,504)	(4,192)
Total	合計	237,012	191,189

The amounts due from related parties included in prepayments, other receivables and other assets are as follows:

列入預付款項、其他應收款項及其他資產的應收關聯方款項如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	430	241
Ultimate holding company and its subsidiaries	最終控股公司及其子公司	37	33
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其子公司	35	1,641
		502	1,915

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

236

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS(Continued)

As at 31 December 2018, all the assets of Yashili New Zealand including prepayments, other receivables and other assets of RMB9,357,000 were collateralised for a bank loan of RMB33,920,000 under a general security agreement (2017: all the assets of Yashili New Zealand including prepayments, other receivables and other assets of RMB9,209,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement).

Except the amounts disclosed above, the amounts as at 31 December 2018 and 2017 were unsecured, non-interest-bearing and had no fixed terms of repayment.

22. 預付款項、其他應收款項及其他資產(續)

截止2018年12月31日，新西蘭乳業的全部資產包括價值人民幣9,357,000元的預付款項、其他應收款項及其他資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款（2017年：新西蘭乳業的全部資產包括價值人民幣9,209,000元的預付款項、其他應收款項及其他資產處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款）。

除上述金額外，2018年及2017年12月31日應收結餘均為無抵押及免息，沒有固定還款日期。

23. OTHER CURRENT FINANCIAL ASSETS

23. 其他流動金融資產

	Note	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Bank wealth management products 商業銀行財富投資產品	(i)	683,616	724,748

Note:

- (i) As at 31 December 2018, the Group's bank wealth management products were mainly financial products purchased from banks with good credit ratings with expected annual interest rates of 4.1% to 4.5% (31 December 2017: 2.0% to 5.1%). These investments were acquired with original maturity of one month to one year and were not allowed to be withdrawn prior to the maturity date without the banks' consent.

As at 31 December 2018, the bank wealth management products amounting to RMB96,551,000 (31 December 2017: RMB49,052,000) were pledged to certain bank loans amounting to RMB94,244,000 (31 December 2017: RMB49,421,000).

As at 31 December 2018, the bank wealth management products amounting to RMB141,056,000 (31 December 2017: RMB150,053,000) were pledged for letters of credit.

附註：

- (i) 於2018年12月31日，本集團的商業銀行財富投資產品主要為從良好的信貸評級的銀行購買的金融產品，預期的年利率為4.1%至4.5%（2017年12月31日：2.0%至5.1%）。這些投資為一個月到一年到期且到期前沒有銀行的同意不得撤回。

於2018年12月31日，總金額為人民幣96,551,000元（2017年12月31日：人民幣49,052,000元）商業銀行財富投資產品被質押用於獲取人民幣94,244,000元（2017年12月31日：人民幣49,421,000元）的銀行貸款。

於2018年12月31日，總金額為人民幣141,056,000元商業銀行財富投資產品被質押用於擔保信用證（2017年12月31日：人民幣150,053,000元）。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

237

24. CASH AND BANK BALANCES AND OTHER DEPOSITS

24. 現金及銀行結餘及保證金存款

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	1,158,373	668,962
Pledged deposits	受限制的銀行存款	315,315	243,621
Time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款	951,945	1,079,433
		2,425,633	1,992,016
Less: Short-term pledged deposits for banking facilities	減：銀行融資之短期保證金存款	315,315	243,621
Less: Long-term bank deposits	減：長期銀行存款	100,000	—
Cash and bank balances	現金及銀行結存	2,010,318	1,748,395

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
The above balances denominated in:	以下列貨幣列值的現金及銀行結餘：		
— RMB	— 人民幣	2,280,401	1,919,656
— United States Dollar ("USD")	— 美元	133,196	57,925
— Hong Kong Dollar ("HKD")	— 港幣	3,981	14,182
— European Dollar ("EUR")	— 歐元	5	247
— New Zealand Dollar ("NZD")	— 紐幣	8,050	6
		2,425,633	1,992,016

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. As at 31 December 2018, the effective annual interest rates of short-term time deposits were approximately 1.1% to 5.9% (31 December 2017: 1.1% to 8.5%), which would be due within a year. The effective interest rate of long-term deposits was 4.18% (31 December 2017: nil). The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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。

銀行現金按通行市場利率計息。於2018年12月31日，短期定期存款的實際年利率約為1.1%至5.9%（2017年12月31日：1.1%至8.5%），並將於一年內到期。長期定期存款的實際存款利率為4.18%（2017年12月31日：無）。銀行結餘及已抵押存款於近期無違約記錄且信譽良好的銀行儲存。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

238

24. CASH AND BANK BALANCES AND OTHER DEPOSITS (Continued)

As of 31 December 2018, other than certain bank loans secured by time deposits amounting to RMB308,453,000 (2017: RMB234,731,000), a deposit of RMB6,862,000 (2017: RMB8,890,000) and a long-term bank deposit of RMB20,000,000 (2017: nil) were pledged for letters of credit.

24. 現金及銀行結餘及保證金存款(續)

於2018年12月31日，除了一些銀行貸款是通過定期存款人民幣308,453,000元(2017年：人民幣234,731,000元)進行質押，尚有人民幣6,862,000元存款(2017年：人民幣8,890,000元)和人民幣20,000,000元長期銀行存款(2017年12月31日：無)被作為開具信用證的保證金。

25. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

25. 貿易應付款

於報告日期，本集團根據發票日期的貿易應付款的賬齡分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Within 3 months	三個月以內	99,861	116,634
3 to 6 months	三個月至六個月	117,664	122,870
More than 6 months	六個月以上	132,410	98,936
		349,935	338,440

The amounts due to related parties included in trade payables are as follows:

列入貿易應付款的應付關聯方的款項如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股股東的子公司	57,370	23,205
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	18,179	18,695
Subsidiaries of a substantial shareholder	對本集團有重大影響的投資方的子公司	—	127
		75,549	42,027

Trade payables, including amounts due to related parties, are non-interest-bearing and are normally settled within one month to three months.

貿易應付款，包括應付關聯方的賬款，為不計息且一般於一至三個月內結算。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

239

26. OTHER PAYABLES AND ACCRUALS

26. 其他應付款及應計費用

	Note	2018	2017
	附註	RMB'000	RMB'000
		人民幣千元	人民幣千元
Accrued expenses		729,017	429,849
Contract liabilities	(a)	249,686	—
Accrued payroll		205,608	158,160
Guarantee deposits from customers		74,056	67,280
Payables for constructions of property, plant and equipment		44,467	30,849
Other tax payables		14,539	28,089
Termination benefits payables		13,563	7,103
Interest payables		5,274	194
Advances from customers	(a)	—	289,320
Others		40,191	26,814
		1,376,401	1,037,658

The amounts due to related parties included in other payables and accruals are as follows:

列入其他應付款項和應計費用的應付關聯方的款項如下：

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其子公司	17,784	4,639
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	20	40
		17,804	4,679

Note:

附註：

(a) Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

(a) 截至2018年12月31日和2018年1月1日的合同負債詳情如下：

		31 December 2018	1 January 2018
		二零一八年 十二月三十一日	二零一八年 一月一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sale of goods	銷售商品	249,686	289,320
Total contract liabilities	合同負債總額	249,686	289,320

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

240

27. INTEREST-BEARING BANK LOANS

27. 計息銀行借款

As at 31 December 2018 於2018年12月31日					As at 31 December 2017 於2017年12月31日		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
		實際利率 (%)	到期時間	人民幣千元	實際利率 (%)	到期時間	人民幣千元
Current	即期						
Bank loans — secured	銀行貸款— 有抵押	0.30 to 4.05*	2019	415,128	0.80 to 3.30	2018	329,696**
Bank loans — unsecured	銀行貸款— 無抵押	—	—	—	1.47	2018	200,000
				415,128			529,696

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Bank loans denominated in	銀行貸款		
— RMB	— 以人民幣計值	223,270	249,421
— USD	— 以美元計值	44,131	33,799
— HKD	— 以港幣計值	134,935	128,729
— EUR	— 以歐元計值	—	52,197
— NZD	— 以紐幣計值	12,792	53,498
— Australian Dollar (“AUD”)	— 以澳元計值	—	12,052
		415,128	529,696

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

241

27. INTEREST-BEARING BANK LOANS (Continued)

27. 計息銀行借款(續)

(a) As at 31 December 2018, certain bank loans with an aggregate amount of approximately RMB286,984,000 (31 December 2017: RMB213,392,000) were secured by bank balances amounting to RMB308,453,000 (31 December 2017: RMB234,731,000). A bank loan with an amount of approximately RMB94,224,000 (31 December 2017: RMB49,421,000) was secured by a bank wealth management product amounting to RMB96,551,000 (31 December 2017: RMB49,052,000).

(b) As at 31 December 2018, a bank loan of RMB33,920,000 (31 December 2017: RMB66,883,000) was secured by the total assets of Yashili New Zealand. As at 31 December 2018, the carrying amount of the total assets of Yashili New Zealand was NZD300,873,000 (31 December 2017: NZD305,333,000).

* The contracted interest rate is HIBOR+0.7, LIBOR+0.7, LIBOR+1.0, BKBM¹+1.0, 0.3, 3.7, 3.95 or 4.05.

** As at 31 December 2017, bank loans amounting to RMB66,883,000 were guaranteed by Yashili International Group Ltd (“Yashili (Guangdong)”).

1. BKBM: The New Zealand Bank Bill Benchmark Rate (BKBM) is a base rate in New Zealand.

(a) 於2018年12月31日，一些總數額約為人民幣286,984,000元(2017年12月31日：人民幣213,392,000元)的銀行貸款以人民幣308,453,000元(2017年12月31日：人民幣234,731,000元)的存款進行質押。一些總數額約為人民幣94,224,000元(2017年12月31日：49,421,000元)的銀行貸款以人民幣96,551,000元(2017年12月31日：人民幣49,052,000元)的商業銀行財富投資產品進行質押。

(b) 於2018年12月31日，一些總數額約為人民幣33,920,000元(2017年12月31日：人民幣66,883,000元)的銀行貸款以新西蘭乳業截至2018年12月31日價值約為紐幣300,873,000元(2017年12月31日：紐幣305,333,000元)的全部資產進行抵押。

* 合同利率為HIBOR+0.7, LIBOR+0.7, LIBOR+1.0, BKBM¹+1.0, 0.3, 3.7, 3.95或4.05。

** 於2017年12月31日，銀行貸款人民幣66,883,000元由雅士利(廣東)擔保。

1. BKBM: 新西蘭銀行票據基準利率為新西蘭金融市場中的基礎參考匯率。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

242

28. DEFERRED INCOME

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
As at beginning of the year	年初結餘	2,245	3,329
Received for the year	年內收到	3,201	—
Amortisation for the year	年內攤銷	(1,084)	(1,084)
As at end of the year	年末結餘	4,362	2,245

Deferred income mainly represented the government grants received for the acquisition of a new plant and for certain technical innovation and production line expansion projects. These grants are deferred over the useful lives of the relevant assets and the amount recognised as other income and gains in 2018 was RMB1,084,000 (2017: RMB1,084,000).

28. 遞延收益

遞延收益主要指就購置新廠房及若干技術創新及生產線擴充項目獲得的政府補助。該等補助於有關資產的可使用年期內遞延入賬，於2018年確認為其他收入及收益的與資產支出相關的金額為人民幣1,084,000元(2017年：人民幣1,084,000元)。

29. SHARE CAPITAL

			Number of shares 股份數目	Nominal value 面值
		Notes 附註	'000 千股	RMB'000 人民幣千元
Authorised:	已註冊：			
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股	(i)	10,000,000	861,600
Ordinary shares, issued and fully paid:	已發行、已繳足：			
Shares issued upon the reorganisation in 2010	於2010年重組時發行的股份	(ii)	100	9
Capitalisation issue in 2010	於2010年資本化發行	(iii)	2,925,900	251,364
Shares issued by share offer in 2010	於2010年透過股份發售發行股份	(iv)	574,000	49,312
Shares repurchased in 2011	於2011年股份回購	(v)	(10,000)	(818)
Accumulated share options exercised up to 2014	2014年前累計股權計劃行權		69,170	5,665
Shares issued to Danone Asia in 2015	於2015年向達能亞洲發行股權	(vi)	1,186,390	93,820
At 31 December 2017 and 2018	於2017年及2018年12月31日		4,745,560	399,352

29. 股本

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

243

29. SHARE CAPITAL (Continued)

Notes:

- (i) The Company was incorporated on 3 June 2010 with authorised capital of 3,800,000 shares at HK\$0.10 per share. As part of a reorganisation of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2010 (the "Reorganisation"), the authorised share capital of the Company was increased to HK\$1,000,000,000 (equivalent to RMB861,600,000) divided into 10,000,000,000 shares of HK\$0.10 each.
- (ii) On 2 July 2010, as part of the Reorganisation, the Company issued a total of 99,999 shares at HK\$0.10 per share equivalent to RMB9,000 to the shareholder of Yashili (Guangdong) as the consideration to acquire Yashili (Guangdong).
- (iii) Pursuant to the resolution of the Company's shareholders passed on 8 October 2010, the authorised share capital of the Company was increased from HK\$380,000 to HK\$1,000,000,000; in addition, 2,925,900,000 ordinary shares of HK\$0.1 each were issued at par value to the shareholders of the Company as at 8 October 2010 by way of capitalisation of HK\$292,590,000 (equivalent to RMB251,364,000) from the Company's share premium account.
- (iv) A total of 3,500,000,000 shares of the Company were listed on the Stock Exchange on 1 November 2010 ("IPO"), among which 644,000,000 shares (18.4% of the total number of shares of the Company) were issued to the public, comprising 574,000,000 new shares and 70,000,000 sale shares. The gross proceeds received by the Company from the IPO were approximately HK\$2,411 million.

29. 股本(續)

附註：

- (i) 本公司於2010年6月3日註冊成立，法定股本為3,800,000股，每股面值為0.1港元的股份。作為本集團於2010年為籌備本公司股份於香港聯合交易所有限公司（「香港聯交所」）主板上市而進行的重組（「重組」）的一部分，其法定股本增至港幣1,000,000,000元（相當於人民幣861,600,000元），分為10,000,000,000千股，每股面值0.10港元的股份。
- (ii) 於2010年7月2日，作為重組的一部分，本公司向雅士利（廣東）當時每名股東發行合共99,999股每股面值0.1港元的股份，相等於人民幣9,000元，作為本公司收購雅士利（廣東）的對價。
- (iii) 根據本公司股東於2010年10月8日通過的決議案，本公司的法定股本由380,000港元增加至1,000,000,000港元；此外，透過從本公司股份溢價賬撥充292,590,000港元（相當於人民幣251,364,000元）作資本，本公司於2010年10月8日按面值向其股東發行2,925,900,000股每股面值0.1港元的普通股。
- (iv) 本公司的股份於2010年11月1日在香港聯交所上市（「首次公開發行」），總數為3,500,000,000股，其中644,000,000股（佔本公司股份總數的18.4%）向公眾人士發行，其中包括574,000,000千股新股及70,000,000股銷售股份。本公司收取的首次公開發行的所得款項總額約為2,411百萬港元。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

244

29. SHARE CAPITAL (Continued)

Notes: (Continued)

- (v) On 10 June 2011 and 13 June 2011, the Company repurchased all of its own ordinary shares of 10,000,000 at an aggregate price (including a transaction fee and commission) of HK\$18,728,000 (equivalent to RMB15,538,000), which was deducted from reserves.

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of HK\$1,000,000 (equivalent to RMB818,000) was transferred to the capital redemption reserve. The premium and transaction costs paid on the repurchase and cancellation of the shares of HK\$17,728,000 (equivalent to RMB14,720,000) were charged to reserves.

- (vi) On 30 October 2014, the Company, Mengniu International and Danone Asia entered into a Subscription Agreement pursuant to which, among other things, Danone Asia has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,186,390,074 subscription shares at the subscription price of HK\$3.70 per subscription share.

The share subscription has been approved by the Company's shareholders at an extraordinary general meeting on 28 November 2014.

On 12 February 2015, the Company received all the share subscription proceeds of HK\$4,389,643,000, equivalent to RMB3,471,330,000, among which RMB93,820,000 was accounted for as share capital, and the remaining, after deducting issuance cost, amounting to RMB3,374,773,000 was accounted for as share premium.

29. 股本(續)

附註：(續)

- (v) 於2011年6月10日及6月13日，本公司共回購其自身的普通股10,000,000股，總價格(含手續費及佣金)為港幣18,728,000元(相當於人民幣15,538,000元)，並已於儲備中扣除。

回購股份已被註銷，而本公司對已發行股本亦已相應減去該等回購股份的面值。依照香港公司條例第49H章節，註銷股份的面值港幣1,000,000元(等值人民幣818,000元)轉入股份回購儲備中。就回購及註銷股份所支付的溢價及交易成本港幣17,728,000元(等值人民幣14,720,000元)已在儲備中扣除。

- (vi) 2014年10月30日，本公司、蒙牛國際及達能亞洲簽訂了認購協定，其中據此，達能亞洲已附條件同意認購，且本公司已附條件同意配發及發行1,186,390,074股認購股份。認購價格為每股認購股份3.70港元。

於2014年11月28日該股份認購已獲本公司股東在股東特別大會上批准。

於2015年2月12日，本公司收到全部股權認購款4,389,643,000港元，約合人民幣3,471,330,000元，其中人民幣93,820,000元計入已發行股本，剩餘金額在扣除發行費用後約人民幣3,374,773,000元計入股本溢價。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

245

30. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

Scient (China) is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is primarily engaged in the production and sale of dairy products.

On 22 December 2017, Scient (China), Guangdong Development District Land Development and Reserve Exchange ("GDD") and its agents entered into an expropriation and compensation agreement pursuant to which certain properties of Scient (China) will be expropriated by GDD for a compensation amount of RMB252,822,000. As such, as at 31 December 2017, the related assets of the subsidiary were classified as held for sale.

The disposal transaction was completed in January 2018.

30. 分類為持有待售的處置組資產及與分類為持有待售資產直接相關的負債

施恩(中國)是本公司在中國註冊的全資附屬公司，主要從事乳製品的生產和銷售。

於2017年12月22日，施恩(中國)、廣州開發區土地開發儲備交易中心及其代理訂立一項徵收補償協議，據此廣州開發區土地開發儲備交易中心將自施恩(中國)徵收物業，補償金額為人民幣252,822,000元。於2017年12月31日，這家子公司的相關資產被劃分至持有待售資產組。

該處置交易已於2018年1月完成。

		Audited 經審核 31 December 2018 二零一八年 十二月三十一日 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 人民幣千元
Assets:	資產		
Property, plant and equipment	物業、廠房及設備	—	159,550
Land use rights	土地使用權	—	27,687
Assets classified as held for sale	分類為持有待售的處置資產	—	187,237
Net assets directly associated with the disposal group	與處置組直接相關的淨資產	—	187,237

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

246

31. DISPOSAL OF A SUBSIDIARY

Disposal of Yashili (Heilongjiang)

In June 2017, the Group disposed of a 100% equity interest in Heilongjiang Yashili Dairy Co., Ltd (“Yashili (Heilongjiang)”) to an independent third party.

The net assets of Yashili (Heilongjiang) as at the date of disposal were as follows:

31. 處置子公司

處置雅士利(黑龍江)

於2017年6月，本集團將持有的黑龍江雅士利乳業有限公司(以下簡稱「雅士利(黑龍江)」)的100%權益轉讓給了獨立第三方。

於處置日，雅士利(黑龍江)之淨資產如下：

		Notes 附註	RMB'000 人民幣千元
Net assets disposed of:	處置的淨資產賬面價值：		
Property, plant and equipment	物業、廠房及設備	13	25,289
Construction in progress	在建工程	14	41
Land use rights	土地使用權	16	2,496
Intangible assets	無形資產	17	10
Inventories	存貨		588
Prepayments, deposits and other receivables	預付款項、押金及其他應收款項		60
Trade payables	貿易應付款		(635)
Accruals and other payables	應計費用及其他應付款		(11,445)
Tax payable	應付所得稅		41
			16,445
Loss on disposal of a subsidiary	處置子公司損失	6	(11,698)
			4,747
Satisfied by:	收到的對價：		
Cash	現金		4,747

An analysis of the cash flows in respect of the disposal of Yashili (Heilongjiang) for the prior year is as follows:

於上年度，有關處置雅士利(黑龍江)事項之現金流分束列載如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	4,747
Cash and bank balances disposed of	處置現金及銀行存款	—
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	計入投資活動產生的現金流量之現金及現金等價物流出淨額	4,747

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

247

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not enter into finance lease arrangements or any other significant non-cash transactions.

(b) Changes in liabilities arising from financing activities

32. 合併現金流量表附註

(a) 主要非現金交易

本年內，本集團未發生融資租賃安排或其他形式的重大非現金交易。

(b) 融資活動引起的負債變動如下：

Bank and other loans

銀行及其他借款

RMB'000

人民幣千元

At 1 January 2018	於2018年1月1日	529,696
Changes from financing cash flows	融資現金流量的變動	(121,205)
Exchange differences on translation of foreign operations	海外經營外幣報表折算差額	6,637
At 31 December 2018	於2018年12月31日	415,128
At 1 January 2017	於2017年1月1日	1,143,091
Changes from financing cash flows	融資現金流量的變動	(579,880)
Exchange differences on translation of foreign operations	海外經營外幣報表折算差額	(33,515)
At 31 December 2017	於2017年12月31日	529,696

33. PLEDGE OF ASSETS

Details of the Group's pledged assets are included in notes 13, 14, 17, 19, 20, 21, 22, 23 and 24 to the financial statements.

33. 資產抵押

有關集團獲資產作抵押的詳情，載於財務報表附註13、14、17、19、20、21、22、23及24。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

248

34. OPERATING LEASE ARRANGEMENTS

As Lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years, and those for office equipment are for terms ranging between one to two years.

At the reporting date, the total future minimum lease payments under non-cancellable operating leases in respect of buildings were payable as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Within one year	一年內	9,144	8,051
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	25,897	4,819
		35,041	12,870

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34, the Group had the following capital commitments as at the end of the reporting period:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Land and buildings	房屋及建築物	282	7,592
Plant and machinery	機械設備	5,080	15,509
		5,362	23,101

34. 經營租賃安排

作為承租人

本集團根據經營租賃安排租賃其部分辦公物業和辦公設備。物業租賃協議期限為一至二年，辦公設備租賃協定期限為一至二年。

於報告日期，不可取消經營租賃項下就房屋建築物應付的未來最低租賃款項如下：

35. 承擔

除附註34詳述的經營租賃承擔外，於報告期末，本集團的資本承擔如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

249

36. RELATED PARTY TRANSACTIONS

36. 關聯方交易

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) 除去在本財務報表其他附註中提及的關聯交易，本集團曾與關聯方進行以下重大交易：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Transactions with subsidiaries of the ultimate holding company	與最終控股股東的子公司的關聯方交易		
Purchase of raw materials*	購買原料*	108,712	102,729
Income from consigned processing*	受託加工奶粉產品*	51,874	33,126
Sale of milk powder products*	銷售奶粉產品*	10,880	753
Sale expense*	銷售費*	5,617	—
Share option scheme and share award scheme*	購股權計劃及股份獎勵計劃*	5,404	—
Purchase of complimentary products*	購買搭贈商品*	3,259	3,434
Service expense*	服務費*	588	1,096
Purchase of milk powder products*	購買奶粉產品*	—	11,573
Sale of raw materials*	銷售原料*	—	44
Trade mark licence fee*	商標使用許可費*	—	—
Transactions with subsidiaries of the parent's main shareholder	與控股公司的主要股東的子公司的關聯方交易		
Purchase of packing materials	購買包裝材料	55,331	37,338
Purchase of starch and sugar, etc.	購買澱粉、糖等	5,803	5,989
Transactions with a substantial shareholder and its subsidiaries	對本集團有重大影響的投資方的子公司		
Sale of base powder*	銷售基粉*	283,505	172,131
Income from consigned processing*	受託加工奶粉產品*	31,981	14,130
Research and development costs	研發成本	3,894	—
Office rental expense*	辦公室租賃費用*	473	276
Testing service income*	檢測服務收入*	220	3,685
IT service expense*	信息技術服務費*	—	195
Training service expense*	培訓服務費*	—	41
Warehouse expense*	倉儲費用*	—	211
Transactions with an associate of the ultimate holding company	與最終控股公司的聯營公司的關聯方交易		
Purchase of base powder*	採購基粉*	9,574	16,520



NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)
合併財務報表附註(續)

31 December 2018 2018年12月31日

250

36. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms during the ordinary course of business. The directors have confirmed that the above transactions will continue in the future.

- * The above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and have complied with the requirements in accordance with Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 22, 25 and 26 to the financial statements.

(c) Compensation of key management personnel of the Group

Key management compensation is detailed in note 9 to the financial statements.

36. 關聯方交易(續)

(a) (續)

本公司董事認為，以上關連方交易乃按一般商業條款進行，並在日常業務過程中進行。董事已確認，以上交易將會於未來繼續進行。

- * 上述交易也構成上市規則14A章所界定的關連交易或持續關連交易且已遵守上市規則14A章項下的規定。

(b) 與關聯方的未償還結餘

有關與關聯方的未償還結餘詳情載於財務報表附註22、25及26。

(c) 本集團主要管理人員的酬金

主要管理人員的報酬詳載於財務報表附註9。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

251

37. FINANCIAL INSTRUMENTS BY CATEGORY

37. 按類別劃分的金融工具

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

截至報告期末，各類金融工具的賬面價值如下：

		Audited 經審核 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Financial assets	金融資產		
Financial instruments at amortised cost	以攤餘成本計量的金融工具		
Trade and bills receivables	貿易應收款及票據	162,968	144,336
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	39,858	69,065
Pledged deposits	受限制銀行存款	315,315	243,621
Long-term bank deposits	長期銀行存款	100,000	—
Cash and bank balances	現金及銀行結餘	2,010,318	1,748,395
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產		
Other current financial assets	其他流動金融資產	683,616	724,748
Total	合計	3,312,075	2,930,165

		Audited 經審核 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Financial liabilities	金融負債		
Financial liabilities at amortised cost	以攤餘成本計量的金融負債		
Trade payables	貿易應付款	349,935	338,440
Other payables and accruals	其他應付款及應計費用	893,005	554,986
Short-term interest-bearing bank loans	短期計息銀行借款	415,128	529,696
Total	合計	1,658,068	1,423,122

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

252

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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:

		Carrying amounts		Fair values	
		賬面價值		公允價值	
		2018	2017	2018	2017
		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
Financial assets	金融資產				
Long-term bank deposits	長期銀行存款	100,000	—	100,000	—
Other current financial assets	其他流動金融資產	683,616	724,748	683,616	724,748
		783,616	724,748	783,616	724,748

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, other current financial assets, trade payables, financial assets included in prepayments other receivables and other assets, financial liabilities included in other payables and accruals, short-term interest-bearing bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to management. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with management twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

38. 金融工具之公允值及公允值層級

本集團的金融工具的賬面值及公允價值, 不包括近似於公允價值的賬面值, 詳情如下:

管理部門已評估現金和現金等價物、計入流動資產部分的抵押存款、貿易應收款及應收票據、其他流動金融資產、貿易應付款項、計入預付款項、其他應收款項及其他資產的金融資產、計入其他應付款及應計費用的金融負債、短期計息銀行借款的公允價值與其賬面價值相同, 由於這些金融工具的大部分將在短期內到期。

本集團由財務經理負責的財務團隊負責確定金融工具公允價值計量的政策和程序。財務團隊直接向管理層報告。在每個報告日, 公司財務團隊分析金融工具價值的變動並確定應用於估值的主要輸入值。該估值由管理層審核與批准。為了中期和年度財務報告, 估值過程和結果與管理層每年討論兩次。

金融資產及負債的公允價值以該工具自願交易方(強迫或清盤出售除外)當前交易下之可交易金額入賬。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

253

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets for which fair values are disclosed:

		As at 31 December 2018 於2018年12月31日 RMB'000 人民幣千元	As at 31 December 2017 於2017年12月31日 RMB'000 人民幣千元
Long-term bank deposits	長期銀行存款	100,000	—
Other current financial assets	其他流動金融資產	683,616	724,748
		783,616	724,748

During the years of 2018 and 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

38. 金融工具之公允值及公允 值層級(續)

公允值層級

本集團採用以下層級以說明金融工具的公允值計量：

按公允值披露的資產：

Fair value measurement using 公允值計量的應用

Significant unobservable inputs (Level 3) 重大不可觀察輸入 數據(第三等級)	Significant unobservable inputs (Level 3) 重大不可觀察輸入 數據(第三等級)
As at 31 December 2018 於2018年12月31日 RMB'000 人民幣千元	As at 31 December 2017 於2017年12月31日 RMB'000 人民幣千元

2018年及2017年金融資產並無第一等級與第二等級之間的公允價值轉移，且無自第三等級的轉入或轉出。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

254

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other borrowings, cash and cash equivalents and pledged deposits. 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 and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 2.4 above.

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short-term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

39. 財務風險管理目標及政策

本集團除衍生工具外的主要金融工具包括計息銀行貸款、現金及現金等價物及已抵押存款。該等金融工具的主要目的乃為本集團運營籌措資金。本集團擁有多種由其運營直接產生的其他金融資產及負債，如貿易應收款項及應收票據及貿易應付款項。

本集團金融工具產生的主要風險為公允價值及現金流量利率風險，外幣風險，信貸風險及流動資金風險。一般而言，本公司高級管理層會定期召開會議分析及制定政策，管理本集團面臨的該等風險。此外，本公司董事會定期召開會議分析及批准本公司高級管理層提呈的建議。一般而言，本集團於其風險管理中採取保守策略。本集團有關衍生金融工具的會計政策載於上文附註2.4。

(a) 公允價值及現金流量利率風險

公允價值利率風險是指金融工具的價值將因市場利率變動而出現波動的風險。現金流量利率風險是指金融工具的未來現金流量將因市場利率變動而出現波動的風險。由於借款按固定及浮動利率借出，本集團面臨公允價值及現金流量利率風險。

本集團定期審查並監督固定及浮動利率的借款組合，以管理其利率風險。本集團計息銀行貸款及短期存款按攤銷成本列支，而不會定期重估。浮動利率利息收入及開支按賺取／引致的收入及開支計入／扣自損益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

255

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Fair value and cash flow interest rate risks (Continued)

If there was a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB1,709,000 (2017: RMB2,803,000) for the year ended 31 December 2018, with no impact on other components of the consolidated equity, except for retained earnings of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

39. 財務風險管理目標及政策 (續)

(a) 公允價值及現金流量利率風險(續)

倘按浮動利率計算的銀行貸款的利率整體加息/減息一個百分點，而所有其他變量不變，則截至2018年12月31日止年度，合併稅前利潤將減少/增加約人民幣1,709,000元(2017年：人民幣2,803,000元)，其對本集團合併權益的其他部分並無影響，惟未分配利潤除外。上述敏感度分析是假設利率變動已於各報告期末發生而釐定，本集團已將面臨的利率風險應用於該等日期存在的金融工具。估計一個百分點的增減是管理層對期內直至下一個報告期末為止利率能合理變動的評估。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

256

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group is exposed to foreign currency risk primarily on bank deposits, other receivables, trade payables and bank loans of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HKD, USD, NZD, and EUR.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates to HKD, USD, NZD, and EUR with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities):

39. 財務風險管理目標及政策 (續)

(b) 外幣風險

本集團的外匯風險主要來自以外幣計價之銀行存款、其他應收款、貿易應付款項以及銀行貸款，即與營運相關交易之功能貨幣以外的貨幣。引致風險之貨幣主要為港幣、美元、紐幣以及歐元。

下表列示在所有其他變數維持不變的情況下，人民幣與港幣、美元、紐幣、以及歐元的兌換率可能出現的合理變動(因貨幣資產及負債的公允值變動導致)對本集團稅前虧損的影響。

	Increase/(decrease) in RMB exchange rate % 人民幣匯率 上升/(下降)%	Increase/(decrease) in loss before tax 稅前虧損 上升/(下降)	
		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
If RMB weakens against the USD 倘人民幣兌美元貶值	(5)	(887)	746
If RMB strengthens against the USD 倘人民幣兌美元升值	5	887	(746)
If RMB weakens against the HKD 倘人民幣兌港元貶值	(5)	(132)	(7,448)
If RMB strengthens against the HKD 倘人民幣兌港元升值	5	132	7,448
If RMB weakens against the NZD 倘人民幣兌紐元貶值	(5)	4	3,823
If RMB strengthens against the NZD 倘人民幣兌紐元升值	5	(4)	(3,823)
If RMB weakens against the EUR 倘人民幣兌歐元貶值	(5)	(1)	(3,203)
If RMB strengthens against the EUR 倘人民幣兌歐元升值	5	1	3,203

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

257

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group's credit risk is primarily attributable to trade and bills receivables, prepayments, other receivables and other assets, pledged deposits and cash and cash equivalents. Exposure to the credit risk is monitored by management on an ongoing basis. Details of the Company's credit policy are contained in note 21 to the financial statements.

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 the ageing information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018.

		12-month ECLs 12個月預期信用損失		Lifetime ECLs 整個存續期預期信用損失		Total 總計
		Stage 1 第一階段 RMB'000 人民幣千元	Stage 2 第二階段 RMB'000 人民幣千元	Stage 3 第三階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元
Trade and bills receivables*	貿易應收款及票據*	—	—	—	162,968	162,968
Financial assets included in prepayments, other receivables and other assets	包括預付款項, 其他應收款和其他資產的金融資產					
— Normal**	— 正常**	39,858	—	—	—	39,858
— Doubtful**	— 存疑**	—	—	—	—	—
Pledged deposits	受限制銀行存款					
— Not yet past due	— 未到期	315,315	—	—	—	315,315
Cash and bank balances	現金及銀行結存					
— Not yet past due	— 未到期	2,010,318	—	—	—	2,010,318
		2,365,491	—	—	162,968	2,528,459

39. 財務風險管理目標及政策 (續)

(c) 信貸風險

本集團的信貸風險主要來自貿易應收款及票據、預付賬款、其他應收賬款及其他資產、受限制銀行存款和現金及銀行結存。信貸風險乃由管理層持續監察。本公司的信用政策載於財務報表附註21。

於2018年12月31日的最高信貸風險：

下表載列基於本集團信貸政策的信貸質量和最大信貸風險敞口，以及截至2018年12月31日的階段分類。該信貸政策主要基於過去的賬齡信息，以及其他無需不必要的成本或努力即可獲得的信息。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

258

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

- * 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 21 to the financial statements.
- ** 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".

Maximum exposure as at 31 December 2017:

Majority of the Group's customers have been trading with the Group for years and the Group did not record significant bad debt losses during 2018 and 2017. At the end of the reporting period, the Group had certain concentration of credit risk of the trade receivables as the receivables from the five largest trade debtors represented 87.93% of the total trade receivables as at 31 December 2018 (31 December 2017: 84.85%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

(d) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and other interest-bearing loans.

39. 財務風險管理目標及政策 (續)

(c) 信貸風險(續)

- * 就本集團採用減值的簡化方法的貿易應收款及票據而言，基於撥備矩陣的資料分別於財務報表附註21披露。
- ** 預付款項，其他應收款和其他資產中包含的金融資產的信貸質量在未到時被視為「正常」且自初始確認以來沒有信息表明該金融資產的信貸風險顯著增加。否則，金融資產的信貸質量被認為是「存疑的」。

於2017年12月31日的最高信貸風險：

本集團大部分客戶一直與本集團交易多年，而2018年與2017年中本集團於相關期間內並無錄得重大壞賬虧損。於結算日，本集團有若干集中貿易應收款信貸風險，於2018年12月31日，五大貿易應收款佔總貿易應收款的87.93% (2017年12月31日：84.85%)。

最高信貸風險指合併資產負債表內各金融資產的賬面值。本集團並無提供任何其他擔保致使本集團面臨信貸風險。

有關本集團因應收賬款而須面對之信貸風險之其他量化數據，披露於財務報表附註21。

(d) 流動性風險

本集團使用經常性流動資金計劃工具監控資金短缺的風險。該工具考慮其金融工具和金融資產(例如貿易應收賬款)的到期日以及經營活動的預計現金流量。本集團的目標是通過使用銀行透支，銀行貸款和其他計息貸款，在資金連續性和靈活性之間保持平衡。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 合併財務報表附註(續)

31 December 2018 2018年12月31日

259

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the reporting period, based on the contractual undiscounted payments, is as follows:

		Within 1 year or on demand 一年內或 按要求 RMB'000 人民幣千元	1 to 2 years 一至兩年 RMB'000 人民幣千元	2 to 5 years 二至五年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	2018年12月31日				
Interest-bearing bank loans	計息銀行借款	417,442	—	—	417,442
Trade payables	貿易應付賬款	349,935	—	—	349,935
Other payables and accruals	其他應付款及應計費用	893,005	—	—	893,005
		1,660,382	—	—	1,660,382
31 December 2017	2017年12月31日				
Interest-bearing bank loans	計息銀行借款	533,735	—	—	533,735
Trade payables	貿易應付賬款	338,440	—	—	338,440
Other payables and accruals	其他應付款及應計費用	554,986	—	—	554,986
		1,427,161	—	—	1,427,161

(e) 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. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

39. 財務風險管理目標及政策 (續)

(d) 流動性風險(續)

本集團及本公司金融負債於報告日的到期情況(按合同未折現付款計算)如下:

(e) 資本管理

本集團資本管理的主要目標是保障本集團持續經營及維持健康資本比率的能力,以支持其業務及最大化股東價值。

本集團管理其資本架構,並根據經濟狀況的變化及相關資產的風險特徵作出調整。截至2018年12月31日及2017年12月31日止年度,資本管理的目標,政策或程序並無變動。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

260

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management (Continued)

The Group uses different measures including an adjusted net debt-to-equity ratio to monitor its capital. Net debt is calculated as interest-bearing bank loans, as shown in the consolidated statement of financial position less cash and bank deposits (excluding frozen bank deposits). Total capital is calculated as equity holders' funds (i.e., total equity attributable to owners of the parent), as shown in the consolidated statement of financial position. The ratios as at the end of the reporting periods were as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interest-bearing bank loans (note 27)	計息銀行借款(附註27)	415,128	529,696
Less:	減:		
Cash and cash equivalents (note 24)	現金及現金等價物(附註24)	1,158,373	668,962
Short-term bank deposits (note 24)	短期銀行存款(附註24)	796,492	1,079,433
Long-term bank deposits (note 24)	長期銀行存款(附註24)	100,000	—
Pledged bank deposits (note 24)	受限制銀行存款(附註24)	315,315	243,621
Net debt	負債淨額	(1,955,052)	(1,462,320)
Total equity attributable to owners of the parent	母公司股權持有人應佔權益總額	5,557,825	5,490,927
Adjusted net debt-to-equity ratio	經調整淨債務權益比率	(35%)	(27%)

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

無論是本公司或其任何子公司概無受限於外部施加的資本要求。

40. EVENTS AFTER THE REPORTING PERIOD

As at the approval date of the consolidated financial statements, the Group had no significant events after the reporting period which need to be disclosed.

39. 財務風險管理目標及政策 (續)

(e) 資本管理(續)

本集團使用不同措施，包括經調整淨債務權益比率，以監察其資本。淨債務以合併資產負債表所示的貸款及借款減現金及銀行存款(不包括被凍結的銀行存款)計算得出。總資本以合併資產負債表所示的股權持有人資金(即母公司股權持有人應佔總權益)計算得出。截至報告期末的比率如下：

40. 報告期後事項

於本合併財務報表批准日，本集團無重大報告期後事項需要披露。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

261

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of reporting period is as follows:

41. 公司財務狀況報表

報表期末本公司的財務狀況信息如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於子公司的權益	6,018,087	5,745,792
Total non-current assets	非流動資產總額	6,018,087	5,745,792
CURRENT ASSETS	流動資產		
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	1,555	—
Cash and cash equivalents	現金及現金等價物	9,025	1,694
Total current assets	流動資產總額	10,580	1,694
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	12,447	13,203
Total current liabilities	流動負債總額	12,447	13,203
NET CURRENT LIABILITIES	流動負債淨額	(1,867)	(11,509)
Net assets	資產淨額	6,016,220	5,734,283
EQUITY	權益		
Share capital	股本	399,352	399,352
Reserves	儲備	5,616,868	5,334,931
Total equity	權益總額	6,016,220	5,734,283

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 合併財務報表附註(續)

31 December 2018 2018年12月31日

262

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

		Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Retained earnings	Total equity
		股份溢價 RMB'000 人民幣千元 (i)	資本 回購儲備 RMB'000 人民幣千元	實繳盈餘 RMB'000 人民幣千元 (ii)	匯兌儲備 RMB'000 人民幣千元 (iii)	保留盈利 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日 的結餘	3,845,616	818	1,449,863	429,559	5,867	5,731,723
Total comprehensive loss for the year	全面損失總額	—	—	—	(400,462)	3,670	(396,792)
At 31 December 2017	於2017年12月31日 的結餘	3,845,616	818	1,449,863	29,097	9,537	5,334,931
Total comprehensive income for the year	全面收益總額	—	—	—	275,709	6,228	281,937
At 31 December 2018	於2018年12月31日 的結餘	3,845,616	818	1,449,863	304,806	15,765	5,616,868

Notes:

(i) Share premium

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company. Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

附註：

本公司的儲備變動如下：

附註：

(i) 股份溢價

發行價(扣除任何發行開支)超出已發行股本面值的數額已計入本公司的股份溢價賬。根據開曼群島公司法(經修訂)，本公司股份溢價賬的資金可分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中已到期之債務。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2018 2018年12月31日

263

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(ii) Contributed surplus

As part of the Reorganisation, the shareholders of Yashili (Guangdong) transferred their equity interests in Yashili (Guangdong) to Yashili (HK) on 2 July 2010. A contributed surplus of RMB1,367,204,000 was resulted from these transfers for the purpose of the Group's consolidated financial statements.

In addition, for the purpose of the Company's financial statements, a contributed surplus of RMB1,449,863,000 arose from the issuance of shares by the Company in exchange for the equity interests in the subsidiaries held by the shareholders of these subsidiaries pursuant to the Reorganisation.

(iii) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2019.

41. 公司財務狀況報表(續)

附註：(續)

(ii) 實繳盈餘

於2010年7月2日，作為重組的一部份，雅士利(廣東)當時的股東將其於雅士利(廣東)的權益轉讓於雅士利(香港)。本集團在合併財務報表中因該轉讓產生實繳盈餘人民幣1,367,204,000元。

此外，於本公司財務報表中，因重組本公司發行股票以換取子公司股東在子公司持有的權益產生實繳盈餘人民幣1,449,863,000元。

(iii) 匯兌儲備

換算儲備包括因換算海外業務的財務報表而產生的所有外匯差額。

42. 批准財務報表

董事會已於2019年3月27日批准及授權刊發財務報表。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

摘自經審核財務報表之本集團過往五個財政年度已公佈之業績、資產及負債概要如下。

The table below sets forth our summary income statement information for the periods indicated:

下表載列本集團於所示期間的收益表概要資料：

RMB million	人民幣百萬元	2014 Restated 經重述	2015	2016	2017	2018
Revenue	營業額	3,553.5	2,761.6	2,203.3	2,254.7	3,011.2
Cost of sales	銷售成本	(1,734.7)	(1,359.3)	(1,166.0)	(1,332.5)	(1,817.4)
Gross profit	毛利	1,818.8	1,402.3	1,037.3	922.2	1,193.8
Other revenue	其他收入	198.6	178.5	227.4	70.2	91.6
Selling and distribution expenses	銷售及經銷開支	(1,368.3)	(1,320.3)	(1,170.9)	(893.2)	(1,140.4)
Administrative expenses	行政開支	(224.7)	(207.9)	(389.5)	(271.2)	(208.6)
Impairment losses on financial assets	金融資產減值損失	—	—	—	(17.4)	1.2
Other expenses	其他開支	(86.0)	(92.9)	(148.3)	(145.6)	(69.9)
Profit/(loss) from operations	經營溢利/(虧損)	338.4	(40.3)	(444.0)	(335.0)	(132.3)
Finance income	財務收入	61.8	187.3	130.2	123.7	113.6
Finance costs	財務成本	(6.7)	(24.2)	(18.8)	(18.1)	(16.1)
Net finance income/(expense)	淨財務收入/(開支)	55.1	163.1	111.4	105.6	97.5
Profit/(loss) before income tax	除所得稅前溢利/(虧損)	393.5	122.8	(332.6)	(229.4)	(34.8)
Income tax expense	所得稅開支	(60.9)	(4.5)	12.4	49.6	87.1
Profit/(loss) from continuing operations	持續經營業務溢利/(虧損)	332.6	118.3	(320.2)	(179.8)	52.3
Discontinued operation	終止經營業務					
Loss from discontinued operation (net of income tax)	終止經營業務虧損 (扣除所得稅)					
Profit/(loss) for the year	年度溢利/(虧損)	332.6	118.3	(320.2)	(179.8)	52.3
Profit/(loss) attributable to	以下人士分佔溢利/(虧損)					
Non-controlling interests	非控股權益	—	—	—	—	—
Profit/(loss) for the year	年度溢利/(虧損)	332.6	118.3	(320.2)	(179.8)	52.3

The table sets forth our summary balance sheet information as of 31 December 2014, 2015, 2016, 2017 and 2018:

下表載列本集團於2014年、2015年、2016年、2017年及2018年12月31日的資產負債表概要資料：

RMB million	人民幣百萬元	2014 Restated 經重述	2015	2016	2017	2018
Non-current assets	非流動資產	2,299.5	2,622.0	3,866.1	3,404.7	3,555.6
Current assets	流動資產	3,393.7	5,041.7	4,099.9	4,025.9	4,166.6
Current liabilities	流動負債	1,598.9	1,674.8	2,253.5	1,918.0	2,150.0
Net current assets/(liabilities)	流動資產/(負債)淨額	1,794.8	3,366.9	1,846.4	2,107.9	2,016.6
Total assets less current liabilities	總資產減流動負債	4,094.3	5,988.9	5,712.5	5,512.6	5,572.2



雅士利[®]

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