



China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

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

Stock Code 股份代號: 1117



连续六年荣获世界食品品质评鉴大会

— 金奖 —

2019

ANNUAL REPORT 年報



*For identification purpose only 僅供識別

CORPORATE PROFILE

公司簡介

China Modern Dairy Holdings Limited (the “**Company**” or “**Modern Dairy**” together with its subsidiaries, the “**Group**”) is currently the largest dairy farming operator and fresh raw milk producer in the People’s Republic of China (the “**PRC**”) in terms of its herd size and milk yield. Modern Dairy operates 26 dairy farms in the PRC with dairy cows over 233 thousand heads and annual milk yield over 1.39 million tons. The Company initiated the production model of “Zero-distance Integration of Forage Grass Planting, Cows Breeding and Milk Processing within Two Hours”, which is the first and the only enterprise at present in the PRC that applies integrated production model with SGS certification. Modern Dairy’s products have been awarded the Gold Prize of Monde Selection which is generally regarded as the “Nobel Prize” in the food industry, for the past six consecutive years.

中國現代牧業控股有限公司(「**本公司**」或「**現代牧業**」)連同其附屬公司(「**本集團**」)，按牛群數量及原奶供應量，現為中華人民共和國(「**中國**」)最大的乳牛畜牧營運商及最大的原料奶生產商。現代牧業於中國經營26個乳牛牧場，擁有超過23.3萬頭乳牛及每年產奶量超過1.39百萬噸。本集團首創「種養加一體化、零距離2小時」的生產模式，是中國首家、也是目前唯一一家一體化生產模式並通過SGS認證的企業。現代牧業的產品於過去六年連續在素有食品業「諾貝爾獎」之稱的世界食品品質評鑒大會中獲得金獎。



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HIGHLIGHTS

摘要

YEAR ENDED 31 DECEMBER

截至12月31日止年度

		2019 2019年	2018 2018年	Change 變動
(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)				
Highlights	摘要			
Revenue	收入	5,514.2	4,956.8	11.2%
Gross profit before raw milk fair value adjustments	原料奶公平值調整前的毛利	2,101.9	1,546.1	35.9%
Cash EBITDA ^(Note 1)	現金EBITDA ^(附註1)	2,045.5	1,528.4	33.8%
Net gearing ratio ^(Note 2)	淨槓桿比率 ^(附註2)	77.0%	97.4%	(20.4) ppt 百分點
Profit/(loss) attributable to owners of the Company	本公司持有人應佔溢利／(虧損)	341.3	(496.1)	837.4
Net operating cash inflow	經營現金淨流入	2,049.1	1,406.0	45.7%
Free cash flow ^(Note 3)	自由現金流 ^(附註3)	1,023.2	344.4	197.1%
Net asset value per share (RMB) ^(Note 4)	每股資產淨值(人民幣元) ^(附註4)	1.12	1.07	4.7%
Earnings/(loss) per share (RMB)	每股盈利／(虧損)(人民幣)			
Basic	基本	5.54 cents分	(8.15) cents分	13.69 cents分
Diluted	攤薄	5.52 cents分	(8.15) cents分	13.67 cents分
Annualised milk yield of milkable cow (tons/head)	成乳牛年化產量 (噸／頭)	10.6	10.1	5.0%
Annualised milk yield (tons '0,000)	年化產奶量(萬噸)	139	128	8.6%
Herd scale (heads)	畜群規模(頭)	233,618	231,530	2,088

- Modern Dairy's pure milk was for the sixth consecutive year awarded the Gold Prize of Monde Selection.
- The brand of Modern Dairy has been shortlisted as the "Strategic Partner of China's Aerospace Industry", marking our premium quality branded milk widely recognized by all sectors of the society.
- 現代牧業純牛奶連續六年獲世界食品品質評鑒大會金獎。
- 現代牧業品牌成為「中國航天事業戰略合作夥伴」，標誌著公司的高品質品牌奶充分獲得社會各界的廣泛肯定。

HIGHLIGHTS

摘要

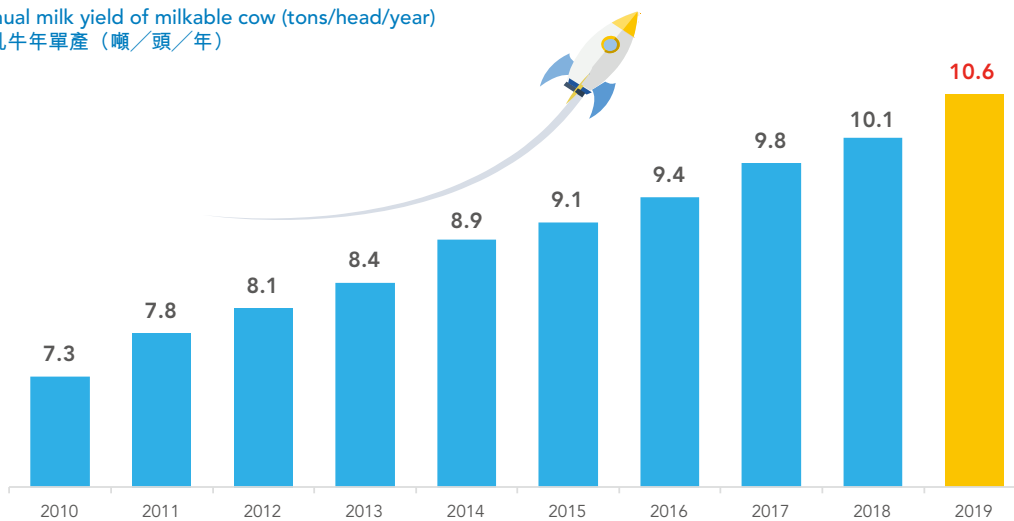
Production volume of raw milk (tons'0,000)
原奶產量 (萬噸)



Sales volume of raw milk (tons'0,000)
原奶銷量 (萬噸)



Annual milk yield of milkable cow (tons/head/year)
成乳牛年單產 (噸/頭/年)



Notes:

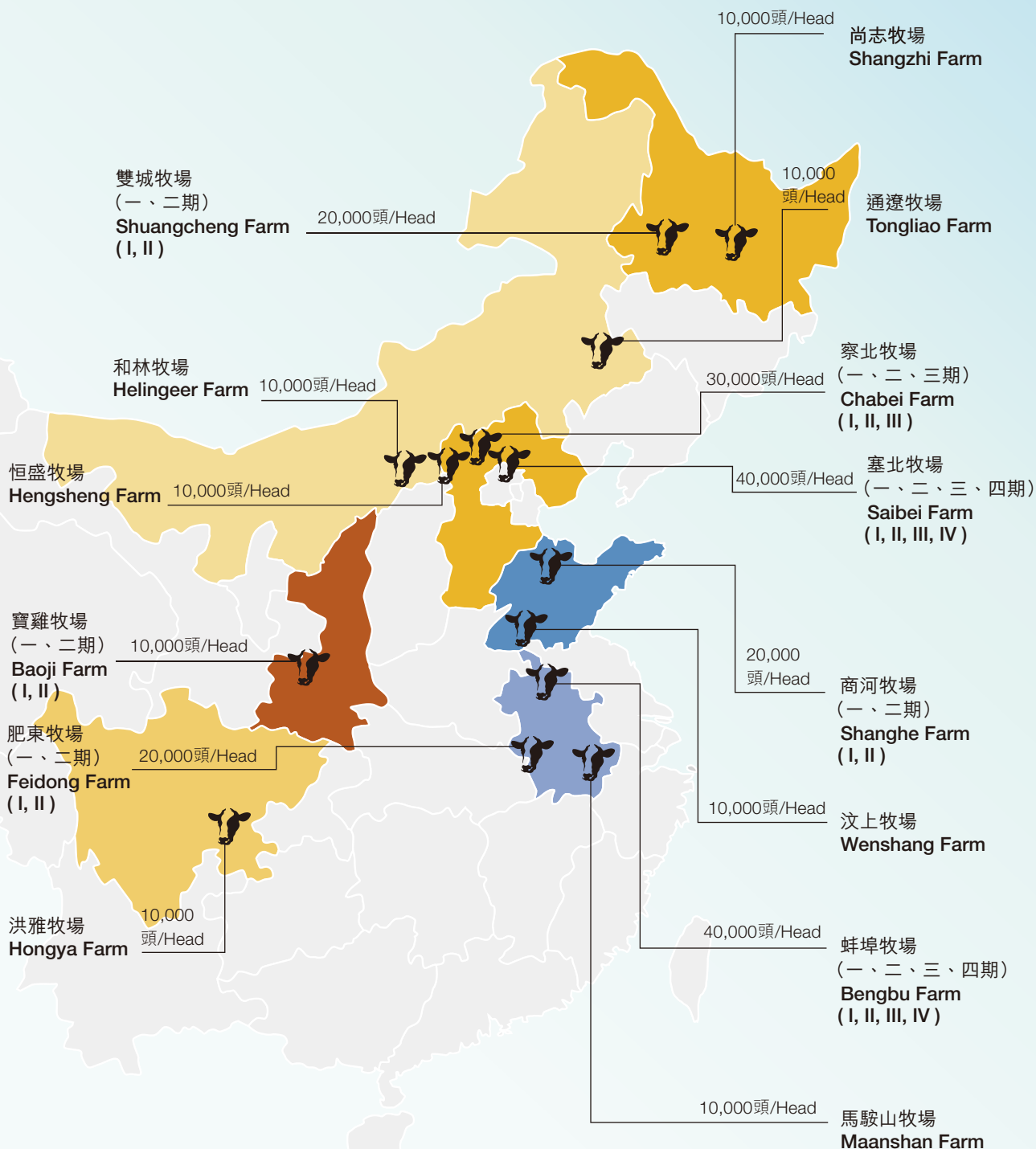
- Cash EBITDA is defined as profit/(loss) before finance costs and tax having added back: i) depreciation for property, plant and equipment and right-of-use assets charged to profit or loss; ii) amortization; iii) other gains and losses, net; iv) impairment losses under expected credit loss model, net of reversal; and v) loss arising from changes in fair value less costs to sell of dairy cows.
- The net gearing ratio is calculated on the basis of the amount of total borrowings less cash and cash equivalents and restricted bank deposits as a percentage of the total equity.
- Free cash flow is defined as net cash from operating activities having added back net cash used in investing activities.
- Net assets at year end divided by the number of ordinary shares in issue at the end of the Reporting Period.

附註：

- 現金EBITDA定義為在加回以下項目後的融資成本及稅項前溢利/(虧損)：i)物業、廠房及設備以及使用權資產折舊致使的損益；ii)攤銷；iii)其他收益及虧損淨額；iv)預期信貸虧損模型下減值虧損及扣除撥回；及v)乳牛公平值變動減乳牛銷售成本產生的虧損。
- 淨槓桿比率按總借款減現金及現金等價物及受限制銀行存款佔總權益計算。
- 自由現金流定義為經營活動所得現金淨額加回投資活動所用現金淨額。
- 年末淨資產除以匯報期末已發行普通股股數。

FARM MAP

牧場位置圖



Approximate number of dairy cows (Head)
乳牛約數量(頭)



CEO'S STATEMENT 總裁報告書



*“ Fifteen-year persistence
on exclusively producing
pasture milk*

*十五年堅持
只做好牧場奶 ”*

Ms. Gao Lina,
高麗娜女士

Chief Executive Officer
總裁

2019 was a very memorable year for China as our country was celebrating its 70th birthday. While the global economy slowed down, the domestic economy remained generally stable. GDP grew by 6.1% over the last year which showed steady growth and demonstrated the strength of China.

During the year, all the staff of the Company worked together, achieving excellent results. Our financial performance has made a full-scale and high-quality leap with total revenue recorded RMB5,514.2 million and net profit turning from a deficit to a profit of RMB349.9 million. We have made it through tough times and the Company has returned to profitability.

2019年，是祖國刻骨銘心的一年。祖國迎來70年華誕，在全球經濟放緩的態勢下，國內經濟運行仍保持總體平穩，全年國內生產總值比上年增長6.1%，穩健發展，彰顯中國實力。

於年內，公司在員工上下一心，共同努力下創造了佳績。我們的業績實現了全方位、高質量的飛躍，錄得總收入人民幣55.142億元，淨利潤扭虧為盈錄得3.499億元，走過最艱難的寒冬，正式回歸盈利軌道。



CEO'S STATEMENT

總裁報告書

The upstream dairy industry continued to forge ahead in 2019. With the continuous deepening of favorable policies for the revitalization of the dairy industry, the levels of the scale, standardization and systematization of the domestic dairy industry have gradually increased, and the price of raw milk has entered an rising cycle. The dairy industry is recovering, entering a new period.

We continued to further our collaborative partnerships both upstream and downstream. With introducing New Hope Dairy Company Limited ("New Hope") as a strategic shareholder, we are forming strong alliances both upstream and downstream. We continued to build the complete industrial chain and to create pure and fresh consumption experience for consumers together with our downstream customers.

Healthy cows and excellent quality of raw milk are of vital importance to us. During the year, we took a multi-pronged approach to increase raw milk volume and improved herd health. Adhering to the philosophy that "Cows are Fundamentals", we ensured the comfort and safety of the cows. The total annual raw milk yield reached 1.39 million tons, with the unit yield reaching 10.6 tons per milkable cow, both breaking a record.

Over the past year, we thoroughly implemented "increase, decrease, replace and stop" measures by all means. The cash cost per kilogram of raw milk fell significantly to RMB2.32, breaking a record low. In 2019, we purchased 1.42 million tons of silage, breaking a record high. We also continued to raise our standards for silage procurement and to secure its cost-effectiveness.

2019年，是上游養殖業繼往開來的一年。隨着奶業振興利好政策的不斷深入，我國奶業規模化、標準化、組織化水平也在逐步提升，原奶價格進入上升軌道。行業回暖明顯，奶業步入新週期。

我們繼續深化上下游協同，引入新希望乳業股份有限公司(「新希望」)為戰略股東，實現上下游強強聯合，繼續打造全產業鏈佈局，與下游客戶一同為消費者創造純真鮮活的消費體驗。

健康牛，優質奶，是我們的生命線。過去一年，我們提升牛群健康，多管齊下提升產量。我們秉承「以牛為本」的宗旨，關注牛隻舒適度，保障牛隻安全，全年總產量達139萬噸，成乳牛年單產達10.6噸，雙雙突破歷史新高。

過去一年，我們深入貫徹「增、減、替、停」措施，全方位、多角度降低成本，公斤奶現金成本顯著下降至2.32元，達到歷史新低。2019年我們的青貯收購量達142萬噸，創下歷年新高。同時我們不斷提高青貯收購標準以確保其成本效益。



CEO'S STATEMENT

總裁報告書

In the past year, we continued to adhere to quality which we are proud of. At the 2019 Monde Selection, our "Premium Pure Milk" product was once again awarded the Gold Award, setting a record for six consecutive championship, and won the "International High Quality Trophy". Our "Gold Award Pure Milk" product took part in the evaluation for the first time and won the Gold Award. Making an appearance at the 10th China Dairy Congress and the 2019 China Dairy Exhibition, our products demonstrated to the world the production model of "Zero-distance Integration of Forage Grass Planting, Cow Breeding and Milk Processing within Two Hours", and presented consumers with our "Pure and Fresh" farm milk, winning unanimous praise from the public.

Over the past year, we continued to build on our upstream business and to strengthen upstream and downstream integration, striving to build the first raw milk brand in China. With New Hope Dairy being our second largest shareholder, both parties will continue to work closely in the raw milk business. The strategic cooperation will not only help us to establish more reliable raw milk customers, but also allow us improve the herd size in a flexible way in line with customers' needs, to meet the growing demand of high-end raw milk market in China and to fully enjoy the advantage of rising raw milk price. We established a joint venture company with the energy saving and environmental friendly platform of an industrial fund owned by CITIC Environment Investment Group Co., Ltd. and had transferred the Companies' holding of the energy assets of the two farms in Bengbu and Feidong to the joint venture company. The introduction of professional teams in non-core areas is able to improve the professional management of energy projects and the efficiency of asset utilization, which will enable us to focus on upstream dairy farming.

In 2019, we have improved the Group's overall operational efficiency and as a result the unit milk yield has been uplifted and cost been reduced. We adhered to high standards, stuck to our principles, focused on implementation, paid attention to details and improved efficiency to fulfill the Company's original aspiration. In the future, we will continue to fulfill the social responsibility as industry leader and contribute to the revitalization of the national dairy industry!

過去一年，我們繼續堅守質量，品質做人。在2019年世界食品品質評鑒大會(Monde Selection)上，我們的「尊貴裝純牛奶」再次捧得大會金獎，創下六連冠記錄，被授予「國際高質量獎盃」。「金獎純牛奶」首次參評，摘取了金獎的傲人成績。我們的產品亮相第十屆中國奶業大會暨2019年中國奶業展覽會，向世界展示「種養加一體化、零距離兩小時」的生產模式，為消費者呈上「純真鮮活」的牧場牛奶，獲得了社會的一致好評。

過去一年，我們繼續深耕上游業務，加強上下游整合，致力打造中國原奶第一品牌。我們引入新希望乳業為第二大股東，雙方將在原奶業務加強合作，既有助於我們建立更可靠的奶源客戶，也可根據客戶需求靈活增群擴產，滿足國內不斷增長的高端原奶需求，充分享受原奶價格上行週期的紅利。我們與中信環境投資集團有限公司下屬產業基金的節能環保平台成立合資公司，並向合資公司轉移旗下蚌埠、肥東兩個牧場的能源資產的股權。在非核心領域引入專業團隊，可提高能源項目的專業化管理，提升資產利用效率，專注上游奶牛養殖。

2019年，我們提升了企業的整體效益從而達至提升單產及降低成本。我們秉承高標準、講原則、重執行、抓細節、提效率，踐行了企業初心；未來，我們將繼續擔當行業龍頭的社會責任，為振興民族奶業貢獻堅實的力量！



CEO'S STATEMENT 總裁報告書

The start of 2020 is bound to be extraordinary. The outbreak of COVID-19 in China has affected the tourism, entertainment and retail industries, causing pressure on both domestic industrial production and international trade. There have been outbreaks of the pandemic across the globe afterwards. China has a difficult start to 2020, facing challenges and unknowns.

As the largest producer of raw milk in China, we are keeping an eye on the development of the pandemic. We are working hard together with society and actively fulfilling social responsibility. We donated "Modern Dairy" branded dairy product worth up to RMB10 million to anti-pandemic front-line areas such as hospitals, disease control and prevention centres and security posts. During the pandemic period, our raw milk is produced and sold normally to meet society's milk consumption demand. We strengthen our disinfection measures in production areas and use remote software for flexible working, taking our employee safety seriously and putting the production quality first.

2020年開局，便注定不平凡，國內爆發新型冠狀病毒肺炎，旅遊、娛樂、零售業受影響，國內工業生產和國際貿易承受壓力。其後病毒在全球各地陸續爆發，中國在困難模式中開啓2020年，挑戰與未知共存。

作為國內最大的原奶生產商，我們緊密關注疫情發展，與社會共度時艱，積極承擔社會責任。我們向疫情一線地區捐贈價值總計人民幣1,000萬元的「現代牧業」品牌系列奶類產品，弛緩醫院、疾控中心、治安崗亭等防疫一線場所。在疫情期間我們的原奶正常生產銷售，以保障社會對牛奶消費的需求。我們重視員工安全，加強對生產區進行消毒，利用遠程軟件靈活辦公，將生產品質置於首位。



CEO'S STATEMENT

總裁報告書

After several years of industry adjustment, China's cow herd size has decreased and milk price has made a significant recovery. In terms of supply, the upstream dairy is gradually being upgraded to large-scale dairy farming. Small-scale farms and family-owned farms are gradually phased out. As cyclical nature of the dairy farming industry weakens, raw milk will be provided mainly by large-scale farms in the future. With the high industry entry barriers to large-scale dairy farming, we will fully enjoy the advantage of rising raw milk cycle. In terms of demand, looking forward to the next three years, consumption upgrades in first-tier cities and consumption growth in low-tier cities will continue to support the steady growth of demand for dairy products. The demand for high-quality raw milk is even greater as it is used as raw materials for UHT milk, low-temperature pasteurized milk and other products.

Looking ahead to 2020, the original aspiration remains unchanged despite of the difficulties. 2020 will be the 15th year since the Company was established and the 10th year since we were listed on the Hong Kong Stock Exchange. We insist on being self-reliant, continuously improving yields, reducing costs and improving operational efficiency; facing the market, we grasp the cyclical trend, keep up with market development, moderately increase the herd size and rise the raw milk yield to enhance the Group's market competitiveness. As the largest dairy farming company and the largest producer of raw milk in China, we will continue to strengthen collaborative integration both upstream and downstream to create a complete chain distribution of raw milk production and forge China's first raw milk production brand.

On behalf of the board of directors of the Company, I would like to take this opportunity to express my deep gratitude to all our employees for their loyal service and dedication, as well as to our shareholders, customers and business partners for their trust and support.

經過幾年的行業出清，中國奶牛存欄下降，奶價回升明顯。在供給端，奶牛養殖逐步升級為以規模養殖為主導，小型牧場及家庭作坊式牧場陸續退出。奶牛養殖行業的週期性減弱，未來原奶將主要由規模牧場生產提供。規模養殖的行業壁壘深厚，我們將更充分享受週期向上的紅利。在需求端，展望未來三年，一線城市的消費升級和低線城市消費增長將持續支持奶製品需求的穩健增長，而高品質的原奶作為常溫奶、低溫巴氏奶等產品的原料，需求量更是巨大。

展望2020，困難雖在，惟初心不改。2020年，我們將邁入成立的第15年、上市的第10年。我們堅持立足自身，不斷提升單產、降低成本，提高運營效率；面向市場，則把握週期趨勢，緊貼市場發展，適度增群擴產，提升集團的市場競爭力。作為中國最大的乳牛畜牧公司及最大的原奶生產商，我們將繼續加強上下游的協同整合，打造原奶生產全鏈條佈局，生產中國原奶生產第一品牌。

藉此機會，本人僅代表董事會對公司全體員工的忠誠服務和貢獻表示深深感謝，也在此對各股東、客戶和商業夥伴的信任和支持深表感激。



PRODUCTS OF THE GROUP AND ASSOCIATES 集團及聯營公司產品



FRESH RAW MILK

生鮮原奶

We operate a total of 26 dairy farms with 233,618 dairy cows in total across seven provinces in mainland China. Each milkable cow on average can produce 10.6 tons of fresh pasture milk each year.

我們在中國內地七個省區營運26個牧場，飼養共233,618頭乳牛，每頭成乳牛平均每年產出達10.6噸生鮮牧場奶。

PURE MILK WITH GOLD AWARD

金獎純牛奶

The pure milk is awarded Gold Prize at Monde Selection for six consecutive years, produced by self-owned farms with high-quality milk sources within two hours from milking to processing.

自家牧場，優質奶源，從擠奶到加工兩小時完成，連續六年榮獲世界食品品質評鑒大會金獎的純牛奶。



PRODUCTS OF THE GROUP AND ASSOCIATES 集團及聯營公司產品

HIGH CALCIUM MILK

高鈣牛奶

High in calcium from good dairy farms, Modern Dairy High Calcium Milk has 125 mg calcium for each 100 m. Vitamin D is specially added to facilitate calcium absorption. The milk is nutritious, pure and rich in taste.

高鈣源自好牧場，現代牧業高鈣奶每100ml含鈣125mg，特別加入維生素D，促進鈣的吸收，營養豐富，純正香濃。

WALNUT MILK

核桃奶

Made of finely-selected walnuts and fresh quality raw milk, the color walnut milk has made its successful debut in July 2019.

選頂級核桃仁，配以優質原奶，推出的花色核桃牛奶，產品剛於2019年7月上市。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Board of Directors (the “**Board**”) of China Modern Dairy Holdings Limited (“**Modern Dairy**” or the “**Company**”) is pleased to present the audited annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019 (the “**Reporting Year**”).

INDUSTRY OVERVIEW

China’s economic development was stable with moderate progress in 2019 with GDP grew by 6.1% year-on-year, in line with expectations.

According to the McKinsey China Report 2019, China’s dependence on the world economy has declined relatively, while the world’s dependence on China’s economy has risen relatively, to a certain extent, reflecting that China’s economic focus has gradually shifted back to the domestic consumer market and that domestic demand has grown strongly.

In 2019, Chinese residents’ income growth basically kept pace with the economic growth and urban-rural per-capita income disparities continued to decrease. As a result, China’s internal consumption continued to grow and consumer market witnessed a structural upgrade. The sales of consumer goods grew steadily, which has contributed 57.8% to the total economic growth in 2019.

Data from the 2019 China Milk Industry Quality Report shows that in 2018, China produced a total of 31.77 million tons of milk, equaling a consumption of 34.3kg of dairy products per capita. The proportion of farms with more than one hundred cows reached 61.4%, all adopting the mechanized milking. The unit yield per dairy cow reaches 7.4 tons annually. The milk quality of scaled farms has reached the standards of developed countries, with more than 99.9% of dairy products passing national inspection for five consecutive years. Furthermore, quality, safety and nutrition indicators basically met the international standards.

中國現代牧業控股有限公司(「**現代牧業**」或「**本公司**」)之董事會(「**董事會**」)欣然提呈本公司及其附屬公司(「**本集團**」)截至2019年12月31日止年度(「**本匯報年度**」)之經審核年度業績。

行業概覽

2019年中國的經濟發展穩中有進，全年國內生產總值同比增長6.1%，符合預期目標。

根據麥肯錫2019中國報告，中國對世界經濟的依存度相對下降，世界對中國經濟依存度則相對上升，在一定程度上反映了中國經濟重點逐步轉回國內消費市場，內需增長強勁。

2019年，中國國內居民收入增長與經濟增長基本同步，城鄉居民人均收入比值繼續縮小，受惠於此，國內消費持續增長，消費品類結構升級持續。2019年消費品市場銷售平穩增長，消費支出對整體經濟增長的貢獻率為57.8%。

《2019中國奶業質量報告》數據顯示，2018年全國奶類產量3,177萬噸，人均奶類消費量每年為34.3千克。百頭規模牧場比例達到61.4%，全部採用實現機械化擠奶，中國奶牛平均年單產7.4噸。規模牧場生鮮乳質量達到發達國家水平，乳製品國家監督抽檢合格率連續5年達到99.9%以上，質量安全指標和營養指標基本與國際水平相當。



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In 2019, the international milk powder auction price remained stable with some growth. The domestic raw milk price showed significant growth, implying that the domestic dairy industry is under recovery. The rebound in domestic raw milk price in 2019 was a result of multiple factors. On one hand, the medium- and small-scaled farms were phased out the market and the herd size shrank over the past few years attributable to the raw milk downcycle and the strict environmental regulations. Research by the National Dairy Industry Technology System showed that in 2018, there were an estimated 5.04 million Holstein cows in China, maintaining a steady downward trend in herd size. On the other hand, stable growth of resident income has led to stronger purchasing power and a continuous upgrade on consumption structure with expansion on consumption sectors. The sustained growth of dairy products in 2019 was benefited from the vigorous development of UHT and fresh milk products. Domestic demand for high quality raw milk has been growing, continuing to exceed supply for the next few years.

The evident rebound in the raw milk price, combined with the significant decline in unit price of and weakened demand for soybean meal due to the swine flu in 2019 and relatively stable corn price have all benefited the dairy industry.

In early of 2020, Sino-US trade negotiations have reached the first stage of economic and trade agreement which brought a favorable outlook for global trade. The January COVID-19 outbreak has hit the tourism, entertainment and retail industries. Industrial production and international trade have also been impacted.

Without doubt, the pandemic has a short-term impact on the economy, but the solid fundamentals of the dairy industry remain unchanged. Through the active promotion of the official and the media, consumers are more fully aware of the importance of milk in improving immunity. As the consumption upgrades and the consumption potential of low-tier cities is gradually explored, the demand for high-quality raw milk is increasing constantly. Prospects of dairy industry remain favorable and the market potential is colossal.

2019年國際奶粉拍賣價穩中有升，國內奶價上升明顯，奶牛養殖行業回暖趨勢明顯。2019年國內原奶價格明顯回升，主要由多方面因素造成，一方面，國內奶牛存欄下降。過去幾年原奶價格低迷、環保管控趨嚴，中小養殖戶陸續退出。國家奶牛產業技術體系調研顯示，2018年國內荷斯坦奶牛存欄預計504萬頭，維持下降趨勢。另一方面，居民收入穩步增長帶動消費能力提升及居民消費結構不斷升級，消費領域繼續擴大。2019年乳製品行業持續發展，受惠於國內常溫奶和鮮奶產品的蓬勃發展，國內消費者對大牧場優質原奶的需求愈發旺盛，原奶生產供不應求格局預計在未來幾年仍會持續。

在國內原奶價格明顯恢復的基礎上，2019年豬瘟令豆粕飼料需求減弱並致其單價明顯下跌，而玉米價格則相對平穩，利好奶牛養殖業。

2020年年初，中美貿易談判達成第一階段經貿協議，為全球貿易帶來利好預期。今年1月，國內爆發新型冠狀病毒肺炎，旅遊、娛樂、零售業受影響，工業生產和國際貿易承受壓力。

疫情不免會為經濟帶來短期衝擊，然而奶業的良好基本因素沒有改變。通過官方及媒體的積極宣傳，消費者更充分了解牛奶對提高免疫力的重要作用。隨着消費升級和低線城市消費潛力逐步打開，優質原奶的需求也不斷增長。奶業發展大勢依然向好，奶業消費潛力依舊巨大。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

BUSINESS REVIEW

2019 marked the Company's 15th anniversary since its founding. By increasing unit milk yield, reducing production cost and uplifting operation efficiency, the overall financial indicators have improved and recorded a strong free cash flow, returning to profitability.

During the Reporting Year, the Company mainly engaged in the dairy farming (primarily the production and sale of raw milk to clients for processing into dairy products) and also profit sharing initiatives by the associates established for the business of our self-branded liquid milk products with Mengniu. The Company focused on the upstream dairy farming business, producing high quality raw milk products for consumers.

OPERATIONAL PERFORMANCE

For the Reporting Year, the Group has achieved significant improvement in major operating targets. The external average selling price ("ASP") of raw milk stood at RMB4.04/kg (2018: RMB3.85/kg), representing a year-on-year growth of 4.9%. The annual milk yield ("AMY") per milkable cow amounted to 10.6 tons (2018: 10.1 tons), representing a year-on-year growth of 5.0%. With the uplift of milk yield and the number of milkable cows, the total annual milk production hit 1.39 million tons (2018: 1.28 million tons), representing year-on-year growth of 8.6%. In 2019, the Group has achieved 11.2% income growth year-on-year up to RMB5,514 million (2018: RMB4,957 million). Benefiting from an increase in ASP of raw milk and higher milk yield, the gross profit margin (before raw milk fair value adjustment) increased by 6.6 percentage points ("ppt") to 38.1% in 2019 (2018: 31.5%) year-on-year.

業務回顧

2019年，本公司邁入成立的第十五年，通過提升單產、降低成本及提升內增效益，財務指標全面好轉，錄得強勁自由現金流，正式回歸盈利軌道。

於本匯報年度，本公司主要從事奶牛養殖業務，生產和銷售原料奶予客戶用於加工成乳製品，通過與蒙牛合建聯營公司營運自有品牌液態奶產品業務的方式分享聯營公司利潤。公司專注上游奶牛養殖業務，為消費者生產高質量的原奶產品。

經營表現

於本匯報年度，本集團於主要營運目標均錄得明顯提升。原料奶外部平均銷售單價為人民幣4.04元／公斤(2018年：人民幣3.85元／公斤)，同比增長4.9%。每頭成乳牛年產量10.6噸(2018年：10.1噸)，同比增長5.0%。隨著產奶量及成乳牛數量的提高，年總產奶量達139萬噸(2018年：128萬噸)，同比上升8.6%。2019年，本集團的收入高達人民幣55.14億元(2018年：人民幣49.57億元)，同比上升11.2%。得益於原料奶平均售價上漲及奶產量提升，2019年毛利率(於原料奶公平值調整前)同比增加6.6個百分點高達38.1%(2018年：31.5%)。



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The Group still successfully kept the unit cost of (excluding depreciation of property, plant and equipment) one kilogram of raw milk (“UCM”) at RMB2.32/kg (2018: RMB2.45/kg), even though the feed prices had significantly increased, globally and domestically as a result of the Sino-US trade war. This was the results achieved by continuous improvement in the health of cows and increase in the use of silage as feed. Out of which, the feed cost amounted to RMB1.77/kg (2018: RMB1.89/kg), representing year-on-year decrease of 6.3%. The Company also consolidated and streamlined procurement process so as to reduce purchasing costs. Additionally, the Company also increased the use of silage feed and adjusted the feed mix so as to achieve continuous drop in feed cost and secure the health of dairy cows.

During the Reporting Year, the Group was dedicated to the objectives of “Increase output, reduce cost and stop losses”. The Company has lowered operating costs through improving the formula, adjusting the feed mix, broadening sources of income and reducing expenditure. Through the modernized management, the Company has optimized the herd structure and raised unit production for each milkable cow.

雖然中美貿易戰導致國內外飼料價格大幅上升，但通過持續提升牛隻健康和提高青貯作為飼料的使用量，本集團成功將公斤原料奶成本(不包括物業、廠房及設備折舊)控制在人民幣2.32元/公斤(2018年：人民幣2.45元/公斤)，其中飼料成本為人民幣1.77元/公斤(2018年：人民幣1.89元/公斤)，同比下降6.3%。本公司加強和簡化採購過程，以降低購買成本。此外，本公司亦增加青貯飼料使用量，調整飼料結構，以促進飼料成本持續下降及保障乳牛健康。

於本匯報年度，本集團以「增產、降本、止損」為目標，通過優化配方、調整飼料結構、開源節流降低成本；另外透過現代化管理、優化牛群結構、提高單產。



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DAIRY FARMS

As at 31 December 2019, the Group operated a total of 26 dairy farms (herd size of each close to or over 10,000 dairy cows) with 233,618 dairy cows (2018: 231,530 heads) spread across seven provinces in mainland China. The proportion of milkable cows to the total number of dairy cows was approximately the same as last year at 57.9% (2018: 58.0%). Total sales volume of raw milk amounted to approximately 1.37 million tons (2018: 1.25 million tons) for the downstream dairy enterprises to produce high-end milk products. Leveraging on the world's first model of "integration of forage planting, cow breeding and milk processing", Modern Dairy has become the largest leading dairy farming company and the largest producer of raw fresh milk in mainland China in terms of the herd scale and production volume. As a nationwide farm, we are endowed with unique geographical advantages that most of our farms are located in regions with fine climate and ample supply of feed, in the proximity of processing plants of dairy products.

牧場概況

於2019年12月31日，本集團在中國內地七個省區營運26個萬頭級牧場，飼養共233,618頭乳牛(2018年：231,530頭)。成乳牛佔乳牛總數為57.9%(2018年：58.0%)，同比相若。原料奶總銷量約為137萬噸(2018年：125萬噸)，供應下游乳品企業高端奶的生產。依託全球首創的「牧草種植、奶牛養殖、牛奶加工一體化」模式，就畜群規模和產量來說，現代牧業成為現在中國內地最大的龍頭乳牛畜牧公司及最大的新鮮原料奶生產商。作為全國性牧場，我們具備得天獨厚的地理優勢。牧場多處於優良氣候和及具備充足飼料供應的區域，臨近多個乳品加工廠。



塞北牧場
Saibei Farm



犢牛島
Heifers' hut



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Herd Scale

畜群規模

		As at 31 December 2019 於2019年 12月31日 Head 頭	As at 31 December 2018 於2018年 12月31日 Head 頭
Dairy cows	乳牛		
Milkable cows	成乳牛	135,185	134,315
Heifers and calves	小母牛及小牛	98,433	97,215
Total number of dairy cows	乳牛總計	233,618	231,530

The Company's financial performance is highly correlated with market prices and costs of raw milk and also affected by the milk yield of each milkable cow. In general, when milk prices increase, the Company's profitability will increase correspondingly under normal operation condition. When milk yield improves, the UCM will correspondingly decrease relatively. Milk yield is affected by a number of factors, including the frequency of lactation, breed, comfort level, genetics and feed mix. The Company has continuously been conducting research on each factor, inviting foreign cow experts to regularly station and give guidance at the farms, and, through exchange amongst industry experts and staff training, improving milk yield and cow health.

Milk Yield

During the Reporting Year, we recorded annual milk yield of 10.6 tons per milkable cow (2018: 10.1 tons), up by 5.0% year-on-year. The annual milk production of the Group grew 8.6% year-on-year to 1.39 million tons (2018: 1.28 million tons). The increase in milk yield was attributable to effective herd management, genetic improvement over generations and generations, and increase in the number of cows reaching peak stage of lactation.

本公司的財務表現與市場奶價及成本呈高相關性，亦受每頭成乳牛的產奶量影響。一般而言，在正常營運下，當奶價上升，本公司的盈利能力亦會同時增加；當產奶量提高，原料奶的單位成本便會相對減少。產奶量亦受多項因素所影響，其中包括奶牛的泌乳次數、品種、生活舒適程度、基因及飼料結構等。本公司對每項因素亦不斷進行研究，邀請外國牛隻專家定期駐牧場指導，透過行內專家相互交流，培訓人才等方式，提升產奶量及牛隻健康。

產奶量

於本匯報年度，我們錄得每頭成乳牛的年產奶量為10.6噸(2018年：10.1噸)，同比增加5.0%。本集團年總產奶量達139萬噸(2018年：128萬噸)，同比增加8.6%。產奶量的提升受益於有效的畜群管理、一代代改善乳牛基因以及更多奶牛達泌乳高峰。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

OPERATION STRATEGIES

Raise Unit Output and Raw Milk Quality by Scientific Breeding and Feeding Techniques Improvement

We keep improving our operation efficiency and average AMY. At present, our average AMY per milkable cow is among the highest of all dairy companies in the mainland China. We believe that both the unit production and quality of raw milk of our milkable cows will continue to rise as we keep improving the genetic mix of herd across generations, and increase the proportion of milkable cows to total herd size. In addition, we are committed to continuous research so as to alleviate the heat damage to UHT milk, and further reduce the content of furosine in milk, subject to eligibility of various indicators such as microorganisms in the products.

Enhance Feed Nutrients and Optimize the Feed Mix

We will continue to collaborate with local farmers and agricultural research institutions in pursuing research and planting high quality feed suitable for our dairy cows. Moreover, according to the locations of our farms, we collaborate with local farmers of particular regions to jointly build customized and efficient feed supply chains with the objective to reduce transportation cost of feed and to ensure the quality, nutrition content and a stable supply of feed.

Heat Stress Alleviation Measures

Heat stress as a result of high temperature in summer has become a seasonal problem for milkable cows. The yield of each milkable cow is generally slightly reduced due to the impact caused by heat stress. To minimize the impact, the Group has implemented alleviation plans. The Group equipped cowshed with efficient ventilation system, such as powerful fans, upgraded the facilities in barns and enhanced the health of each dairy cow.

Quality Management

The overall execution of the quality management of Modern Dairy is based on the principle of "Four Don't": don't cooperate with unqualified suppliers, don't stock unqualified raw feed materials, don't feed unqualified inventory of raw feed materials, don't release raw milk from farms that fail inspection.

營運策略

科學繁育和飼養技術提高奶牛單產和原料奶品質

我們不斷改善經營成效，提高乳牛平均年產量。目前，我們每頭奶牛平均年產奶量在中國內地屬較高水準。我們相信，通過改良一代接一代的奶牛基因組合、進一步提升成母牛在全牛群的比例，我們的奶牛單產和原料奶品質還將持續提升。此外，在確保產品的微生物等各項指標合格的前提下，我們研發降低常溫奶的熱傷害程度，使牛奶中糠氨酸含量指標進一步降低。

改善奶牛的飼料營養及優化飼料組合

我們繼續與當地農戶和農業研究機構合作研究，種植適合我們乳牛的優質飼料。此外，根據我們的牧場位置，我們與特定地區的當地農戶合作建立高效的飼料供應鏈，旨在降低飼料運輸成本及保證飼料品質、營養成份和穩定的供應。

緩解熱應激措施

由於夏季高溫所帶來的熱應激對乳牛的影響已成為一個季節性問題，每頭成乳牛的產量一般會受熱應激影響略有下降。為緩解熱應激帶來的影響，本集團已採取緩解計劃。本集團引進高效通風系統設備裝備牛舍，如強力的風扇，升級牛舍設施，加強每頭奶牛的健康水平。

質量管理

現代牧業質量控制整體執行「四不」原則：不合格的供應商不合作、到場不合格的原料不入場、庫存不合格的原飼料不投餵、檢測不合格的原奶不出場。



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For the quality control of raw feed materials, the Group ensures the source control by inspecting suppliers on-site and establishing a database of suppliers; ensures feed arrival control by having a stricter standard of testing than that of the national standard; ensures the process control by sampling the inventory of raw feed materials and controlling indicators on daily basis; ensures that the feed in cows' mouth are of the right mix consistent with the relevant formula by conducting real-time sampling during the production process with reference to formula data at close to infrared calibration. For the process control, Modern Dairy establishes a process-oriented quality management system, establishes CCP point on key production stages, and set process food safety indicators for monitoring, and timely rectify and track the potential risks discovered. For the delivery quality control, there are various quality inspections to comprehensively control the quality of raw milk. For the whole chain quality tracking system, the quality information platform is traced by quick response code, to achieve the traceability of whole chain quality information from the raw feed materials arrival and delivery for feeding, milking on the milking parlor to raw milk delivery.

The safe and high quality milk of Modern Dairy is ensured by source control, process monitoring and terminal control.

Herd Management

Modern Dairy adopts the means of lean management in managing herd, values scientific breeding and precise formula. With the innovation of a comprehensive herd management system, the Group overcomes the "information isolation" of farms, establishes an efficient information collection system and improves the system integration of cows from individual, breeding, feeding, health to milk-producing module. All barns of farms are covered of wireless communication, the information of herd can be inquired and undated anytime and anywhere through the handset equipment and APP; by using the low frequency scanners which show timely and accurate reminders of cow breeding process to raise the conception rate to cows, simplify and improve cow breeding; with pedometers and yield sensors (ie. low frequency ear tags), which record and analyse milk yield of cows automatically, to identify and alert diseases among cows in advance. The comprehensive utilisation of advanced data analysis systems enables us to achieve scientific decision-making, improve the level of production management, and achieve sustainable consolidated profitability. Regarding "high standard, high positioning and high starting point" as the principles, the Group achieves the objectives of "increase unit production output, reduce operation cost, optimise herd structure" in herd breeding.

在原飼料質量控制方面，通過供應商現場審核、建立供應商名單庫確保源頭控制；通過到場原料檢測標準嚴於國標確保到場控制；通過每日對庫存原料抽檢、指標監控確保過程控制；通過使用近紅外精準提供配方參考數據、生產過程中實時抽檢，確保牛口中的飼料與配方一致。在過程質量控制方面，現代牧業建立以過程為導向的質量管理體系，在關鍵生產環節建立CCP點，並設置過程食品安全指標進行監控，針對發現的潛在風險及時整改、跟蹤。在出場質量控制方面，設有諸多檢測監控，全面控制原奶質量。在全鏈條質量追溯系統方面，質量信息化平台通過二維碼識別，實現飼料到場入庫、出庫飼餵、奶牛上廳擠奶、原奶出場的全鏈條質量信息可追溯。

以源頭控制、過程監控、終端把控，保障現代牧業安全放心高質好奶。

牛群管理

現代牧業在牛群管理上通過精益管理手段，注重科學飼養、精準配方。通過創新的全面牛群管理系統，打破牧場「信息孤島」，建立高效的信息採集體系，完善牛隻從個體、繁殖、飼餵、健康到產奶模塊的系統性集成。牧場實現所有牛舍無線覆蓋，通過手持設備和APP隨時隨地查詢並更新牛群信息；利用低頻掃描棒及時準確提示牛隻繁育進程，提高牛隻受孕率，簡化和提升繁育工作；通過計步器和基於低頻耳標的測產設備，自動記錄並分析牛隻的產奶情況，提前識別和預警牛隻疾病。綜合運用先進的數據分析系統，實現科學決策，提升生產管理水平，實現可持續綜合盈利能力。以「高標準、高定位、高起點」為原則，達到「提單產、降成本、優結構」的牛群飼養目標。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Environmental Protection and Epidemic Prevention

With the mission that “create the world’s most advanced farms, produce the highest quality milk, and achieve harmonious development of people and nature”, the Group actively fulfills its social responsibilities. The Group continuously improves on various aspects such as product quality, dairy cow disease control and environmentally friendly production to maximize social benefits.

The Company’s various milk quality indicators are better than the EU standards. Food safety indicators are set in the raw milk production process, and the whole process is strictly monitored to ensure that the raw milk quality meets the standards. Since Mengniu increased its stake in the Company, the Group and Mengniu have enhanced cooperation in product testing, unified inspection standards and processes, improved testing efficiency and product quality. The Group strictly complies with relevant laws and regulations for epidemic prevention management, conducts health rating management for dairy cows, cautiously controls the environment of farms, refines the management of farms, provides epidemic prevention and protection for dairy cows, and establishes quarantine and health check plans for cows, to ensure the health of cows.

Based on resource recycling, the Group has built a green recycling industrial chain of “forage planting – cow breeding – fertilizer treatment – biogas power generation – fertilizer back to the field”. Each farm is equipped with large-scale biogas power generation facilities and comprehensive utilization facilities for biogas fertilizer, which absorbs, digests and indiscriminately treats the manure. For sustainable development, the Group will continue to implement high-standard environmental protection policies and implements rigorous epidemic prevention measures in our farms. The Group expects, through co-operation with CITIC Environment Investment Group Co., Ltd. (“**CITIC Environment**”), it could enhance industrial efficiency and expand the scale of green production.

環境保護與疫控

本集團素以「創建世界最先進的牧場，生產世界最優質的牛奶，實現人與自然的和諧發展」為使命，積極履行社會責任。在產品質量、乳牛疾病管控、環保生產等方面不斷改善以達致最大社會效益。

本公司的各項牛奶品質指標均優於歐盟標準，在原奶生產過程中設置食品安全指標，全程進行監控，確保原奶優質達標。自蒙牛增持本公司後，本集團與蒙牛加強在產品檢測的協同，統一檢驗標準和流程，提高檢測效率，繼續提高產品質量。本集團嚴格遵守相關法律法規的要求進行防疫管理，對奶牛進行健康評級管理，嚴控牧場環境，細化牧場出入管理、生產區防疫防護管理，為奶牛制定檢疫和健康檢查計劃，保障奶牛的健康。

本集團立足資源循環利用，構建一條「飼草種植 – 奶牛養殖 – 糞污處理 – 沼氣發電 – 糞肥還田」的綠色循環產業鏈。每期牧場都配建了大型沼氣發電設施和沼肥綜合利用設施，將糞污吸收、消化並進行無害化處理。為實現可持續發展，本集團將繼續奉行高標準的環保政策，並對我們的牧場實施嚴格的防疫措施。本集團期望與中信環境投資集團有限公司（「**中信環境**」）合作，能進一步提升產業效能，擴大綠色生產規模。



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ASSOCIATE FACTORIES

The Company's associate factories with Mengniu were officially established in the second quarter of 2018. Riding on the marketing strategies and competitive advantage of the sales channels of Mengniu, a new product "high-calcium pure milk" being promoted with "Good Calcium from Good Farms" was officially launched in early 2019 and contributed to the profit of the Company. The branded milk of "Modern Dairy" was relaunched in the market with the positioning of "fifteen-year persistence on exclusively producing pasture milk" and leveraging on Mengniu's strategic marketing in aerospace plans to do rebranding. We adopt differentiation strategies, focusing on the blue ocean market in the third and fourth tier cities in China. With the market's increasing knowledge and experience of the Company's high-quality milk source and milk products, the associate factories start to contribute more earnings to the Group.

聯營工廠

本公司與蒙牛合營的工廠已於2018年二季度正式成立，藉著蒙牛的市場策略及銷售渠道優勢，新品高鈣純牛奶主打「好鈣源自好牧場」於2019年初亦正式上市，並於匯報期內公司帶來盈利。「現代牧業」自有品牌奶以「15年堅持只做牧場奶」的定位重新推出市場，借助蒙牛的航天計劃營銷策略、重塑品牌，採用差異化策略，主攻國內三、四線城市的藍海市場。隨著市場對本公司優質奶源及優質產品的認識增加和親身體驗，聯營工廠開始為本集團帶來盈利分成。

2小時生產綫
2-hour Production Line



產品測檢
Product Testing



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Cooperation with CITIC Environment

The Company and CITIC Environment and one of its subsidiaries entered into a letter of intent on cooperation framework in September 2018, to jointly establish a joint venture on the transformation and operation of manure anaerobic fermentation system and other assets of farms under the Group, which involved the treatment of plug flow reactor for anaerobic fermentation being the principal manure treatment. Biogas produced during fermentation can be deployed for power generation and steam production; biogas residues after drying can be used as beds in cowsheds, while biogas slurry is partially returned to cowsheds and the remaining biogas slurry will be reused as organic fertilizers. For details, please refer to the Company's announcement dated 28 September 2018.

On 23 August 2019, Modern Farming and Jiangsu Agriculture Environment Energy Technology Co., Ltd.* (江蘇農環能源科技有限公司) ("Jiangsu Agriculture"), an entity designated by CITIC Environment, entered into a joint venture agreement in relation to the formation of Jiangyin Dairy Energy Environment Technology Co., Ltd (the "JV Company"). The JV Company is held as to 30% by Modern Farming and 70% by Jiangsu Agriculture and is established with the total registered capital of RMB560,000,000.

On 31 December 2019, Modern Farming entered into two share transfer agreements with the JV Company in relation to the disposal of Modern Energy (Wuhe) Co., Ltd.* (現代能源(五河)有限公司) and Modern Energy (Hefei) Co., Ltd.* (現代能源(合肥)有限公司), both of which were indirectly non wholly-owned subsidiaries of the Company holding energy assets of Bengbu and Feidong farms, at an aggregate consideration of RMB148,124,000. For details, please refer to the Company's announcement dated 31 December 2019. The disposal have been completed in February 2020.

SYNERGIES WITH MENGNIU

The Group and Mengniu have achieved satisfactory synergy in terms of purchasing, sales, cost control, resource utilization and even corporate management. In early 2019, the Company entered into a cooperation agreement with Yashili International Holdings Ltd, a subsidiary of Mengniu, to provide premium raw milk for its high-end new dairy products. With the increase in the demand of diversified high-end raw milk, the high-end raw milk is expected to become the Company's high value-added business and a new engine of growth. During the Reporting Year, the Group reduced its operating cost through the integrated procurement platform "Ai Yang Niu".

與中信環境合作

本公司與中信環境及其旗下一家子公司於2018年9月簽訂合作框架意向書，共同組建合營公司，改造並運營本集團牧場糞污厭氧發酵系統及其他資產，項目涉及廠區採用的連續厭氧發酵為主體的工藝。糞污發酵所產生的沼氣擬用於發電及生產蒸汽；沼渣烘乾後可做牛舍墊床，沼液部分回沖牛舍，其餘沼液作為有機肥料還田再利用。有關詳情請參閱本公司日期為2018年9月28日的公告。

於2019年8月23日，現代牧業(集團)與一家中信環境指定的實體江蘇農環能源科技有限公司(「江蘇農環」)就成立江陰牧能環境科技有限公司(「合資公司」)訂立合資協議。合資公司將分別由現代牧業(集團)與江蘇農環持有30%和70%。合資公司的總註冊股本為人民幣560,000,000元。

於2019年12月31日，現代牧業(集團)與合資公司就出售持有蚌埠及肥東兩個牧場的能源資產的現代能源(五河)有限公司及現代能源(合肥)有限公司(當時均為本公司間接非全資附屬公司)訂立兩份股權轉讓協議，對價合共為人民幣148,124,000元。有關詳情，請參閱本公司日期為2019年12月31日的公告。有關出售已於2020年2月完成。

與蒙牛協同

本集團通過與蒙牛的不斷協同，無論在採購、銷售、成本控制、資源利用乃至企業管理等範疇都獲得理想效益。2019年初，公司與蒙牛旗下雅士利國際控股有限公司簽訂合作協議，為其高端新乳品提供優質原奶。隨著多元化高端原奶量的需求增加，高端原奶有望成為本公司的高附加值業務，成為新的增長引擎。於本匯報年度，本集團借助「愛養牛」統一採購平台，降低運營成本。



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AWARDS AND RECOGNITIONS

The quality of Group's dairy products are comparable to the average standard of imported milk products in terms of milk fat, milk protein, somatic cells count, total colony count and other fresh milk key indicators, which is among the top rankings in the world.

The Company is the first and only company in China that passed the "Quality Milk Project" for its pasteurized milk and UHT milk. During the Reporting Year, four of our Group's products were all awarded the Gold Prize of Monde Selection 2019. The pure milk was awarded the Gold Prize for six consecutive years.

In early 2019, the brand of Modern Dairy has been shortlisted as the "Strategic Partner of China's Aerospace Industry", marking our premium quality branded milk widely recognized by all sectors of the society.

INTRODUCTION OF STRATEGIC SHAREHOLDER

On 18 July 2019, the Company entered into the subscription agreement with New Hope pursuant to which the Company has conditionally agreed to allot and issue, and New Hope or its designated subsidiary has conditionally agreed to subscribe for 276,228,409 subscription shares (the "**Subscription Share(s)**") at the subscription price of RMB1.1920 (HK\$1.3535) per Subscription Share. The Subscription Shares were allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2019. In addition, as disclosed in note 25 to the consolidated financial statements, certain pledgors have pledged a total of 318,697,354 shares of the Company (the "**Collateral Share(s)**") in favour of the Company. New Hope or its designated subsidiary has agreed to purchase the Collateral Shares at the purchase price of RMB1.1920 (HK\$1.3535) per Collateral Share from the Company.

獎項和認可

本集團的乳品，在乳脂肪、乳蛋白質、體細胞、菌落總數等鮮奶關鍵指標上均媲美進口牛奶平均標準，品質居於世界前列。

本公司是國內首家也是唯一一家巴氏殺菌奶和UHT滅菌奶同時通過國家「優質乳工程」驗收的企業；於本匯報年度，本集團共有四支產品全部獲得2019年世界食品品質評鑒大會(Monde Selection)金獎，純牛奶更連續第六次榮獲金獎。

2019年初，現代牧業品牌成為「中國航天事業戰略合作夥伴」，標誌著公司的高品質品牌奶充分獲得社會各界的廣泛肯定。

引入戰略股東

於2019年7月18日，本公司與新希望訂立認購協議，據此，本公司有條件同意配發及發行，而新希望或其指定附屬公司有條件同意認購276,228,409股認購股份（「**認購股份**」），認購價為每股認購股份人民幣1.1920元（1.3535港元）。認購股份已根據由本公司股東於2019年6月6日舉行之本公司股東週年大會上授予董事的一般授權予以配發及發行。此外，誠如綜合財務報表附註25披露，部分質押人向本公司質押合共318,697,354股本公司股份（「**抵押股份**」）。新希望或其指定附屬公司同意向本公司購買抵押股份，購買價為每股抵押股份人民幣1.1920元（1.3535港元）。



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The issue and allotment of the Subscription Shares and the sale of the Collateral Shares by the Company completed in September 2019, and the total proceeds resulting from the transactions were approximately RMB709 million. Amongst which, the gross proceeds from the Subscription Shares was approximately RMB329.26 million (equivalent to approximately HK\$373.87 million). The net proceeds from the Subscription was approximately RMB329.19 million (equivalent to approximately HK\$373.79million). As at 31 December 2019, the Company has fully utilised such proceeds from the Subscription Shares for the following purposes: (i) approximately 50% (approximately RMB164.59 million) for the expenditure of farm and expansion of herd size; (ii) approximately 30% (approximately RMB98.76 million) for repayment of borrowings; (iii) the remaining balance of approximately 20% (approximately RMB65.84 million) for the Group's general working capital and for other general corporate purposes. Upon completion of the above transactions, New Hope holds approximately 9.28% of the entire issued share capital of the Company and becomes the second largest strategic shareholder of the Company.

The Board considers that the transactions above enable the Company to achieve the following synergies: (i) raise capital to enable the Company to appropriately increase its herd size, maintain reasonable cow herd structure and maintain a stable growth of raw milk yield; (ii) strengthen the cooperation between New Hope and the Company so as to maintain a stable customer base of the raw milk of the Company; (iii) decrease the amount of liabilities borne by the Company and control the Company's financial risks; and (iv) realize the value of the pledged Collateral Shares.

The above transactions have been completed on 20 September 2019. For details, please refer to the Company's announcement dated 18 July and 20 September 2019.

本公司發行及配發認購股份及出售抵押股份已於2019年9月完成，而交易所得款項總額約人民幣709百萬元。其中，認購股份事項所得款項總額約為人民幣329.26百萬元(約相等於港幣373.87百萬元)。認購事項所得款項淨額約為人民幣329.19百萬元(約相等於港幣373.79百萬元)。於2019年12月31日，本公司已將從認購股份事項所得款項全數所得款項用於下列用途：(i)約50%(約相等於人民幣164.59百萬元)用於牧場開支及增加牛群規模；(ii)約30%(約相等於人民幣98.76百萬元)用於償還借款；及(iii)餘額約20%(約相等於人民幣65.84百萬元)作為本集團一般營運資金和其他一般公司用途。完成上述交易後，新希望持有本公司全部已發行股本約9.28%，並成為本公司第二大戰略股東。

董事會認為上述交易使本公司能夠實現以下協同效應：(i)籌集資金，使本公司能夠適當增加牛群規模，保持合理的牛群結構，保持原料奶產量穩定增長；(ii)加強新希望與本公司之間的合作，以保持本公司原料奶穩定的客戶基礎；(iii)減少本公司負債並控制本公司的財務風險；(iv)實現質押股份的價值。

有關交易於2019年9月20日完成。有關詳情請參閱本公司日期為2019年7月18日及9月20日的公告。



MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL OVERVIEW

Revenue

Business Analysis

The following table sets forth the breakdown of the consolidated revenue for the years ended:

財務概況

收入

業務分析

下表載列截至該日期止年度合併收入明細：

	2019 2019年			2018 2018年		
	External Sales 外部銷售 RMB'000 人民幣千元	Internal Sales 內部銷售 RMB'000 人民幣千元	Subtotal 小計 RMB'000 人民幣千元	External Sales 外部銷售 RMB'000 人民幣千元	Internal Sales 內部銷售 RMB'000 人民幣千元	Subtotal 小計 RMB'000 人民幣千元
Sales of raw milk business 原料奶銷售業務	5,514,210	-	5,514,210	4,715,942	116,787	4,832,729
Sales of liquid milk products business 液態奶產品銷售業務	-	-	-	240,869	-	240,869
Consolidated revenue 合併收入	5,514,210	-	5,514,210	4,956,811	116,787	5,073,598

The Group's revenue increased by 11.2% to RMB5,514.2 million (2018: RMB4,956.8 million). The increase was mainly due to the increase in sales volume of raw milk and increase in ASP of raw milk.

本集團的收入上升11.2%至人民幣5,514.2百萬元(2018年：人民幣4,956.8百萬元)。上升的主要原因為原奶銷量增加及原料奶平均售價上漲所致。



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The following table sets forth the details of sales revenue, sales volume and ASP of raw milk for the years indicated:

下表載列所示年度的原料奶的銷售收入、銷售量及平均售價詳情：

		2019 2019年			2018 2018年		
		Sales revenue 銷售收入 RMB'000 人民幣千元	Sales volume 銷售量 tons 噸	ASP 平均售價 RMB/ton 人民幣元/噸	Sales revenue 銷售收入 RMB'000 人民幣千元	Sales volume 銷售量 tons 噸	ASP 平均售價 RMB/ton 人民幣元/噸
Raw milk	原料奶						
External sales	外部銷售	5,514,210	1,365,739	4,038	4,715,942	1,225,441	3,848
Internal sales	內部銷售	-	-	-	116,787	25,891	4,511
Subtotal	小計	5,514,210	1,365,739	4,038	4,832,729	1,251,332	3,862

- Dairy farming business**

Total sales revenue of raw milk (as an aggregate of external and internal sale) grew by 14.1% year-on-year to RMB5,514.2 million (2018: RMB4,832.7 million).

ASP of raw milk grew by 4.9% year-on-year to RMB4.04/kg during the Reporting Year (2018: RMB3.85/kg).

Total sales volume of raw milk increased by 9.6% year-on-year to approximately 1.37 million tons (2018: 1.25 million tons), mainly due to the rise in AMY per cow and number of milkable cows.

- 乳牛養殖業務**

原料奶銷售總收入(外部及內部銷售總計)為人民幣5,514.2百萬元(2018年：人民幣4,832.7百萬元)，同比增長14.1%。

原料奶平均售價於本匯報年度為人民幣4.04元/公斤(2018年：人民幣3.85元/公斤)，同比增長4.9%。

原料奶總銷量約為137萬噸(2018年：125萬噸)，同比增加9.6%。主要是由於每頭奶牛的年產奶量上升及成乳牛數量增加所致。



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COST OF SALES BEFORE RAW MILK FAIR VALUE ADJUSTMENTS

The Group's cost of sales before raw milk fair value adjustments primarily consisted of cost of dairy farming and cost of liquid milk products. The following table sets forth the breakdown of the cost of sales of our products for the years indicated:

Cost of sales before raw milk fair value adjustments

- Dairy farming business:

原料奶公平值調整前的銷售成本

本集團的原料奶公平值調整前銷售成本主要包括奶牛養殖成本及液態奶產品成本。下表載列本集團產品於所示年度的銷售成本明細：

原料奶公平值調整前的銷售成本

- 乳牛養殖業務：

		2019 2019年		2018 2018年	
		RMB'000 人民幣千元	% 百分比	RMB'000 人民幣千元	% 百分比
Direct materials	直接材料	2,492,360	73.0%	2,449,233	73.9%
Labor cost	勞工成本	276,311	8.1%	243,406	7.4%
Utilities	公用事業費用	102,526	3.0%	96,414	2.9%
Depreciation of property, plant and equipment	物業、廠房及設備折舊	249,817	7.3%	250,422	7.6%
Other costs of farms	畜牧場其他開支	291,316	8.6%	272,676	8.2%
Subtotal of cost of sales before raw milk fair value adjustments of the dairy farming business	原料奶公平值調整前的 奶牛養殖業務銷售 成本小計	3,412,330	100%	3,312,151	100%
Internal cost elimination	內部成本對銷	-		(68,381)	
Cost of sales before raw milk fair value adjustments of the dairy farming business	原料奶公平值調整前的 奶牛養殖業務銷售 成本	3,412,330		3,243,770	

Direct materials (mainly forage) cost (before eliminating cost of sales in relation to internal supply of raw milk) during the Reporting Year amounted to RMB2,492.4 million (2018: RMB2,449.2 million), approximately the same as last year.

於本匯報年度，直接材料(主要為飼草料)成本(對銷內部原料奶供應相關銷售成本前)為人民幣2,492.4百萬元(2018年：人民幣2,449.2百萬元)，同比相若。



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Despite the impact of the Sino-US trade war, we lowered the use of alfalfa by regulating the formula of the feed, and effectively managed to control the forage costs. During the Reporting Year, the cost (excluding depreciation of property, plant and equipment) of raw milk sold (before eliminating cost of sales in relation to internal supply of raw milk) amounted to RMB2,316/ton (2018: RMB2,447/ton), representing a decrease of 5.4%.

儘管受中美貿易戰爭的影響，本公司通過調節飼料配方，降低了苜蓿的使用量，有效地控制飼草料成本。於本匯報年度，我們售出的原料奶成本(對銷內部原料奶供應相關銷售成本前)(除物業、廠房及設備折舊外)為人民幣2,316元/噸(2018年：人民幣2,447元/噸)，減少5.4%。

Gross Profit and Profitability

The following table sets forth the breakdown of gross profit and gross profit margin before raw milk fair value adjustments:

毛利及盈利能力

下表載列原料奶公平值調整前的毛利及毛利率明細：

		2019 2019年		2018 2018年	
		Gross Profit		Gross Profit	
		Gross profit	margin	Gross profit	margin
		毛利	毛利率	毛利	毛利率
		RMB'000		RMB'000	
		人民幣千元		人民幣千元	
Dairy farming business	乳牛養殖業務				
Before elimination	對銷前	2,101,880	38.12%	1,520,578	31.46%
After elimination	對銷後	2,101,880	38.12%	1,472,172	31.22%
Liquid milk products business	液態奶產品業務				
Before elimination	對銷前	—	—	19,908	8.27%
After elimination	對銷後	—	—	73,969	30.71%

- Dairy farming business**

Gross profit of our dairy farming business before raw milk fair value adjustments (before eliminating cost of sales in relation to internal supply of raw milk) amounted to RMB2,101.9 million during the Reporting Year (2018: RMB1,520.6 million), representing an increase of 38.2% year-on-year, which was mainly due to the increase in price and sales volume of raw milk. Gross profit margin of our dairy farming business before raw milk fair value adjustments (before eliminating cost of sales in relation to internal supply of raw milk) stood at 38.1% during the Reporting Year (2018: 31.5%), representing an increase of 6.6 ppt year-on-year.

- 乳牛養殖業務**

我們的乳牛養殖業務的原料奶公平值調整前毛利(對銷內部原料奶供應相關銷售成本前)於本匯報年度為人民幣2,101.9百萬元(2018年：人民幣1,520.6百萬元)，同比增幅為38.2%，主要是由於原料奶奶價及銷售數量增加所致。我們的乳牛養殖業務的原料奶公平值調整前毛利率(對銷內部原料奶供應相關銷售成本前)於本匯報年度為38.1%(2018年：31.5%)，同比增幅為6.6個百分點。

MANAGEMENT DISCUSSION AND ANALYSIS

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Losses Arising from Changes in Fair Value Less Costs to Sell of Dairy Cows

As at 31 December 2019, the biological assets of the Group were valued at RMB7,459.4 million (31 December 2018: RMB7,717.1 million) by an independent qualified professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, representing a slight decrease of 3.3% year-on-year.

Losses arising from changes in the fair value of dairy cows less costs to sell dairy cows were RMB1,039.2 million as at 31 December 2019 (31 December 2018: RMB870.1 million), representing an increase of 19.4% year-on-year which was mainly due to the change in herd internal structure and market factors.

Gains Arising on Initial Recognition of Raw Milk at Fair Value Less Costs to Sell at the Point of Harvest

The gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest amounted to RMB1,938.4 million (2018: RMB1,371.5 million), representing an increase of 41.3% year-on-year, mainly due to the increase in sales volume of raw milk and its market price.

International Financial Reporting Standards (“IFRS”) required that raw milk harvested was initially measured at fair value less costs to sell, and the difference between the fair value less costs to sell and the actual costs incurred was charged to profit or loss.

Other Income

During the Reporting Year, other income amounted to RMB51.1 million (2018: RMB66.1 million) which mainly consisted of government grants and interest income, of which interest income accounted for RMB11.2 million (2018: RMB11.0 million), while the government grants amounted to RMB32.6 million (2018: RMB43.7 million). Government grants mainly consisted of subsidies for agricultural projects such as “Grain to Fodder”.

乳牛公平值變動減乳牛出售成本產生的虧損

於2019年12月31日，本集團的生物資產獲獨立合資格專業估值師仲量聯行企業評估及諮詢有限公司評估為人民幣7,459.4百萬元(2018年12月31日：人民幣7,717.1百萬元)，同比略為下降3.3%。

於2019年12月31日，乳牛公平值變動減乳牛出售成本所產生的虧損為人民幣1,039.2百萬元(2018年12月31日：人民幣870.1百萬元)，同比增加19.4%。有關增幅主要由於牛群內部結構改變以及市場因素等所導致。

於原料奶收穫時按公平值減銷售成本初始確認產生的收益

於原料奶收穫時按公平值減銷售成本初始確認產生的收益為人民幣1,938.4百萬元(2018年：人民幣1,371.5百萬元)，同比增幅為41.3%，主要是由於原料奶銷售數量及市場價增加所致。

國際財務報告準則要求按公平值減銷售成本初始計量已收穫的原料奶，而公平值減銷售成本與所產生的實際成本之間的差異計入損益內。

其他收入

於本匯報年度，其他收入為人民幣51.1百萬元(2018年：人民幣66.1百萬元)，主要包括政府補貼、利息收入等，其中利息收入為人民幣11.2百萬元(2018年：人民幣11.0百萬元)。政府補貼為人民幣32.6百萬元(2018年：人民幣43.7百萬元)，政府補貼主要包括「糧改飼」等對農業項目的補貼。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Operating Expenses

經營開支

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Selling and distribution costs	銷售及分銷成本	175,487	172,256
Administrative expenses	行政開支	276,739	232,450
Total operating expenses	經營開支總額	452,226	404,706

The total operating expenses was RMB452.2 million (2018: RMB404.7 million), representing an increase of 11.7% year-on-year.

經營開支總額為人民幣452.2百萬元(2018：人民幣404.7百萬元)，同比增加11.7%。

- Selling and distribution costs (“S&D costs”)

The following is an analysis of the S&D costs:

- 銷售及分銷成本(「銷售及分銷成本」)

銷售及分銷成本分析如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Dairy farming business	奶牛養殖業務		
Transportation costs and others	運輸費及其他	172,057	163,130
Liquid milk products business	液態奶產品業務		
Transportation, loading and unloading costs	運輸裝卸費	-	982
Staff remuneration	職工薪酬	-	1,718
Publicity expenses	宣傳費	-	546
Others	其他	-	2,444
Business tax and surcharge	營業稅金及附加	3,430	3,436
Total selling and distribution costs	銷售及分銷成本總額	175,487	172,256



MANAGEMENT DISCUSSION AND ANALYSIS

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S&D costs stood as RMB175.5 million for the Reporting Year (2018: RMB172.3 million) mainly consisted of, among other things, transportation costs for sales of raw milk, salaries of sales personnel and daily expenses.

Transportation costs for sales of raw milk recorded at RMB172.1 million (2018: RMB163.1 million), representing an increase of 5.5% year-on-year, mainly attributable to an increase in the sales volume of raw milk.

- **Administrative expenses**

Administrative expenses mainly included remuneration of management staff (including equity-based share award expenses) and depreciation charges of office building, staff quarters and facilities. The Company recorded administrative expenses of RMB276.7 million during the Reporting Year (2018: RMB232.5 million), representing an increase of 19.0% year-on-year. The increase was mainly due to the Company's rewards and continuous incentives for staff to create good performance for the Company and the increase in the management's remuneration.

銷售及分銷成本於本匯報年度為人民幣175.5百萬元(2018年：人民幣172.3百萬元)，主要包括原料奶銷售的運輸費用、銷售人員工資和日常開支等。

原料奶銷售的運輸費用為人民幣172.1百萬元(2018年：人民幣163.1百萬元)，同比增加5.5%，主要是由於原料奶銷售數量增加所致。

- **行政開支**

行政開支主要包括管理人員薪酬(含以股權結算的股份獎勵開支)及辦公樓、職工宿舍與設施折舊等。本公司於本匯報年度錄得行政開支人民幣276.7百萬元(2018年：人民幣232.5百萬元)，同比增加19.0%。有關增幅主要由於本公司為獎勵並持續激勵員工為公司創造良好業績，管理人員薪酬提升所致。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Impairment Losses under Expected Credit Loss Model, Net of Reversal

根據預期信貸虧損模型的減值虧損扣除撥回

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Impairment losses recognised on:	就下列各項確認的減值虧損：		
- Trade receivables – liquid milk product (the Distributors)	- 貿易應收款項 – 液態奶產品(分銷商)	–	358,891
- Trade receivables – liquid milk product (other customers)	- 貿易應收款項 – 液態奶產品(其他客戶)	–	5,365
- Other receivables	- 其他應收款項	953	3,569
Impairment losses reversed on:	就下列各項撥回的減值虧損：		
- Trade receivables – liquid milk product (the Distributors)	- 貿易應收款項 – 液態奶產品(分銷商)	(160,451)	–
- Trade receivables – liquid milk product (other customers)	- 貿易應收款項 – 液態奶產品(其他客戶)	(1,837)	(163)
		(161,335)	367,662

During the Reporting Year, the Group conducted an impairment test based on the expected credit loss (“ECL”) model and recognised a reversal of impairment loss of trade receivables in respect of the distributors of liquid milk business of approximately RMB160.45 million resulting from selling the Collaterals (as defined in note 25 to the consolidated financial statements).

於本匯報年度，本集團根據預期信貸虧損(「預期信貸虧損」)模型進行了減值測試，並因出售抵押品(定義見綜合財務報表附註25)就液態奶業務分銷商確認貿易應收賬款減值虧損撥回約人民幣160.45百萬元。



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Other Gains and Losses, Net

During the Reporting Year, net losses arising from other gains and losses amounted to RMB121.0 million (2018: net losses of RMB138.6 million) mainly consisting of net amount of foreign exchange losses, impairment provision for fixed assets and impairment loss on goodwill. The breakdown of other gains and losses is as follows:

其他收益及虧損淨額

於本匯報年度，其他收益及虧損所產生的虧損淨額為人民幣121.0百萬元(2018年：虧損淨額人民幣138.6百萬元)，主要包括外匯虧損淨額、固定資產減值準備、商譽減值損失等。其他收益及虧損明細如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Other gains and losses:	其他收益及虧損：		
Net foreign exchange loss	外匯虧損淨額	82,952	126,957
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	16,879	4,768
Gains on disposal of subsidiaries	出售附屬公司的收益	-	(18,193)
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	45,287	36,444
Impairment loss on goodwill	商譽減值虧損	27,323	25,950
Fair value (gain)/loss on financial assets at FVTPL	按公平值計入損益金融資產的公平值(收益)/虧損		
Foreign currency forward contracts	外匯遠期合約	(17,971)	(35,394)
Foreign currency option contracts	外匯期權合約	(32,585)	872
Bills receivable	應收票據	-	(1,427)
		(50,556)	(35,949)
Gains on derecognition of financial liabilities	終止確認金融負債的收益	(839)	(1,352)
		121,046	138,625

Other Expenses

Other expenses amounted to RMB9.1 million (2018: RMB23.1 million), representing a drop of 60.6%. There was a one-off compensation expenses of RMB12.0 million for early termination of contract in last reporting year.

其他開支

其他開支為人民幣9.1百萬元(2018年：人民幣23.1百萬元)，同比下降60.6%。於上一個匯報年度因提前終止合約而錄得一次性補償開支人民幣12.0百萬元。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Finance Costs

Finance costs amounted to RMB376.8 million (2018: RMB338.6 million), representing an increase of 11.3% year-on-year.

Among the finance cost, borrowing costs amounted to RMB337.8 million (2018: RMB335.1 million), approximately the same as last year.

The fair value loss on interest rates swaps incurred by the Company amounted to RMB39.0 million (2018: 3.5 million). In view of the large finance costs, the Company will adopt various feasible measures to reduce interest bearing liabilities.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's cash EBITDA amounted to RMB2,045.5 million during the Reporting Year (2018: RMB1,528.4 million), grew by 33.8% year-on-year. The cash EBITDA margin increased to 37.1% (2018: 30.8%), up by 6.3 ppt.

Taking into account the above factors, profit attributable to owners of the Company amounted to RMB341.3 million (2018: loss of RMB496.1 million).

Basic earnings per Share of the Company (the "Share") was RMB5.54 cents (2018: loss RMB8.15 cents per Share).

Diluted earnings per Share was RMB5.52 cents (2018: loss RMB8.15 cents per Share).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Reporting Year, the amount of net cash generated from operating activities of the Group was RMB2,049.1 million (2018: RMB1,406.0 million), representing a 45.7 % increase year-on-year, as a result of the decrease in cost, the uplift in total milk production and increase in raw milk price.

As at 31 December 2019, the net gearing ratio, which was calculated on the basis of the amount of total borrowings less cash and cash equivalents and restricted bank deposits as a percentage of the total equity, was 77.0% (31 December 2018: 97.4%).

財務開支

財務開支為人民幣376.8百萬元(2018年：人民幣338.6百萬元)，同比增加11.3%。

其中借款成本人民幣337.8百萬元(2018年：人民幣335.1百萬元)，同比相若。

本公司產生的利率掉期公平值虧損為人民幣39.0百萬元(2018年：3.5百萬元)。鑒於財務開支龐大，本公司將採取各項可行措施以降低有息負債。

本公司擁有人應佔溢利

於本匯報年度，本集團的現金EBITDA為人民幣2,045.5百萬元(2018年：人民幣1,528.4百萬元)，同比增長33.8%。現金EBITDA利潤率增至37.1%(2018年：30.8%)，增加6.3個百分點。

經計及上述因素後，本公司擁有人應佔溢利為人民幣341.3百萬元(2018年：虧損人民幣496.1百萬元)。

每股本公司股份(「股份」)基本盈利為人民幣5.54分(2018年：每股虧損人民幣8.15分)。

每股攤薄盈利為人民幣5.52分(2018年：每股虧損人民幣8.15分)。

流動資金、財務資源及負債率

於本匯報年度，本集團經營活動產生的現金淨額為人民幣2,049.1百萬元(2018年：人民幣1,406.0百萬元)，同比增長45.7%，主要由於成本降低，產量提升及原奶售價增長所致。

於2019年12月31日，淨槓桿比率(按總借款減現金及現金等價物及受限制銀行存款佔總權益百分比基準計算)為77.0%(2018年12月31日：97.4%)。



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管理層討論及分析

As at 31 December 2019, the Group's available and unutilized credit facilities were approximately RMB3,753.4 million (31 December 2018: RMB4,954.7 million). Having considered the (i) forecast cash flow from operating activities of continuing operation; (ii) existing financial resources and gearing level of the Group; and (iii) save for the above disclosed credit facilities, subsequent to the balance sheet date up to the reporting date, the Group obtained additional credit facilities from banks of approximately RMB2,650.0 million, the Directors believe that the Group's financial resources are sufficient to meet its debt repayment, day-to-day operations, contracted capital expenditures as at 31 December 2019.

Operating Activities

During the Reporting Year, the net cash inflow from operating activities of the Group was RMB2,049.1 million (2018: RMB1,406.0 million). The surge of net cash inflow from operating activities was mainly due to the increase of income in the Reporting Year and the Group has strengthened recovery of accounts receivable.

Investing Activities

Net cash outflow from investing activities was RMB1,025.9 million (2018: net cash outflow RMB1,061.6 million), approximately same as last year.

Financing Activities

Net cash outflow from financing activities was RMB832.1 million (2018: net cash outflow of RMB307.9 million), mainly due to the increase in debt repayment during the Reporting Year.

於2019年12月31日，本集團的可動用及未動用信貸融資額度約人民幣3,753.4百萬元(2018年12月31日：人民幣4,954.7百萬元)。經考慮(i)持續經營業務的經營活動預測現金流量；(ii)本集團的現有財務資源及槓桿水平；及(iii)除上述披露的信貸融資外，於資產負債表日期後直至報告日期止本集團向銀行取得額外信貸融資額度約人民幣2,650.0百萬元，董事相信，本集團有充足財務資源清還債務，為其日常業務營運及於2019年12月31日的已訂約資本開支提供資金。

經營活動

於本匯報年度，本集團的經營活動現金淨流入人民幣2,049.1百萬元(2018年：人民幣1,406.0百萬元)。經營淨現金流入增加主要由於本匯報年度收入增加，同時本集團加強應收賬款收回。

投資活動

投資活動產生的現金淨流出為人民幣1,025.9百萬元(2018年：現金淨流出人民幣1,061.6百萬元)，同比相若。

融資活動

融資活動所產生現金淨流出為人民幣832.1百萬元(2018年：淨流出人民幣307.9百萬元)，主要是本匯報年度償還債務增加所致。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

INTEREST-BEARING BORROWINGS

As at 31 December 2019, the total interest-bearing borrowings was RMB6,589.9 million (2018: RMB7,148.1 million).

Details are set out as below:

有息借款

於2019年12月31日，有息借款總額為人民幣6,589.9百萬元(2018：人民幣7,148.1百萬元)。

詳細表列如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Borrowings:	借款：		
Bank borrowings	銀行借款	5,538,474	4,437,502
Medium-term notes	中期票據	-	621,880
Corporate bonds	公司債券	-	1,087,568
Other borrowing	其他借款	1,051,413	1,001,111
		6,589,887	7,148,061
Carrying value repayable:	應償還賬面值：		
Within one year	一年以內	4,874,056	4,401,668
Between one and two years	一至二年內	1,525,831	2,316,393
Between two and five years	二至五年內	190,000	430,000
		6,589,887	7,148,061

The following is an analysis of the respective borrowings:

- Bank borrowings**
 During the Reporting Year, the annual interest rate of bank borrowings varied from 3.2% to 5.17% (2018: from 0.45% to 5.00%).

各項借款分析如下：

- 銀行借款**
 於本匯報年度內，銀行借款的年利率變幅為3.2%至5.17%(2018年：0.45%至5.00%)。

MANAGEMENT DISCUSSION AND ANALYSIS

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The table below sets forth the short-term and long-term bank borrowings as at 31 December 2019:

下表列載於2019年12月31日的短期及長期銀行借款：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Bank borrowings:	銀行借款：		
Unsecured borrowings	無抵押借款	5,320,114	3,972,022
Secured borrowings	有抵押借款	218,360	465,480
		5,538,474	4,437,502
Carrying amount repayable:	應償還賬面值：		
Within one year	一年以內	3,822,643	1,691,109
Between one and two years	一年至兩年內	1,525,831	2,316,393
Between two and five years	兩年至五年內	190,000	430,000
		5,538,474	4,437,502

- **Medium-term notes and corporate bonds**

On 23 March 2016, Modern Farming (Group) Co., Ltd., a subsidiary of the Company ("Modern Farming") issued medium-term notes with an aggregate principal amount of RMB600 million which would mature in three years. The medium-term notes bear a fixed interest rate of 4.75% per annum. Related transaction costs amounted to RMB1.8 million. The effective interest rate is 4.86% per annum. The medium-term notes has been repaid during the Reporting Year.

In June 2016, Modern Farming obtained approval from China Securities Regulatory Commission to issue corporate bonds in the PRC of an aggregate principal amount up to RMB2,000 million within 24 months from the approval. On 12 August 2016, Modern Farming issued the first tranche of the corporate bonds of an aggregate principal amount of RMB250 million with terms of three years. The corporate bonds bear a fixed interest rate of 5.30% per annum. Related transaction costs amounted to RMB1,125,000. The effective interest rate is 5.47% per annum. The corporate bonds have been repaid during the Reporting Year.

- **中期票據及公司債券**

於2016年3月23日，本公司附屬公司現代牧業(集團)有限公司(「現代牧業(集團)」)發行中期票據，本金總額為人民幣6億元，於三年後到期。中期票據的固定利率為每年4.75%。相關交易成本為人民幣1.8百萬元。實際利率為每年4.86%。中期票據已於本匯報年度償還。

於2016年6月，現代牧業(集團)經中國證券監督管理委員會批准於批准之日起24個月內在中國發行本金總額最多人民幣20億元的公司債券。於2016年8月12日，現代牧業(集團)發行首批公司債券，本金總額為人民幣250百萬元，三年期。公司債券的固定利率為每年5.30%。相關交易成本為人民幣1,125,000元。實際利率為每年5.47%。有關公司債券已於本匯報年度償還。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

On 28 March 2017, Modern Farming issued the second tranche of corporate bonds of an aggregate principal amount of RMB800 million with terms of three years. The corporate bonds bear a fixed interest rate of 5.49% per annum. Related transaction costs amounted to RMB3.6 million. The effective interest rate is 5.66% per annum. The corporate bonds have been repaid prior to its maturity during the Reporting Year.

於2017年3月28日，現代牧業(集團)發行第二批公司債券，本金總額為人民幣800百萬元，三年期。公司債券的固定利率為每年5.49%。相關交易成本為人民幣3.6百萬元。實際利率為每年5.66%。有關公司債券已於本匯報年度於到期日前提前償還。

• Other borrowing

• 其他借款

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Carrying amounts payable:	應償還賬面值		
Within one year	一年內		
– Mengniu entrusted loan	– 來自蒙牛委款	1,001,330	1,001,111
– Borrowing from a financial institution (note)	– 來自一間金融機構借款(附註)	50,083	–
		1,051,413	1,001,111
Less: Amounts due within one year (shown under current liabilities)	減：一年內到期款項(於流動負債項下列示)	1,051,413	1,001,111
Amounts due after one year	一年後到期款項	–	–

Note: On 26 February 2019, the Group entered into a loan contract with a financial institution, pursuant to which the Group borrowed RMB50 million from the institution which will mature on 28 February 2020. The loan is unsecured and bears a fixed interest rate of 5.00% per annum. The borrowing was repaid upon expiry subsequent to the balance sheet date.

附註：2019年2月26日，本集團與某金融機構簽訂貸款合同，本集團向該金融機構借款人民幣50百萬元，將於2020年2月28日到期。該筆貸款為無抵押貸款，固定利率為每年5.00%。該筆貸款已於資產負債表日期後到期時償還。

GROUP STRUCTURE

Save for disclosed in this report, during the Reporting Year, there was no material change in the structure of the Group.

本集團架構

除本年報披露者外，於本匯報年度，本集團架構並無發生任何重大變動。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CAPITAL STRUCTURE

As at 31 December 2019, the total number of ordinary shares in issue of the Company was 6,407,635,115 shares (2018: 6,131,406,706 shares).

The Group had interest bearing borrowings of approximately RMB6,589.9 million as at 31 December 2019 (31 December 2018: approximately RMB7,148.1 million), of which the current interest bearing borrowings amounted to RMB4,874.1 million (31 December 2018: RMB4,401.7 million), non-current interest bearing borrowings amounted to RMB1,715.8 million (31 December 2018: RMB2,746.4 million).

As at 31 December 2019, the net assets attributable to owners of the Company amounted to approximately RMB7,081.5 million (31 December 2018: approximately RMB6,445.3 million), the net borrowings of the Group (interest bearing bank borrowings and other borrowings, net cash and cash equivalents restricted bank deposit) amounted to approximately RMB5,547.9 million (31 December 2018: approximately RMB6,383.7 million).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2019, no buildings and equipment of the Company (31 December 2018: Nil) were pledged as security for the Group's borrowings.

As at 31 December 2019, biological assets with carrying value of RMB838.7 million (31 December 2018: RMB875.5 million) were pledged as security for the Group's borrowings.

The Group did not have any significant contingent liabilities as at 31 December 2019 and 2018.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group's capital commitments in relation to the acquisition of property, plant and equipment amounted to RMB21.5 million (31 December 2018: RMB7.8 million).

FINANCIAL MANAGEMENT POLICIES

The Group continued to closely manage financial risks to safeguard the interest of the shareholders of the Company. The Group applied its cash flows generated from operations, bank loans and proceeds from the issuance of bonds and ordinary shares of the Company to satisfy its operational and investment needs.

資本架構

於2019年12月31日，本公司已發行普通股股份總數為6,407,635,115股(2018：6,131,406,706股)。

於2019年12月31日，本集團有息借款約人民幣6,589.9百萬元(2018年12月31日：約人民幣7,148.1百萬元)，其中流動有息借款為人民幣4,874.1百萬元(2018年12月31日：人民幣4,401.7百萬元)，非流動有息借款為人民幣1,715.8百萬元(2018年12月31日：人民幣2,746.4百萬元)。

於2019年12月31日，本公司擁有人應佔淨資產約為人民幣7,081.5百萬元(2018年12月31日：約人民幣6,445.3百萬元)，本集團淨借款(計息銀行借款及其他借款減現金及現金等價物以及受限制銀行存款)約為人民幣5,547.9百萬元(2018年12月31日：約人民幣6,383.7百萬元)。

或然負債及資產抵押

於2019年12月31日，本公司無樓宇及設備(於2018年12月31日：無)被抵押作本集團借款的擔保。

於2019年12月31日，生物資產的賬面值為人民幣838.7百萬元(2018年12月31日：人民幣875.5百萬元)已抵押作本集團借款的擔保。

於2019年及2018年12月31日，本集團並無任何重大或然負債。

資本承擔

於2019年12月31日，本集團有關收購物業、廠房及設備的資本承擔為人民幣21.5百萬元(2018年12月31日：人民幣7.8百萬元)。

財務管理政策

本集團持續嚴密控制財務風險以保障本公司股東權益。本集團利用經營所得現金流量、銀行貸款，發行債券及本公司普通股股份所得款項以應付其經營及投資需要。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

SOCIAL RESPONSIBILITY

The Group proactively fulfills its social responsibility, adhering to the principle that safety and quality come first, and actively develops and implements modern scientific breeding and feeding know-how. The Group puts great effort to strike a balance between business growth and social responsibility, so as to convey the Group's care and blessing to all stakeholders.

The COVID-19 erupted in China in January 2020. As China's largest raw milk producer, The Company concerns about the spread of the pandemic and proactively takes up our social responsibility. During the pandemic, the Company maintained normal production and sales, thereby guaranteeing a supply that meets consumer needs. The Company also paid great attention to the frontline, and donated "Modern Dairy" branded dairy products worth up to a total value of RMB10 million in order to assist frontline facilities such as local hospitals, disease prevention and control centers and public security posts. The Company prioritizes safe production by sterilizing production zones and pays great attention to employee health by continuously monitoring the health of our employees and adopting remote online working procedures. The Company also implemented rigorous disease prevention and control measures.

To better illustrate the Group's social responsibilities, environmental protection and social and corporate governance, a report on the environmental, social and governance report (the "ESG Report") will be separately released in due course.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

As at 31 December 2019, the Group had approximately 5,053 employees (31 December 2018: 4,735) in mainland China and Hong Kong. Total staff costs during the Reporting Year (including staff compensation capitalized to biological assets) were approximately RMB491.0 million (2018: RMB435.7 million).

The Group values recruiting, training and retaining quality personnel. We recruit qualified employees from local universities, vocational schools and other technical schools, and we provide these employees with various pre-employment and on-the-job training. The Group also offers remuneration at competitive rates with the aim of retaining quality personnel.

社會責任

本集團積極履行社會責任，秉持安全質量為先的原則，積極開發及實施現代化的科學養殖及餵飼技術。努力在發展業務與社會責任之間取得平衡，讓廣大持份者感受到現代牧業傳遞的關愛和幸福。

2020年1月，國內爆發新型冠狀病毒肺炎。作為國內最大的原奶生產商，本公司緊密關注疫情發展，積極承擔社會責任。疫情期間，本公司的原奶生產銷售均保持正常，保證社會的牛奶消費需求。本公司心繫一線，向疫情一線地區捐贈價值高達總計人民幣1,000萬元的「現代牧業」品牌系列奶類產品，支援醫院、疾控中心、治安崗亭等防疫一線場所。本公司將生產安全放在首位，對生產區加強消毒，對員工身體狀況持續監測，利用遠程軟件靈活辦公，關注員工健康，嚴格防疫絕不鬆懈。

為更能說明本集團的社會責任、環境保護以及社會及企業管治，環境、社會及管治報告(「環境、社會及管治報告」)將於適當時候單獨刊發。

人力資源及僱員薪酬

於2019年12月31日，本集團於中國內地及香港擁有約5,053名僱員(2018年12月31日：4,735名)。於本匯報年度總員工成本(含資本化至生物資產的職工薪酬)約為人民幣491.0百萬元(2018年：人民幣435.7百萬元)。

本集團注重招募、培訓及挽留優質人員。我們從本地大學、職業學校及其他技術學校招募人才，並向我們的僱員提供各種職前及在職培訓。本集團亦提供具競爭力的薪酬，以挽留優質人員。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROSPECTS

In the past two years, favorable to dairy industry, the central government fostered the development of local dairy industry by successively introducing a number of policies to strengthen dairy industry support. In February 2020, the No. 1 Central Document stressed the need to ensure the effective supply of important agricultural products, support the production of dairy, poultry, cattle and sheep, and guide the optimization of meat consumption structure.

Currently, raw milk market is short in supply and it is expected that the shortage of raw milk will continue. With the withdrawal of small- and medium-sized dairy farms from the market, the cyclicity of the dairy farming industry has weakened, and raw milk will be mainly provided by large-scale dairy farms in the future. The industry entry barriers of large-scale farming are high, and the Company will fully enjoy the benefits of the industry cycle and the advantages as industry leader.

In 2020, the Company enters its 15th year of establishment and 10th year of listing. In the new dairy industry cycle, the Company adheres to its own base, continuously improves unit production, reduces costs and improves operational efficiency. Facing the market, it grasps the cyclical trend, keeps abreast of market developments, moderately increases its production and expansion and improves the Group's market competitiveness. The Company will continue to strengthen the coordination and integration of upstream and downstream, create a full-chain layout of raw milk production, enhance the market competitiveness of the first domestic brand of raw milk production, create greater value for shareholders, and provide consumers with nutritious raw milk, so as to make unremitting contributions to the upgrading and transformation of the dairy industry in China.

展望

過去兩年，中央政府支持奶業發展，扶植本土奶業，陸續出台多項政策加強奶業扶持。2020年2月，中央一號文件強調保障重要農產品有效供給，支持奶業、禽類、牛羊等生產，引導優化肉類消費結構。

目前原奶市場供不應求，預計原奶緊缺將持續。隨着中小牧場退出，奶牛養殖行業的週期性減弱，未來原奶將主要由規模牧場生產提供。而規模養殖的行業壁壘高，本公司將更充分享受行業週期向上的紅利，充分發揮行業龍頭的優勢。

2020年，本公司將邁入成立的第15年、上市的第10年。在嶄新的奶業週期，本公司堅持立足自身，不斷提升單產、降低成本，提高運營效率；面向市場，則把握週期趨勢，緊貼市場發展，適度增群擴產，提升集團的市場競爭力。本公司將繼續加強上下游的協同整合，打造原奶生產全鏈條佈局，增強國內原奶生產第一品牌的市場競爭力，為股東創造更大的價值，為消費者提供富營養價值的原奶，為中國奶業升級轉型做出不懈的貢獻。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Ms. GAO Lina, aged 63, is an executive Director, Chief Executive Officer and Deputy Chairman of the Company. Ms. Gao is one of the founders of the Group and is currently also a director of Modern Farming. Ms. Gao has significant experience in cross-border trading, resource integration and administrative management. Prior to joining the Group in August 2005, Ms. Gao was the general manager of Taian Foreign General Trade Corporation between October 1993 and June 2005. Ms. Gao was the director general of Taian Municipal Taian Promotion Bureau between October 2003 and June 2005. Ms. Gao developed her experience in managing dairy farms since joining the Group and was appointed as an executive Director of the Company on 14 November 2008. Ms. Gao was awarded "Taian City Excellent Entrepreneur in Reforming and Enterprising Endeavours" in 2004. Ms. Gao was awarded the "Scientific and Technological Progress Award (Class 1 of Promotion Category)" by the Ministry of Education of the China in January 2013, and Ms. Gao was granted the honour of Top 10 Business Leaders in China Economy at the 2014 China Economic Summit Forum & The 12th Annual Meeting of China Economic Characters. Ms. Gao was awarded Best CEO in "Institutional Investors – Survey Report on All Asian Management Team 2016" and "2017 China Financial Market Awards • Best Corporate Leader of the Year".

Mr. HAN Chunlin, aged 47, is an executive Director and the Chief Operation Officer of the Company. Mr. Han is also a director of Modern Farming and Helinger Modern Farming Co., Ltd. Mr. Han has more than 15 years of experience in China's food and beverage industry. Prior to joining the Group in September 2008 and his appointment as an executive Director of the Company on 14 November 2008, Mr. Han worked as the marketing vice general manager of Nowara Shinnosuke (Fujian) Food Industry Company from February 2006 to July 2008. From January 1999 to September 2004, Mr. Han served at the liquid milk department of Inner Mongolia Mengniu as marketing manager. Prior to that, Mr. Han was a branch-plant manager at the Milk Powder Department of Inner Mongolia Yili Industrial Group Company Limited from July 1994 to January 1999. Mr. Han received a bachelor's degree in biology from Inner Mongolia University in China in July 1994.

執行董事

高麗娜女士，63歲，本公司執行董事、總裁兼副主席。高女士為本集團創辦人之一，而現時亦為現代牧業(集團)的董事。高女士於國際貿易交易、資源整合及行政管理方面擁有豐富經驗。於二零零五年八月加盟本集團前，高女士於一九九三年十月至二零零五年六月為泰安市外貿總公司的總經理。高女士於二零零三年十月至二零零五年六月為泰安市招商局的董事總經理。加入本集團後，豐富了高女士管理畜牧場方面的經驗，並於二零零八年十一月十四日獲委任為本公司執行董事。高女士於二零零四年獲頒發「泰安市改革經營努力優秀企業家」。高女士於二零一三年一月被中國教育部授予「科學技術進步獎推廣類一等獎」，在二零一四年中國經濟高峰論壇暨第十二屆中國經濟人物年會中，高女士榮膺中國經濟十大商業領袖。高女士榮膺「機構投資者－2016年全亞洲管理團隊調查報告」中最佳CEO，及「2017中國融資大獎•年度最佳企業領袖獎」。

韓春林先生，47歲，本公司執行董事兼營運總經理。韓先生亦為現代牧業(集團)及和林格爾現代牧業有限公司的董事。韓先生於中國飲食業積逾15年經驗。於二零零八年九月加盟本集團及於二零零八年十一月十四日獲委任為本公司執行董事前，韓先生於二零零六年二月至二零零八年七月期間在蠟筆小新(福建)食品有限公司出任營銷副總經理。於一九九九年一月至二零零四年九月，韓先生於內蒙古蒙牛的液態奶部門出任營銷經理。在此之前，韓先生於一九九四年七月至一九九九年一月在內蒙古伊利實業集團股份有限公司的奶粉部門出任分廠經理。韓先生於一九九四年七月獲中國內蒙古大學頒發生物學士學位。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

NON-EXECUTIVE DIRECTORS

Mr. LU Minfang, aged 51, was appointed as a non-executive Director and chairman of the board of Directors of the Company in March 2017. Mr. Lu is currently the executive director and chief executive officer of China Mengniu Dairy Company Limited (stock code: 2319 HK) (“**Mengniu**”), and is a member of the strategy and development committee of Mengniu. Mengniu is the controlling shareholder of the Company. Mr. Lu is also a director of International Dairy Federation. Mr. Lu is also the chairman and a non-executive director of Yashili International Holdings Ltd (stock code: 1230.HK) (“**Yashili**”), a subsidiary of Mengniu. He was the executive director and chief executive officer of Yashili before his appointment as chairman of the board of directors of Yashili. Mr. Lu was also a director of the following subsidiaries of Yashili, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited. Mr. Lu was the vice president (Greater China) of Danone Early Life Nutrition Greater China and had been with the Danone Group and Dumex Baby Food Co. Ltd. for over 10 years. During his 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 had 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 approximately 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 7 years. Mr. Lu has extensive experience in the management of fast-moving consumer goods and dairy companies and has an excellent grasp and in-depth knowledge of the PRC market. Mr. Lu obtained his bachelor’s degree from Fudan University in Shanghai.

非執行董事

盧敏放先生，51歲，於2017年3月獲委任為本公司的非執行董事及董事會主席。盧先生現為中國蒙牛乳業有限公司(股份代號：2319HK)(「**蒙牛**」)執行董事兼總裁，為蒙牛戰略及發展委員會成員。蒙牛為本公司控股股東。盧先生亦為蒙牛附屬公司雅士利國際控股有限公司(股份代號：1230.HK)(「**雅士利**」)的主席及非執行董事。盧先生亦為國際乳品聯合會董事。其於獲委任為雅士利董事會主席之前為雅士利的執行董事及總裁。盧先生亦曾為以下雅士利子公司的董事：雅士利國際有限公司、雅士利國際集團有限公司、新歐香港國際有限公司及施恩國際集團有限公司。盧先生曾擔任Danone早期生命營養品公司大中華區副總裁一職，曾服務Danone集團及多美滋嬰兒食品有限公司超過10年。在其任職Danone集團期間已展現出非凡的戰略業務及市場規劃能力。盧先生憑藉其卓越的領導能力、管理技巧以及對市場的深入瞭解，幫助Danone集團在中國的嬰幼兒營養品業務取得了巨大的成功。加入Danone集團前，盧先生曾在強生(中國)有限公司任職9年及在美國通用電氣(中國)服務約4年。盧先生在銷售與營銷領域擁有逾18年的經驗，亦擔任總經理或高層管理人員職務超過7年。盧先生具有豐富的快消品及乳業公司管理經驗，對中國市場有充分理解及豐富知識。盧先生於上海復旦大學獲得學士學位。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

Mr. WOLHARDT Julian Juul, aged 46, is a non-executive Director of the Company. Mr. Wolhardt joined the Group in July 2008 and was appointed as a non-executive Director of the Company on 30 July 2008, and has since been involved in the corporate development and strategic planning of the Group. Mr. Wolhardt was the Chairman of the Company from 17 September 2012 to 28 June 2013. Mr. Wolhardt is currently the chief executive officer of DCP Advisors, Limited and also the independent director in Niu Technologies, a company listed on Nasdaq. Mr. Wolhardt previously worked with KKR Asia Limited and Morgan Stanley, being responsible for private equity business in China. Mr. Wolhardt is currently the director of Fujian Sunner Development Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Wolhardt is also an independent non-executive director of Mengniu and a non-executive director of COFCO Meat Holdings Limited (Stock code: 1610). Mr. Wolhardt was an independent non-executive director of China Cord Blood Corporation, a company listed on the New York Stock Exchange (Stock code: CO) from April 2012 to May 2015. Mr. Wolhardt is a certified public accountant and certified management accountant. Mr. Wolhardt received a Bachelor Degree in Accounting from the University of Illinois (Urbana-Champaign) in the United States.

Mr. ZHANG Ping, aged 55, joined the Group as a non-executive Director of the Company in March 2016. Mr. Zhang is a vice president and the chief financial officer of Mengniu. Mr. Zhang holds several directorships in certain subsidiaries of Mengniu including the director of Inner Mongolia Mengniu and Inner Mongolia Mengniu Danone Dairy Co., Ltd.. Mr. Zhang also takes the position of non-executive director in Yashili since 27 April 2015. Mr. Zhang graduated from Beijing Information Science and Technology University with master's degree in management engineering, and has over 24 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. He successively worked as manager of internal audit and system development, finance director at Swire Beverages Co., Ltd, general manager of its bottler manufacturing company and chief executive officer of Coca-Cola Bottler Manufacturing Holdings Limited.

WOLHARDT Julian Juul先生，46歲，為本公司的非執行董事。Wolhardt先生於2008年7月加盟本集團及於2008年7月30日獲委任為本公司非執行董事，一直從事本集團的公司發展及策略規劃。Wolhardt先生於2012年9月17日至2013年6月28日曾為本公司主席。Wolhardt先生現為德弘資本集團總裁及牛電科技(一間在納斯達克上市的公司，股份代號：NIU)的獨立董事，Wolhardt先生曾任職於KKR Asia Limited及摩根士丹利，負責中國私募股權業務。Wolhardt先生現任福建聖農發展股份有限公司(深圳證券交易所上市公司)的董事。Wolhardt先生亦為蒙牛的獨立非執行董事及中糧肉食控股有限公司(股份代號：1610)的非執行董事。由2012年4月至2015年5月間，Wolhardt先生為中國臍帶血庫企業集團的獨立非執行董事，中國臍帶血庫企業集團是一間於紐約證券交易所上市的公司(股份代號：CO)。Wolhardt先生為註冊會計師及美國註冊管理會計師。Wolhardt先生獲美國伊利諾大學Urbana-Champaign分校頒發會計學學士學位。

張平先生，55歲，於二零一六年三月加入本集團出任本公司的非執行董事。張先生為蒙牛副總裁及首席財務官，目前於蒙牛若干附屬公司出任多個董事職位，包括內蒙古蒙牛蒙牛董事及內蒙古蒙牛達能乳製品有限公司董事。張先生自二零一五年四月二十七日起獲委任為雅士利非執行董事。張先生畢業於北京信息科技大學，獲得管理工程學碩士學歷，於快速消費品行業累積超過24年經驗，專責營運、財務及審計之管理以及風險監控。張先生曾就職於太古飲料有限公司，歷任內審及系統發展經理、財務董事、裝瓶廠總經理，及可口可樂裝瓶商生產控股有限公司首席執行官。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Mr. ZHAO Jiejun, aged 43, joined the Group as a non-executive Director of the Company in January 2019, Mr. Zhao is currently the vice president and the head of milk sourcing and supply chain business unit of Mengniu. Mr. Zhao has served successively as regional manager, sales director, general manager of operation and general manager of planning and logistics. Mr. Zhao graduated from Beijing University of Aeronautics and Astronautics with a master degree in information engineering and management. Mr. Zhao has over 18 years of experience in the dairy industry and specializes in both sales management and supply chain management. Mr. Zhao has in-depth knowledge of PRC dairy market and great foresight in the PRC dairy industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Kong Wai Conway, aged 65, is an independent non-executive Director of the Company. Mr. Lee is currently an independent non-executive director of West China Cement Limited (stock code: 2233), Chaowei Power Holdings Limited (stock code: 951), GOME Electrical Appliances Holding Limited (stock code: 493), NVC Lighting Holding Limited (stock code: 2222), Yashili International Holdings Limited (stock code: 1230), GCL New Energy Holdings Limited (stock code: 451), WH Group Limited (stock code: 288), China Rundong Auto Group Limited (stock code: 1365), companies listed on Hong Kong Stock Exchange, and Guotai Junan Securities Limited Co., Ltd (stock code: 2611), a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Mr. Lee was the independent non-executive director of CITIC Securities Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6030) and Shanghai Stock Exchange (stock code: 600030) until May 2016, he was also the independent non-executive director of Tibet 5100 Water Resources Holdings Ltd, a company listed on the Hong Kong Stock Exchange (stock code: 1115), until February 2020. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, The Chartered Accountants, 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. Mr. Lee was a member of Chinese People's Political Consultative Conference of Hunan Province from 2008 to 31 December 2017. Mr. Lee has over 30 years of experience in public accounting and auditing, corporate finance, merger and acquisition and initial public offerings. From September 1980 to September 2009, Mr. Lee served as a partner of Ernst & Young and held key leadership positions in his development of the firm in China.

趙傑軍先生，43歲，於2019年1月加入本集團出任本公司的非執行董事。趙先生現為蒙牛副總裁兼奶源及供應鏈負責人。趙先生歷任區域經理、銷售總監、營運總經理及規劃及物流總經理。趙先生畢業於北京航空航天大學，取得信息工程與管理碩士學位。趙先生在乳製品行業擁有逾18年經驗，精通銷售管理及供應鏈管理。趙先生對中國的乳製品市場有深入瞭解，並對中國乳製品行業有敏銳的洞察力。

獨立非執行董事

李港衛先生，65歲，為本公司的獨立非執行董事。李先生現時為中國西部水泥有限公司(股份代號2233)、超威動力控股有限公司(股份代號：951)、國美電器控股有限公司(股份代號：493)、雷士照明控股有限公司(股份代號：2222)、雅士利國際控股有限公司(股份代號：1230)、協鑫新能源控股有限公司(股份代號：451)、萬洲國際有限公司(股份代號：288)、中國潤東汽車集團有限公司(股份代號：1365)(上述均為香港聯交所上市的公司)、國泰君安證券股份有限公司(股份代號：2611)(在香港聯交所及上海證券交易所上市)的獨立非執行董事。直至2016年5月李先生為中信證券股份有限公司(一間在香港聯交所(股份代號：6030)及在上海證券交易所(股份代號：600030)上市的公司)的獨立非執行董事，另外，直至2020年2月彼亦為西藏5100水資源控股有限公司(股份代號：1115)的獨立非執行董事。李先生為特許會計師公會 - 英格蘭及威爾斯會員、澳大利亞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。從2008年至2017年12月31日止，李先生為中國人民政治協商會議湖南省委員。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。於1980年9月至2009年9月，李先生曾任安永合夥人，並於其會計師行在中國的發展擔任重要的領導職位。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷

Mr. LI Shengli, aged 54, is an independent non-executive Director of the Company. Mr. Li graduated from Shihezi Agricultural College with a bachelor's degree in animal husbandry and veterinary science in July 1987. He then obtained his doctorate degree in animal nutrition science from China Agricultural University in July 1996. Since 2003, Mr. Li has been with China Agricultural University, working as an assistant professor and professor in multiple times. Mr. Li is currently the vice-director (Animal Nutrition) of the State Key Laboratories, director of the Sino-US Dairy Research Center of China Agricultural University, director of the Sino-Dutch Dairy Development Center, chief scientist in national dairy products industry technology system, a specialist to the China School Milk Programme and a specialist in the Cattle and Poultry Research Centre of Beijing Sanyuan Breeding Technology Co., Ltd. Mr. Li is a specialist to the Working Committee of National Dairy Herd Improvement Programme (DHI) of the Dairy Association of China and the chairman of China Institute of Animal Husbandry and Veterinary Cattle Chapter. In 2007, Mr. Li obtained a patent on Rubeili (乳倍利), a type of high-energy and high-protein supplementary feed for dairy cows. Mr. Li was awarded the second prize and a prize of the Beijing Science and Technology Award in 2000 and 2007, respectively, and was recognized by the Beijing Municipal Government as "Top 10 Scientists with Contribution to the Economic Development in Rural Villages of Beijing" in 2009. He also received the first prize for advancement in science and technology awarded by the Education Department in 2012, the first prize for Chinese Agricultural Science awarded by the Ministry of Agriculture in 2013 and the second prize of National Scientific and Technological Progress Award in 2014.

Mr. KANG Yan, aged 44, is an independent non-executive Director of the Company. Mr. Kang graduated from the Renmin University of China in 1998. Mr. Kang is a qualified practicing attorney in China and is currently a partner of Fangda Partners. Mr. Kang joined Beijing Commerce & Finance Law Offices in 2002 and was promoted as a partner in 2008. Mr. Kang has over 18 years of experience in legal corporate advisory on mergers and acquisitions and initial public offerings.

李勝利先生，54歲，為本公司的獨立非執行董事。李先生於一九八七年七月在石河子農學院畢業，持有畜牧獸醫科學的學士學位。彼繼而於一九九六年七月獲頒發中國農業大學的動物營養學博士學位。自二零零三年以來，李先生一直在中國農業大學多次擔任副教授及教授。李先生現為國家重點實驗室(動物營養學)副主任、中國農業大學中美乳品研究中心主任、中荷奶業發展中心主任、國家奶牛產業技術體系首席科學家、國家學生飲用奶計劃專家及北京三元種業科技股份有限公司畜牧研究院專家。李先生為中國奶業協會全國奶牛生產性能測定工作委員會專家及中國畜牧獸醫學會養牛分會理事長。於二零零七年，李先生獲得乳倍利專利，而乳倍利為餵飼乳牛所用的一種高能量及高蛋白質補充劑。李先生於二零零零年及二零零七年分別獲頒發北京市科學技術獎的二等獎及獎項，於二零零九年獲北京市政府評選為「對北京農村經濟發展作出貢獻的「十佳」科學家」，並於二零一二年獲得教育部科技進步一等獎，二零一三年獲得農業部中華農業科技獎一等獎及二零一四年獲得國家科技進步二等獎。

康龔先生，44歲，為本公司的獨立非執行董事。康先生於一九九八年於中國人民大學畢業。康先生為合資格中國執業律師，現為方達律師事務所的合夥人。康先生於二零零二年加入北京通商律師事務所及於二零零八年晉升為合夥人。康先生在併購及首次公開招股的企業法律顧問領域服務積逾18年經驗。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

SENIOR MANAGEMENT

Mr. SUN Yugang, aged 39, is executive vice president of the Group, assisting the chief executive officer in overall Group's affairs. Mr. Sun re-joined the Group in November 2019. He was a manager of the finance and investment department of Inner Mongolia Mengniu Dairy (Group) Co., Ltd. between May 2002 and March 2007. Mr. Sun was the chief financial officer, executive director and vice president of the Company from March 2007 to September 2016 and the non-executive director of the Company from October 2016 to March 2017. Subsequently, Mr. Sun worked for Hebei Yinong Network Technology Co., Ltd.* (河北宜農網絡科技有限公司) as a director, vice president and chief financial officer from October 2016 to August 2018 and for Jiangsu Yuguan Modern Agricultural Technology Co., Ltd.* (江蘇裕灌現代農業科技有限公司) as a vice president and chief financial officer from August 2018 to October 2019. Mr. Sun graduated from Inner Mongolia Finance and Economics College, majoring in accounting. Mr. Sun has extensive experience in financial management and corporate development.

Mr. CHEN Hongbo, aged 42, is the vice president of the Group. Mr. Chen joined the Group in September 2008 and has been responsible for equipment operation since then. Prior to joining the Group, Mr. Chen was with Mengniu from May 2002 to September 2008 during which period Mr. Chen was in charge of operating several factories of Inner Mongolia Mengniu and worked as the manager of the Mengniu (Wuhan) Frealth Dairy Co., Ltd. Mr. Chen worked for Inner Mongolia Yili Industrial Group Co., Ltd. as an equipment supervisor from July 1996 to May 2002. Mr. Chen obtained a master's degree in light industry technology and engineering from Hubei University of Technology in September 2010.

高級管理層

孫玉剛先生，39歲，為本集團的常務副總裁，協助總裁全面負責本集團事務。孫先生於二零一九年十一月重新加入本集團。於二零零二年五月至二零零七年三月期間為內蒙古蒙牛乳業(集團)股份有限公司財務及投資部經理。孫先生於二零零七年三月至二零一六年九月期間為本公司財務總監、執行董事及副總裁，於二零一六年十月至二零一七年三月期間為本公司非執行董事。其後，孫先生於二零一六年十月至二零一八年八月期間為河北宜農網絡科技有限公司董事、副總裁及財務總監，並於二零一八年八月至二零一九年十月期間為江蘇裕灌現代農業科技有限公司副總裁及財務總監。孫先生於內蒙古財經學院，主修會計。孫先生擁有豐富的財務管理及公司發展經驗。

陳紅波先生，42歲，為本集團的副總裁。陳先生於2008年9月加入本集團並自此一直負責設備運作工作。加入本集團前，陳先生在2002年5月至2008年9月期間任職於蒙牛，負責內蒙古蒙牛數個廠房營運工作，並出任蒙牛(武漢)友芝友乳業有限公司的經理。陳先生在1996年7月至2002年5月期間擔任內蒙古伊利實業集團股份有限公司設備監督。陳先生於2010年9月獲湖北工業大學頒發的輕工業技術及工程碩士學位。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Mr. DONG Xianli, aged 55, is the vice president of the Group to supervise the function of internal control, risk management, legal compliance and investment of the Group. Mr. Dong is also a director of Modern Farming. Mr. Dong joined the Group as chief financial officer of the Group in December 2016 until 1 March 2019 when he was redesignated as the vice president of the Group. Mr. Dong has extensive experience in financial management with accountant and valuation qualifications in the People's Republic of China. Mr. Dong graduated from Beijing Forestry University with a bachelor's degree in soil and water conservation in July 1985 and from Inner Mongolia University of Technology with a master's degree in project management in January 2010. Prior to joining the Company, Mr. Dong was the assistant vice president of Mengniu. During his tenure of service with the Mengniu Group for more than 12 years, Mr. Dong has developed strong expertise in financial management in milk industry and was primarily responsible for risk management, internal audit and project investment of the Mengniu Group, including holding various senior managerial positions and directorships in certain subsidiaries of Mengniu.

Mr. SU Jiangong, aged 44, was appointed as the chief financial officer of the Group in July 2019. Prior to that he was the assistant to the chief executive officer and head of the financial center of the Group. Mr. Su joined the Group in October 2008 and is responsible for the management of the Group's financial center. Prior to joining the Group, from January 2005 to October 2008, Mr. Su served in Inner Mongolia Mengniu Dairy (Group) Company Limited as the director of performance appraisal and head of the financial accounting department. Mr. Su is a certified public accountant in the People's Republic of China and has over 20 years extensive experience in the areas of financial management and accounting work since 2000. Mr. Su was engaged in the initial public offering of the Company, and he is familiar with corporate finance, mergers and acquisitions, auditing and internal control. He graduated from Inner Mongolia University in 1997, majoring in financial accounting.

董先理先生，55歲，為本集團副總裁，負責領導本集團內部控制、風險管理、法律合規及投資的職務。董先生亦為現代牧業(集團)的董事。董先生於2016年12月加入本集團出任為本集團首席財務官直至2019年3月1日並調任為本集團的副總裁。董先生為中華人民共和國註冊會計師及註冊評估師，在財務管理方面擁有豐富經驗。董先生於1985年7月畢業於北京林業大學獲得水土保持專業學士學位，並於2010年1月獲得內蒙古工業大學項目管理專業碩士學位。加入本公司前，董先生擔任蒙牛助理副總裁。董先生在蒙牛集團任職超過12年期間，在奶類行業財務管理方面積累豐富的專業知識，主要負責蒙牛集團的風險管控、內部審計及項目管理，包括在蒙牛若干附屬公司擔任若干高級管理層職位及董事職務。

蘇建功先生，44歲，於2019年7月獲任為本集團首席財務官，此前蘇先生為本集團的總裁助理兼財務中心主任。蘇先生於二零零八年十月加入本集團，負責集團財務中心管理工作。加入本集團前，蘇先生在二零零五年一月至二零零八年十月期間任職於內蒙古蒙牛乳業(集團)股份有限公司，歷任績效考評主管、財務核算部長。蘇先生為中華人民共和國註冊會計師，並自二零零零年起於財務管理及會計工作等方面擁有逾20年的豐富經驗。蘇先生曾參與本公司的首次公開發售，彼熟悉企業融資、併購、審計及內控事項。蘇先生於一九九七年畢業於內蒙古大學財務會計專業。



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Mr. ZHAO Zunyang, aged 41, is the assistant to the chief executive officer of the Group and head of the nutrition center. Mr. Zhao joined the Group in April 2010 and was responsible for the production management for two years in the Group's ranches. From April 2013, Mr. Zhao was in charge of the nutrition of the herd. Prior to joining the Group, Mr. Zhao had work experiences in the dairy industry at state-owned enterprises, foreign companies and American ranches. Mr. Zhao obtained a bachelor's degree in animal husbandry from China Agricultural University in July 2000 and a master's degree in animal nutrition from China Agricultural University in June 2003. In May 2008, he was awarded a master's degree from Virginia Polytechnic Institute University in cow nutrition professional doctorate.

Mr. GUO Zhigang, aged 38, is the assistant to the chief executive officer of the Group and head of the technical support center of the Group. Mr. Guo joined the Group in February 2010 and is responsible for the management of herd disease treatment in the Group. He has been responsible for the Group's technical support center since April 2017. Prior to joining the Group, Mr. Guo worked at Wen's Dairy, Feihe and dairy farms in the US. In 2017, he was awarded outstanding young cow veterinarian of China Veterinary Medical Association. Mr. Guo received his bachelor's degree in animal medicine from Southwest Agriculture University in June 2004 and his master's degree in animal medicine from China Agricultural University in September 2016.

Mr. SONG Weizheng, aged 39, is the assistant to the chief executive officer of the Group. Mr. Song joined the Group in January 2020 and is in charge of the Group's purchasing center. Prior to joining the Group, Mr. Song joined Mengniu Group in December 2001. He has previously served as the director of quality inspection, production department, manager of milk source department, general manager of milk source region, general manager of Damu Procurement. Mr. Song obtained a master's degree in bioengineering from Inner Mongolia University in July 2010.

趙遵陽先生，41歲，為本集團的總裁助理兼營養中心主任。趙先生於2010年4月加入本集團，曾在集團下屬牧場負責生產管理兩年，2013年4月起負責集團牛群營養工作。加入本集團前，趙先生曾在行業內的國企、外企以及美國牧場有從業經歷。趙先生於2000年7月獲得中國農業大學畜牧專業學士學位，2003年6月獲得中國農業大學動物營養專業碩士學位，2008年5月獲得美國佛吉尼亞理工大學奶牛營養專業博士學位。

郭志剛先生，38歲，為本集團的總裁助理兼技術支持中心主任。郭先生於2010年2月加入本集團，負責集團牛群疾病治療管理工作，2017年4月起負責集團技術支持中心工作。加入本集團前，郭先生曾經在溫氏乳業、飛鶴乳業及美國牧場有過從業經歷。2017年度獲得中國獸醫學會優秀青年奶牛獸醫工作者。郭先生於2004年6月獲得西南農業大學動物醫學學士學位，2016年9月獲得中國農業大學動物醫學碩士學位。

宋維政先生，39歲，為本集團的總裁助理，宋先生於2020年1月加入本集團，分管集團採購中心工作。加入本集團前，宋先生2001年12月加入蒙牛集團曾任職質檢處長，生產處長，奶源部經理，奶源大區總經理，大牧業統採總經理等職務。宋先生於2010年7月獲得內蒙古大學生物工程碩士學位。



CORPORATE GOVERNANCE REPORT

企業管治報告

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Modern Dairy Holdings Ltd. (the “**Company**”) and the management of the Company and its subsidiaries (collectively, the “**Group**”) are committed to upholding a high standard of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholder(s)**”) and the Company as a whole.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company has, throughout the year ended 31 December 2019 and up to the date of this report, complied with the code provisions set out in the CG Code except for the deviation from code provisions A.6.7.

Code provision A.6.7 of the CG Code provides that non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. One non-executive Director was not able to attend the annual general meeting of the Company held on 6 June 2019 due to other business engagements.

THE BOARD

Role of Directors

The Company is headed by the Board which assumes the responsibility for leadership and control and be collectively responsible for promoting the success of the Company by directing and supervising the Company’s affairs. The Board is accountable to the Shareholders for managing the Company in a responsible and effective manner. Every Director is committed to act in the best interest of the Company and to contribute their expertise and knowledge to the Company. The Board decides on overall strategies and monitors the Group’s performance on behalf of the Shareholders.

中國現代牧業控股有限公司(「本公司」)董事(「董事」)會(「董事會」)及本公司及其附屬公司(統稱「本集團」)管理層致力於維持高標準之企業管治，以維護本公司股東(「股東」)及本公司之整體利益為目標。

企業管治常規

本公司已採納載於香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14的企業管治守則及企業管治報告(「企業管治守則」)中的守則條文。截至2019年12月31日止整個年度及直至本報告日期，本公司已遵守載於企業管治守則的守則條文，惟守則條文第A.6.7條的偏離除外。

企業管治守則的守則條文第A.6.7條規定，非執行董事應出席股東大會，對股東的意見有公正的了解。一名非執行董事由於其他公務而無法出席本公司於2019年6月6日舉行的股東週年大會。

董事會

董事之角色

本公司以負責領導及監控的董事會為首，並共同負責指導並監督本公司事務以促使本公司成功發展。董事會向股東負責，以負責任及有效之方式管理本公司。每名董事均致力為本公司之最佳利益行事並以其專業技能及知識為本公司作出貢獻。董事會決定及實施整體策略，並代表股東監察本集團之表現。



CORPORATE GOVERNANCE REPORT

企業管治報告

The Board determines the objectives, strategies and policies of the Group. In addition, the Board monitors and controls operating and financial performance in pursuit of the Group's strategic objectives. The day-to-day management of the Group's business is delegated to the chief executive officer and the management of the Group under the supervision of the executive Directors of the Company. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "**Board Committees**"). Matters reserved for the Board and Board Committees are those affecting the Group's overall strategic policies, financial objectives, dividend policy, changes in accounting policies, material acquisition and disposal of assets, investments and other significant matters.

As at 31 December 2019, the Board comprised nine Directors, including two executive Directors, namely Ms. GAO Lina, Mr. HAN Chunlin, four non-executive Directors, namely, Mr. LU Minfang, Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. ZHAO Jiejun, and three independent non-executive Directors, namely, Mr. LI Shengli, Mr. LEE Kong Wai, Conway, and Mr. KANG Yan.

The biographical details of the Board members are set out in the "Biographies of Directors and Senior Management" on pages 42 to 49 of this annual report.

All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties of care, skill and diligence. Comprehensive directors and officers liability insurance coverage is in place to provide protection to the Company, the Directors and senior management.

Non-executive Directors

The non-executive Directors and the independent non-executive Directors give the Board the benefit of their skills, expertise, varied background and experiences. Through active participation in Board meetings and serving on various Board Committees, the non-executive Directors and the independent non-executive Directors bring in independent judgment and make valuable contributions to the effective direction and strategic decision making of the Group.

Each of the non-executive Directors is appointed for a specific term of 3 years, subject to retirement by rotation under the articles of association of the Company ("**Articles of Association**").

董事會決定本集團的目標、策略及政策。此外，董事會監察及控制本集團在實踐策略性目標時的經營及財務表現。本集團的行政總裁及管理層獲授權在本公司執行董事監督下負責本集團業務的日常管理。此外，董事會亦授權本公司董事委員會（「**董事委員會**」）履行不同職責。保留予董事會及董事委員會的事項包括影響本集團整體策略性政策、財務目標、股息政策、會計政策的變動、重大資產收購及出售、投資及其他重大事項。

於2019年12月31日，董事會由九名董事組成：兩名執行董事（高麗娜女士及韓春林先生）、四名非執行董事（盧敏放先生、WOLHARDT Julian Juul先生、張平先生及趙傑軍先生）及三名獨立非執行董事（李勝利先生、李港衛先生及康龔先生）。

董事會成員之履歷詳情載於本年報第42至49頁「董事及高級管理層履歷」。

全體董事均知悉彼等對股東所須承擔之共同及個人責任，彼等均以謹慎、專業及盡責之態度履行其董事職責。本公司已購買全面董事及管理人員責任保險，為本公司、董事及高級管理人員提供保障。

非執行董事

非執行董事及獨立非執行董事之技能、專業知識、不同的背景及經驗為董事會帶來裨益。透過積極參與董事會會議及為董事會轄下各委員會服務，非執行董事及獨立非執行董事均對本集團之業務方向及策略性決策帶來獨立判斷及作出寶貴貢獻。

各非執行董事有指定任期為期三年，須根據本公司組織章程細則（「**組織章程細則**」）輪值退任。



CORPORATE GOVERNANCE REPORT 企業管治報告

Independence of Independent Non-executive Directors

Each of the independent non-executive Directors is appointed for a specific term of 3 years, subject to retirement by rotation under the Articles of Association. Mr. LEE Kong Wai, Conway, one of the independent non-executive Directors, has the appropriate accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The Board has received from each independent non-executive Director a written annual confirmation of their independence and is satisfied with their independence in accordance with the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules. The number of independent non-executive Directors of the Company is three and represents at least one-third of the Board as required under Rule 3.10(1) and 3.10A of the Listing Rules. Mr. LEE Kong Wai, Conway holds more than seven listed issuer directorships. As advised by Mr. LEE that he is a full time professional director and has high attendance for all kind of board meetings, such that the Company believes Mr. LEE can devote sufficient time to the Board and each of Board Committee he engaged with listed issuers and in compliance with Appendix 14 A.5.5 to the Listing Rules.

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board process, as well as communication among Board members, with Shareholders and management. All Directors have access to the advice and service of the Company Secretary to ensure that board procedures, all applicable rules and regulations are followed. The Company Secretary complied with the professional training requirement with Rule 3.29 of the Listing Rules during the year under review.

Corporate Governance Functions

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

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

獨立非執行董事之獨立性

各獨立非執行董事有指定任期為期三年，須根據組織章程細則輪值退任。獨立非執行董事之一李港衛先生擁有上市規則第3.10(2)條規定之適當會計或相關財務管理專業技能。董事會已接獲各獨立非執行董事就彼等之獨立性所作之書面年度確認，並根據上市規則信納彼等之獨立性。本公司認為所有獨立非執行董事均符合上市規則第3.13條所載之獨立準則。本公司之獨立非執行董事之人數為三人和至少為董事會之三分之一，均符合上市規則第3.10(1)及第3.10A條規定。李港衛先生出任超過七個上市發行人董事職位。正如李先生告知彼為全職專業董事並於各種董事會會議具高出席率，因此本公司相信李先生可將足夠的時間投入到上市發行人的董事會及各個董事委員會中，並遵守上市規則附錄14第A.5.5條。

公司秘書

公司秘書負責促進董事會程序以及董事會成員之間、與股東及管理層的溝通。全體董事均可獲得公司秘書的建議與服務，以確保遵守董事會程序、所有適用規則與法規。回顧年度內，公司秘書已遵守上市規則第3.29條下的專業培訓規定。

企業管治職能

董事會負責釐定本公司之企業管治政策及履行企業管治職責，其中包括：

- (a) 制定及檢討本公司之企業管治政策及常規；
- (b) 檢討及監察本公司遵守法律及監管規定的政策及常規；



CORPORATE GOVERNANCE REPORT

企業管治報告

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| (c) to review and monitor the training and continuous professional development of Directors and senior management; | (c) 檢討及監察董事及高級管理層的培訓及持續專業發展； |
| (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; | (d) 制定、檢討及監察適用於僱員及董事的操守準則及合規手冊(如有)； |
| (e) to review existing employee incentive schemes of the Company; and | (e) 檢討本公司現有員工激勵計劃；及 |
| (f) to review the Company's compliance with Appendix 14 to the Listing Rules. | (f) 檢討本公司是否符合上市規則第十四章。 |

During the year ended 31 December 2019 (the **"Reporting Year"**), the Board has fulfilled the corporate governance functions by reviewing the Company's corporate governance practices.

於截至2019年12月31日止年度(「**本匯報年度**」)，董事會已通過檢討本公司的企業管治常規履行企業管治職能。

Chairman and Chief Executive Officer ("CEO")

The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. He also steers the Board and the Company towards its corporate goals. The CEO is responsible for the effective implementation of the overall strategies and initiatives adopted by the Board as well as the daily operation of the Group. For the Reporting Year, the Chairman of the Board is Mr. LU Minfang. The CEO of the Company and Vice Chairman of the Board is Ms. GAO Lina.

主席及總裁(「總裁」)

主席負責確保董事會按良好之企業管治常規及措施正常運作。彼亦引領董事會及本公司向企業目標邁進。總裁負責有效實施董事會採納之整體策略及創新措施以及本集團之日常營運。於匯報年度，董事會主席為盧敏放先生。本公司總裁及董事會副主席為高麗娜女士。

With the support of the CEO and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and that they receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a monthly basis in order to enable the Directors to assess the Group's performance, position and prospects in sufficient details.

在總裁及公司秘書之支持下，主席尋求確保所有董事正確了解關於在董事會會議上提出之事宜，並每月獲得有關於董事會會議上討論之事宜及本集團其他事務之充足和可靠之資料，以使董事能詳細評估本集團的表現、狀況及前景。



CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD PROCEDURES

During the year ended 31 December 2019, the Board has held four meetings to discuss the overall strategy as well as the operations and financial performance of the Group. The Directors participated in person or through electronic means of communication. Details of the Directors' attendance at the Board and Board Committee meetings and the annual general meeting of the Company held on 6 June 2019 are set out as follows:

董事會程序

截至2019年12月31日止年度，董事會舉行四次會議，討論整體策略以及本集團之業務及財務表現。董事可親身或透過電子通訊方式與會。董事出席董事會、董事委員會會議及本公司於2019年6月6日舉行的股東週年大會情況的詳情載列如下：

Name of Director	董事姓名	Number of Board meetings, Board Committee meetings and general meetings attended/held				
		Annual General Meeting 股東週年大會	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
Executive Directors		執行董事				
Ms. GAO Lina (Vice Chairman and CEO)	高麗娜女士 (副主席兼總裁)	1/1	4/4	N/A 不適用	N/A 不適用	N/A 不適用
Mr. HAN Chunlin (Chief Operation Officer)	韓春林先生 (營運總經理)	1/1	4/4	N/A 不適用	N/A 不適用	N/A 不適用
Non-executive Directors		非執行董事				
Mr. LU Minfang (Chairman of the Board)	盧敏放先生 (董事會主席)	1/1	4/4	N/A 不適用	N/A 不適用	1/1
Mr. WOLHARDT Julian Juul	WOLHARDT Julian Juul先生	1/1	4/4	3/3	N/A 不適用	N/A 不適用
Mr. ZHANG Ping	張平先生	1/1	4/4	N/A 不適用	1/1	N/A 不適用
Mr. WEN Yongping ^{Note}	溫永平先生 ^註	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. ZHAO Jiejun ^{Note}	趙傑軍先生 ^註	0/1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Independent Non-executive Directors		獨立非執行董事				
Mr. LI Shengli	李勝利先生	1/1	4/4	N/A 不適用	1/1	N/A 不適用
Mr. LEE Kong Wai, Conway	李港衛先生	1/1	4/4	3/3	N/A 不適用	1/1
Mr. KANG Yan	康龔先生	1/1	4/4	3/3	1/1	1/1

Note: Mr. WEN Yongping resigned on 15 January 2019, while Mr. ZHAO Jiejun was appointed on the same date.

附註：溫永平先生於2019年1月15日退任，而趙傑軍先生於同日獲委任。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board and each Director have separate and independent access to the Company's senior management for information and may make inquiries if necessary. Directors of the Company who considers it necessary to seek independent professional advice in order to perform his/her duties as a Director of the Company may convene, or request the Company Secretary to convene, a meeting of the Board to approve the consultation of independent legal or other professional advisor for advice at Company's expenses. For regular Board meetings, an agenda and accompanying board papers of the meeting are sent to all Directors before the proposed date of a meeting. Additional Board meetings, if necessary, are arranged and held as and when required. During the Reporting Year, the Chairman met with the non-executive Directors and the independent non-executive Directors without the presence of other executive Directors to exchange views on matters concerning the business development, management and corporate governance of the Group.

Every Director is entitled to access the advice and services of the Company Secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are open for inspection by any Director during normal office hours with reasonable advance notice.

Appointment, Re-election of Directors and Removal

In accordance with the CG Code and the Articles of Association, all Directors (including independent non-executive Directors) are subject to retirement by rotation once every three years. Each Director has entered into a letter of appointment with the Company for a term of three years. The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with article 17.18 of the Articles of Association. Directors appointed as an addition to the Board or to fill a casual vacancy on the Board will be subject to re-election by the Shareholders at the following annual general meeting or the following general meeting of the Company after the appointment. Also, when an independent non-executive Director proposed for re-election has served the Company for more than nine years, his or her re-election will be subject to a separate resolution to be approved at the annual general meeting.

董事會及各董事可個別及獨立地向本公司高級管理層索取資料並可必要時作出查詢。本公司董事在履行其作為本公司董事之職責而認為需尋求獨立專業建議時可召開或要求公司秘書召開董事會會議，以批准支付向獨立法律或其他專業顧問徵求意見，費用由本公司承擔。就例行董事會會議而言，會議之議事日程及隨附之董事會文件將於會議預定日期前送呈所有董事。於需要時會安排及舉行附加董事會會議(如需要)。於本匯報年度，主席在其他執行董事未到場的情況下與非執行董事及獨立非執行董事會面，就本集團的業務發展、管理及企業管治等事宜交換意見。

各董事均有權為確保遵守董事會程序以及所有適用規則及規例而獲得公司秘書之建議及服務。所有會議記錄均由公司秘書保存，並可於提供合理之事先通知後在任何正常辦公時間內供任何董事查閱。

董事之委任、重選及罷免

根據企業管治守則及組織章程細則，所有董事(包括獨立非執行董事)均須每三年輪值退任一次。各董事已與本公司訂立為期三年的委任函。根據組織章程細則第17.18條，董事須於本公司各屆股東週年大會輪席退任及重選。獲委任為董事會新增成員或填補董事會臨時空缺的董事，將須於獲委任後的本公司下屆股東週年大會或下屆股東大會上由股東重選。另外，倘提名重選的獨立非執行董事在本公司任職超過九年，其重選將須於股東週年大會上通過獨立決議案後方可作實。



CORPORATE GOVERNANCE REPORT 企業管治報告

THE BOARD'S DIVERSITY POLICY

The Board has adopted diversity policy, which sets out the approach to diversity of Board members. In determining the Board's composition, the Company considers a range of diversity elements, including but not limited to gender, age, cultural and education background, professional experience, skills and knowledge. All appointments of the Board will be made based on merit and objective criteria while taking into full account of the interest of Board's diversity.

As at date of this report, the Board comprises nine Directors with both gender, three of which are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, nationality, professional background and skills.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company shall be responsible for arranging suitable training for all Directors at the Company's expense. The Group continuously updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. For newly appointed Director a induction package will be given to ensure that he has a proper understanding of the operations, business and governance policies of the Group.

董事會多元化政策

董事會已採納多元化政策，其中載有董事會成員多元化之方針。本公司在設定董事會成員組合時，會從多方面考慮董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。董事會所有委任均以用人唯才為原則，並以客觀準則考慮人選，充分顧及董事會多元化的裨益。

於本報告日期，董事會由九名男女董事組成，其中三名為獨立非執行董事，藉此促進管理過程的批判性檢討及監控。董事會亦以相當多元化為特色，不論性別、國籍、專業背景及技能。

持續專業發展

根據企業管治守則之守則條文第A.6.5條規定，所有董事應參加持續專業發展，發展及更新其知識及技能，以確保彼等向董事會作出知情及恰當之貢獻。本公司應負責為全體董事安排適當之培訓，費用由本公司承擔。本集團持續向董事提供上市規則及其他適用監管規定的最新發展的更新資料，以確保合規和增強董事對良好企業管治常規的意識。對於新委任董事，本集團將提供入職培訓，以確保其適當了解本集團之經營、業務及管治政策。



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A summary of training received by the Directors during the year ended to 31 December 2019 according to the records provided by the Directors is as follows:

根據董事所提供的紀錄，董事於截至2019年12月31日止年度所接受的培訓概述如下：

Directors	董事	Type of trainings 培訓類別
Executive Directors		
Ms. GAO Lina	高麗娜女士	A, B
Mr. HAN Chunlin	韓春林先生	A, B
Non-executive Directors		
Mr. LU Minfang (<i>Chairman of the Board</i>)	盧敏放先生(<i>董事會主席</i>)	A, B, C
Mr. WOLHARDT Julian Juul	WOLHARDT Julian Juul先生	A, B, C
Mr. ZHANG Ping	張平先生	A, B
Mr. WEN Yongping (resigned on 15 January 2019)	溫永平先生 (於2019年1月15日辭任)	A, B
Mr. ZHAO Jiejun (appointed on 15 January 2019)	趙傑軍先生 (於2019年1月15日獲委任)	A, B
Independent Non-executive Directors		
Mr. LI Shengli	李勝利先生	A, B, C
Mr. LEE Kong Wai, Conway	李港衛先生	A, B, C
Mr. KANG Yan	康龔先生	A, B
A: Reading materials, journals and updates relating to the business and industry development	A: 閱覽有關業務及行業發展的讀物、刊物及最新資料	
B: Reading materials relevant to the latest development of the Listing Rules and other applicable regulatory requirement	B: 閱覽有關上市規則及其他適用監管規定的讀物	
C: Attending or delivering seminars and/or conferences and/or forums	C: 出席或主持研討會及/或會議及/或論壇	



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BOARD COMMITTEES

In order to oversee particular aspects of the Group, the Board had established a Remuneration Committee, an Audit Committee a Nomination Committee and a Strategy and Development Committee with the defined terms of reference in line with the CG Code. The terms of reference are published on the respective websites of the Hong Kong Stock Exchange and the Company. The Board Committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances upon request. Details of these Board committees including their composition, major responsibilities and functions and work performed are as follows:

Remuneration Committee

The chairman of the Remuneration Committee is Mr. LI Shengli and other members are Mr. ZHANG Ping and Mr. KANG Yan. The Remuneration Committee is chaired by an independent non-executive Director and the majority being independent non-executive Directors of the Company.

The primary functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration for all the Directors and senior management of the Group, and make recommendations of the remuneration packages for all the executive Directors, non-executive Directors and the senior management to the Board.

The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management of the Group is based on the skills, knowledge, responsibilities and involvement in the Company's and the Group's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for independent non-executive Directors, mainly comprising Directors' fees, is subject to annual assessment with reference to the market standard. Individual Directors and senior management would not be involved in deciding their own remuneration. The Remuneration Committee has been provided with sufficient resources to discharge its duties.

董事委員會

為監督本集團在特定方面的事務，董事會已設立薪酬委員會、審核委員會、提名委員會以及戰略及發展委員會，界定職權範圍與企業管治守則相符。職權範圍於香港聯交所及本公司各自的網站公佈。董事委員會獲提供足夠資源以履行其職務，並能在適當情況下應要求尋求獨立專業意見。有關該等董事委員會之詳情(包括其組成、主要責任及職能)及所進行之工作如下：

薪酬委員會

薪酬委員會主席為李勝利先生，其他成員為張平先生及康龔先生。薪酬委員會由獨立非執行董事出任主席，其大部分成員為本公司獨立非執行董事。

薪酬委員會之基本職能乃就本集團所有董事及高級管理層之本公司薪酬政策及結構向董事會提供建議，就所有執行董事、非執行董事及高級管理層之薪酬向董事會提供建議。

本公司之薪酬政策旨在確保向僱員(包括本集團執行董事及高級管理層)提供之薪酬乃基於其技能、知識、職責及參與本公司及本集團事務而釐定。薪酬組合亦參照本公司之業績及盈利狀況、行業薪酬水平以及當前市場狀況而釐定。獨立非執行董事之薪酬政策(主要包括董事袍金)須參照市場標準每年進行評估。個別董事及高級管理層不會參與其各自薪酬之釐定。薪酬委員會已獲提供足夠資源履行其職責。



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During the Reporting Year, the Remuneration Committee reviewed, discussed and approved the remuneration for the executive Directors and senior management of the Group, reviewed the remuneration policy and made recommendation to the Board for the remuneration for the non-executive Directors for its approval. Remuneration Committee has also reviewed the existing employee incentive schemes of the Group.

於本匯報年度，薪酬委員會審閱、討論及批准本集團執行董事及高級管理層之酬金及審閱薪酬政策，並就非執行董事之薪酬向董事會提供推薦意見以供其審批。薪酬委員會亦審閱現時本集團的僱員激勵計劃。

The remuneration of the members of the senior management by band for the year ended 31 December 2019 is set out below:

高級管理層成員截至2019年12月31日止年度之酬金範圍如下：

Remuneration bands (HK\$) 酬金範圍(港元)	Number of persons 成員人數
0-1,000,000	1
1,000,001-2,000,000	1
2,000,001-3,000,000	2
3,000,000-4,000,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements.

根據上市規則附錄十六須就董事酬金以及五名最高薪人士披露之進一步詳情，載於綜合財務報表附註12及13。

Audit Committee

As at 31 December 2019, the Audit Committee comprised two independent non-executive Directors, namely, Mr. LEE Kong Wai, Conway and Mr. KANG Yan and one non-executive Director, Mr. WOLHARDT Julian Juul. Mr. LEE Kong Wai, Conway and Mr. WOLHARDT Julian Juul possess the relevant professional qualifications required under the Listing rules. The Chairman of the Audit Committee is Mr. LEE Kong Wai, Conway.

審核委員會

於2019年12月31日，審核委員會由兩名獨立非執行董事李港衛先生及康龔先生以及一名非執行董事Wolhardt Julian Juul先生組成。李港衛先生及Wolhardt Julian Juul先生擁有上市規則所規定的相關專業資格。審核委員會主席為李港衛先生。

The primary responsibilities of the Audit Committee are to oversee the Group's financial reporting system, risk management system and internal control procedures, and to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with the applicable standard. The Audit Committee has been provided with sufficient resources to discharge its duties.

審核委員會的主要職責為監察本集團之財務申報系統、風險管理系統及內部監控程序，並按適用標準審閱及監察外聘核數師之獨立性及客觀性以及審核程序之有效性。審核委員會已獲提供足夠資源履行其職責。



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The Audit Committee held three meetings during the year ended 31 December 2019. Major work completed by the Audit Committee during the year includes:

- reviewed the Group's annual report, interim financial information and annual consolidated financial statements;
- reviewed significant accounting and audit issues;
- reviewed the external auditor's qualifications, independence and performance;
- reviewed the external auditor's management letter and the management's response;
- reported to the Board on matters relating to the Audit Committee under the CG Code;
- assisted the Board to evaluate on the effectiveness of financial reporting procedures and internal control system;
- reviewed the adequacy and effectiveness of the Group's systems of internal control and risk management and the effectiveness of the internal audit function, including advising on identification of connected parties and formulating relevant policies;
- reviewed the connected and continuing connected transactions entered into by the Group or subsisting during the Reporting Year; and
- reviewed the utilisation of annual caps on certain continuing connected transactions of the Group.

Nomination Committee

The Nomination Committee comprised one non-executive Director Mr. LU Minfang and two independent non-executive Directors, namely, Mr. LEE Kong Wai, Conway and Mr. KANG Yan. The Chairman of the Nomination Committee is Mr. LU Minfang.

審核委員會於截至2019年12月31日止年度舉行三次會議。審核委員會於年內完成的重要工作包括：

- 審閱本集團的年報、中期財務資料及年度綜合財務報表；
- 審閱主要會計及核數事宜；
- 審閱外聘核數師的資格、獨立身份及表現；
- 審閱外聘核數師的管理函件及管理層回應；
- 根據企業管治守則向董事會報告有關審核委員會的事宜；
- 協助董事會評估財務申報流程及內部監控系統的有效性；
- 審閱本集團內部監控及風險管理系統的合適性及有效性以及內部審計職能的有效性，包括就有關關連人士之識別以及相關政策的制定提供意見；
- 審閱於匯報年度由本集團訂立或存續之關連及持續關連交易；及
- 審閱本集團若干持續關連交易之年度上限使用度。

提名委員會

提名委員會由一名非執行董事盧敏放先生以及兩名獨立非執行董事李港衛先生及康龔先生組成。提名委員會主席為盧敏放先生。



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The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; assess the independence of independent non-executive directors; and make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive. The Nomination Committee has been provided with sufficient resources to discharge its duties.

During the Reporting Year, the Nomination Committee held one meeting and has reviewed and recommended the structure, size and composition (including skills, knowledge and experience) of the Board. It reviewed the independence of the independent non-executive Directors. It also made recommendations to the Board on retiring Directors for re-election at the annual general meeting held on 6 June 2019.

Nomination Policy

The Company has adopted a nomination policy for directorship (the "**Nomination Policy**") in 2018 which supplemental to the Terms of Reference of the Nomination Committee of the Board (the "**Nomination Committee**"). It aims at setting out the processes and criteria for the nomination of a candidate for directorship in the Company and ensure that all nominations of Board members are fair and transparent in order to facilitate the constitution of the Board with a balance of skills, experience and diversity of perspectives that is appropriate to the requirements of the Company's business.

提名委員會之主要職責為最少每年檢討董事會之架構、規模及組成(包括技巧、知識及經驗)及就任何建議變動向董事會作出推薦意見，以補足本公司之企業策略；物色適當之合資格人士成為董事會成員及進行甄選或就甄選獲提名董事擔任董事職務向董事會作出推薦意見；評估獨立非執行董事之獨立性；以及就委任或重新委任董事及董事繼任計劃(特別是董事會主席及行政總裁)向董事會作出推薦意見。提名委員會已獲提供足夠資源履行其職責。

於匯報年度，提名委員會舉行一次會議，並檢討董事會之架構、規模及組成(包括技能、知識及經驗)及作出推薦意見。其亦檢討獨立非執行董事之獨立性，並就於2019年6月6日舉行的股東週年大會上重選的退任董事向董事會提出推薦意見。

提名政策

本公司於2018年已採納董事提名政策(「**提名政策**」)，補充董事會提名委員會(「**提名委員會**」)職權範圍。其旨在列明提名本公司董事候選人之程序及標準，並確保董事會成員的所有提名屬公平及透明，從而促進構建董事會，以平衡符合本公司業務規定的技能、經驗及多元發展。



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Nomination Policy sets out as below:

1. Objective

1.1. This policy was approved and adopted by the board of directors (the “**Board**”) of the Company by resolution passed on 17 December 2018 upon the recommendation of the Nomination Committee.

1.2. This policy sets out the selection criteria and procedures to be adopted when considering candidates to be nominated to the Board for it to consider or recommended to the shareholders of the Company for election, whether new appointment or re-appointment, as directors of the Company at general meetings or as directors to fill casual vacancies to ensure the Board has a balance of skills, experience and diversity of perspectives to meet various needs of the Company. It is the Board which has the ultimate responsibility for selecting and appointing the directors.

2. Selection criteria

2.1. When considering a candidate nominated for directorship or a director’s proposed re-appointment, the Nomination Committee will take into account the following factors as a reference:

- whether the qualification, skills, experience, industry knowledge of the candidate meet the business needs or are in line with the long term development of the Company;
- effect on the board’s composition and diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and the compliance with the diversity policy of the Company;

提名政策如下：

1. 目的

1.1. 本政策已根據提名委員會的建議，透過於2018年12月17日通過的決議案由本公司董事會（「**董事會**」）批准及採納。

1.2. 本政策載列在考慮向董事會提名以供其考慮或向本公司股東建議供選舉的候選人時採用的甄選標準和程序，不論是在股東大會上新委任或重新委任為本公司董事或作為董事填補臨時空缺，以確保董事會在技能、經驗和多樣性方面取得平衡，滿足本公司的各種需求。董事會對選擇和委任董事負有最終責任。

2. 甄選準則

2.1. 考慮提名擔任董事的候選人或董事建議重新委任時，提名委員會將考慮以下因素作參考：

- 候選人的資格、技能、經驗、行業知識是否符合業務需要或是否符合本公司長期發展；
- 其對董事會的組成和所有方面（包括但不限於性別、年齡（18歲或以上）、文化及教育背景、種族、專業經驗、技能、知識及服務年期）多元化的影響以及遵守本公司的多元化政策；



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- *commitment of the candidate to devote sufficient time to effectively discharge his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;*
- *any potential/actual conflicts of interest that may arise if the candidate is selected;*
- *for the appointment or re-appointment of independent non-executive directors, the independence of the candidate and his/her immediate family from the Company; and*
- *in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served.*
- 候選人承諾投入充足時間有效履行其職責。就此而言，將考慮候選人在公眾公司或機構擔任的職務數目及性質以及其他行政委任或重大承擔；
- 如候選人獲選而可能產生的任何潛在／實際利益衝突；
- 就委任或重新委任獨立非執行董事而言，則候選人及其直系親屬自本公司的獨立性；及
- 如建議重新委任獨立非執行董事，則其已服務的年數。

The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate on a case by case basis.

以上因素僅供參考，並非詳盡無遺且具有決定性意義。提名委員會可酌情根據具體情況提名任何人士。

- 2.2. *Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a director of the Company and to the public disclosure of their personal data on any document or the relevant websites for the purpose of or in relation to their standing for election as a director of the Company.*
- 2.2. 建議的候選人將被要求以規定的形式提交必要的個人資料，連同其就獲委任為本公司董事及在為或就其參與選舉作為本公司董事的任何文件或相關網站上公開披露其個人資料的書面同意。
- 2.3. *The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.*
- 2.3. 如有必要，提名委員會可要求候選人提供額外資料及文件。



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3. Nomination procedures

3.1. Subject to the provisions in the Company's Articles of Association, if the Board recognises the need to appoint an additional director, the following procedures should be adopted:

- the chairman of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also identify or select candidates to be recommended to the Board, with or without assistance from external agencies or the Company;
- the Nomination Committee may use any process it deems appropriate to assess the suitability of and the potential contribution to the Board by the candidates based on (but not limited to) the criteria set out in section 2.1 herein, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references;
- the Nomination Committee will hold a physical meeting to consider the matter and avoid the making of decisions by written resolutions unless it is impractical that a physical meeting be held;
- the Nomination Committee shall provide to the Board for its consideration with all the information required, including information set out in Rule 13.51(2) of the Listing Rules in relation to the candidates;
- the Nomination Committee shall make recommendation to the Board, including the terms and conditions of the appointment.

3. 提名程序

3.1. 在本公司組織章程細則條文的規限下，如董事會認為有需要委任一名額外董事，應採取以下程序：

- 提名委員會主席應召開提名委員會會議，並邀請董事會成員候選人提名(如有)，以供提名委員會於會議前審議。提名委員會亦可在有或無外部機構或本公司協助下，識別或甄選向董事會推薦的候選人；
- 提名委員會可使用其認為適當的任何程序，根據(包括但不限於)本文第2.1條規定的準則，評估候選人是否適合及對董事會作出的潛在貢獻，其中可能包括候選人及第三方參考的個人訪談、背景調查、匯報或書面呈交；
- 提名委員會將舉行現場會議以審議此事宜，除非舉行現場會議屬不切實可行，否則避免以書面決議案作出決定；
- 提名委員會須向董事會提供一切所需資料供其考慮，包括上市規則第13.51(2)條有關候選人的資料；
- 提名委員會須向董事會提出建議，包括委任條款及條件。



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- 3.2. *The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.*
- 3.2. 董事會根據提名委員會的建議進行審議並決定委任。董事會就與其在任何股東大會上競選候選人的建議有關的所有事項作出最終決定。
- 3.3. *All appointments of director should be confirmed by letter of appointment setting out the key terms and conditions of the appointment of the directors, which should be approved by the Nomination Committee.*
- 3.3. 所有董事委任應以委任函確認，當中載列董事委任的主要條款及條件並應由批准提名委員會批准。
- 3.4. *In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from shareholders, a circular accompanying the notice of the relevant general meeting will be sent to shareholders of the Company. The circular will set out the lodgment period for shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders of the Company.*
- 3.4. 為提供董事會提名參加股東大會選舉的候選人資料，以及邀請股東提名，隨附有關股東大會通告的通函將寄發予本公司股東。該通函將載列股東提名的提交期限。根據適用法律、規則及法規所要求，建議候選人的姓名、簡歷（包括資格及相關經驗）、獨立性、建議薪酬及任何其他資料將包含在寄予本公司股東的通函中。
4. *Re-appointments of existing directors*
In cases of re-appointments of existing directors, a physical meeting will be held to consider the re-appointment based on (but not limited to) the criteria set out in paragraph 2.1 above.
4. 重新委任現有董事
在重新委任現有董事的情況下，將舉行現場會議，以根據（包括但不限於）上文第2.1段所載的準則考慮重新委任。
5. *Nomination by shareholders*
The shareholders of the Company may also propose a person for election as a director, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as Director" of the Company.
5. 股東提名
本公司股東亦可提名人選為董事，有關詳情載於本公司「股東提名人選參選為董事的程序」。



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6. General

- 6.1. *This policy and the progress towards achieving the objectives set out in this policy will be disclosed in the corporate governance report of the Company.*
- 6.2. *This policy shall be reviewed annually by the Nomination Committee at its annual meeting. This policy shall be updated and revised as and when necessary in light of changes in circumstances (e.g. change in business needs of the Company) and reflect any change in regulatory requirements, including those under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Any amendment to this policy shall be approved and resolved by the Board in writing.*
- 6.3. *In case of discrepancy in respect of the language of this Policy, the English version shall prevail.*

Strategy and Development Committee

The Strategy and Development Committee comprised one executive Director, Ms. GAO Lina, two non-executive Director, Mr. WOLHARDT Julian Juul and Mr. ZHAO Jiejun who was appointed on 15 January 2019 and one independent non-executive Directors, Mr. LI Shengli. The Strategy and Development Committee is chaired by Ms. GAO Lina.

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

6. 一般事項

- 6.1. 本政策及達成本政策所載目標的進度將於本公司企業管治報告中披露。
- 6.2. 本政策每年由提名委員會在其年度會議上審閱。本政策應根據情況變化(如本公司業務需求的變化)在必要時進行更新和修訂，並反映監管要求的任何變化，包括香港聯合交易所有限公司證券上市規則的規定。對本政策的任何修改應由董事會以書面形式批准及議決。
- 6.3. 如本政策的語言上有歧異，概以英文版本為準。

戰略及發展委員會

戰略及發展委員會由一名執行董事(高麗娜女士)、兩名非執行董事(WOLHARDT Julian Juul先生及趙傑軍先生(彼於2019年1月15日獲委任)及一名獨立非執行董事(李勝利先生)組成。高麗娜女士擔任戰略及發展委員會主席。

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



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AUDITOR'S REMUNERATION

The Group's external auditors are Deloitte Touche Tohmatsu. The Audit Committee is responsible for the appointment of external auditors and reviewing the non-audit services (including any potential conflict of interest) performed by the external auditors. The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the year ended 31 December 2019, the remuneration to the auditor of the Company were approximately RMB2.95 million (2018: RMB2.80 million) for audit services and RMB0.19 million (2018: RMB0.17 million) for non-audit services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The Directors acknowledge their responsibility to prepare the consolidated financial statements that give a true and fair view of the state of affairs of the Group. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the consolidated financial statements for the year ended 31 December 2019, the requirements of the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board and the applicable laws were complied with.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as going concern. The Board has prepared the consolidated financial statements on a going concern basis.

The reporting responsibilities of external auditors of the Company are disclosed in "Independent Auditor's Report" on pages 105 to 111 of this annual report.

Pursuant to code provision C.1.2 of the CG Code, the management of the Company have provided all members with monthly updates giving a fair and understandable assessment of the Company's performance, financial position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge his duties under Rule 3.08 and Chapter 13 of the Listing Rules during the Reporting Year.

核數師酬金

本集團的外部核數師為德勤•關黃陳方會計師行。審核委員會負責委任外部核數師及審閱外部核數師提供的非審核服務(包括任何潛在利益衝突)。核數師之酬金一般根據核數師之工作範疇及數量而釐定。截至2019年12月31日止年度，就本公司核數師提供之核數服務酬金約為人民幣2.95百萬元(2018年：人民幣2.80百萬元)及非審核服務酬金約人民幣0.19百萬元(2018年：人民幣0.17百萬元)。

董事與核數師關於賬目之責任

董事確認彼等有責任編製真實公允地反映本集團狀況之綜合財務報表。同時，董事亦負責確保選擇及貫徹應用適當之會計政策；及所作之判斷及估計為審慎合理。於編製截至2019年12月31日止年度之綜合財務報表時，已遵守國際會計準則委員會頒佈之《國際財務報告準則》、《國際會計準則》及詮釋(統稱「國際財務報告準則」)之規定及適用法例。

董事會並不知悉與可能對本集團持續經營能力造成重大疑問之事件或狀況有關之任何重大不明朗因素。董事會已按持續經營基準編製綜合財務報表。

本公司外聘核數師之報告責任於本年報第105至111頁「獨立核數師報告」內披露。

根據企業管治守則的守則條文第C.1.2條，本公司管理層已於本匯報年度每月向全體成員提供最新資料，就本公司之表現、財務狀況及前景詳細提供公正及易於理解之評估，使全體董事會及各董事能根據上市規則第3.08條及第13章履行其職責。



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CONSTITUTIONAL DOCUMENTS

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for annually reviewing the effectiveness of the risk management and internal control system of the Group. The scope of the review is determined and recommended by the Audit Committee. The review covers all material controls, including financial, operational and compliance controls and risk management functions. Such review also considers the adequacy of resources, qualifications and experience of the staff of the Company in relation to its accounting and financial reporting function, and their training programmes and budget. Risk management and internal control review reports are circulated to the Audit Committee members and the Board in accordance with the approved scope.

During the Reporting Year, the Group has complied with Code Provision C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The major features of the risk management and internal control systems are set out as below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation:* Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitoring of the residual risks.

The Board together with senior management monitor and assess risk regularly, boost related management standards and evaluate investment projects. Based on the risk assessments conducted for the year under review, no significant risk was identified.

組織章程文件

於匯報年度，本公司的組織章程文件並無重大變動。

風險管理及內部監控

董事會負責每年檢討本集團風險管理及內部監控系統之有效性。檢討範圍由審核委員會決定及推薦。該檢討涵蓋所有重要監控範圍，包括財務監控、運作監控、合規監控及風險管理功能。該檢討亦考慮本公司會計及財務報告部門之人力資源是否充裕以及是否有足夠具備所需資格及經驗之員工、員工培訓計劃及預算。根據已批准之範疇，將風險管理及內部監控檢討報告傳送予審核委員會成員及董事會。

於匯報年度，本集團已遵守企業管治守則的守則條文第C.2條，建立適當及有效的風險管理及內部監控系統。風險管理及內部監控系統的主要特點載於下文：

風險管理系統

本集團採納的風險管理系統管理與其業務及營運相關的風險。該系統包括以下階段：

- *識別：*識別風險歸屬、業務目標及可能影響目標實現的風險。
- *評估：*分析風險的可能性及影響，並據此評估風險組合。
- *管理：*考慮風險回應措施，確保與董事會有效溝通並持續監控剩餘風險。

董事會聯同高級管理層定期監控及評估風險，推進相關管理標準及評估投資項目。基於就回顧年度所作風險評估，並無發現重大風險。



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Internal Control System

The Company has in place an internal control system. The framework of the system enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment*: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Control Activities*: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring*: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

With aim to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.

內部監控系統

本公司設有內部監控系統。該系統框架使本集團能夠實現有關運營有效性及效率、財務報告可靠性以及遵守適用法律及法規的目標。該框架的組成部分列示如下：

- *監控環境*：為於本集團進行內部監控提供基礎的一套準則、程序及架構。
- *風險評估*：為識別及分析風險以實現本集團目標制定動態而反覆更新的程序，為釐定如何管理風險提供基礎。
- *監控活動*：根據政策及程序確立的行動，以確保管理層減低風險以致達成目標的指示獲得履行。
- *資訊及溝通*：為本集團提供進行日常監控所需資訊的內部及外部溝通。
- *監控*：持續及獨立評估以確定內部監控的各組成部分是否存在及運作正常。

為加強本集團處理內幕消息的制度，確保公開披露資料的真實性、準確性、完整性與及時性，本集團亦採納及執行內幕消息政策及程序。本集團已不時採取若干合理措施，確保存有防止違反披露規定的保障措施，其中包括：

- 只有需要了解的有限數目的僱員可獲取消息。擁有內幕消息的僱員完全了解其保守機密的責任。
- 本集團訂立重大協商時簽訂保密協議。



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- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted for the Reporting Year, no significant control deficiency was identified.

The Audit Committee is satisfied that the risk management system and internal control system maintained by the Group is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, and that transactions are properly authorized and proper accounting records are properly maintained.

Internal Audit

Internal audit is an independent function reporting to the Audit Committee and senior management of the Group. It provides an independent and objective assurance to safeguard the Group's operations. It effectuates a systematic and disciplined approach to evaluate and improve the Group's process on risk management, internal control and governance. The risk based audit plans ensure that high risk areas of the Group's operations and resources are specifically attended to. Ad hoc reviews are conducted on areas of concern where necessary.

The Board, through the Audit Committee, reviews the adequacy of resources, training programmes, budget, qualifications and experience of the accounting, internal audit and financial reporting staff in accordance with the requirements of the Listing Rules. The Audit Committee and the Board review the effectiveness of the risk management and internal control systems of the Group and fulfill the requirement of the CG Code regarding risk management and internal control systems in general. During the Reporting Year, the internal audit department has conducted audit on farms at different regions of the Group and reported to the senior management. The internal audit department of the Group has also reviewed the connected transaction of the Group and report to Audit Committee.

The senior management has reviewed the risk management and internal control system of the Group for the Reporting Year and considered them to be effective and adequate.

The Group will continue to enhance the system to cope with the changes in the business environment.

- 與外界(如媒體、分析師或投資者)溝通時，執行董事為代表本公司發言的指定人士。

根據於匯報年度內進行的內部監控審閱，並無發現任何重大監控缺陷。

審核委員會信納本集團所保持的風險管理系統與內部監控系統足以提供合理但非絕對的保證，即保障本集團的資產免遭未經授權使用或處置所帶來的損失、交易經正式授權以及妥善存置適當的會計記錄。

內部審核

內容審核為向審核委員會及本集團高級管理層報告的獨立職能，提供獨立及客觀核證以保障本集團的營運。其採取有序自律的方法評價及改善本集團的風險管理、內部監控及管治。審核計劃以風險作基礎，確保重點關注本集團營運及資源中的高風險領域。必要時會就關注範疇進行特別檢討。

董事會根據上市規則規定透過審核委員會檢討資源、培訓課程、預算、會計資格及經驗、內部審核及財務報告員工是否充足。審核委員會及董事會檢討本集團風險管理及內部監控系統的成效，並大致符合與風險管理及內部監控系統有關的企業管治守則規定。於報告年內，內部審核部門已就本集團不同區域的牧場進行審核並向高級管理層報告。本集團內審部門亦就本集團的關連交易作出審核並向審核委員會報告。

高級管理層已檢討本集團於匯報年度的風險管理及內部監控系統，並認為其有效且充足。

本集團將繼續改進該系統以應對業務環境之變化。



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DIVIDEND POLICY

The Company adopted a dividend policy on 17 December 2018 (the “**Dividend Policy**”). Under the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board. The Company’s ability to distribute dividends will depend on, among others, the profits, operating results, cash flow, financial condition, contractual restrictions, capital requirements and other factors of the Company which the Directors consider relevant, and the interests of the shareholders of the Company. The remaining profit will be used for the development and operation of the Group.

The Company’s distribution of dividends shall also comply with any restrictions under the applicable laws of the Cayman Islands, the laws of Hong Kong, the Listing Rules and the Articles of Association of the Company, as well as subject to the approval of shareholders of the Company.

COMMUNICATION WITH SHAREHOLDERS

Effective Communication

The Company discloses relevant information to Shareholders through the Company’s annual report and consolidated financial statements, the interim report, as well as the annual general meeting. The section under “CEO’s Statement” and “Management Discussion and Analysis” of the annual report facilitate the Shareholders’ understanding of the Company’s activities. The annual general meeting allows the Directors to meet and communicate with the Shareholders. The Company’s consolidated financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

To manage its relationship with the investment community, the Group meets regularly with the press and financial analysts and participates frequently in other conferences and presentations.

To further promote effective communication, the corporate website is maintained to disseminate Company announcements and other relevant financial and non-financial information electronically on a timely basis.

股息政策

本公司已於2018年12月17日批准及採納股息政策（「**股息政策**」）。根據股息政策，股息宣派及派付應由董事會全權酌情決定。本公司分派股息的能力將取決於（其中包括）本公司的利潤、經營業績、現金流量、財務狀況、合約限制、資本要求及董事認為相關的其他因素以及本公司股東的利益。餘下利潤將用於本集團發展及營運。

本公司分派股息亦受限於開曼群島適用法例、香港法例、上市規則及本公司章程細則項下的任何限制，並須經本公司股東批准。

與股東溝通

有效溝通

本公司透過本公司之年報及綜合財務報表、中期報告以及股東週年大會向股東披露有關資料。年報中「總裁報告書」以及「管理層討論與分析」兩節幫助股東了解本公司之業務。股東週年大會讓董事可與股東會面及溝通。本公司之綜合財務報表及各項規定之資料披露於法律及法規規定之限期內發出。

為管理與投資群體之關係，本集團定期與媒體及財務分析人員會面，並經常參與其他會議及發佈會。

為進一步促進有效溝通，本公司已設立公司網站，以電子方式適時發佈本公司公佈以及其他有關財務及非財務之資料。



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SHAREHOLDERS RIGHTS

Procedure for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, any one or more Shareholders holding not less than one-tenth of the issued share capital of the Company carrying the right of voting at general meetings may require an extraordinary general meeting by a written requisition to the Board or the Company Secretary either via personal delivery or mail (Attn: Board of Directors/ Company Secretary, at Room A, 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong) or via email (info@moderndairyir.com). The Board shall proceed duly within 21 days from the date of deposit of the requisition to convene a general meeting to be held within a further 21 days.

Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room A, 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board.

Procedures for Making Proposals at Shareholder's Meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at general meetings. Proposals shall be sent to the Board pursuant to the following address via personal delivery, mail or courier to: Attention: Shareholder Communication, Board of Directors, Room A, 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

The Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the Shareholders for approval at next annual general meeting or at an extraordinary general meeting to be convened by the Board, as appropriate.

股東權利

股東召開股東特別大會之程序

根據組織章程細則，凡持有有權於股東大會上投票之本公司已發行股本不少於十分一之任何一名或多名股東，可透過個人遞交或郵寄（收件人：董事會／公司秘書，地址為香港銅鑼灣告士打道262號中糧大廈32樓A室）或透過電郵（info@moderndairyir.com）向董事會或公司秘書遞交召開股東特別大會之書面要求。董事會須於有關要求提交日期起計21日內，正式召開股東大會，而有關大會須於其後21日內舉行。

向董事會作出查詢之程序

股東可將要求董事會處理之查詢寄交於本公司主要辦事處之公司秘書，地址為香港銅鑼灣告士打道262號中糧大廈32樓A室。公司秘書將有關屬於董事會權限範圍內事宜之訊息轉交董事會。

於股東大會作出提呈之程序

本公司歡迎股東提呈有關本集團業務、策略及／或管理之建議於股東大會上討論。有關建議須透過個人遞交、郵寄或速遞按以下地址寄交董事會：香港銅鑼灣告士打道262號中糧大廈32樓A室，收件人為董事會股東通訊。

董事會可全權酌情考慮該等建議是否適當，並於下屆股東週年大會或將由董事會召開之股東特別大會（如適當）上提呈股東批准。



CORPORATE GOVERNANCE REPORT

企業管治報告

Voting by Way of Poll

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the annual general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the annual general meeting pursuant to article 14.6 of the Articles of Association. The relevant details of the proposed resolutions, including biographies of each Director standing for re-election, will be included in the circular to Shareholders dispatched together with this annual report. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the code of conduct regarding securities transactions by Directors adopted by the Company during the Reporting Year.

INVESTOR RELATIONS

The Company adopts a proactive policy in promoting investor relations and communications. When the Company announces its interim and annual results, management will normally meet with institutional investors, financial analysts and financial media, provide briefings on the business progress and recent developments of the Company. The Company has regularly participated in investor summits and conferences to enhance communication with the investment community. Investors are welcomed to send their enquiries to our investor relation at info@moderndairyir.com or browse the Company's website (<http://www.moderndairyir.com>) for latest update information of the Group.

On behalf of the Board

GAO Lina

Director

Hong Kong, 23 March 2020

投票表決

根據上市規則第13.39(4)條，股東在股東週年大會上之所有表決必須按股數投票方式進行。根據組織章程細則第14.6條，股東週年大會主席將會要求以投票方式對會上提呈之每項決議案進行表決。隨同本年報寄發之股東通函將載有所提呈決議案之有關詳情，包括參加膺選連任之各位董事之履歷。本公司將按上市規則第13.39(5)條規定的方式公佈投票表決結果。

董事進行之證券交易

本公司已採納一套有關董事進行之證券交易之行為守則，其條款嚴謹程度不遜於載於上市規則附錄10的上市發行人董事進行證券交易的標準守則所載之規定標準。經向所有董事作出特定查詢後，全體董事確認，彼等於本匯報年度已遵守本公司就董事進行之證券交易採納之行為守則所載之規定標準。

投資者關係

本公司採取積極政策促進投資者關係與溝通。在本公司公佈其中期及年度業績時，管理層一般會與機構投資者、金融分析師及金融媒體會晤，提供有關本公司業務進展與近期發展的簡要介紹。本公司已定期參加投資者峰會及會議，以加強與投資社區的交流。本公司歡迎投資者致函info@moderndairyir.com詢問我們的投資者關係或瀏覽本公司網站(<http://www.moderndairyir.com>)了解本集團的最新更新資料。

代表董事會

董事

高麗娜

香港，2020年3月23日



REPORT OF THE DIRECTORS

董事會報告書

The Board presents its report together with the audited consolidated financial statements of China Modern Dairy Holdings Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Reporting Year**”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries is production and sale of raw milk to customers for processing into dairy products. The Company has handover the operations of its production and sale of liquid milk business to China Mengniu Dairy Company Ltd (“**Mengniu**”, together with its subsidiaries, “**Mengniu Group**”) in 2018.

The particulars of the subsidiaries are set out in note 47 to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the Reporting Year and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements and the notes on pages 112 to 262.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the Reporting Year are set out in note 36 to the consolidated financial statements.

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

Save as disclose in this announcement, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Year, except that the trustee of the share award scheme of the Company adopted on 26 March 2018, pursuant to the rules of this scheme, purchased on the open market a total of 19,962,000 ordinary shares of the Company as restricted shares at a consideration of approximately HK\$22,924,000 (equivalent to RMB20,405,000). The Group retained a total number of 10,592,744 vesting shares as a consideration of approximately HK\$12,499,000 (equivalent to RMB10,722,000) for paying the individual income tax on behalf of those selected participants under the share award schemes of the Company.

董事會茲提呈中國現代牧業控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至2019年12月31日止年度(「本匯報年度」)之報告及經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股，而其附屬公司的主要業務為向客戶生產及銷售原料奶以供加工為奶類產品。本公司已於2018年將其生產及銷售液態奶業務交由中國蒙牛乳業有限公司(「蒙牛」，連同其附屬公司統稱「蒙牛集團」)營運。

附屬公司的詳情載於綜合財務報表附註47。

綜合財務報表

本集團於本匯報年度的業績及本公司和本集團於該日的財務狀況載於第112至262頁之綜合財務報表及其附註。

股本

本公司股本於本匯報年度之變動詳情載於綜合財務報表附註36。

購買、出售或贖回本公司之上市證券

除在本公告披露外，於本匯報年度，本公司或其任何附屬公司概無購買、贖回或出售本公司之上市證券，惟本公司於2018年3月26日採納之股份獎勵計劃之受託人根據計劃之規則於公開市場購買合共19,962,000股本公司普通股股份作為限制性股份，代價約為22,924,000港元(相當於人民幣20,405,000元)。本集團保留合共10,592,744股歸屬股份，作為代表本公司股份獎勵計劃項下該等選定參與者支付個人所得稅的代價約12,499,000港元(相當於人民幣10,722,000元)。



REPORT OF THE DIRECTORS 董事會報告書

RESULTS AND DIVIDENDS

No interim dividend was paid during the Reporting Year (2018: nil), and the Directors do not recommend the payment of a final dividend (2018: nil) in respect of the Reporting Year.

DONATIONS

Charitable and other donations made by the Group during the Reporting Year amounted to approximately RMB0.55 million (2018: RMB0.23 million).

BUSINESS REVIEW

A review of the Group's business, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing, and an analysis of the Group's performance using financial key performance indicators for Reporting Year are provided in the CEO's Statement on pages 5 to 9 and the Management Discussion and Analysis on pages 12 to 41 of this annual report. These discussions form part of this report.

The financial risk management objectives and policies of the Group are shown in note 40 to the consolidated financial statements.

Other than financial performance, the Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group. We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live.

ENVIRONMENTAL PROTECTION

As a responsible business participant, the Group strictly endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental technologies to ensure our products meet the required standards and ethics in respect of environment protection.

RELATIONSHIPS WITH EMPLOYEES

The employees of the Group are one of the most important assets and stakeholders of the Group and their contribution and support are values at all times. The Group regularly reviews compensation and benefits policies accordingly to industry benchmark as well as the individual performance of employees. Other fringe benefits, mandatory provident fund, share options, restricted share award, employee partnership program and cash-based incentive award are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Group to different levels of success.

業績及股息

於本匯報年度並無派發中期股息(2018年：無)，且董事不建議於本匯報年度派發末期股息(2018年：無)。

捐款

本集團於本匯報年度內作出的慈善及其他捐款約為人民幣0.55百萬元(2018年：人民幣0.23百萬元)。

業務回顧

於匯報年度之本集團業務回顧、本集團未來業務發展之討論及本集團可能面對之潛在風險及不明朗因素以及本集團採用財務關鍵表現指標之表現分析分別載於年報總裁報告書第5至9頁及管理層討論與分析第12至41頁。該等討論構成本報告的一部分。

本集團金融風險管理的目標及政策載於綜合財務報表附註40。

除財務表現外，本集團認為高標準的企業社會責任對建立良好的企業社會關係及激勵員工以及為本集團創造可持續回報至關重要。我們致力於促進我們的業務及利益相關者所在地的環境及社區的可持續發展。

環境保護

作為一名負責任的業務參與者，本集團竭力嚴格遵守有關環境保護的法律及法規及採用有效的環保技術，以確保我們的產品符合有關環境保護所規定的標準及規範。

與僱員的關係

本集團僱員為本集團最重要資產及持份者之一，彼等的貢獻及支持一直為本集團帶來重要價值。本集團根據行業標準及僱員之個別表現定期檢討補償及福利政策，並提供其他額外福利、強制性公積金、購股權、限制性獎勵股份、員工合夥人計劃及以現金為基礎的獎勵以挽留忠誠僱員，旨在組成一支專業的員工及管理團隊，為公司達致不同層面的成功。



REPORT OF THE DIRECTORS 董事會報告書

RELATIONSHIPS WITH SUPPLIERS

The Company adopts an open, fair and impartial procurement policies, and takes the lead in formulating industry standards as a win-win approach for a healthy development of the dairy industry. The quality and safety of feed are always our primary consideration. We have established long-term cooperation relationship with a number of suppliers, and strived to ensure that they are in compliance with our undertaking on quality and ethics. We require the suppliers to observe our undertaking on integrity. We have stringent requirements in supplier selection and that they must satisfy the qualification requirements in quality, safety, nutrients, historical record and overall performance etc. and pass our constant examination and evaluation before becoming our qualified suppliers.

RELATIONSHIPS WITH CUSTOMERS

To provide high quality products and services to customers are always our mission. Customers' need and demand are always our top consideration. With the increase of income and the popularization of health concepts, the demand of dairy products is increasingly augmented with a growing tendency for diversified products.

We, together with Mengniu Group expands the sales network and increases sale forms, setting up outlets in large supermarkets, By doing so, we hope to gradually develop customers, deliver our fresh milk products in time, and meet consumers' demand.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's main operations are carried out by the Company's subsidiaries in the mainland China while the Company itself is listed on the Hong Kong Stock Exchange. The Group's operations are regulated by Hong Kong and mainland China laws. During the Reporting Year and up to the date of this report, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Company. Please refer to the discussions in this report and the "Corporate Governance Report" for further details on the Group's compliance with the relevant laws and regulations.

與供應商的關係

本公司採納公開、公平、公正的採購政策，引領制定行業標準，為乳業健康發展締造雙贏途徑。飼料的品質和安全是我們的一貫首要的考慮因素，我們已與多家供應商建立了長期合作關係，並盡力確保其遵守我們對質素及道德的承諾，並要求供應商遵守我們的廉潔承諾。我們對供應商的選擇要求是嚴格的，供應商必須要滿足品質、安全、營養成分、歷史記錄、整體業績等方面的資格要求，且必須經過我們常設的評估，方可成為我們合格的供應商。

與客戶的關係

為客戶提供高品質的產品和服務是我們的使命，客戶的需要和需求始終是我們的首要考慮因素。隨著我國居民收入水準的提高和健康觀念的普及，奶製品需求量日益增大，需求形式的多樣性也更加明顯。

我們與蒙牛集團也拓寬銷售網絡、豐富銷售形式，參與商超促銷，進駐大型超市，建立遍佈全國的銷售網點，逐步培養客戶，保證奶品優惠送達、新鮮到家，滿足消費者需求。

遵守法律及法規

本集團的主要營運由本公司中國內地附屬公司進行，而本公司自身於香港聯交所上市。本集團營運受香港及中國內地法例監管。於匯報年度及直至本報告日期，董事會並不知悉任何不遵守相關法律及法規並對本公司造成重大影響的情況。有關本集團遵守相關法律及法規的進一步詳情，請參閱本報告的討論及「企業管治報告」。



REPORT OF THE DIRECTORS 董事會報告書

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association (the "Articles of Association"), every Director shall be entitled to be indemnified out of the assets of the Company against all loss or liabilities (to the fullest extent permitted by the Companies Law of the Cayman Islands) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability coverage for the Directors and officers of the Company.

REMUNERATION OF THE DIRECTORS

The remuneration of each Director is determined with reference to the duties, responsibilities, performance of the Directors, the results of the Group and the prevailing market rate.

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

CORPORATE GOVERNANCE PRACTICE

Details of the corporate governance practice of the Company are set out on pages 50 to 73 of this annual report.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

In accordance with the subscription agreement entered into between the Company and New Hope (the Subscriber), dated 18 July 2019, the Company has allotted and issued 276,228,409 ordinary shares at the subscription price of RMB1.1920 (equivalent to HK\$1.3535) per share ("Subscription Shares"), which represents a discount of approximately 2.63% to the closing price of HK\$1.3900 per share as quoted on the Hong Kong Stock Exchange on the date of the Subscription Agreement. New Hope through its subsidiary GGG Holdings Limited has subscribed the Subscription Shares during the Report Year. The gross proceeds from the subscription were approximately RMB329.26 million (equivalent to approximately HK\$373.87 million).

獲准許的彌償條文

根據本公司的組織章程細則(「組織章程細則」)，每名董事有權就其於或因履行職責或其他有關事宜而可能蒙受或產生的所有損失或責任(在開曼群島公司法許可的最大範圍內)，自本公司的資產中獲得彌償。本公司已為董事及本公司主要行政人員購買適當之董事及主要行政人員責任保險。

董事的薪酬

各董事的薪酬乃參考董事的職務、責任、表現及本集團的業績以及現行市價而釐定。

董事的薪酬詳情載於綜合財務報表附註12。

企業管治常規

本公司的企業管治常規詳情載於年報第50至73頁。

根據一般授權發行新股份

根據本公司與新希望(認購人)訂立的日期為2019年7月18日的認購協議，本公司已按每股人民幣1.1920元(相等於1.3535港元)的認購價配發及發行276,228,409股普通股(「認購股份」)，較股份於認購協議日期在香港聯交所所報收市價每股1.3900港元折讓約2.63%。新希望通過其附屬公司GGG Holdings Limited已於報告年度內認購認購股份。認購事項所得款項總額約為人民幣329.26百萬元(約相等於373.87百萬港元)。



REPORT OF THE DIRECTORS 董事會報告書

The issue and allotment of the Subscription Shares and the sale of the Collateral Shares by the Company completed in September 2019, and the total proceeds resulting from the transactions were approximately RMB709 million. As at 31 December 2019, the Company has fully utilised such proceeds for the predetermined purposes as mentioned under the session “Management Discussion and Analysis”.

As at the date of this report, New Hope holds 594,925,763 shares of the Company, representing 9.28% of the total issued shares capital of the Company.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and of the Company during the Reporting Year are set out in the consolidated statement of changes in equity on pages 116 and note 49 to the consolidated financial statements. The Company’s distributable reserves, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately RMB6,097.37 million as at 31 December 2019 (2018: RMB5,923.10 million).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 263 to 264.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

BANK AND OTHER LOANS

Particulars of bank and other loans of the Group as at 31 December 2019 are set out in notes 29, 30, 31 and 32 to the consolidated financial statements of this annual report.

本公司發行及配發認購股份及出售抵押股份已於2019年9月完成，而交易所得款項總額約人民幣709百萬元。於2019年12月31日，本公司已將全數所得款項用於如「管理層討論及分析」部分所述的預定用途。

於本報告日期，新希望持有本公司594,925,763股股份，佔本公司已發行股本總數的9.28%。

可分派儲備

本集團及本公司於本匯報年度的儲備變動詳情載於第116頁的綜合權益變動表及綜合財務報表附註49。於2019年12月31日，本公司的可分派儲備按開曼群島公司法計算約為人民幣6,097.37百萬元(2018年：人民幣5,923.10百萬元)。

財務摘要

本集團於過去五個財政年度的業績及資產和負債摘要載於第263至264頁。

物業、廠房及設備

本集團物業、廠房及設備的變動詳情載於綜合財務報表附註16。

銀行及其他貸款

本集團於2019年12月31日之銀行及其他貸款詳情載於本年報綜合財務報表附註29、30、31及32。



REPORT OF THE DIRECTORS 董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the Group's primary customers, Mengniu Group, accounted for approximately 85.3% (2018: 90.0%) of the Group's total turnover for the Reporting Year. The Group's five largest customers contributed in aggregate 95.6% (2018: 96.6%) of the Group's total turnover for the year ended 31 December 2019.

During the Reporting Year, the five largest suppliers of the Group in aggregate represented 12.7% (2018: 12.7%) of the Group's total purchases. Purchases from the largest supplier accounted for approximately 4.0% (2018: 3.7%) of the Group's total purchases.

Save as disclosed under the paragraph headed "Continuing Connected Transactions" and the interest in Mengniu of Mr. LU Minfang, Mr. ZHANG Ping, Mr. WEN Yongping who resigned on 15 January 2019 and Mr. ZHAO Jiejun who was appointed on 15 January 2019 as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" below of this report, none of the Directors or any of their associates or any shareholder (which, to the best knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in the Group's top five largest customers and suppliers.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Executive Directors

Ms. GAO Lina (*Vice Chairman and Chief Executive Officer*)
Mr. HAN Chunlin (*Chief Operation Officer*)

Non-executive Directors

Mr. LU Minfang (*Chairman of the Board*)
Mr. WOLHARDT Julian Juul
Mr. ZHANG Ping
Mr. WEN Yongping (*resigned on 15 January 2019*)
Mr. ZHAO Jiejun (*appointed on 15 January 2019*)

Independent Non-executive Directors

Mr. LI Shengli
Mr. LEE Kong Wai, Conway
Mr. KANG Yan

主要客戶及供應商

於本匯報年度，本集團主要客戶蒙牛集團應佔營業額佔本集團總營業額約85.3%(2018年：90.0%)。截至2019年12月31日止年度，本集團五大客戶合共佔本集團總營業額95.6%(2018年：96.6%)。

於本匯報年度，本集團五大供應商合共佔本集團總採購額的12.7%(2018年：12.7%)。最大供應商的採購額佔本集團總採購額約4.0%(2018年：3.7%)。

除本報告「持續關連交易」一段所披露者以及下文「董事及主要行政人員於股份、相關股份及債券的權益及淡倉」一節所披露盧敏放先生、張平先生、溫永平先生(於2019年1月15日辭任)及趙傑軍先生(於2019年1月15日獲委任)於蒙牛的權益外，董事、彼等的任何聯繫人或任何股東(據董事所深知擁有本公司股本5%以上者)概無擁有本集團五大客戶及供應商的任何實益權益。

董事

於截至2019年12月31日止年度及直至本報告日期，擔任董事之人士如下：

執行董事

高麗娜女士(*副主席兼總裁*)
韓春林先生(*營運總經理*)

非執行董事

盧敏放先生(*董事會主席*)
WOLHARDT Julian Juul先生
張平先生
溫永平先生(於2019年1月15日辭任)
趙傑軍先生(於2019年1月15日獲委任)

獨立非執行董事

李勝利先生
李港衛先生
康龔先生



REPORT OF THE DIRECTORS 董事會報告書

In accordance with Article 17.18 of the Articles of Association of the Company, Mr. LU Minfang, Mr. ZHANG Ping and Mr. WOLHARDT Julian Juul will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (“AGM”) as at the date of this report.

By virtue of Article 17.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the following AGM of the Company and shall then be eligible for re-election at that meeting.

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

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 42 to 49.

Directors' Services Contracts

None of the Directors being proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Related Parties Transaction

None of the “Related Parties Transactions” as disclosed in note 46 to the consolidated financial statements for the year under review constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

根據本公司組織章程細則第17.18條，於本報告日期，盧敏放先生、張平先生及WOLHARDT Julian Juul先生將於即將舉行之股東週年大會（「股東週年大會」）上輪值告退，惟彼等符合資格且願意膺選連任。

根據組織章程細則第17.2條，董事會有權不時及隨時委任任何人士為董事以填補臨時空缺或加入董事會。如此獲委任的任何董事僅應出任至本公司下屆股東週年大會並屆時符合資格膺選連任。

本公司認為根據上市規則第3.13條所有獨立非執行董事均屬獨立，且已收到各獨立非執行董事獨立性確認書。

董事及高級管理層之履歷詳情

本集團董事及高級管理層於本年報日期之履歷詳情載於本年報第42至49頁。

董事服務合約

擬於股東週年大會重選的董事，概無與本公司或其任何附屬公司訂立不可於一年內在免付賠償的情況下（法定賠償除外）的服務合約。

關聯方交易

概無「關聯方交易」（於回顧年度綜合財務報表附註46披露）構成上市規則下須予披露非豁免關連交易或非豁免持續關連交易。



REPORT OF THE DIRECTORS 董事會報告書

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

As at 31 December 2019, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Long Positions in the Shares and Underlying Shares of the Company

Name of Director 董事姓名	Nature of interest 權益性質	Number of Shares or underlying Shares 股份或 相關股份數目	Approximate percentage of shareholding interest 股權 概約百分比
Ms. GAO Lina ⁽¹⁾ 高麗娜女士 ⁽¹⁾	Interest in controlled corporation 受控制法團權益	221,581,733	3.46%
	Beneficial owner 實益持有人	38,378,476 ⁽²⁾	0.60%
Mr. HAN Chunlin 韓春林先生	Beneficial owner 實益持有人	23,968,120 ⁽³⁾	0.37%

(1) Ms. Gao holds approximately 49.12% of the interests in Jinmu Holdings Co Ltd. (“Jinmu”). Ms. Gao is deemed to be interested in the 221,581,733 shares in the Company held by Jinmu under the SFO.

(2) This represent legal and beneficial interest of 9,101,560 shares in the Company and 29,276,916 share options in underlying shares of the pre-IPO management options (the “Management Options”) granted by the Company.

(3) These represent legal and beneficial interest of 2,314,204 shares in the Company and 21,653,916 share options in underlying shares of the Management Options granted by the Company.

董事權益 – 於股份、相關股份及債券的好倉及淡倉

於2019年12月31日，董事及本公司主要行政人員及彼等各自的聯繫人於本公司或其相聯法團(定義見證券及期貨條例(香港法例第571章)(「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352條須登記於本公司存置的登記冊的權益及淡倉，或根據上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯交所的權益及淡倉如下：

於本公司股份及相關股份的好倉

Name of Director 董事姓名	Nature of interest 權益性質	Number of Shares or underlying Shares 股份或 相關股份數目	Approximate percentage of shareholding interest 股權 概約百分比
Ms. GAO Lina ⁽¹⁾ 高麗娜女士 ⁽¹⁾	Interest in controlled corporation 受控制法團權益	221,581,733	3.46%
	Beneficial owner 實益持有人	38,378,476 ⁽²⁾	0.60%
Mr. HAN Chunlin 韓春林先生	Beneficial owner 實益持有人	23,968,120 ⁽³⁾	0.37%

(1) 高女士擁有Jinmu Holdings Co Ltd. (「Jinmu」)約49.12%權益。根據證券及期貨條例，高女士被視為為Jinmu所持221,581,733股本公司股份中擁有權益。

(2) 這指9,101,560股合法實益持有的本公司股份以及本公司所授出首次公開發售前管理層購股權(「管理層購股權」)的相關股份中29,276,916份購股權。

(3) 這指2,314,204股合法實益持有的本公司股份及本公司所授出管理層購股權的相關股份中21,653,916份購股權。



REPORT OF THE DIRECTORS

董事會報告書

Interest in Associated Corporation

Long positions in the shares of the associated corporation are set out below:

於相聯法團的權益

於相聯法團股份的好倉如下：

Name of Director	Name of associated corporation	Number of shares in associated corporation	Approximate percentage of shareholdings interest
董事姓名	相聯法團名稱	於相聯法團的股份數目	概約百分比
Mr. LU Minfang 盧敏放先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	11,269,457	0.29%
Mr. ZHANG Ping 張平先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	2,579,500	0.07%
Mr. ZHAO Jiejun 趙傑軍先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	3,227,303	0.08%

Note: Mr. LU Minfang, Mr. ZHANG Ping and Mr. ZHAO Jiejun are non-executive Directors of the Company. Mr. LU Minfang is an executive director and chief executive officer of Mengniu. Mr. ZHANG Ping is a chief financial officer of Mengniu. Mr. ZHAO Jiejun who was appointed as a non-executive Director on 15 January 2019. As at the date of this report, Mengniu holds 58.15% of the issued share capital of the Company.

附註：盧敏放先生、張平先生及趙傑軍先生均為本公司的非執行董事。盧敏放先生為蒙牛的執行董事兼總裁。張平先生為蒙牛的首席財務官。趙傑軍先生於2019年1月15日獲委任為非執行董事。於本報告日期，蒙牛持有本公司已發行股本58.15%。

Saved as disclosed above, as at 31 December 2019, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2019年12月31日，董事及本公司主要行政人員及彼等各自的聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第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352條須登記於本公司存置的登記冊的任何權益及淡倉，或根據標準守則須知會本公司及香港聯交所的任何權益及淡倉。



REPORT OF THE DIRECTORS 董事會報告書

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

As disclosed in the Company's announcement dated 8 January 2019 in relation to the supply agreement with Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. (內蒙古歐世蒙牛乳製品有限責任公司), ("Oushi Mengniu") a wholly-owned subsidiary of Yashili, a connected person of the Company, and the announcement dated 31 December 2019 in connection with the renewed framework supply agreement with 內蒙古富源國際實業有限公司 (Inner Mongolia Fuyuan International Industrial Corporation Limited), a connected person of the Company (collectively the "Transactions"), Mr. LU Minfang is an executive director and the chief executive officer of Mengniu. Mr. WOLHARDT Julian Juul is an independent non-executive director of Mengniu. Mr. ZHANG Ping is the vice president and chief financial officer of Mengniu. Mr. ZHAO Jiejun is vice president and head of milk sourcing and supply chain business unit of Mengniu. Mr. LU Minfang, Mr. ZHANG Ping and Mr. ZHAO Jiejun hold interest in Mengniu as at 31 December 2019 as disclosed in section headed "Directors' Interests - Long and Short Position in Shares, Underlying Shares and Debenture" above. Accordingly, each of Mr. LU Minfang, Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. ZHAO Jiejun was considered to have a material interest in the Transactions.

Mr. WEN Yongping (resigned as a Director on 15 January 2019) was the vice president and the general manager of the chilled product business department of Mengniu and holds interests Mengniu. Accordingly, he was considered to have a material interest in the Transaction.

Save as disclosed in this annual report, no transaction, arrangement or contract of significance, to which the Company, its fellow subsidiaries, its subsidiaries or its holding company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the Reporting Year.

董事於交易、安排或合約的權益

誠如本公司日期為2019年1月8日有關與本公司關連人士雅士利的全資附屬公司內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)的供應協議的公告及日期為2019年12月31日有關與本公司關連人士內蒙古富源國際實業有限公司的續訂框架供應協議(統稱「該等交易」)的公告所披露，盧敏放先生為蒙牛的執行董事兼總裁。WOLHARDT Julian Juul先生為蒙牛的獨立非執行董事。張平先生為蒙牛的副總裁及首席財務官。趙傑軍先生為蒙牛副總裁兼奶源及供應鏈負責人。盧敏放先生、張平先生及趙傑軍先生於2019年12月31日在蒙牛持有權益，誠如上文「董事權益 - 於股份、相關股份及債券的好倉及淡倉」一節所披露。因此，盧敏放先生、WOLHARDT Julian Juul先生、張平先生及趙傑軍先生各自被視為於該等交易中擁有重大權益。

溫永平先生(於2019年1月15日辭任董事)是蒙牛冷凍產品業務部副總裁兼總經理，於蒙牛擁有權益。因此，彼被視為於該等交易中擁有重大權益。

除本年報所披露者外，概無任何本公司、同系附屬公司、附屬公司或控股公司屬於其中一方而董事擁有直接或間接重大權益並於本年度結束時或本匯報年度任何時間仍然生效之重大交易、安排或合約。



REPORT OF THE DIRECTORS 董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Director named in the paragraphs below have interests in businesses, which are considered to compete or likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Year.

As mentioned above, each of Mr. LU Minfang, Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping, Mr. WEN Yongping (resigned on 15 January 2019) and Mr. ZHAO Jiejun, held offices in Mengniu during the Reporting Year. Mengniu is a substantial shareholder of the Company and is engaged in the dairy industry.

The above-mentioned competing business is managed by separate entities with independent management and administration. The Directors are of the view that the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities. When making decisions, the relevant Director, in performance of his duty as Director, have acted and will continue to act in the best interests of the Group.

Save as disclosed above, none of the Directors or their respective associates had any interest in any company or business which competes or may compete with the business of the Group during the Reporting Year.

MANAGEMENT CONTRACTS

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

董事於競爭業務的權益

於報告年內，下段所列董事於多項業務中擁有利益，該等業務被視為與本集團業務直接或間接構成或可能構成競爭。

如上文所述，盧敏放先生、WOLHARDT Julian Juul先生、張平先生、溫永平先生(於2019年1月15日辭任)及趙傑軍先生各自於本匯報年度在蒙牛任職。蒙牛為本公司的主要股東，並從事乳品行業。

上述競爭性業務由具有獨立管理及行政的不同實體管理。董事認為本集團能夠獨立於該等實體公平地經營其業務。作出決策時，相關董事就履行其作為董事的職責方面已經並將繼續以本集團的最佳利益行事。

除上文所披露者外，於本匯報年內概無董事或彼等各自的聯繫人在與本集團業務構成或可能構成競爭的任何公司或業務中擁有任何權益。

管理合約

於報告年內，本集團並無訂立亦不存在任何有關整體或任何重大業務部分管理及行政之合約。



REPORT OF THE DIRECTORS

董事會報告書

PRE-IPO MANAGEMENT OPTIONS

The Company, on 31 October 2010, before the initial public offer of the Company, granted management options (“**Management Options**”) to Ms. GAO Lina and Mr. HAN Chunlin. The following Management Options were outstanding as at 31 December 2019:

首次公開發售前管理層購股權

本公司於2010年10月31日即本公司首次公開發售前向高麗娜女士及韓春林先生授出管理層購股權（「**管理層購股權**」）。以下為於2019年12月31日尚未行使的管理層購股權：

Name of grantee	Date of grant	Number of underlying shares of the Company which may be issued pursuant to the Management Options				As at 31 December 2019
		As at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	
承授人姓名	授出日期	於2019年1月1日	期內授出	期內行使	期內註銷	於2019年12月31日
Ms. GAO Lina 高麗娜女士	31 October 2010 2010年10月31日	29,276,916	-	-	-	29,276,916
Mr. HAN Chunlin 韓春林先生	31 October 2010 2010年10月31日	21,653,916	-	-	-	21,653,916
		50,930,832	-	-	-	50,930,832

These options are exercisable at the exercise price HK\$0.86 per share during the period commencing from the listing date of the Company (26 November 2010) until 10 years from the date of grant.

該等購股權可於本公司上市日期(2010年11月26日)起直至授出日期後10年期間按行使價每股股份0.86港元行使。

The number of shares in the Company to be issued upon the exercise of the outstanding options is 50,930,832 shares, representing 0.79% of the issued share capital of the Company as at 31 December 2019.

於2019年12月31日，因行使尚未行使的購股權而發行的本公司股份數目為50,930,832股，佔本公司已發行股本0.79%。



REPORT OF THE DIRECTORS 董事會報告書

SHARE OPTIONS

Share Option Scheme adopted on 17 November 2011 ("Share Option Scheme I")

The Company unconditionally adopted a share option scheme on 17 November 2011, which expired on 16 November 2014. All the outstanding share options were cancelled as a result of the acceptance of the mandatory cash offer made by Mengniu which was completed on 21 March 2017.

Share Option Scheme adopted on 5 June 2014 ("Share Option Scheme II")

The Company unconditionally adopted a share option scheme on 5 June 2014, which was terminated on 9 September 2016. All the outstanding share options were cancelled as a result of the acceptance of the mandatory cash offer made by Mengniu which was completed on 21 March 2017.

Share Option Scheme adopted on 30 September 2016 ("Share Option Scheme III")

The Company unconditionally adopted a share option scheme on 30 September 2016.

(a) The purpose of the Share Option Scheme III

The Share Option Scheme III seeks to provide an incentive for the qualified participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of the Group.

(b) Qualified Participants

The Board may at its discretion grant options to: (i) any executive director, or employee (whether full time or part time) of the Company, any subsidiary or any invested entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any invested entity; (iii) any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent or service provider of the Company, any subsidiary or any invested entity who is an individual; (iv) any full-time employee of any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent, customer or service provider of the Company, any subsidiaries or any invested entity.

購股權

於2011年11月17日採納的購股權計劃(「購股權計劃I」)

本公司於2011年11月17日無條件地採納一項購股權計劃，其於2014年11月16日屆滿。由於由蒙牛提出的強制性現金要約獲接納，所有尚未行使購股權獲註銷。該現金要約於2017年3月21日完成。

於2014年6月5日採納的購股權計劃(「購股權計劃II」)

本公司於2014年6月5日無條件採納一項購股權計劃，其於2016年9月9日終止。由於由蒙牛提出的強制性現金要約獲接納，所有尚未行使購股權獲註銷。該現金要約於2017年3月21日完成。

於2016年9月30日採納的購股權計劃(「購股權計劃III」)

本公司於2016年9月30日無條件採納一項購股權計劃。

(a) 購股權計劃III之目的

購股權計劃III擬向合資格參與者提供獎勵，以鼓勵彼等就提升本公司及其股份的價值及股東利益用心工作，以及維持及吸引與對本集團發展作出及將作出有益貢獻的合資格參與者的業務關係。

(b) 合資格參與者

董事會可酌情向下列人士授予購股權：(i)本公司、任何附屬公司或任何投資實體的任何執行董事或僱員(不論全職或兼職)；(ii)本公司、任何附屬公司或任何投資實體的任何非執行董事(包括獨立非執行董事)；(iii)身為個人的本公司、任何附屬公司或任何投資實體任何客戶、業務或合營夥伴、顧問、諮詢顧問、承建商、供應商、代理、或服務供應商；(iv)本公司、任何附屬公司或任何投資實體的任何客戶、業務或合營夥伴、顧問、諮詢顧問、承建商、供應商、代理、客戶或服務供應商的任何全職僱員。

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- (c) **Maximum number of shares available for issue under the Share Option Scheme III**
The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme III shall not exceed 150,000,000 as approved by shareholders at the extraordinary general meeting held on 30 September 2016, representing approximately 2.34% of the issued share capital of the Company as at the date of this report.
- (c) **根據購股權計劃III可供發行之股份數目上限**
按股東於二零一六年九月三十日舉行的股東特別大會之批准，根據購股權計劃III將予授出之所有購股權獲行使而可發行之股份總數不得超過150,000,000股，佔本公司於本報告日期已發行股本約2.34%。
- (d) **Maximum entitlement of each qualified participant under the Share Option Scheme III**
Unless approved by the shareholders at a general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any qualified participants if the acceptance of those options would result in the total number of shares issued and to be issued to that qualified participant on exercise of his options (including both exercised and outstanding options) during any 12-month period exceeding 0.1% of the total number of shares in issue of the Company at the time.
- (d) **各合資格參與者根據購股權計劃III之權益上限**
除非經股東按上市規則所載方式於股東大會上批准，否則董事會不得在合資格參與者於任何十二個月期間行使其購股權(包括已行使及尚未行使購股權)時接納該等購股權可能導致已發行及將發行予彼等之股份總數超過本公司當時已發行股份總數之0.1%之情況下，向任何合資格參與者授出購股權。
- (e) **Performance targets and vesting of option**
Once the options are granted to the relevant qualified participant, the granted options will be deemed to be divided into three tranches, each of which will consist of one third of the granted options and will be associated with the performance target. Such performance target will be determined at the Board's discretion and specified in the offer letter when the options are granted. The financial period for the first tranche will be the financial year ended 31 December 2016, the financial period for the second tranche will be the financial year ending 31 December 2017 and the financial period for the third tranche will be the financial year ending 31 December 2018. The corresponding tranche will be cancelled if less than 80% of the performance target set for the relevant financial period is met. The corresponding tranche will accrue on a pro-rata basis if 80% or more of the performance target set for the relevant financial period is met. The corresponding tranche will accrue in full if 100% of the performance target set for the relevant financial period is met. The granted options accrued shall vest on a one-off basis within 30 days after the date of publication of the results announcement for the year ended 31 December 2018. Any granted options not accrued as a result of non-fulfilment of any performance target shall automatically lapse.
- (e) **購股權之表現目標及歸屬**
購股權一經授予相關合資格參與者，將被視為分作三個部分，每部分將由三分之一已授出購股權組成及與表現目標有關。表現目標將會由董事會酌情釐定，並於購股權授出時於要約函件內註明。第一部分的財政期間將為截至二零一六年十二月三十一日止財政年度，第二部分的財政期間將為截至二零一七年十二月三十一日止財政年度，及第三部分的財政年度將為截至二零一八年十二月三十一日止財政年度。倘相關財政期間所設定的表現目標達成率低於80%，則相應的部分將會註銷。倘相關財政期間所設定的表現目標達成率為80%或以上，則相應的部分將會按比例累積。倘相關財政期間所設定的表現目標達成率為100%，則相應的部分將會全數累積。累積的已授出購股權須於刊發截至二零一八年十二月三十一日止年度業績公佈日期後30天內一次過歸屬。因未能達成任何表現目標而並無累積的任何已授出購股權將自動失效。



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(f) **Timing for exercise of options**

The vested options could only be exercised within one (1) year on the day when they become vested and after such period the vested options will automatically lapse (to the extent not already exercised).

(g) **Payment for acceptance of option**

Upon acceptance of the option, the grantee shall pay HK\$1.0 to the Company as a consideration for the grant.

(h) **Basis of determining the exercise price**

The exercise price shall be a price determined by the Board but in any event shall be at least highest of: (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotation sheets on the offer date; (ii) the average of the closing prices of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the shares;

(i) **Period of the Share Option Scheme III**

Subject to earlier termination by the Company at a general meeting or by the Board, the Share Option Scheme III shall be valid and effective for a period of three years from 30 September 2016.

All the outstanding share options were cancelled as a result of the acceptance of the mandatory cash offer made by Mengniu which was completed on 21 March 2017 and no new share option has been granted under Share Option Scheme III since.

As at the date of this report, there was no outstanding share options under the Share Option Scheme I, Share Option Scheme II and Share Option Scheme III. Other details of the share options schemes are set out in note 37 to the consolidated financial statements.

The related accounting policy for the fair values of the share options are set out in note 4 to the consolidated financial statements.

(f) **行使購股權之時限**

已歸屬之購股權僅可於其歸屬之日起計一(1)年內行使，而已歸屬之購股權將於該期間後自動失效(以尚未行使的購股權為限)。

(g) **接納購股權之付款**

承授人接納購股權時須向本公司支付1.0港元作為授出有關購股權之代價。

(h) **行使價之釐定基準**

行使價須由董事會釐定，惟在任何情況下應至少為下列價格之最高者：(i)發售日期於香港聯交所每日報價表所列之本公司股份收市價；(ii)緊接發售日期前五個營業日於香港聯交所每日報價表所列之本公司股份平均收市價；及(iii)股份面值。

(i) **購股權計劃III的年期**

除本公司於股東大會上或董事會提前終止外，購股權計劃III於二零一六年九月三十日起計之三年期間有效及生效。

由於由蒙牛提出的強制性現金要約獲接納，所有尚未行使購股權獲註銷。該現金要約於2017年3月21日完成。自此，購股權計劃III項下並無授予新的購股權。

於本報告日期，購股權計劃I、購股權計劃II及購股權計劃III項下並無尚未行使的購股權。購股權計劃的其他詳情載於綜合財務報表附註37。

購股權公平值之相關會計政策載於綜合財務報表附註4。



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SHARE AWARD SCHEMES

The Company operates a restricted share award scheme which was adopted by the Company on 9 September 2016 (the “Share Award Scheme I”), and on 26 March 2018 the Company adopted a new share award scheme (the “Share Award Scheme II”) which shall remain effective for ten years. The goal of the share award schemes are to motivate the employees to maximize the value of and share the results with the Company in order to achieve sustainable development of the Group.

Share Award Scheme I

A total number of 21,011,000 of awarded shares under Share Award Scheme I was vested to certain members of management and the eligible employees during the Reporting Year. As at 31 December 2019, the total outstanding awarded shares being unvested was 5,325,000 shares. For the avoidance of doubt, any restricted share granted prior to 26 March 2018, shall for all purposes continue to be administered and take effect in accordance with the rules of Share Award Scheme I.

Share Award Scheme II

As the total contributed amount of the Share Award Scheme I has reached its limit in 2017, the Company adopted Share Award Scheme II on 26 March 2018.

The Share Award Scheme II shall be effective from the adoption date and shall continue in full force and effect for an initial term of ten (10) years commencing on the adoption date.

The Share Award Scheme II shall be subject to the administration of the Board and the scheme trustee in accordance with the scheme rules and the trust deed between the Company and the scheme trustee. The Trustee is an independent third party to the Company.

On 29 March 2019, the Board granted 19,962,000 restricted shares as awarded shares to 51 selected participants under the Share Award Scheme II. A total of 19,962,000 ordinary shares of the Company were purchased from open market by the trustee of the scheme at a total consideration of approximately HK\$22,924,000 (equivalent to RMB20,405,000) during the Reporting Year. A total number of 19,962,000 of awarded shares under Share Award Scheme II was vested to certain members of management and the eligible employees during the Reporting Year.

股份獎勵計劃

本公司運作其於2016年9月9日採納的限制性股份獎勵計劃(「股份獎勵計劃I」)，及本公司於2018年3月26日採納另一新股份獎勵計劃(「股份獎勵計劃II」)，股份獎勵計劃II將維持十年有效。股份獎勵計劃旨在激勵僱員為本公司創造最大價值及與本公司僱員分享成果，以令本集團實現可持續發展。

股份獎勵計劃I

於報告年度，根據股份獎勵計劃I，合共21,011,000股獎勵股份歸屬於管理層的某些成員及合資格僱員。於2019年12月31日，發行在外尚未歸屬的獎勵股份總數為5,325,000股。為免生疑問，2018年3月26日之前所授予的任何限制性股份將繼續按照股份獎勵計劃I規則繼續管理和生效。

股份獎勵計劃II

由於股份獎勵計劃I的供款總額已於2017年達到上限，所以本公司於2018年3月26日採納股份獎勵計劃II。

股份獎勵計劃II自採納日期起生效，由採納日期起的首十(10)年期間將持續維持全面效力及作用。

股份獎勵計劃II由董事會及受託人按照計劃規則及本公司與計劃受託人之間的信託契約實施管理。受託人為本公司的獨立第三方。

於2019年3月29日，董事會根據股份獎勵計劃II向51名獲選參與者授予19,962,000限制性股份。於匯報年度合共19,962,000股普通股由計劃受託人於公開市場購買，總代價約為22,924,000港元(相當於人民幣20,405,000元)，並全部授予計劃項下的獲選參與者作為限制性股份(「獎勵股份」)。於報告年度，根據股份獎勵計劃II，合共19,962,000股獎勵股份歸屬於管理層的某些成員及合資格僱員。



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The awarded shares granted are subject to the terms and condition of the scheme and the fulfillment of all vesting conditions to the vesting of the awarded shares imposed on such selected participant as specified in the rules of the scheme and the grant notice.

For details of the Share Award Scheme II, please refer to the Company's announcement dated 27 March 2018. Further details of the share award schemes are also set out in note 37 to the consolidated financial statements.

Employee Partnership Program

As the Company's business scale continues to expand, operating management and incentive system shall keep up with the times. The traditional rationale of management by objectives has limitations. How to ignite employees' working enthusiasm to serve the company proactively, and enhance their sense of ownership and strive for the development of the company together are the topics that the Company needs to cope with in depth. Therefore, on top of the existing restricted share award schemes, the Company has specially formulated an employee partnership profit-sharing program (the "**Employee Partnership Program**") with aim to build a community of shared interests amongst the Company and its employees.

Many leading enterprises in mainland China realized that the partnership systems is closely correlated to a sustainable development of the company, and start to implement the partnership management system one after another, allowing employees and company to build a community of shared interests, business and future.

The Employee Partnership Program is a model of contemporary management that combines incentives and management. Leveraging the platform provided by the Company, the program will motivate the partners on the basis of profit sharing while the partners will be empowered with more rights as well as to bear more responsibilities driving to the success of the Company.

The management concept and model of "Employee Partnership Program" includes two phases. The first phase is to implement the "employee profit sharing" program, and the second phase is to facilitate both "profit sharing" and "performance progress reward" program. As accumulating experience during the implementation of two phases, the Company will continue to launch a more comprehensive and scientific Employee Partnership Program in the future.

已授出獎勵股份須符合計劃的條款及條件，且須達成計劃規則及授股通知中規定向獲選參與者歸屬獎勵股份的所有歸屬條件。

有關股份獎勵計劃II之詳情，請參閱本公司日期為2018年3月27日的公告。股份獎勵計劃之進一步詳情於載於綜合財務報表附註37。

員工合夥人計畫

隨著本公司業務規模的不斷擴展，經營管理及激勵制度需要與時俱進，傳統的「制度管理+目標實現」的管理有其局限性。因此，如何激發員工積極服務公司、增強員工主人翁意識、與公司共同發展，是公司需要深入考慮的。為此，本公司在現有限股獎勵計畫外，特別制定了員工合夥人盈利分享激勵計畫（「**員工合夥人計畫**」），以打造員工與公司的利益共同體。

眾多國內龍頭企業也意識到合夥人制度與公司的長遠發展是息息相關的，因此，紛紛推行合夥人管理模式，讓員工與公司形成利益共同體、事業共同體、命運的共同體。

員工合夥人計畫是一種融合激勵與管理的模式，借助公司平台，以利益激勵合夥人，賦予其更多權利，並相應承擔更多為公司做貢獻義務。

本公司的「員工合夥人計畫」管理理念與管理模式，首階段以「合夥人利潤分享」方式加以推行，第二階段按「盈利分享」與「業績進步獎勵」兩類方案推行。隨著第一、二階的經驗積累，公司未來繼續深入推動更全面、科學的員工合夥人計畫。



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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the section headed "Pre-IPO Management Options", "Share Options" and "Share Award Schemes" above, at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to have any right to subscribe for securities of the Company or any or its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporate.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 December 2019 the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company and their respective associates, in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be maintained under Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity/Nature of interest	Number of Shares	Percentage of the Company's issued Share Capital 佔本公司已發行股本百分比
主要股東名稱	身份／權益性質	股份數目	
China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	Beneficial interest 實益權益	1,317,903,000(L) ⁽¹⁾	20.57%
	Interest in controlled corporation 受控制法團權益	2,407,866,412(L) ⁽²⁾	37.58%
Future Discovery Limited	Beneficial interest 實益權益	2,407,866,412(L) ⁽²⁾	37.58%

董事購買股份或債券之權利

除上文「首次公開發售前管理層購股權」、「購股權」及「股份獎勵計劃」各節所披露者外，本公司或其任何附屬公司於本匯報年度任何時間概無作出任何安排，使董事或本公司主要行政人員有權認購本公司或其任何相聯法團(定義見證券及期貨條例)之證券，或透過收購本公司或任何其他法團之股份或債券而獲益。

根據證券及期貨條例的股東須予披露權益及淡倉

於2019年12月31日，主要股東(董事或本公司主要行政人員及彼等各自的聯繫人除外)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、相關股份及債券中擁有根據證券及期貨條例第336條須登記於登記冊的權益或淡倉如下：



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Name of substantial shareholders	Capacity/Nature of interest	Number of Shares	Percentage of the Company's issued Share Capital 佔本公司已發行股本百分比
主要股東名稱	身份／權益性質	股份數目	
Central Huijin Investment Ltd. 中央匯金投資有限責任公司	Interest in "other" capacity under Part XV of the SFO	363,903,000(L)	5.68%
	根據證券及期貨條例第XV部以「其他」身份持有的權益	689,438,782(S)	10.76%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782(L)	5.08%
Bank of China Limited 中國銀行股份有限公司	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000(L)	0.02%
	Interest in "other" capacity under Part XV of the SFO	363,903,000(L)	5.68%
	根據證券及期貨條例第XV部以「其他」身份持有的權益	689,438,782(S)	10.76%
Bank of China Limited 中國銀行股份有限公司	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782(L)	5.08%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000(L)	0.02%
	Interest in "other" capacity under Part XV of the SFO	363,903,000(L)	5.68%
BOC International Holdings Limited 中銀國際控股有限公司	根據證券及期貨條例第XV部以「其他」身份持有的權益	689,438,782(S)	10.76%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782(L)	5.08%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782(L)	5.08%



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Name of substantial shareholders	Capacity/Nature of interest	Number of Shares	Percentage of the Company's issued Share Capital
主要股東名稱	身份／權益性質	股份數目	佔本公司已發行股本百分比
BOCI Financial Products Limited 中銀國際金融產品有限公司	Beneficial interest 實益權益	325,535,782(L)	5.08%
	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000(L) 689,438,782(S)	5.68% 10.76%
New Hope Dairy Co., Ltd. 新希望乳業股份有限公司	Interest in controlled corporation (though GGG Holdings Limited) 受控制法團權益(透過GGG Holdings Limited)	594,925,763 (L) ⁽⁵⁾	9.28%
New Century Ltd.	Interest in controlled corporation (though GGG Holdings Limited) 受控制法團權益(透過GGG Holdings Limited)	594,925,763(L) ⁽⁵⁾	9.28%
Liu Chang	Interest in controlled corporation (though GGG Holdings Limited) 受控制法團權益(透過GGG Holdings Limited)	594,925,763(L) ⁽⁵⁾	9.28%

(1) Among which up to 689,438,782 shares of the Company have been lent to BOCI Financial Products Limited pursuant to a securities lending agreement dated 18 May 2017 entered into between Mengniu as lender and BOCI Financial Products Limited as borrower.

(2) The interests refer to the same parcel of underlying shares in the Company. Future Discovery Limited is a subsidiary of Mengniu.

(3) (S) Indicates a short position.

(4) (L) Indicates a long position.

(5) The interests refer to the same parcel of underlying shares in the Company.

(1) 其中最多689,438,782股本公司股份已根據由蒙牛(作為貸款人)與中銀國際金融產品有限公司(作為借款人)所訂立日期為2017年5月18日的借股協議借予中銀國際金融產品有限公司。

(2) 該權益指同一批本公司相關股份。Future Discovery Limited為蒙牛的附屬公司。

(3) (S)指淡倉。

(4) (L)指好倉。

(5) 該權益指同一批本公司相關股份。

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company or as recorded in the register required to be maintained under Section 336 of the SFO as at 31 December 2019.

除上文所披露者外，於2019年12月31日，本公司並不知悉於佔本公司已發行股本5%或以上的股份或相關股份中擁有或根據證券及期貨條例第336條須登記於存置的登記冊內的任何其他權益或淡倉。



REPORT OF THE DIRECTORS

董事會報告書

CONTINUING CONNECTED TRANSACTION

Off-Take Agreement

The Company started to sell raw milk to Mengniu Group in 2006, and in 23 October 2008 following arm's length negotiations, Modern Farming entered into an off-take agreement (the "**Off-Take Agreement**") with Inner Mongolia Mengniu Dairy (Group) Company Limited ("**Inner Mongolia Mengniu**"), pursuant to which the Company shall supply raw milk to Inner Mongolia Mengniu.

Date: 24 October 2008

Parties: (i) Modern Farming, a non-wholly owned subsidiary of the Company

(ii) Inner Mongolia Mengniu, a non-wholly owned subsidiary of Mengniu

Nature of the Transaction: Modern Farming shall supply raw milk to Inner Mongolia Mengniu.

Committed Purchase: Both parties shall start to discuss estimates of annual supply three months prior to the beginning of each calendar year.

Should the parties fail to reach an agreed amount, Modern Farming shall be entitled to require Inner Mongolia Mengniu to purchase, subject to certain limitations, all of its raw milk production in the upcoming calendar year.

Right to sell to other parties: Modern Farming may sell up to 30% of its raw milk produced daily at each dairy farm to third parties at its discretion, except to two of Mengniu's competitors. Other than the aforesaid, the Off-Take Agreement contains no other restrictions on Modern Farming's sales of raw milk to third parties or development of its own dairy products.

持續關連交易

承購供應協議

本公司於2006年開始向蒙牛集團出售原奶，而於2008年10月23日經公平磋商後，現代牧業(集團)與內蒙古蒙牛乳業(集團)股份有限公司(「**內蒙古蒙牛**」)訂立承購供應協議(「**承購供應協議**」)，據此，本公司須向內蒙古蒙牛供應原奶。

日期：2008年10月24日

訂約方：(i) 現代牧業(集團)(本公司的非全資附屬公司)

(ii) 內蒙古蒙牛(蒙牛的非全資附屬公司)

交易性質：現代牧業(集團)須向內蒙古蒙牛供應原奶。

承諾購買：訂約雙方須於各曆年開始前三個月開始討論估計年度供應量。

倘訂約方未能達成協定金額，現代牧業(集團)有權要求內蒙古蒙牛在若干限制下購買其於下一個曆年的全部原奶產量。

向其他訂約方出售的權利：除蒙牛的两名競爭對手外，現代牧業(集團)可酌情向第三方出售其各畜牧場每日生產的原奶的30%。除上述者外，承購供應協議並無載有現代牧業(集團)向第三方銷售原奶或其開發自家乳品的其他限制。

REPORT OF THE DIRECTORS 董事會報告書

Pricing: The pricing of the raw milk sold to Inner Mongolia Mengniu is determined through a formula which is calculated with reference to a base price with upward adjustment for meeting certain quality standards, such as the level of fat and protein content and other upward adjustments if the Modern Farming's farms are within an agreed proximity to Mengniu Group's dairy processing plants. The base price is based on the price which Mengniu Group at the relevant time offers to buy raw milk from other mid- to large- scale dairy farms (which can offer raw milk of comparable quality) or, if there are no such mid- to large-scale dairy farms in such region, other comparable dairy farms in nearby regions with adjustments (reflecting the prices in different regions).

The base price and upward adjustment payable by Mengniu Group under the Off-Take Agreement shall not be lower than the base price and upward adjustment it pays respectively to other mid-to-large-scale dairy farms in the same region (other than short-term reward programs offered to milk suppliers that only account for a small portion of Mengniu Group's total raw milk purchases). Inner Mongolia Mengniu also grants Modern Farming an option to sell to Inner Mongolia Mengniu the same amount of raw milk at the same terms and prices Inner Mongolia Mengniu offers to any third party suppliers.

Term: The Off-Take Agreement shall be for an term of 10 years commencing from 24 October 2008 and was automatically extended for another 10 years on 24 October 2018 in the absence of any force majeure or events of default to 23 October 2028.

Details of the Off-Take Agreement have been disclosed in the Company's announcement dated 23 May 2013. The Off-Take Agreement was automatically extended on 24 October 2018 for another ten years in accordance with its terms.

定價： 向內蒙古蒙牛出售原奶的價格乃透過公式釐定，公式乃參考基本價格、達致若干質量標準(如脂肪及蛋白含量水平等)時的上調及其他上調(倘現代牧業(集團)的牧場處於蒙牛集團乳品加工廠的協定鄰近範圍內)計算。基本價格乃按蒙牛集團在有關時間提出向其他能提供可比較質量原奶的大中型畜牧場或(倘在該地區並無上述大中型畜牧場)鄰近地區的其他可資比較畜牧場購買原奶的價格，另加調整以反映不同地區的價格。

蒙牛集團根據承購供應協議應付的基本價格及上調不得低於其分別向相同地區內的其他大中型畜牧場支付的基本價格及上調，惟向牛奶供應商提供的短期回贈計劃(僅佔蒙牛集團原奶採購總額的小部分)除外。內蒙古蒙牛亦授予現代牧業(集團)一項選擇權，以按內蒙古蒙牛向任何第三方供應商提供原奶的相同條款及價格向內蒙古蒙牛銷售相同金額的原奶。

年期： 承購供應協議由2008年10月24日起計為期10年，在並無發生任何不可抗力或違約事件的情況下，於2018年10月24日屆滿自動延長10年至2028年10月23日。

有關承購供應協議的詳情，於本公司日期為2013年5月23日的公告內披露。承購供應協議已根據其條款自動於2018年10月24日延長十年。



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The aggregate sales amount pursuant to the Off-take Agreement during the year ended 31 December 2019 amounted to approximately RMB4,701,837,000 (2018: RMB4,222,146,000).

Framework Supply Agreement with Fuyuan

Modern Farming, after entering into the Framework Supply Agreement dated 16 June 2017 (as amended by the Amendment Agreement to the Framework Supply Agreement on 28 November 2017 and renewed on 31 December 2019 (collectively the “**Framework Supply Agreement**”) with Inner Mongolia Fuyuan International Industrial Corporation Limited (“**Fuyuan**” together with its subsidiaries “**Fuyuan Group**”), could secure stable and high quality feedstuffs supply from Fuyuan, which are more cost effective and could alleviate Company’s production cost.

Date: 16 June 2017 as amended on 28 November 2017 and renewed on 31 December 2019.

Parties: (i) Modern Farming as the buyer; and
(ii) Fuyuan as the seller.

Duration: For a term commencing from the effective date of the Framework Supply Agreement to 31 December 2022.

Principal Terms: Pursuant to the Framework Supply Agreement, (i) the Modern Farming agrees to purchase the feedstuffs that meet the quality requirements of the Modern Farming which are delivered to the relevant farms of the Modern Farming, and (ii) the Fuyuan Group agrees to sell and deliver the feedstuff for dairy cows, which meet the quality requirements of Modern Farming, to the respective farms of the Modern Farming.

Pricing: The price payable and other payment terms by the Modern Farming to the Fuyuan Group shall be determined by reference to the lowest quoted price and other payment terms at which the Modern Farming could obtain the same type of feedstuffs from independent third party (whether local or overseas); for this purpose, the Modern Farming will seek quotations from at least two independent parties offering the same type of feedstuffs each time.

於截至2019年12月31日止年度，根據承購供應協議的銷售總額約達人民幣4,701,837,000元(2018年：人民幣4,222,146,000元)。

與富源的框架供應協議

與內蒙古富源國際實業有限公司(「富源」，連同其附屬公司統稱「富源集團」)訂立日期為2017年6月16日的框架供應協議(於2017年11月28日經修訂及於2019年12月31日續訂的框架供應協議的修訂協議(統稱「**框架供應協議**」)修訂)後，現代牧業(集團)可獲富源穩定供應優質飼料，此舉更具成本效益並有助降低本公司生產成本。

日期：2017年6月16日(於2017年11月28日經修訂及於2019年12月31日續訂)。

訂約方：(i) 現代牧業(集團)(作為買方)；及
(ii) 富源(作為賣方)。

年期：框架供應協議的生效日期起至2022年12月31日止。

主要條款：根據框架供應協議，(i)現代牧業(集團)同意購買運送到現代牧業(集團)相關牧場的符合現代牧業(集團)質量要求的飼料，及(ii)富源集團同意出售並運送到現代牧業(集團)相關牧場的符合現代牧業(集團)質量要求的飼料。

定價：現代牧業(集團)向富源集團應付的價格及其他支付條款將參考現代牧業(集團)就同類飼料向獨立第三方(無論為本地或海外)取得的最低報價及其他支付條款而釐定；就此而言，現代牧業(集團)每次至少向兩名提供同類飼料的獨立第三方尋求報價。



REPORT OF THE DIRECTORS

董事會報告書

Effective Date:	The Framework Supply Agreement is effective on the date it was signed.	生效日期：	框架供應協議於簽訂當日生效。
Annual Capacity:	The purchase of feedstuffs under the Framework Supply Agreement for the periods:	年度上限：	於以下期間根據框架供應協議採購飼料：
	1. commencing from the effective date of the renewed Framework Supply Agreement to 31 December 2020: RMB150 million;		1. 自續訂的框架供應協議生效日期起至2020年12月31日止：人民幣1.5億元；
	2. From 1 January 2020 to 31 December 2021: RMB180 million;		2. 自2020年1月1日起至2021年12月31日止：人民幣1.8億元；
	3. 1 January 2021 to 31 December 2022: RMB210 million.		3. 自2021年1月1日起至2022年12月31日止：人民幣2.1億元。

The aggregate purchase of feedstuff for the year ended 31 December 2019 from Fuyuan amounted to RMB89,719,000 (2018: RMB65,217,000).

截至2019年12月31日止年度向富源採購飼料總額為人民幣89,719,000元(2018年：人民幣65,217,000元)。

Supply Agreement with Oushi Mengniu

Modern Farming (Shanghe) Co., Ltd (“**Shanghe**”), an indirectly non-wholly owned subsidiary of the Company, entered into of a supply agreement dated 7 January 2019 (the “**Supply Agreement with Oushi**”) with Qushi Mengniu (Inner Mongolia) Products Co., Ltd. (“**Qushi Mengniu**”), a wholly owned subsidiary of Yashili International Holdings Ltd (“**Yashili**”) for the supply of raw milk.

與歐世蒙牛的供應協議

本公司間接非全資附屬公司現代牧業(商河)有限公司(「**商河**」)與雅士利國際控股有限公司(「**雅士利**」)的全資附屬公司內蒙古歐世蒙牛乳製品有限責任公司(「**歐世蒙牛**」)訂立日期為2019年1月7日的供應協議(「**與歐世的供應協議**」)。

Date:	7 January 2019	日期：	2019年1月7日
Parties:	(i) Oushi Mengniu; and (ii) Shanghe.	訂約方：	(i) 歐世蒙牛；及 (ii) 商河。
Duration:	For a term commencing from the effective date of the Supply Agreement with Oushi Mengniu to 31 December 2019.	年期：	與歐世蒙牛供應協議的生效日期起至2019年12月31日止。
Principal Terms:	(a) Shanghe agreed to sell, and Oushi Mengniu agreed to purchase, the raw milks, which meet the quality requirements of Oushi Mengniu;	主要條款：	(a)商河同意銷售，而歐世蒙牛同意購買符合歐世蒙牛質量要求的原奶；



REPORT OF THE DIRECTORS 董事會報告書

Pricing: The unit price of the raw milk shall be determined based on a cost-plus approach, i.e., cost plus a reasonable margin, which varies within the range of 12% to 16%, with reference to the market price of raw milk from time to time. In case of any change in the raw milk market, the unit price of the Products shall be adjusted as agreed by the parties.

Effective Date: The Supply Agreement with Oushi Mengniu is effective on the date it was signed.

Annual Capacity: Annual cap for each of the periods commencing from the effective date of the Supply Agreement with Oushi Mengniu to 31 December 2019: RMB9 million;

The aggregate supply of milk products to Oushi Mengniu for the year ended 31 December 2019 amounted to RMB313,000.

Mengniu is a substantial shareholder of the Company, and thus a connected person of the Company pursuant to the Listing Rules. As Inner Mongolia Mengniu and Oushi Mengniu are non-wholly owned subsidiaries of Mengniu whilst Fuyuan is indirectly owned by Mengniu as to 43.35%, Inner Mengniu, Fuyuan and Oushi Mengniu are associates of Mengniu and hence are connected persons of the Company pursuant to the Listing Rules. As a result, the transactions contemplated under the Off-Take Agreement, the Framework Supply Agreement and the Supply Agreement with Oushi Mengniu constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As at the date of this report, Mengniu holds 58.15% of the issued share capital of the Company.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the above continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or on terms no less favourable than terms available from independent third parties; and
3. in accordance with the relevant agreements governing them and on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

定價：原奶的單價應不時參考原奶的市價，根據成本加成法釐定，即成本加合理利潤，其變動幅度範圍為12%至16%。如原奶市場發生任何變動，則產品的單價應根據雙方協定進行調整。

生效日期：與歐世蒙牛供應協議於簽訂當日生效。

年度上限：各期間的年度上限自與歐世蒙牛供應協議生效日期起至2019年12月31日止：人民幣9百萬元；

截至2019年12月31日止年度向歐世蒙牛供應乳製品總額為人民幣313,000元。

蒙牛為本公司的主要股東，故根據上市規則，為本公司的關連人士。由於內蒙古蒙牛及歐世蒙牛乃蒙牛的非全資附屬公司，同時蒙牛間接持有富源43.35%，內蒙古蒙牛、富源及歐世蒙牛為蒙牛的聯繫人，故根據上市規則其等亦成為本公司的關連人士。因此，根據上市規則第十四A章，承購供應協議、框架供應協議以及與歐世蒙牛的供應協議項下擬進行的交易構成本公司的持續關連交易。於本報告日期，蒙牛持有本公司已發行股本58.15%。

獨立非執行董事已審閱上述持續關連交易並確認上述的持續關連交易已於下列情況下訂立：

1. 屬於本集團之一般及日常業務；
2. 按正常商業條款，或不遜於獨立第三方所給予條款進行；及
3. 根據有關交易之協議進行，而交易條款公平合理，及符合本公司股東整體利益。



REPORT OF THE DIRECTORS 董事會報告書

Pursuant to Rule 14A.56 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Board engaged the auditor of the Company to report 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 an unqualified letter containing its 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 Hong Kong Stock Exchange.

Save as disclosed above, there are no other connected transactions of the Company that are subjected to be reported in the annual report in accordance with the Listing Rules.

Details of the above continuing connected transactions have been disclosed in accordance with Chapter 14A of the Listing Rules and are set out in the announcements of the Company which are available at the Hong Kong Stock Exchange’s website and the Company’s website at www.moderndairyir.com.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group adopts a comprehensive risk management framework. Risk management policies and procedures are regularly reviewed and updated to react changes in dairy product quality, food safety, production, animal disease, environment pollution, market developments and financial risks. The Audit Committee reviews risk-related policies and scrutinizes that management has performed its duty to have effective risk management and internal control systems necessary for monitoring and controlling risks arising from the Group’s business activities, changing external risks and regulatory environment, and report to the Board on the above.

Strategic Risks

The Directors maintain a strategic plan based on the knowledge on the dairy industry. The Group will invest in good grass plantation, good dairy cows, quality milk production and promotion of integrated operation that based on the strategic plan in order to cope with the market demand and expectation. The Group will closely review and monitor its short and long-term strategies and strives for the best interests to its shareholders.

根據香港聯合交易所有限公司證券上市規則(「上市規則」)第14A.56條，董事會已委聘本公司核數師按照香港審驗應聘準則3000「歷史財務資料審計或審閱以外的審驗應聘」及參照香港會計師公會頒佈之實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」匯報本集團之持續關連交易。核數師已按照上市規則第14A.56條刊發其載有本集團於本年報所披露持續關連交易之審驗結果之無保留意見函件。本公司已將核數師函件副本呈交香港聯交所。

除上文所披露者外，本公司概無其他關連交易須根據上市規則在年報內作出呈報。

有關上述持續關連交易的詳情已根據上市規則第14A章披露，並載於本公司的公告，該等公告可於香港聯交所網站及本公司網站 www.moderndairyir.com 查閱。

主要風險及不確定因素

本集團採用全面風險管理框架。風險管理政策及程序獲定期檢討並更新以應對乳品質量、食品安全、生產、動物疾病、環境污染、市場開發及財務風險變動。審核委員會檢討風險相關政策及仔細檢查管理層是否已履行其職責，設立對監控及控制本集團業務活動、外部風險及監管環境變動產生的風險而言屬必要的風險管理及內部監控制度，並向董事會就上述情況作出報告。

策略風險

董事根據乳品行業知識維持策略計劃。本集團將投資優質草場、奶牛、乳製品及根據策略計劃推進綜合化經營以滿足市場需求及預期。本集團將密切檢討及監控短長期策略並致力為股東帶來最佳利益。



REPORT OF THE DIRECTORS 董事會報告書

Operational Risks

Operational risk is concerned with possible losses caused by failure of internal processes, people, system or external events, such risk is mitigated by and controlled by establishing sound internal control, setting out clear lines of responsibility, proper segregation of duties and effective internal reporting. Management regularly reviews the Group's operations to ensure that the Group's risk of losses, whether financial or otherwise, resulting from fraud, errors, omissions and other operational and compliance matters, are adequately managed.

Financial Risks

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts or currency option contracts, when necessary, to manage its foreign exchange exposure. Furthermore, with aim to tackle the risk of interest rate fluctuation, the management regularly review and assess the Group's exposure to interest rate movement and may consider entering into interest rate swap contracts or other hedging strategies when necessary.

The principal financial risks are set out in Notes 39 and 40 to the consolidated financial statements headed "Capital Risk Management" and "Financial Instrument".

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Mr. LEE Kong Wai, Conway and Mr. KANG Yan and one non-executive Director, Mr. WOLHARDT Julian Juul. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company, and discussed the risk management and internal control systems and financial reporting matters including the review of the audited results for the year ended 31 December 2019.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws in the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing Shareholders.

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 under the Listing Rules.

營運風險

營運風險與內部程序失效、人員、制度或外部事項造成的可能損失，此風險透過建立健全的內部監控、明確責任範圍、適當的職責分離及有效的內部報告予以降低及控制。管理層定期檢討本集團營運以確保本集團虧損（不論是財務或其他方面）、欺詐所導致、錯誤、疏忽或其他營運及合規事宜的風險得到充分管理。

財務風險

本集團通過定期審查外匯風險淨額，並可能訂立貨幣遠期合約或貨幣期權合約（如需要），以管理其外匯風險。此外，為應對利率波動的風險，管理層定期檢討及評估本集團的利率變動風險，並可考慮在必要時訂立利率掉期合約或其他對沖策略。

主要財務風險載於綜合財務報表附註39「資本風險管理」及40「金融工具」。

審核委員會

審核委員會由兩名獨立非執行董事李港衛先生及康龔先生以及一名非執行董事WOLHARDT Julian Juul先生組成。審核委員會已與管理層審閱本公司採納的會計政策及慣例，並討論了風險管理及內部監控制度及財務報告事宜，包括審閱截至2019年12月31日止年度的經審核業績。

優先購買權

組織章程細則或開曼群島法律並無任何優先購買權條文，規定本公司須按比例向現有股東提呈發售新股份。

公眾持股量

根據本公司獲得的公開資料及據董事所知悉，於本年報日期，本公司一直維持上市規則內所指定之公眾持股量。

REPORT OF THE DIRECTORS 董事會報告書

EVENTS AFTER THE REPORTING YEAR

Details of the significant events after 31 December 2019 of the Group are set out in Note 50 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the years ended 31 December 2019 and 2018 were audited by Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu will retire as auditors of the Company and, is eligible to, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
LU Minfang
Chairman

Hong Kong, 23 March 2020

本匯報年度後事項

本集團於2019年12月31日後發生的重大事項載於綜合財務報表附註50。

核數師

截至2019年及2018年12月31日止年度的綜合財務報表由德勤•關黃陳方會計師行審核。

德勤•關黃陳方會計師行將退任本公司核數師職務並符合資格願意膺選連任。於應屆股東週年大會上將提呈續聘德勤•關黃陳方會計師行為本公司核數師的決議案。

代表董事會
主席
盧敏放

香港，2020年3月23日



CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. GAO Lina (*Vice Chairman and Chief Executive Officer*)
Mr. HAN Chunlin (*Chief Operation Officer*)

Non-Executive Directors

Mr. LU Minfang (*Chairman of the Board*)
Mr. WOLHARDT Julian Juul
Mr. ZHANG Ping
Mr. ZHAO Jiejun

Independent Non-Executive Directors

Mr. LI Shengli
Mr. LEE Kong Wai, Conway
Mr. KANG Yan

AUDIT COMMITTEE

Mr. LEE Kong Wai, Conway (*Chairman*)
Mr. WOLHARDT Julian Juul
Mr. KANG Yan

REMUNERATION COMMITTEE

Mr. LI Shengli (*Chairman*)
Mr. ZHANG Ping
Mr. KANG Yan

NOMINATION COMMITTEE

Mr. LU Minfang (*Chairman*)
Mr. LEE Kong Wai, Conway
Mr. KANG Yan

STRATEGY AND DEVELOPMENT COMMITTEE

Ms. GAO Lina (*Chairman*)
Mr. LI Shengli
Mr. WOLHARDT Julian Juul
Mr. ZHAO Jiejun

SENIOR MANAGEMENT

Mr. SUN Yugang
Mr. CHEN Hongbo
Mr. DONG Xianli
Mr. SU Jiangong
Mr. ZHAO Zunyang
Mr. GUO Zhigang
Mr. SONG Weizheng

董事會

執行董事

高麗娜女士 (*副主席兼總裁*)
韓春林先生 (*營運總經理*)

非執行董事

盧敏放先生 (*董事會主席*)
WOLHARDT Julian Juul先生
張平先生
趙傑軍先生

獨立非執行董事

李勝利先生
李港衛先生
康龔先生

審核委員會

李港衛先生 (*主席*)
WOLHARDT Julian Juul先生
康龔先生

薪酬委員會

李勝利先生 (*主席*)
張平先生
康龔先生

提名委員會

盧敏放先生 (*主席*)
李港衛先生
康龔先生

戰略及發展委員會

高麗娜女士 (*主席*)
李勝利先生
WOLHARDT Julian Juul先生
趙傑軍先生

高級管理層

孫玉剛先生
陳紅波先生
董先理先生
蘇建功先生
趙遵陽先生
郭志剛先生
宋維政先生

CORPORATE INFORMATION 公司資料

AUTHORISED REPRESENTATIVES

Ms. GAO Lina
Mr. LI Kwok Fat (CPA, ACIS, ACS)

COMPANY SECRETARY

Mr. LI Kwok Fat (CPA, ACIS, ACS)

HEADQUARTERS

Economic and Technological Development Zone
Maanshan City, Anhui Province
PRC

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104, Cayman Islands

HONG KONG OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Finance Limited
PO Box 1093
Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to PRC Law
Commerce & Finance Law Offices

As to Cayman Islands Law
Maples and Calder

授權代表

高麗娜女士
李國發先生(CPA, ACIS, ACS)

公司秘書

李國發先生(CPA, ACIS, ACS)

總辦事處

中國
安徽省馬鞍山市
經濟技術開發區

註冊辦事處

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104, Cayman Islands

香港辦事處

香港銅鑼灣告士打道262號
中糧大廈32樓A室

股份過戶登記總處

Maples Finance Limited
PO Box 1093
Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港灣仔皇后大道東183號
合和中心17樓1712-1716室

法律顧問

香港法律
佳利(香港)律師事務所

中國法律
通商律師事務所

開曼群島法律
Maples and Calder



CORPORATE INFORMATION

公司資料

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

China Construction Bank Maanshan Branch
Agricultural Development Bank of China
China Minsheng Bank
China Construction Bank (Asia)
Rabobank Hong Kong
Westpac Banking Corporation

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1117

WEBSITE

<http://www.moderndairyir.com>

核數師

德勤 • 關黃陳方會計師行

主要銀行

中國建設銀行馬鞍山分行
中國農業發展銀行
中國民生銀行
中國建設銀行(亞洲)
荷蘭合作銀行香港分行
西太平洋銀行

股份代號

香港聯合交易所有限公司：1117

網址

<http://www.moderndairyir.com>



INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

TO THE MEMBERS OF CHINA MODERN DAIRY HOLDINGS LTD.
(Incorporated in the Cayman Islands with limited liability)

致中國現代牧業控股有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of China Modern Dairy Holdings Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 112 to 262, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2019, 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 (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

意見

我們已審核載於第112至262頁中國現代牧業控股有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)的綜合財務報表，該等綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表，及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括主要會計政策概要)。

我們認為，綜合財務報表已根據國際會計準則理事會(「**國際會計準則理事會**」)頒佈的國際財務報告準則(「**國際財務報告準則**」)真實而公平地反映 貴集團於二零一九年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見的基礎

我們根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審計準則(「**香港審計準則**」)進行審核。我們在該等準則下的責任在我們的報告的核數師就審核綜合財務報表須承擔的責任一節進一步闡述。根據香港會計師公會的「**職業會計師道德守則**」(「**守則**」)，我們獨立於 貴集團，並已遵循守則履行其他道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的意見提供基礎。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在整體審核綜合財務報表及就此達致意見時處理該等事項，而不會就此等事項單獨發表意見。



INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審核事項(續)

Key audit matter 關鍵審核事項

How our audit addressed the key audit matter 我們在審核中處理關鍵審核事項的方法

Fair value of milkable cows 奶牛公平值

We identified the fair value of milkable cows as a key audit matter due to the significance of the balance on the consolidated statement of financial position at 31 December 2019 and the significant degree of estimates made by the management in determining such fair values.

The Group reported milkable cows of Renminbi (“RMB”) 5,543 million as at 31 December 2019. These biological assets are measured at fair value less costs to sell at the end of each reporting period.

As disclosed in Notes 5 and 42 to the consolidated financial statements, fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows. The management’s estimation is primarily based on the discount rate, the estimated future market price of raw milk, the estimated average daily milk yield at each lactation cycle and the estimated feed costs per kilogram (“kg”) of raw milk. The management has engaged an independent valuer to assist it in assessing the fair values of milkable cows.

Details of milkable cows and the related estimation uncertainty on their fair value are set out in Notes 5, 23 and 42 to the consolidated financial statements.

我們將奶牛的公平值分辨為關鍵審核事項，乃由於於二零一九年十二月三十一日的綜合財務狀況表結餘的重要性以及管理層於釐定其公平值時進行具相當程度的估計。

於二零一九年十二月三十一日，貴集團報告人民幣（「人民幣」）5,543百萬元的奶牛。此等生物性資產以公平值減各報告期末出售成本計量。

如綜合財務報表附註5及42所披露，奶牛的公平值乃按多期超額盈利法釐定，其乃根據該等奶牛產生的未來貼現現金流量釐定。管理層估計主要基於貼現率、估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克（「千克」）原料奶估計飼養成本。管理層已委聘獨立估值師協助其評估奶牛的公平值。

奶牛及有關其公平值的估計未知數詳情載於綜合財務報表附註5、23及42。

Our procedures in relation to the fair value of milkable cows included:

- Testing the Group’s relevant internal controls over the fair value determination of milkable cows;
- Evaluating the independent valuer’s objectivity, qualifications and competence;
- Assessing the appropriateness of the valuation methodologies and the reasonableness of the discount rate applied; and
- Assessing the reasonableness of the key assumptions, including the estimated future market price of raw milk, the estimated average daily milk yield at each lactation cycle and the estimated feed costs per kg of raw milk by comparing to historical and industry data.

我們就評估奶牛公平值的程序包括：

- 檢測 貴集團對釐定奶牛公平值的相關內部控制；
- 評估獨立估值師的客觀性、資格及能力；
- 評估估值方法的恰當性及已應用貼現率的合理性；及
- 透過比較過往及行業數據對主要假設的合理性進行評估，包括估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克原料奶估計飼養成本。



INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審核事項(續)

Key audit matter 關鍵審核事項

How our audit addressed the key audit matter 我們在審核中處理關鍵審核事項的方法

Impairment assessment on goodwill allocated to ADH CGU (as defined below)
分配至ADH現金產生單位商譽的減值評估(定義見下文)

We identified the impairment assessment on goodwill arising from acquisition of Asia Dairy Holdings and Asia Dairy Holdings II (the "ADH Companies"), which comprised a cash-generating unit engaged in dairy farming operations (the "ADH CGU"), as a key audit matter due to the significance of the balance and the significant degree of estimates and underlying assumptions made by the management in determining the recoverable amount.

The Group reported goodwill, net of impairment, of RMB1,061 million relating to the acquisition of ADH Companies as at 31 December 2019. An impairment loss of RMB27 million was recognised during the year ended 31 December 2019.

As disclosed in Notes 5 and 19 to the consolidated financial statements, goodwill impairment assessment requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated and the Group determines the recoverable amount of cash-generating units based on a value in use calculation. The management's estimation is primarily based on the discount rate, the estimated future market price of raw milk, the estimated average daily milk yield at each lactation cycle and the estimated feed costs per kg of raw milk. The management has engaged an independent valuer to assist it in performing the goodwill impairment assessment.

我們將產生自收購Asia Dairy Holdings及Asia Dairy Holdings II (「ADH公司」)，包括經營奶牛養殖業務的現金產生單位(「ADH現金產生單位」)商譽的減值評估識別為關鍵審核事項，乃由於重大結餘以及管理層於釐定可收回金額時進行相當程度估計及相關假設。

於二零一九年十二月三十一日，貴集團報告有關收購ADH公司的商譽(扣除減值)為人民幣1,061百萬元。減值虧損人民幣27百萬元於截至二零一九年十二月三十一日止年度確認。

誠如綜合財務報表附註5及19所披露，商譽減值評估需要估計獲分配商譽的現金產生單位的可收回金額，貴集團基於使用價值計算釐定現金產生單位的可收回金額。管理層進行的估計主要基於貼現率、估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克原料奶估計飼養成本。管理層已委聘獨立估值師協助其進行商譽減值評估。

Our procedures in relation to the impairment assessment on goodwill allocated to the ADH CGU included:

- Evaluating the independent valuer's objectivity, qualification and competence;
- Assessing the appropriateness of the valuation methodologies and the reasonableness of the discount rate applied; and
- Assessing the reasonableness of the key assumptions including the estimated future market price of raw milk, estimated average daily milk yield at each lactation cycle and the estimated feed costs per kg of raw milk by comparing to historical data and the data used in the prior periods' impairment assessment.

我們就分配至ADH現金產生單位商譽的減值評估的程序包括：

- 評估獨立估值師的客觀性、資格及能力；
- 評估估值方法的恰當性及已應用貼現率的合理性；及
- 透過比較過往數據及用於過往期間減值評估的數據對主要假設的合理性進行評估，包括估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克原料奶估計飼養成本。



INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，惟不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表提出的意見並無涵蓋其他資料，而我們不會對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或是否存在重大錯誤陳述。倘若我們基於已進行的工作認為其他資料出現重大錯誤陳述，我們須報告有關事實。就此，我們毋須作出報告。

董事及肩負管治責任者就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈國際財務報告準則及香港公司條例的披露規定編製真實而公平地反映情況的綜合財務報表，及落實董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

肩負管治責任者負責監督貴集團的財務報告流程。



INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

核數師就審核綜合財務報表須承擔的 責任

我們的目標為合理確定此等綜合財務報表整體而言不會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。我們根據委聘的協定條款僅向閣下整體報告，不作其他用途。我們並不就本報告的內容對任何其他人士承擔任何義務或接受任何責任。合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據該等綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，我們在整個審核中運用專業判斷，保持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。



INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

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

核數師就審核綜合財務報表須承擔的 責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂我們意見。我們結論乃基於截至核數師報告日期止所取得的審核憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。我們負責集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

我們與肩負管治責任者就(其中包括)審核的計劃範圍、時間安排及重大審核發現溝通，該等發現包括我們在審核過程中識別的內部監控的任何重大缺失。

我們亦向肩負管治責任者作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。



INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lung Kwok Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2020

核數師就審核綜合財務報表須承擔的 責任^(續)

從與肩負管治責任者溝通的事項中，我們釐定對本期綜合財務報表的審核最為重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具獨立核數師報告的審核項目合夥人為Lung Kwok Hung。

德勤•關黃陳方會計師行
執業會計師
香港
二零二零年三月二十三日



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		NOTES 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	收入	6	5,514,210	4,956,811
Cost of sales before raw milk fair value adjustments	原料奶公平值調整前的銷售成本	8	(3,412,330)	(3,410,670)
Raw milk fair value adjustments included in cost of sales	計入銷售成本的原料奶公平值調整	8/23	(1,938,360)	(1,371,468)
Loss arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減乳牛銷售成本產生的虧損	23	(1,039,221)	(870,099)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	於原料奶收獲時按公平值減銷售成本初始確認產生的收益	23	1,938,360	1,371,468
Other income	其他收入	7	51,068	66,131
Impairment losses under expected credit loss model, net of reversal	預期信貸虧損模型下減值虧損，扣除撥回	10	161,335	(367,662)
Other gains and losses, net	其他收益及虧損淨額	8	(121,046)	(138,625)
Selling and distribution costs	銷售及分銷開支		(175,487)	(172,256)
Administrative expenses	行政開支		(276,739)	(232,450)
Other expenses	其他開支	7	(9,061)	(23,091)
Share of profits of associates	應佔聯營公司溢利		34,479	24,873
Profit/(loss) before finance costs and tax	除融資成本及稅項前溢利／(虧損)	8	727,208	(167,038)
Finance costs	融資成本	9	(376,795)	(338,622)
Profit/(loss) before tax	除稅前溢利／(虧損)		350,413	(505,660)
Income tax expense	所得稅開支	11	(556)	(513)
Profit/(loss) for the year	年內溢利／(虧損)		349,857	(506,173)
Other comprehensive income/ (expense):	其他全面收入／(開支)：			
<i>Item that will not be reclassified to profit or loss:</i>	<i>不會重新分類為損益的項目：</i>			
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	按公平值計入其他全面收入(「按公平值計入其他全面收入」)的權益工具投資公平值收益／(虧損)		1,451	(11,526)
Other comprehensive income/(expense) for the year, net of income tax	年內其他全面收入／(開支)，扣除所得稅		1,451	(11,526)
Total comprehensive income/(expense) for the year	年內全面收入／(開支)總額		351,308	(517,699)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		NOTE 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit/(loss) for the year attributable to:	以下各方應佔年內溢利／ (虧損)：			
Owners of the Company	本公司擁有人		341,270	(496,088)
Non-controlling interests	非控股權益		8,587	(10,085)
			349,857	(506,173)
Total comprehensive income/(expense) for the year attributable to:	以下各方應佔年內全面收入／ (開支)總額：			
Owners of the Company	本公司擁有人		342,695	(507,404)
Non-controlling interests	非控股權益		8,613	(10,295)
			351,308	(517,699)
Earnings/(loss) per share (RMB)	每股盈利／(虧損)(人民幣)	15		
Basic	基本		5.54 cents 5.54分	(8.15) cents (8.15)分
Diluted	攤薄		5.52 cents 5.52分	(8.15) cents (8.15)分



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		NOTES 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	3,455,068	3,920,685
Right-of-use assets	使用權資產	17	320,161	–
Land use rights	土地使用權	18	–	117,220
Goodwill	商譽	19	1,371,266	1,398,589
Interests in associates	於聯營公司的權益	20	215,392	180,913
Equity instruments at FVTOCI	按公平值計入其他全面收入的 權益工具	21	3,959	2,508
Biological assets	生物資產	23	7,459,359	7,717,113
			12,825,205	13,337,028
CURRENT ASSETS	流動資產			
Inventories	存貨	24	1,078,491	978,508
Trade and other receivables and advance payments	應收貿易賬款及其他應收款項 以及預付款項	25	618,288	781,173
Land use rights	土地使用權	18	–	4,002
Derivative financial instruments	衍生金融工具	22	89,543	80,424
Pledged bank balances and non-pledged bank deposits	已質押銀行結餘及未質押銀行 存款	26	147,775	61,355
Bank balances and cash	銀行結餘及現金	26	893,441	703,039
			2,827,538	2,608,501
Assets of a disposal group classified as held for sale	分類為持作出售的出售組別 資產	27	71,450	–
			2,898,988	2,608,501
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易賬款及其他應付款項	28	1,521,688	2,072,363
Tax payable	應課稅項		233	322
Bank borrowings	銀行借款	29	3,822,643	1,691,109
Medium-term notes	中期票據	30	–	621,880
Corporate bonds	公司債券	31	–	1,087,568
Other borrowings	其他借款	32	1,051,413	1,001,111
Lease liabilities	租賃負債	33	23,238	–
Derivative financial instruments	衍生金融工具	22	15,274	17,729
Contract liabilities	合約負債	34	189	232
			6,434,678	6,492,314
Liabilities of a disposal group classified as held for sale	分類為持作出售的出售組別 負債	27	2,196	–
			6,436,874	6,492,314
NET CURRENT LIABILITIES	流動負債淨額		(3,537,886)	(3,883,813)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		9,287,319	9,453,215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		NOTES 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
CAPITAL AND RESERVES				
Share capital	資本及儲備 股本	36	551,007	526,058
Reserves	儲備	36	6,530,510	5,919,237
Equity attributable to owners of the Company	本公司擁有人應佔權益		7,081,517	6,445,295
Non-controlling interests	非控股權益		126,184	108,838
TOTAL EQUITY	總權益		7,207,701	6,554,133
NON-CURRENT LIABILITIES				
Bank borrowings	非流動負債 銀行借款	29	1,715,831	2,746,393
Lease liabilities	租賃負債	33	206,109	-
Deferred income	遞延收入	35	157,678	152,689
			2,079,618	2,899,082
			9,287,319	9,453,215

The consolidated financial statements on pages 112 to 262 were approved and authorised for issue by the board of directors on 23 March 2020 and are signed on its behalf by:

載於第112至262頁的綜合財務報表於二零二零年三月二十三日經董事會批准及授權刊發並代表簽署：

LU Minfang

盧敏放

Director

董事

GAO Lina

高麗娜

Director

董事



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital	Share premium	Other reserve	Share options reserve	Share award reserve	Shares held under the Share Award Schemes	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
		股本	股份溢價	其他儲備	購股權儲備	股份獎勵儲備	計劃項下所持有的股份	計入其他全面收入儲備	保留盈利	小計	非控股權益	合計
		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
				(Note 36)		(Note 37(b))	(Note 37(b))					
				(附註36)		(附註37(b))	(附註37(b))					
At 1 January 2018	於二零一八年一月一日	526,058	4,641,066	979,953	5,286	14,517	(62,137)	(11,802)	874,695	6,967,636	119,133	7,086,769
Loss for the year	年內虧損	-	-	-	-	-	-	-	(496,088)	(496,088)	(10,085)	(506,173)
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	-	(11,316)	-	(11,316)	(210)	(11,526)
Total comprehensive expense for the year	年內全面開支總額	-	-	-	-	-	-	(11,316)	(496,088)	(507,404)	(10,295)	(517,699)
Share purchase for the Share Award Schemes (Note 37(b))	就股份獎勵計劃的股份購買(附註37(b))	-	-	-	-	-	(23,583)	-	-	(23,583)	-	(23,583)
Recognition of equity-settled share-based payment (Note 37(b))	確認按股權結算以股份支付的付款(附註37(b))	-	-	-	-	8,646	-	-	-	8,646	-	8,646
At 31 December 2018	於二零一八年十二月三十一日	526,058	4,641,066	979,953	5,286	23,163	(85,720)	(23,118)	378,607	6,445,295	108,838	6,554,133
Adjustment (Note 3)	調整(附註3)	-	-	-	-	-	-	-	(21,039)	(21,039)	(391)	(21,430)
At 1 January 2019 (restated)	於二零一九年一月一日(經重列)	526,058	4,641,066	979,953	5,286	23,163	(85,720)	(23,118)	357,568	6,424,256	108,447	6,532,703
Profit for the year	年內溢利	-	-	-	-	-	-	-	341,270	341,270	8,587	349,857
Other comprehensive income for the year	年內其他全面收入	-	-	-	-	-	-	1,425	-	1,425	26	1,451
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	-	-	1,425	341,270	342,695	8,613	351,308
Share purchase for the Share Award Schemes (Note 37(b))	就股份獎勵計劃的股份購買(附註37(b))	-	-	-	-	-	(31,127)	-	-	(31,127)	-	(31,127)
Reversal due to vesting of award shares (Note 37(b))	因獎勵股份歸屬而撥回(附註37(b))	-	-	-	-	(43,806)	59,835	-	(16,029)	-	-	-
Recognition of equity-settled share-based payment (Note 37(b))	確認按股權結算以股份支付的付款(附註37(b))	-	-	-	-	25,553	-	-	-	25,553	-	25,553
Ordinary shares issued (Note 36)	已發行普通股(附註36)	24,949	304,315	-	-	-	-	-	-	329,264	-	329,264
Equity transactions related to interest free loans (Note 36)	有關免息貸款的股權交易(附註36)	-	-	(9,124)	-	-	-	-	-	(9,124)	9,124	-
At 31 December 2019	於二零一九年十二月三十一日	551,007	4,945,381	970,829	5,286	4,910	(57,012)	(21,693)	682,809	7,081,517	126,184	7,207,701

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

	NOTE 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營活動		
Profit/(loss) before tax	除稅前溢利/(虧損)	350,413	(505,660)
Adjustments for:	就以下作調整：		
Depreciation of property, plant and equipment charged to profit or loss	自損益扣除的物業、廠房及設備折舊	308,783	315,034
Depreciation of right-of-use assets charged to profit or loss	自損益扣除的使用權資產折舊	10,563	—
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	45,287	36,444
Impairment losses under expected credit loss model, net of reversal	預期信貸虧損模型下減值虧損，扣除撥回	(161,335)	367,825
Impairment loss on goodwill	商譽減值虧損	27,323	25,950
Release of land use rights	土地使用權解除	—	4,012
Bank interest income	銀行利息收入	(11,169)	(11,034)
Government grants credited to income	計入收入的政府補貼	(19,030)	(19,067)
Finance costs	融資成本	376,795	338,622
Share of profits of associates	應佔聯營公司溢利	(34,479)	(24,873)
Gains on disposal of subsidiaries	出售附屬公司收益	—	(18,193)
Gains on fair value changes of derivative financial instruments	衍生金融工具公平值變動收益	(50,556)	(35,949)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	16,879	4,768
Gains on derecognition of financial liabilities	取消確認金融負債收益	(839)	(1,352)
Net foreign exchange loss from borrowings	來自借款的外匯虧損淨額	41	129,611
Equity-settled share award expense	以股權結算的股份獎勵開支	25,553	8,646
Loss arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減銷售成本產生的虧損	1,039,221	870,099
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	2,007,576	1,484,883
Increase in inventories	存貨增加	(73,937)	(100,322)
Decrease/(increase) in trade and other receivables and advance payments	應收貿易賬款及其他應收款項以及預付款項減少/(增加)	323,076	(261,521)
(Decrease)/increase in trade and other payables	應付貿易賬款及其他應付款項(減少)/增加	(206,935)	283,300
Decrease in contract liabilities	合約負債減少	(43)	(116)
Cash generated from operations	業務產生的現金	2,049,737	1,406,224
Income tax paid	已付所得稅	(645)	(193)
NET CASH FROM OPERATING ACTIVITIES	經營活動所得現金淨額	2,049,092	1,406,031



CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		NOTE 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資活動			
Interest received	已收利息		11,336	10,785
Purchases of property, plant and equipment	購入物業、廠房及設備		(279,332)	(424,087)
Payments for right-of-use assets	使用權資產付款		(95)	-
Payments for rental deposits	租賃按金付款		(61)	-
Investment in an equity instrument	權益工具投資		-	(1,100)
Investments in associates	於聯營公司的投資		-	(100,000)
Addition in biological assets	生物資產增置		(1,279,678)	(1,161,254)
Placement of pledged bank balances	存入已質押銀行結餘		(47,122)	(39,875)
Withdrawal of pledged bank balances	提取已質押銀行結餘		28,355	94,987
Placement of non-pledged bank deposits with original maturity over three months	存入原到期日超過三個月的未質押銀行存款		(67,653)	-
Withdrawal of non-pledged bank deposits with original maturity over three months	提取原到期日超過三個月的未質押銀行存款		-	15,000
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		9,208	14,371
Proceeds from disposal of dairy cows	出售乳牛所得款項		575,156	609,246
Net cash outflow from disposal of subsidiaries	出售附屬公司的現金流出淨額	38	-	(91,560)
Government grants received	已收政府補貼		24,019	11,899
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額		(1,025,867)	(1,061,588)



CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	NOTE 附註			
FINANCING ACTIVITIES		融資活動		
Interest paid		已付利息	(357,054)	(364,778)
New bank borrowings raised		新籌得銀行借款	3,838,876	2,679,840
Repayment of bank borrowings		償還銀行借款	(2,822,695)	(1,470,974)
Proceeds from other borrowings		其他借款所得款項	2,121,250	1,500,000
Repayment of other borrowings		償還其他借款	(2,071,250)	(1,510,273)
Proceeds from discounting bills receivable		應收票據貼現所得款項	-	81,845
Payment of transaction cost for bank borrowings		支付銀行借款的交易成本	(24,187)	-
Repayment of corporate bonds		償還公司債券	(1,050,000)	-
Repayment of medium-term notes		償還中期票據	(600,000)	(1,200,000)
Repayment of amounts due to Mengniu		償還應付蒙牛款項	(150,000)	-
Repayments of leases liabilities		償還租賃負債	(15,137)	-
Payment for repurchase of ordinary shares		購買普通股付款	(31,127)	(23,583)
Proceeds from issue of shares		發行股份所得款項	329,264	-
NET CASH USED IN FINANCING ACTIVITIES		融資活動所用現金淨額	(832,060)	(307,923)
NET INCREASE IN CASH AND CASH EQUIVALENTS		現金及現金等價物增加淨額	191,165	36,520
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		年初現金及現金等價物	703,039	666,519
CASH AND CASH EQUIVALENTS AT END OF YEAR, Represented by bank balances and cash		年末現金及現金等價物， 以銀行結餘及現金呈列	894,204	703,039
Cash and cash equivalents as stated in the consolidated statement of financial position		綜合財務狀況表所示現金及現金等價物	893,441	703,039
Cash and cash equivalents attributable to the disposal group classified as held for sale	27	分類為持作出售的出售組別應佔現金及現金等價物	763	-
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		綜合現金流量表所示現金及現金等價物	894,204	703,039



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

1. GENERAL

China Modern Dairy Holdings Ltd. (the “**Company**”) was incorporated and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. The principal place of business of the Company is located in Economic and Technological Development Zone, Maanshan City, Anhui Province, the People’s Republic of China (the “**PRC**”).

As at 31 December 2019, China Mengniu Dairy Co., Ltd. (“**Mengniu**”) and its wholly-owned subsidiary together owned 58.15% of the issued share capital of the Company.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in production and sales of milk. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), the currency of the primary economic environment in which the principal subsidiaries of the Group operate (the “**functional currency**”).

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparation of the consolidated financial statements for the year ended 31 December 2019, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its total current assets by RMB3,537,886,000 (2018: RMB3,883,813,000). Taking into account, (i) the available credit facilities of approximately RMB3,753,402,000 which remain unutilised as at 31 December 2019 (These credit facilities included an amount of RMB300,000,000 from Inner Mongolia Mengniu Dairy (Group) Company Limited (“**Inner Mongolia Mengniu**”), a subsidiary of Mengniu, expiring in December 2021 (Note 46(d)), and the remaining credit facilities of RMB3,453,402,000 are from banks.); (ii) save as the credit facilities disclosed above, the Group acquired additional credit facilities of RMB2,650,000,000 from banks subsequent to the balance sheet date until the reporting date; and (iii) the expected net cash inflows generated from the Group’s operations for the next twelve months, the Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

1. 一般資料

中國現代牧業控股有限公司(「**本公司**」)為一間根據開曼群島公司法在開曼群島註冊成立及登記的獲豁免有限公司。其股份自二零一零年十一月二十六日在香港聯合交易所有限公司(「**聯交所**」)主板上市。本公司的註冊辦事處位於Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands。本公司主要營業地點則位於中華人民共和國(「**中國**」)安徽省馬鞍山市經濟技術開發區。

於二零一九年十二月三十一日，中國蒙牛乳業有限公司(「**蒙牛**」)及其全資附屬公司共同擁有本公司已發行股本的58.15%。

本公司的主要業務為投資控股，而其附屬公司則主要從事生產及銷售牛奶。本公司及其附屬公司於下文統稱「**本集團**」。

綜合財務報表以人民幣(「**人民幣**」)列值，該貨幣用於本集團主要附屬公司營運所在的主要經濟環境(「**功能貨幣**」)。

2. 綜合財務報表的編製基準

在編製截至二零一九年十二月三十一日止年度的綜合財務報表時，鑒於本集團的流動負債超出其流動資產總值人民幣3,537,886,000元(二零一八年：人民幣3,883,813,000元)，本公司董事(「**董事**」)已審慎考慮本集團的未來流動資金狀況。經考慮(i)於二零一九年十二月三十一日的可供動用信貸融資約人民幣3,753,402,000元並未動用。(該等信貸融資包括來自內蒙古蒙牛乳業(集團)股份有限公司(「**內蒙古蒙牛**」，蒙牛的附屬公司)人民幣300,000,000元(二零二一年十二月屆滿)(附註46(d))，剩餘信貸融資人民幣3,453,402,000元來自銀行。)；(ii)除上述披露的信貸融資外，於資產負債表日期後直至報告日期止本集團向銀行取得額外信貸融資人民幣2,650,000,000元；及(iii)未來十二個月本集團營運產生的預期現金流入淨額，董事信納本集團將能夠在可將來在到期時充分履行其財務責任。因此，綜合財務報表根據持續經營基準編製。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time in the current year:

IFRS 16	<i>Leases</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2015–2017 Cycle</i>

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* (“IAS 17”), and the related interpretations.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則

本集團於本年度首次應用以下由國際會計準則理事會(「國際會計準則理事會」)頒佈的新訂及經修訂國際財務報告準則：

國際財務報告準則第16號	<i>租賃</i>
國際財務報告準則委員會第23號	<i>所得稅不確定性的處理</i>
國際財務報告準則第9號的修訂	<i>具有負補償的提前還款特性</i>
國際會計準則第19號的修訂	<i>計劃修訂、縮減或清償</i>
國際會計準則第28號的修訂	<i>於聯營公司及合營企業的長期權益</i>
國際財務報告準則的修訂	<i>國際財務報告準則年度改進(二零一五年至二零一七年週期)</i>

除下文所述者外，於本年度應用新訂及經修訂國際財務報告準則並無對本集團本年度及過往年度的財務表現及狀況及／或該等綜合財務報表所載列的披露資料構成重大影響。

國際財務報告準則第16號

於本年度，本集團已首次應用國際財務報告準則第16號。國際財務報告準則第16號取代國際會計準則第17號租賃(「國際會計準則第17號」)及相關詮釋。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 16 Leases (continued)

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號(續)

租賃的定義

本集團選擇實際權宜方式將國際財務報告準則第16號應用於過往識別為租賃的合約(採用國際會計準則第17號及國際財務報告詮釋委員會第4號斷定安排是否包含租賃)，且不會將該準則應用於過往未識別為包含租賃的合約。因此，本集團並無重新評估於初次應用日期前已存在的合約。

就於二零一九年一月一日或之後訂立或修訂的合約而言，本集團根據國際財務報告準則第16號所載要求應用租賃的定義，以評估合約是否包含租賃。

作為承租人

本集團已追溯應用國際財務報告準則第16號，且於初步應用日期(二零一九年一月一日)確認其累計影響。

於二零一九年一月一日，本集團按賬面值確認額外租賃負債及計量使用權資產，猶如自開始日期起已應用國際財務報告準則第16號，惟應用國際財務報告準則第16號C8(b)(i)過渡，於首次應用日期使用相關集團實體的增量借款利率貼現。於初步應用日期的任何差額在期初保留盈利確認，且比較資料尚未重列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 16 Leases (continued)

As a lessee (continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of machinery and equipment in the PRC was determined on a portfolio basis.

There is no practical expedient used for extension and termination options.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號(續)

作為承租人(續)

於過渡階段，本集團根據國際財務報告準則第16號應用經修訂追溯法時，以相關租賃合約為限，對先前根據國際會計準則第17號按租賃基準分類為經營租賃的租賃應用以下實際權宜方式：

- i. 透過應用國際會計準則第37號撥備、或然負債及或然資產作為減值審閱的替代方法，評估租賃是否屬有償；
- ii. 選擇不就租期於初步應用日期起計12個月內結束租賃確認使用權資產及租賃負債；
- iii. 於初步應用日期計量使用權資產時撇除初始直接成本；及
- iv. 就類似經濟環境內的類似相關資產類別對餘下期間類似的租賃組合應用單一貼現率。具體而言，有關中國的機械及設備若干租賃的貼現率乃按組合形式釐定。

並無就續期及終止選擇權使用實際權宜方法。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 16 Leases (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 5.13% to 5.20%.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號(續)

作為承租人(續)

於確認先前分類為經營租賃的租賃負債時，本集團已於初步應用日期應用相關集團實體的增量借款利率。相關集團實體所應用加權平均增量借款利率範圍介乎5.13%至5.20%。

At 1 January
2019

於二零一九年
一月一日

RMB'000

人民幣千元

Lease liabilities	租賃負債	209,125
Analysed as	分析為	
Current	流動	18,421
Non-current	非流動	190,704

Note: The lease liabilities as at 1 January 2019 have included the operating lease commitments disclosed as at 31 December 2018; included the leases for lands at variable lease payments that depend on index, measured using the index at the commencement date; and excluded short-term leases. They are discounted at relevant incremental borrowing rates.

附註：於二零一九年一月一日的租賃負債包括於二零一八年十二月三十一日所披露的經營租賃承擔；包括可變租賃付款(視乎指數而定)的土地租賃，其於開始日期使用指數計量；並排除短期租約。彼等以相關增量借款利率貼現。

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3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 16 Leases (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號(續)

作為承租人(續)

於二零一九年一月一日的使用權資產賬面值如下：

	NOTES 附註	RMB'000 人民幣千元
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	與應用國際財務報告準則第16號後確認經營租賃相關的使用權資產	187,695
Reclassified from land use rights	自土地使用權重新分類	121,222
Reclassified from trade and other receivables and advance payments	自應收貿易賬款及其他應收款項以及預付款項重新分類	193
		309,110
By class:	按類別：	
Leasehold lands	租賃土地	265,178
Machinery and equipment	機械及設備	43,932
		309,110

Notes:

- i. Upfront payments for leasehold lands in the PRC were classified as land use rights as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of land use rights amounting to RMB4,002,000 and RMB117,220,000 respectively were reclassified to right-of-use assets.
- ii. Advance lease payments for leased lands in the PRC were classified as trade and other receivables and advance payments as at 31 December 2018. Upon application of IFRS 16, advance lease payments amounting to RMB193,000 was reclassified to right-of-use assets.

附註：

- i. 於二零一八年十二月三十一日，於中國租賃土地的預付款項分類為土地使用權。應用國際財務報告準則第16號後，土地使用權的即期及非即期部分分別人民幣4,002,000元及人民幣117,220,000元已重新分類至使用權資產。
- ii. 於二零一八年十二月三十一日，於中國租賃土地的租賃付款墊款分類為應收貿易賬款及其他應收款項及付款墊款。應用國際財務報告準則第16號後，租賃付款墊款人民幣193,000元已重新分類至使用權資產。



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3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 16 Leases (continued)

As a lessee (continued)

The following table summarises the impact of transition to IFRS 16 on retained earnings at 1 January 2019.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號(續)

作為承租人(續)

下表概述過渡至國際財務報告準則第16號對於二零一九年一月一日保留盈利的影響。

**Impact of
adopting IFRS 16
at 1 January 2019**
於二零一九年
一月一日採納國際
財務報告準則
第16號的影響
RMB'000
人民幣千元

Retained earnings:
Impact under modified retrospective
approach at 1 January 2019

保留盈利：
於二零一九年一月一日經修訂追溯法
項下影響

21,039

Note: The amounts represent the portion attributable to owners of the Company regarding the amount of RMB21,430,000, being the difference between RMB187,695,000, the right-of-use assets recognised relating to operating leases upon application of IFRS 16, and RMB209,125,000, lease liabilities recognised relating to operating leases upon application of IFRS 16.

附註：該金額指本公司擁有人應佔部分人民幣21,430,000元，即人民幣187,695,000元(就應用國際財務報告準則第16號後經營租賃確認使用權資產)與人民幣209,125,000元(就應用國際財務報告準則第16號後經營租賃確認租賃負債)之間差額。

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綜合財務報表附註

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3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

(a) New and Amendments to IFRSs that are mandatorily effective for the current year (continued)
IFRS 16 Leases (continued)

As a lessee (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(a) 於本年度強制生效的新訂及經修訂國際財務報告準則(續)
國際財務報告準則第16號(續)

作為承租人(續)

以下為於二零一九年一月一日對綜合財務狀況表確認的金額作出之調整。不受變動影響之項目不包括在內。

			Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
		NOTES 附註	過往於二零一八年十二月三十一日報告的賬面值 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	於二零一九年一月一日根據國際財務報告準則第16號的賬面值 RMB'000 人民幣千元
Non-current Assets	非流動資產				
Land use rights	土地使用權	i	117,220	(117,220)	-
Right-of-use assets	使用權資產		-	309,110	309,110
Current Assets	流動資產				
Land use rights	土地使用權	i	4,002	(4,002)	-
Trade and other receivables and advance payments	應收貿易賬款及其他應收款項以及預付款項	ii	781,173	(193)	780,980
Capital and Reserves	資本及儲備				
Retained earnings	保留盈利		(378,607)	21,039	(357,568)
Non-controlling interests	非控股權益		(108,838)	391	(108,447)
Current Liabilities	流動負債				
Lease liabilities	租賃負債		-	(18,421)	(18,421)
Non-current Liabilities	非流動負債				
Lease liabilities	租賃負債		-	(190,704)	(190,704)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

附註：營運資金變動已按以上所披露於二零一九年一月一日之期初綜合財務狀況表計算，以作呈報截至二零一九年十二月三十一日止年度以間接法計算之經營活動現金流量之用。



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綜合財務報表附註

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3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

("IFRSs") (continued)

(b) New and Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 3	<i>Definition of a Business</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ⁵
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ⁴
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ⁴

1. Effective for annual periods beginning on or after 1 January 2021.
2. Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3. Effective for annual periods beginning on or after a date to be determined.
4. Effective for annual periods beginning on or after 1 January 2020.
5. Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

(b) 已頒佈惟尚未生效的新訂及經修訂國際財務報告準則

本集團並無提早應用以下已頒佈惟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17號	<i>保險合約</i> ¹
國際財務報告準則第3號的修訂	<i>業務定義</i> ²
國際財務報告準則第10號及國際會計準則第28號的修訂	<i>投資者與其聯營公司或合營公司之間的資產銷售或投入</i> ³
國際會計準則第1號的修訂	<i>負債分類為流動或非流動</i> ⁵
國際會計準則第1號及國際會計準則第8號的修訂	<i>重大的定義</i> ⁴
國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號的修訂	<i>利率基準改革</i> ⁴

1. 於二零二一年一月一日或之後開始的年度期間生效。
2. 對收購日期為二零二零年一月一日或之後開始的首個年度期間初或之後的業務合併及資產收購生效。
3. 於待定日期或之後開始的年度期間生效。
4. 於二零二零年一月一日或之後開始的年度期間生效。
5. 於二零二二年一月一日或之後開始的年度期間生效。

除上文新訂及經修訂國際財務報告準則外，二零一八年頒佈了經修訂財務報告之概念框架。其重大修訂(國際財務報告準則之概念框架指引之修訂)將於二零二零年一月一日或之後開始的年度期間生效。

董事預期應用新訂及經修訂國際財務報告準則於可見將來不會對綜合財務報表造成重大影響。

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綜合財務報表附註

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4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for: (i) biological assets, which are measured at fair value less costs to sell; (ii) equity instruments at FVTOCI; and (iii) derivative financial instruments, which are measured at fair values at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("IAS 36").

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.

4. 重要會計政策

綜合財務報表已按國際會計準則理事會頒佈的國際財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例所規定的適當披露。

綜合財務報表乃根據歷史成本基準編製，惟(i)按公平值減銷售成本計量的生物資產；(ii)按公平值計入其他全面收入的權益工具；及(iii)衍生金融工具按各報告期末的公平值計量除外(如下文所載會計政策所闡釋)。

歷史成本一般以為換取商品及服務所支付代價的公平值為基準。

公平值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付的價格，不論該價格是否直接觀察可得或使用另一種估值技術估計。估計資產或負債的公平值時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。在該等綜合財務報表中計量及／或披露的公平值均在此基礎上予以確定，惟國際財務報告準則第2號以股份支付的付款範圍內的以股份支付的付款交易、根據國際財務報告準則第16號(自二零一九年一月一日起)或國際會計準則第17號(應用國際財務報告準則第16號前)入賬的租賃交易及與公平值類似但並非公平值的計量(例如，國際會計準則第2號存貨中的可變現淨值或國際會計準則第36號資產減值(「國際會計準則第36號」)中的使用價值)除外。

非金融資產的公平值計量計入市場參與者透過使用其資產的最高及最佳用途或透過將資產出售予將使用其最高及最佳用途的另一名市場參與者而能夠產生經濟利益的能力。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

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 listed above.

4. 重要會計政策(續)

就以公平值轉讓的金融工具而言，使用不可觀察輸入數據的估值技術將於隨後期間用於計量公平值，估值技術予以校準，因此估值技術所得結果與交易價相等。

此外，就財務呈報而言，公平值計量根據公平值計量的輸入數據可觀察程度及輸入數據對公平值計量的整體重要性分類為第一級、第二級及第三級，載述如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)；
- 第二級輸入數據是就資產或負債可直接或間接觀察的輸入數據(第一級內所包含的報價除外)；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策載於下文。

綜合基準

綜合財務報表載有本公司以及由本公司及其附屬公司控制的實體(包括結構性實體)的財務報表。倘屬以下情況，則本公司獲得控制權：

- (i) 可對被投資者行使權力；
- (ii) 因參與被投資者的業務而可獲得或有權獲得可變回報；及
- (iii) 有能力藉行使其權力而影響該等回報。

倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本集團會重新評估其是否控制被投資者。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. 重要會計政策(續)

綜合基準(續)

本集團於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止入賬。具體而言，於年內購入或出售的附屬公司的收入及開支，自本集團獲得控制權當日起至本集團失去附屬公司控制權當日止，計入綜合損益及其他全面收益表內。

損益及各項其他全面收入項目歸屬於本公司擁有人及非控股權益。附屬公司的全面收入總額歸屬於本公司擁有人及非控股權益，即使這將導致非控股權益出現虧絀結餘。

如有需要，將會就附屬公司的財務報表作出調整，使其會計政策與本集團的會計政策貫徹一致。

集團內的所有資產、負債、權益、收入、開支及與本集團成員公司間的交易相關的現金流量已於綜合賬目時全額抵銷。

於附屬公司的非控股權益與本集團於當中的權益分開呈列，指現時擁有的權益且賦予持有人權利於清盤時按比例分佔相關附屬公司淨資產。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. 重要會計政策(續)

綜合基準(續)

本集團於現有附屬公司的所有權益出現變動

倘若本集團失去對附屬公司的控制權，該附屬公司的資產及負債及非控股權益(如有)終止確認，則收益或虧損於損益內確認且以下列兩者間的差額計算(i)所收代價的公平值與任何保留權益的公平值總和及(ii)資產(包括商譽)的賬面值與本公司擁有人應佔附屬公司的負債。過往在有關附屬公司的其他全面收益確認的所有金額均入賬，猶如本集團已直接出售附屬公司的相關資產或負債(即按適用的國際財務報告準則具體規定/准許重新分類至損益或轉移至其他股本類別)。於失去控制權日期，前附屬公司所保留任何投資的公平值則視為首次確認聯營公司投資的成本。

商譽

業務收購所產生的商譽按收購業務當日確定的成本減累計減值虧損(如有)列賬。

就減值測試而言，商譽分配予預期會因合併的協同效益而受惠的本集團各現金產生單位(「現金產生單位」)(或現金產生單位組別)，其指就內部管理目的監控商譽的最低水平且不過經營分部。

每年及當單位出現可能減值跡象時更頻密地對獲分配商譽的現金產生單位(或現金產生單位組別)進行減值測試。就於某一報告期間自收購所產生的商譽而言，已獲分配商譽的現金產生單位(或現金產生單位組別)於該報告期末之前進行減值測試。倘可收回金額低於其賬面值，則先分配減值虧損以減少任何商譽的賬面值，再按該單位(或現金產生單位組別)內每項資產的賬面值按比例分配至其他資產。商譽的任何減值虧損直接於損益中確認。就商譽確認的減值虧損不會於往後期間撥回。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. 重要會計政策(續)

於聯營公司的投資

聯營公司為本集團擁有重大影響力的實體。重大影響力為可參與被投資者的財政及營運政策決定而非對該等政策施加控制或共同控制。

聯營公司的業績及資產以及負債採用權益會計法計入該等綜合財務報表。權益會計法所用聯營公司的財務報表按本集團於類似情況下就同類交易及事件採用的一致會計政策編製。根據權益法，於聯營公司的投資初步按成本於綜合財務狀況表確認，並於其後就確認本集團分佔聯營公司損益及其他全面收入作出調整。該聯營公司資產淨值(損益及其他全面收入除外)變動不予入賬，除非該等變動導致本集團持有的所有權出現變動。當本集團分佔聯營公司的虧損超出本集團於該聯營公司的權益(包括實質上構成本集團於聯營公司的投資淨額一部分的任何長期權益)時，本集團終止確認其分佔的進一步虧損。僅於本集團已產生法定或推定責任，或已代表聯營公司支付款項的情況下，方會確認額外虧損。

聯營公司投資自被投資者成為聯營公司該日起使用權益法入賬。

本集團評估是否有客觀證據顯示於一間聯營公司的權益有可能減值。當有任何客觀證據，投資(包括商譽)的全部賬面值乃根據國際會計準則第36號作為單獨資產，通過比較可收回金額(即使用價值及公平值減出售成本的較高者)與賬面值進行減值測試。任何確認的減值虧損並無分配予任何資產(包括商譽)屬投資賬面值的一部分。減值虧損的任何撥回乃按國際會計準則第36號確認，惟僅限於投資的可收回金額隨後增加。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments in associates (continued)

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 Financial Instruments ("IFRS 9"), which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

4. 重要會計政策(續)

於聯營公司的投資(續)

當集團實體與本集團的聯營公司進行交易時，與該聯營公司進行交易而產生的損益僅在聯營公司權益與本集團無關的情況下，方會於本集團的綜合財務報表中確認。

持作出售的非流動資產及出售組別

倘非流動資產及出售組別的賬面值將主要透過銷售交易而非持續使用收回，則有關非流動資產及出售組別分類為持作出售。只有當資產(或出售組別)在其當前狀態下可立即出售，且僅受出售該資產(或出售組別)的通常及習慣條款的約束，且該資產(或出售組別)極有可能出售時，才視為滿足該條件。管理層必須致力於出售，預計出售將在分類之日起一年內被確認為已完成出售。

當本集團致力於涉及喪失對附屬公司控制權的銷售計畫時，當滿足上述標準時，該附屬公司的所有資產及負債均被歸類為持作出售，無論本集團在出售後是否保留對相關附屬公司的非控股權益。

分類為持作出售的非流動資產(及出售組別)按其以前的賬面值及公平值減去出售成本後的較低者計量，惟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」)範圍內的金融資產除外，其繼續按照相關章節列出的會計政策計量。

客戶合約收入

於或當本集團達成履約責任時確認收入，即當與特定履約責任相關的商品或服務的「控制權」轉移予客戶時。

履約責任指可區分的單一商品或服務(或組合商品或服務)或大致相同的一系列可區分商品或服務。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in Note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception modification date or acquisition date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. 重要會計政策(續)

客戶合約收入(續)

倘滿足以下其中一項標準，則控制權隨著時間而轉移，並參考完全達成相關履約責任的進度隨著時間確認收入：

- 客戶同時收取並使用本集團履約所帶來的利益；
- 本集團的履約增設並增加於本集團履約時客戶所控制的資產；或
- 本集團的履約並無增設對本集團有額外用途的資產，而本集團有強制執行權利收取迄今已完成的履約付款。

否則，收入於客戶取得可區分商品或服務的控制權的時點確認。

合約負債指本集團有義務將其已向客戶收取代價(或到期的代價金額)的商品或服務轉移至客戶的責任。

租賃

租賃的定義(根據附註3的過渡條文應用國際財務報告準則第16號後)

倘合約授予權利以代價為交換在某一時期內控制使用已識別資產，則該合約屬於租賃或包含租賃。

就於初次應用日期或之後訂立或修訂的合約而言，本集團根據國際財務報告準則第16號於開始修訂日期或收購日期的定義評估合約是否屬於或包含租賃。除非合約條款及條件其後改變，否則不得重新評估該合約。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

4. 重要會計政策(續)

租賃(續)

本集團作為承租人(根據附註3的過渡條文應用國際財務報告準則第16號後)

分配代價至合約組成部分

就包含租賃組成部分及一項或多項額外租賃或非租賃組成部分的合約而言,本集團根據租賃組成部分的相對獨立價格及非租賃組成部分的獨立價格總額將合約代價分配至各租賃組成部分。

本集團採用實際權宜之計,不將非租賃組成部分與租賃組成部分分開,取而代之將租賃組成部分及任何相關的非租賃組成部分以單一租賃組成部分入賬。

短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於自開始日期起計為期12個月或更短期且並不包含購買選擇權的汽車、機械及設備及樓宇租賃。其亦就低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款於租期內以直線法或另一系統基準確認為開支。

使用權資產

使用權資產的成本包括:

- 租賃負債的初步計量金額;
- 於開始日期或之前所作的任何租賃付款,減任何已收取的租賃優惠;
- 本集團產生的任何初始直接成本;及
- 本集團在拆除及移除相關資產、恢復其所在地點或將相關資產恢復至租賃條款及條件所要求的狀況時所產生的估計成本。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3) (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

4. 重要會計政策 (續)

租賃 (續)

本集團作為承租人(根據附註3的過渡條文應用國際財務報告準則第16號後)(續)

使用權資產 (續)

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債任何重新計量作出調整。

使用權資產按其估計可使用年期及租期中的較短者以直線法折舊。

本集團於綜合財務狀況表中將使用權資產獨立呈列。

可退回租賃按金

已付可退回租賃按金根據國際財務報告準則第9號入賬，並初步按公平值計量。於初步確認時對公平值所作調整被視為額外租賃付款並計入使用權資產成本。

租賃負債

於租賃開始日期，本集團按當日未支付的租賃付款現值確認及計量租賃負債。於計算租賃付款的現值時，倘租賃所含的利率不能即時釐定，則本集團會於租賃開始日期使用增量借款利率。

租賃付款包括：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；
- 可變租賃付款(視乎指數或利率而定)；及
- 倘租期反映本集團行使終止選擇權，則支付終止租賃的罰款。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3) (continued)

Lease liabilities (continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. 重要會計政策(續)

租賃(續)

本集團作為承租人(根據附註3的過渡條文應用國際財務報告準則第16號後)(續)

租賃負債(續)

反映市場租金變動的可變租賃付款初步使用於開始日期的市場租金計量。不會依賴指數或利率的可變租賃付款不計入租賃負債及使用權資產計量，並在觸發付款的事件或條件出現的期間內確認為開支。

在開始日期後，租賃負債透過利息增加及租賃付款進行調整。

於下列情況下，本集團重新計量租賃負債(並對相關的使用權資產進行相應調整)：

- 租期有所變動或行使購買選擇權的評估發生變化，在該情況下，相關租賃負債透過使用重新評估當日經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因市場租金審查導致市場租賃利率變動而有所變化，在該情況下，相關租賃負債透過使用初始貼現率貼現經修訂租賃付款而重新計量。

本集團於綜合財務狀況表中將租賃負債獨立呈列。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 3) (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term.

4. 重要會計政策(續)

租賃(續)

本集團作為承租人(根據附註3的過渡條文應用國際財務報告準則第16號後)(續)

租賃修訂

倘出現以下情況，本集團將租賃的修訂作為一項單獨租賃入賬：

- 該修訂透過增加一項或多項相關資產的使用權利而擴大租賃範圍；及
- 租賃代價增加的金額相當於擴大範圍對應的單獨價格，加上以反映特定合約的情況對單獨價格進行的任何適當調整。

對於不作為一項單獨租賃入賬的租賃修訂，本集團使用修訂生效日期經修訂貼現率貼現經修訂租賃付款，按經修訂租賃的租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，以對租賃負債進行重新計量。當經修改合約包含租賃成分以及一項或多項額外租賃或非租賃成分時，本集團根據租賃成分的相對獨立價格及非租賃成分的獨立價格總額將經修改合約中的代價分配至各租賃組成部分。

本集團作為承租人(二零一九年一月一日前)

凡租賃條款將所有權的絕大部分風險與回報轉讓予承租人者均屬融資租賃。所有其他租賃則分類為經營租賃。

經營租賃付款(包括收購經營租賃項下持有的土地的成本)於租期按直線法確認為開支。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Land use rights (prior to 1 January 2019)

Land use rights represent the Group's prepaid lease payments for leasehold interest in land. The Group assesses the classification of the leased land as a finance lease or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of the leased land have been transferred to the Group. Based on such assessment, the Group's land use rights are accounted for as operating lease. Land use rights are stated at cost and released on a straight-line basis over the lease terms. Land use rights which are to be released in the next twelve months or less are classified as current assets.

Foreign currencies

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. 重要會計政策(續)

土地使用權(二零一九年一月一日前)

土地使用權指本集團就土地租賃權益的預付租賃付款。本集團根據對租賃土地擁有權附帶的絕大部分風險及回報是否已轉讓予本集團的評估，將租賃土地的分類評定為融資租賃或經營租賃。根據有關評定，本集團的土地使用權作為經營租賃入賬。土地使用權按成本列賬並以直線法於租期內解除。將於未來十二個月或以內解除的土地使用權分類為流動資產。

外幣

編製個別實體的財務報表時，以該實體的功能貨幣以外的貨幣(外幣)所進行的交易乃按交易日期的當時匯率入賬。於各報告期末，以外幣計值的貨幣項目乃按該日當時匯率重新換算。以外幣計值並按公平值入賬的非貨幣項目於釐定公平值之日以當時匯率重新換算。以外幣按歷史成本計量的非貨幣項目則不予重新換算。

結算及換算貨幣項目產生的匯兌差額，於其產生期間在損益中確認。

借款成本

收購、興建或生產合資格資產(必須以一段長時間準備以作擬定用途或銷售)的直接應佔借款成本計入該等資產的成本，直至資產基本可作擬定用途或銷售時為止。

特定借款用於合資格資產開支前作臨時性投資所賺取的投資收益，於合資格撥充資本的借款成本中扣除。

所有其他借款成本均於產生期間內在損益中確認。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Grants relating to biological assets

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in profit or loss when, and only when, the government grant becomes receivable.

Other grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit under the state-managed retirement benefit schemes in the PRC are charged as an expense when employees have rendered service entitling them to the contribution.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4. 重要會計政策(續)

政府補貼

政府補貼在合理保證本集團將符合其所附帶條件以及將獲發補貼時方會予以確認。

與生物資產有關的補貼

與按公平值減銷售成本計量的生物資產相關的無條件政府補貼於且僅於可收取政府補貼時於損益中確認。

其他補貼

政府補貼按系統基準於本集團確認補貼擬補償的相關成本為開支的期間在損益內確認。具體而言，主要條件為本集團應購買、興建或以其他方式收購非流動資產的政府補貼於綜合財務狀況表確認為遞延收入，然後在有關資產的可使用年內有系統及合理地轉撥至損益。

用作補償已產生開支或虧損或旨在為本集團提供即時資助(而無未來相關成本)的應收政府補貼，於應收期間於損益中確認。

退休福利成本

向中國國家管理的退休福利計劃項下定額供款退休福利所作的供款於僱員已提供可使其享有供款的服務時作為開支扣除。

短期僱員福利

短期僱員福利按於及當僱員提供服務時預計將支付福利的未貼現金額確認。所有短期僱員福利確認為開支，除非另一項國際財務報告準則要求或允許將有關福利納入資產成本，則作別論。

在扣除已經支付的任何金額後，對僱員應得的福利(例如工資及薪金、年假及病假)確認負債。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payments

Equity-settled share-based payment transactions

Share options and award shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration of all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve or share award reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve or share award reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

When the award shares are vested, the amount previously recognised in share award reserve and the amount of the relevant treasury shares included in equity under the heading of shares held under the share award schemes is reversed and the differences arising from the reversal is adjusted to retained earnings.

4. 重要會計政策(續)

以股份支付的付款

按股權結算以股份支付的付款交易

授予僱員的購股權及獎勵股份

授予僱員的按股權結算以股份支付的付款乃按授出日期權益工具的公平值計量。

於授出日期未計及所有非市場歸屬條件而釐定的按股權結算以股份支付的付款的公平值於歸屬期內根據本集團對將最終歸屬權益工具的估計以直線法支銷，並增加相應的權益(購股權儲備或股份獎勵儲備)。於各報告期末，本集團根據對所有相關非市場歸屬條件的評估，修訂其對預期歸屬的權益工具的估計數目。修訂原先估計的影響(如有)在損益中確認以使累計開支反映經修訂的估計，並對購股權儲備或股份獎勵儲備作出相應調整。

於購股權獲行使時，先前在購股權儲備中確認的金額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日仍未獲行使，先前在購股權儲備中確認的金額將轉撥至保留盈利。

於獎勵股份歸屬時，撥回先前於股份獎勵儲備確認的金額及計入根據股份獎勵計劃持有的股份項下權益的相關庫存股份金額，且撥回產生的差額調整至保留盈利。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

Share options and award shares granted to employees

(continued)

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied):

- the entity shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.
- any payment made to the employee on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, ie as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. 重要會計政策(續)

以股份支付的付款(續)

按股權結算以股份支付的付款交易(續)

授予僱員的購股權及獎勵股份(續)

倘權益工具的授出於歸屬期內被註銷或結算(未滿足歸屬條件時被沒收而註銷的授出除外)：

- 實體將註銷或結算作為加速歸屬進行會計處理，並因此將立即於剩餘的歸屬期內確認本應確認為所接獲的服務的金額。
- 任何向僱員作出的付款於有關授出註銷或結算時將作為購回股權入賬(即從權益中扣除)，惟倘該付款超過所授出權益工具的公平值，則於購回日期計量。任何有關超額將確認為開支。

稅項

所得稅支出指即期應付稅項及遞延稅項總和。

即期應付稅項按年內應課稅溢利計算。由於其他年度的應課稅或可扣稅收入或開支及毋須課稅或不可扣稅的項目，故應課稅溢利與除稅前溢利／虧損不同。本集團的即期稅項負債按報告期末已頒佈或實際上已頒佈稅率計算。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. 重要會計政策(續)

稅項(續)

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基之間的暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般按可能有應課稅溢利用作扣減可動用可扣減暫時差額為限，就所有該等可扣減暫時差額確認。倘若暫時差額由不影響應課稅溢利或會計溢利的交易中初次確認(業務合併除外)資產及負債所產生，則不會確認該等遞延稅項資產及負債。此外，倘暫時差額乃因初次確認商譽而產生，亦不會確認遞延稅項負債。

遞延稅項負債乃就與附屬公司及聯營公司投資有關的應課稅暫時差額確認，惟倘本集團能夠控制暫時差額的撥回及暫時差額於可見將來可能不會撥回則除外。

遞延稅項資產的賬面值於報告期末進行檢討，並扣減至不再有足夠應課稅溢利可供收回全部或部分資產。

遞延稅項負債及資產按預期於結算負債或變現資產期間適用的稅率計量，所根據的稅率(及稅法)乃於報告期末已頒佈或已實際頒佈。

遞延稅項負債及資產的計量反映本集團預期於報告期末將要收回其資產或結算其負債賬面值的方式所產生的稅務後果。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. 重要會計政策(續)

稅項(續)

為計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項，本集團首先確定稅項扣減是否歸屬於使用權資產或租賃負債。

就租賃交易而言，稅項扣減歸屬於租賃負債，本集團就租賃交易整體應用國際會計準則第12號所得稅之規定。有關使用權資產及租賃負債的暫時差額按淨額基準評估。使用權資產折舊超出租賃負債本金部分租賃付款的差額導致可扣減暫時差額淨額。

當有合法執行權利許可將即期稅項資產與即期稅項負債抵銷，且與同一稅務機關向同一應課稅實體徵收之所得稅有關，則遞延稅項資產及負債可互相對銷。

即期及遞延稅項於損益中確認，惟在其與其他全面收入或直接於權益內確認的項目有關的情況下，即期及遞延稅項亦會分別於其他全面收入或直接於權益內確認。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment

Property, plant and equipment (other than construction in progress) including buildings held for use in the production or supply of goods, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (classified as construction in progress) are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

4. 重要會計政策(續)

物業、廠房及設備

物業、廠房及設備(除在建工程外)包括為生產或供應貨品或行政用途而持有的樓宇，按成本減其後累積折舊及累積減值虧損(如有)於綜合財務狀況表內列賬。

就生產、供應或行政用途而在建築的物業(分類為在建工程)按成本減任何已確認減值虧損入賬。成本包括使資產達到能夠按照管理層擬定的方式經營所必要的位置及條件而直接應佔的任何成本，以及就符合資格的資產根據本集團會計政策資本化的借款成本。與其他物業資產一樣，當該等資產達到預期用途時開始折舊。

折舊的確認旨在於估計可使用年期內按直線法撇銷物業、廠房及設備項目(不包括在建工程)的成本減該等項目的剩餘價值。估計可使用年期、剩餘價值及折舊方法於報告期末作檢討，按預測基準計入任何估計變動的影響。

任何物業、廠房及設備項目在出售時或預期繼續使用資產不會有未來經濟利益時終止確認。出售產生的任何收益或虧損按出售所得款項與資產賬面值之間的差額釐定，並於損益中確認。

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值

於報告期末，本集團檢討其可使用年期有限的物業、廠房及設備、使用權資產、無形資產的賬面值，以釐定該等資產是否出現任何減值虧損跡象。倘有任何此跡象存在，則估計相關資產的可收回金額，以釐定減值虧損(如有)的程度。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the assets is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

4. 重要會計政策 (續)

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值(續)

物業、廠房及設備、使用權資產及無形資產的可收回金額會個別估計。倘無法單獨估計個別資產的可收回金額，本集團會估計該資產所屬現金產生單位的可收回金額。

此外，本集團評估有否跡象顯示公司資產可能出現減值。倘出現有關跡象，倘可識別一個合理及一致的分配基準，則公司資產亦會分配至個別現金產生單位，或以其他方式分配至可識別一個合理及一致的分配基準的最小組別現金產生單位。

可收回金額為公平值減出售成本及使用價值兩者中的較高者。評估使用價值時，估計未來現金流量按除稅前貼現率貼現至其現值，而該貼現率反映當時市場對貨幣時間值及該項資產(或現金產生單位)(其未來現金流量的估計尚未經調整)特殊風險的評估。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則資產(或現金產生單位)的賬面值將扣減至其可收回金額。對於不可按合理及一致的基準分配至現金產生單位的公司資產或公司資產部分，本集團將現金產生單位組別的賬面值(包括分配至該現金產生單位組別的公司資產或公司資產部分的賬面值)與現金產生單位組別可收回金額作比較。分配減值虧損時，減值虧損首先會分配以減低任何商譽(如適用)的賬面值，然後再基於單位或現金產生單位組別中各項資產的賬面值按比例分配至其他資產。資產的賬面值不能扣減至低於公平值減出售成本(如可計量)、使用價值(如可釐定)與零三者間之較高者。應分配至該等資產的減值虧損金額則按比例分配至單位或現金產生單位組別的其他資產。減值虧損即時於損益中確認。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Biological assets

The Group's biological assets comprise dairy cows. Dairy cows, including milkable cows, heifers and calves, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in profit or loss for the year in which it arises.

The feeding costs and other related costs including staff costs, depreciation charge, utility costs and consumables incurred for raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

Agricultural produce

Agricultural produce represents raw milk. Raw milk is recognised at the point of harvest at its fair value less costs to sell. A gain or loss arising from agricultural produce at the point of harvest measuring at fair value less costs to sell is included in profit or loss for the period in which it arises.

4. 重要會計政策(續)

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值(續)

凡減值虧損於其後撥回，資產(或現金產生單位或現金產生單位組別)的賬面值將增至經修訂的估計可收回金額，惟增加後的賬面值不得超過於過往年度內假設資產(或現金產生單位或現金產生單位組別)並無確認減值虧損而釐定的賬面值。減值虧損的撥回即時於損益中確認。

存貨

存貨乃按成本與可變現淨值兩者中的較低者列賬。存貨成本以加權平均法釐定。可變現淨值指存貨估計售價減所有估計完成成本及出售所需成本。

生物資產

本集團的生物資產由乳牛組成。乳牛(包括奶牛、小母牛及小牛)於初步確認時及報告期末按公平值減銷售成本計量，任何所得收益或虧損於產生年度於損益中確認。

飼養成本及其他相關成本(包括飼養小母牛及小牛所產生的員工成本、折舊開支、水電成本及消費品成本)予以資本化，直至小母牛及小牛開始產奶。

農產品

農產品指原料奶。原料奶於獲取時按公平值減銷售成本確認。獲取時按公平值減銷售成本計量的農產品產生的收益或虧損於其產生期間計入損益內。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. 重要會計政策 (續)

金融工具

金融資產及金融負債於一間集團實體成為工具合約條文訂約方時確認。所有以常規途徑購入或銷售的金融資產乃按交易日期基準確認及取消確認。常規途徑購入或銷售指根據市場法規或慣例所確定的時間框架內交付資產的金融資產購入或銷售。

金融資產及金融負債初步按公平值計量，惟產生自與客戶合約的應收貿易賬款(初步按國際財務報告準則第15號客戶合約收入(「國際財務報告準則第15號」)計量)除外。收購或發行金融資產及金融負債(按公平值計入損益(「按公平值計入損益」)的金融資產或金融負債除外)直接應佔的交易成本於初步確認時於金融資產或金融負債(如適用)的公平值中加入或減去。收購按公平值計入損益的金融資產或金融負債直接應佔的交易成本即時於損益中確認。

實際利率法乃計算金融資產或金融負債的攤銷成本以及於有關期間分配利息收入及利息開支的方法。實際利率乃於初步確認時按金融資產或金融負債的預計可使用年期或(如適用)較短期間內準確貼現估計未來現金收入及款項(包括構成實際利率不可或缺部分的所有已付或已收費及積分、交易成本及其他溢價或貼現)至賬面淨值的利率。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

4. 重要會計政策(續)

金融工具

金融資產

金融資產的分類及其後計量

滿足以下條件的金融資產其後按攤銷成本計量：

- 於目的為收取合約現金流量的業務模式下持有金融資產；及
- 合約條款於特定日期產生的現金流量純粹為支付本金及尚未償還本金的利息。

滿足以下條件的金融資產其後按公平值計入其他全面收入的方式計量：

- 於目的為同時出售及收取合約現金流量的業務模式下持有金融資產；及
- 合約條款於特定日期產生的現金流量純粹為支付本金及尚未償還本金的利息。

所有其他金融資產其後按公平值計入損益的方式計量，惟以下情況另當別論，於首次應用國際財務報告準則第9號／首次確認金融資產當日，倘權益投資並非持作買賣，亦非由收購方在國際財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，則本集團可能會不可撤銷地選擇於其他全面收入中呈列有關權益投資的其後公平值變動。

倘屬以下情況，金融資產為持作買賣：

- 收購金融資產的主要目的為於短期內出售；或
- 於初步確認時，其為本集團整體管理的已識別金融工具組合的一部分，並具有短期賺取利潤的近期實際模式；或
- 其屬並非指定及有效作為對沖工具的衍生工具。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

- (i) Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.
- (ii) Equity instruments designated as at FVTOCI
Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

4. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

此外，本集團或會不可撤銷地需要按攤銷成本計量或按公平值計入其他全面收入準則的金融資產指定為按公平值計入損益的方式計量，前提為此舉可消除或大幅減少會計錯配。

- (i) 攤銷成本及利息收入
其後按攤銷成本計量的金融資產的利息收入乃使用實際利率法予以確認。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外(見下文)。就其後出現信貸減值的金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。
- (ii) 指定為按公平值計入其他全面收入的權益工具
按公平值計入其他全面收入的權益工具投資其後按公平值計量，其公平值變動產生的收益及虧損於其他全面收入確認並於按公平值計入其他全面收入的儲備中累計，而毋須作減值評估。累計收益或虧損將不會重新分類至出售權益投資的損益，並將轉撥至保留盈利。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI (continued)

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank balances, non-pledged bank deposits and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

(ii) 指定為按公平值計入其他全面收入的權益工具(續)

當本集團確立獲得股息的權利時，該等權益工具投資的股息於損益中確認，惟股息明確表示收回部分投資成本則除外。股息計入損益「其他收入」項下。

(iii) 按公平值計入損益的金融資產

不符合按攤銷成本或按公平值計入其他全面收入的方式計量或指定為按公平值計入其他全面收入的準則的金融資產，按公平值計入損益的方式計量。

按公平值計入損益的金融資產按各報告期末的公平值計量，任何公平值收益或虧損則於損益中確認。

金融資產減值

本集團就根據國際財務報告準則第9號須予減值的金融資產(包括應收貿易賬款及其他應收款項、已質押銀行結餘、未質押銀行存款及銀行結餘)進行預期信貸虧損(「預期信貸虧損」)模式項下減值評估。預期信貸虧損金額於各報告日期更新，以反映自首次確認以來的信貸風險變動。

全期預期信貸虧損指於相關工具的預期年內所有可能發生的違約事件產生的預期信貸虧損。反之，12個月預期信貸虧損(「12個月預期信貸虧損」)指預期將於報告日期後12個月內可能發生的違約事件產生的部分全期預期信貸虧損。評估乃根據本集團的過往信貸虧損經驗進行，並根據債務人特有的因素、整體經濟狀況以及對報告日期當時狀況及未來狀況預測的評估作出調整。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

- (i) Significant increase in credit risk
- In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increase significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

4. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

本集團始終就應收貿易賬款確認全期預期信貸虧損。該等資產的預期信貸虧損乃個別評估。

就所有其他工具而言，本集團計量虧損撥備等於12個月預期信貸虧損，除非自初始確認起信貸風險顯著增加，則本集團確認全期預期信貸虧損。評估全期信貸虧損是否應確認乃基於自初始確認以來發生違約或風險的可能性顯著增加。

- (i) 信貸風險顯著增加
- 於評估信貸風險自首次確認以來是否已顯著增加時，本集團將於報告日期金融工具存在的違約風險與於首次確認日期金融工具存在的違約風險進行比較。在進行該評估時，本集團會計及合理可靠的定量及定性資料，包括過往經驗及毋須承擔過多成本或付出過多精力即可獲得的前瞻性資料。

尤其是，評估信貸風險是否顯著增加時會計及下列資料：

- 金融工具外部(倘可獲得)或內部信貸評級實際或預期出現嚴重降級；
- 外部市場信貸風險指標出現顯著惡化，例如信貸息差大幅擴大、債務人的信貸違約掉期價格大幅上升；



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- (i) Significant increase in credit risk (continued)
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
 - an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
- For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

4. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

- (i) 信貸風險顯著增加(續)
- 預期將導致債務人還債能力大幅下降的業務、財務或經濟狀況的現有或預測不利變化；
 - 債務人經營業績的實際或預期顯著惡化；
 - 導致債務人還債能力大幅下降的債務人監管、經濟或技術環境的實際或預期重大不利變化。

不論上述評估的結果如何，本集團認為，倘合約付款逾期超過30日，則信貸風險自首次確認以來已顯著增加，惟本集團有合理可靠的資料加以證明則當別論。

本集團定期監察用以確定信貸風險曾否顯著增加的標準的成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前確定信貸風險顯著增加。

- (ii) 違約定義
- 就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- (ii) Definition of default (continued)
- Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.
- (iii) Credit-impaired financial assets
- A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - (e) the disappearance of an active market for that financial asset because of financial difficulties.

4. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

- (ii) 違約定義 (續)
- 不論上文為何，本集團都認為，已於金融資產逾期超過90日後發生違約，除非本集團有合理及具理據資料來顯示更加滯後的違約標準更為恰當。
- (iii) 信貸減值金融資產
- 金融資產在一項或以上違約事件(對該金融資產估計未來現金流量構成不利影響)發生時維持信貸減值。金融資產維持信貸減值的證據包括有關以下事件的可觀察數據：
- (a) 發行人或借款人的重大財務困難；
 - (b) 違反合約(如違約或逾期事件)；
 - (c) 借款人的貸款人因有關借款人財務困難的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠；
 - (d) 借款人將可能陷入破產或其他財務重組；或
 - (e) 由於財務困難導致於金融資產活躍市場消失。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial assets.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

4. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

(iv) 撇銷政策

資料顯示對手方處於嚴重財困及無實際收回可能時，例如對手方被清盤或已進入破產程序時(以較早者為準)，本集團則撇銷金融資產。經考慮法律意見後(倘合適)，遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成取消確認事項。任何其後收回在損益中確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量取決於違約概率、違約損失率(即違約時的虧損程度)及違約風險承擔。違約概率及違約損失率的評估乃基於經前瞻性資料調整後的過往數據。預期信貸虧損的預估乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期收取的現金流量(按於初始確認時釐定的實際利率貼現)之間的差額。

利息收入根據金融資產的賬面總值計算，惟金融資產為信貸減值的情況除外，在此情況下，利息收入按金融資產的攤銷成本計算。

本集團通過調整所有金融工具的賬面值於損益內確認其減值收益或虧損，惟相應調整於虧損撥備賬中確認的應收貿易賬款及其他應收款項除外。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- (v) Measurement and recognition of ECL (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

4. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

- (v) 預期信貸虧損的計量及確認 (續)

取消確認金融資產

本集團僅於資產收取現金流量的合約權利已到期，或金融資產已轉讓及本集團已將其於金融資產所有權的絕大部分風險及回報轉移予另一實體時取消確認金融資產。倘本集團保留已轉讓金融資產所有權的絕大部分風險及回報，本集團可繼續確認金融資產，亦可就已收取之所得款項確認已抵押借款。

於取消確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價之和的差額於損益中確認。

於取消確認本集團於初步確認時於應用國際財務報告準則第9號時按公平值計入其他全面收入計量的權益工具投資時，先前在投資重估儲備中累計的累計收益或虧損不會重新分類至損益，但轉撥至保留盈利。

金融負債及權益

分類為債務或權益

債務及權益工具乃根據合約安排的實質及金融負債與權益工具的定義分類為金融負債或權益。



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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, (ii) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 *Business Combinations* applies.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank and other borrowings, medium-term notes and corporate bonds are subsequently measured at amortised cost, using the effective interest method.

4. 重要會計政策(續)

金融工具(續)

金融負債及權益(續)

權益工具

權益工具指證明在扣除所有負債後本集團於資產的剩餘權益的任何合約。本公司發行的權益工具按扣除直接發行成本後的已收所得款項確認。

購回本公司本身的權益工具直接於權益內確認及扣減。不會於損益內就購買、出售、發行或註銷本公司本身的權益工具確認收益或虧損。

金融負債

所有金融負債均採用實際利率法按攤銷成本或按公平值計入損益作後續計量。

按公平值計入損益的金融負債

倘金融負債屬(i)持作買賣；(ii)收購公司可能支付的或然代價(作為國際財務報告準則第3號業務合併適用的業務合併的一部分)，則金融負債分類為按公平值計入損益。

倘屬以下情況，金融負債為持作買賣：

- 收購金融負債的主要目的為於短期內購回；或
- 於初步確認時，其為本集團整體管理的已識別金融工具組合的一部分，並具有短期賺取溢利的近期實際模式；或
- 其屬並非指定及有效作為對沖工具的衍生工具。

按攤銷成本計量的金融負債

金融負債(包括應付貿易賬款及其他應付款項、銀行及其他借款、中期票據及公司債券)其後使用實際利率法按攤銷成本計量。

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4. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. 重要會計政策(續)

金融工具(續)

金融負債及權益(續)

取消確認金融負債

本集團僅在其責任獲免除、取消或終止時，方會取消確認金融負債。取消確認金融負債的賬面值與已付及應付代價的差額於損益中確認。

衍生金融工具

衍生工具於訂立衍生工具合約時初步按公平值確認，其後於報告期末重新計量公平值，所產生的收益或虧損於損益確認。

5. 估計不確定性的主要來源

於應用本集團的會計政策(於附註4論述)時，董事須就資產及負債不易由其他來源得出的賬面值作出判斷、估計及假設。估計及有關假設乃基於過往經驗及被認為屬相關的其他因素作出。實際結果可能與該等估計有所不同。

估計及相關假設會持續進行檢討。倘對會計估計的修訂僅影響對估計作出修訂的期間，則於修訂有關估計的期間內確認，或倘修訂對當前及未來期間均有影響，則於修訂期間及未來期間確認。



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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements of biological assets

The Group's biological assets are measured at fair value less costs to sell at the end of each reporting period. The Group uses valuation techniques that include inputs that are not based on market observable data to estimate the fair value of biological assets. For heifers and calves, the fair value is determined based on the 14 months old heifers' local market selling prices and adjusted by estimated feeding costs for heifers and calves older or younger than 14 months. For milkable cows, the fair value is determined by using the multi-period excess earning method with key inputs including the discount rate, the estimated feed costs per kilogram ("kg") of raw milk, estimated average daily milk yield at each lactation cycle and the estimated local future market price of raw milk. Any changes in the inputs may affect the fair value of the Group's biological assets significantly. The carrying amount of the Group's biological assets as at 31 December 2019 was RMB7,459,359,000 (2018: RMB7,717,113,000). Further details are given in Notes 23 and 42.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of its value in use and its fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable pre-tax discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or when there is a downward revision to the estimated future cash flows due to changes in facts and circumstances, further impairment loss may arise.

As at 31 December 2019, the carrying amount of goodwill was RMB1,371,266,000 (2018: RMB1,398,589,000), net of accumulated impairment loss of RMB164,620,000 (2018: RMB137,297,000). Details of the recoverable amount calculation are disclosed in Note 19.

5. 估計不確定性的主要來源(續)

於報告期末，極有可能導致下一個財政年度的資產及負債賬面值出現重大調整的涉及未來的主要假設及估計不確定性的其他主要來源如下。

生物資產的公平值計量

本集團的生物資產於各報告期末按公平值減銷售成本計量。於估計生物資產的公平值時，本集團採用包括並非根據可觀察市場數據的輸入數據的估計方法。就小母牛及小牛而言，公平值乃根據14個月大的小母牛本地市場售價而釐定，並經大於或小於14個月的小母牛及小牛的估計飼養成本調整。就奶牛而言，公平值乃使用多期超額收益法及關鍵輸入數據(包括貼現率、每千克(「千克」)原料奶的估計飼養成本、各哺乳期的估計平均每日產奶量及原料奶的估計本地未來市價)釐定。輸入數據的任何變動均可能顯著影響本集團生物資產的公平值。於二零一九年十二月三十一日，本集團生物資產的賬面值為人民幣7,459,359,000元(二零一八年：人民幣7,717,113,000元)。進一步詳情載於附註23及42。

商譽的估計減值

釐定商譽是否減值須對獲分配商譽的現金產生單位的可收回款項作出估計，以其使用價值及其公平值減出售成本的較高者為準。使用價值計算要求本集團估計預期產生自現金產生單位的未來現金流量及合適的稅前貼現率以計算現值。倘實際的未來現金流量低於預期或由於事實及情況變動而對估計的未來現金流量作下調修訂時，則可能會出現進一步的減值虧損。

於二零一九年十二月三十一日，商譽的賬面值為人民幣1,371,266,000元(二零一八年：人民幣1,398,589,000元)，扣除累計減值虧損人民幣164,620,000元(二零一八年：人民幣137,297,000元)。有關可收回款項計算的詳情於附註19中披露。



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6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Types of goods	商品類型		
Raw milk	原料奶	5,514,210	4,715,942
Liquid milk products	液態奶產品	-	240,869
Total	總計	5,514,210	4,956,811
Timing of revenue recognition	收入確認時間		
A point in time	時間點	5,514,210	4,956,811

(ii) Performance obligations for contracts with customers

The Group sells raw milk directly to dairy product manufactures. For sales of raw milk to its customers, revenue is recognised when control of the goods has been transferred, being at the point the customer received the goods and accepted the quality. Payment of the transaction price is determined based on market price. The normal credit term is 30 days upon invoice date.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Sales of raw milk are for periods of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. 收入及分部資料

(i) 收入細分

(ii) 客戶合約的履約義務

本集團直接向乳品製造商銷售原料奶。就向其客戶銷售原料奶而言，收入於已轉移商品控制權時獲確認（即客戶收到商品並接受品質時）。交易價格款項乃按市價釐定。一般信貸期為發票日期後30天。

(iii) 分配至客戶合約餘下履約義務的交易價格

原料奶的銷售期限為一年或更短。在國際財務報告準則第15號允許的情況下，未披露分配至該等未獲滿足合約的交易價格。



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6. REVENUE AND SEGMENT INFORMATION

(continued)

(iv) Segment information

IFRS 8 *Operating Segments* ("IFRS 8") requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), in order to allocate resources and to assess performance. During the two years ended 31 December 2019, the CODM assesses the operating performance and allocates resources of the Group as a whole, as all of the Group's activities are considered to be primarily the provision of raw milk in the PRC. Accordingly, the Directors consider there is only one operating segment under the requirements of IFRS 8. In addition, all revenue from external customers is derived from the customers located in Mainland China and all of the non-current assets are located in Mainland China and the Group is managed on a nationwide basis because of the similarity of the type or class of the customers and the similarity of the regulatory environment in the whole region. In this regard, no segment information is presented.

(v) Information about major customers

Included in revenue arising from sales of raw milk to external customers of approximately RMB4,702,150,000 (2018:RMB4,222,146,000) arose from sales to a single customer ("Customer A"). During the year ended 31 December 2018, the Group also sold liquid milk products of RMB239,995,000 to Customer A. No other single customer contributed 10% or more to the Group's revenue for each of the two years ended 31 December 2019.

6. 收入及分部資料(續)

(iv) 分部資料

國際財務報告準則第8號經營分部(「國際財務報告準則第8號」)規定根據主要營運決策者(「主要營運決策者」)定期審閱的有關本集團組成部分的內部報告識別經營分部，以分配資源及評估表現。截至二零一九年十二月三十一日止兩個年度，主要營運決策者評估本集團的整體經營業績並分配其整體資源，乃由於本集團的所有活動主要被視為在中國提供的原料奶。因此，董事認為，根據國際財務報告準則第8號只有一個經營分部。此外，所有來自外部客戶的收入乃源自中國內地的客戶且所有非流動資產均位於中國內地，而本集團因整個地區客戶類型或類別的相似性及監管環境的相似性而按全國基準進行管理。就此而言，並無呈列分部資料。

(v) 有關主要客戶的資料

計入外部客戶原料奶銷售收入約人民幣4,702,150,000元(二零一八年：人民幣4,222,146,000元)為向單一客戶(「客戶A」)銷售所產生的收入。截至二零一八年十二月三十一日止年度，本集團亦向客戶A出售液態奶產品人民幣239,995,000元。截至二零一九年十二月三十一日止兩個年度各年，並無其他單一客戶向本集團貢獻10%或以上收入。



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7. OTHER INCOME AND OTHER EXPENSES

Other income

7. 其他收入及其他開支

其他收入

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank interest income	銀行利息收入	11,169	11,034
Government grants related to	就以下各項授出的政府補貼：		
– Assets (Note 35)	– 資產(附註35)	19,030	19,067
– Others (Note)	– 其他(附註)	13,593	24,606
Others	其他	32,623 7,276	43,673 11,424
		51,068	66,131

Note: These government grants are unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving immediate financial support to the Group's operation.

附註：該等政府補貼為本集團從有關政府部門收取的無條件政府補貼，旨在為本集團的營運提供即時財政支持。



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7. OTHER INCOME AND OTHER EXPENSES

(continued)

Other expenses

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Donation expenses	捐贈開支	545	225
Loss from sales of milk powders (Note i)	出售奶粉虧損(附註i)	-	321
Compensation for termination of a contract (Note ii)	終止合約的補償(附註ii)	-	12,000
Others	其他	8,516	10,545
		9,061	23,091

Notes:

- i. During the year ended 31 December 2018, the Group dehydrated some of its raw milk into milk powders which were intended for feeding calves. The Group sold the milk powders to third parties, resulting in a loss of RMB321,000 for the year ended 31 December 2018, being the excess of the carrying value of the milk powders over the proceeds received.
- ii. In June 2016, Modern Farming (Saibei) Co., Ltd. ("Saibei"), a subsidiary of the Company, entered into a consigned processing contract with Bengbu Heping Dairy Co., Ltd ("Heping") to consign Heping to process liquid milk product. As the Directors predicted the process of liquid milk production would not be resumed in the foreseeable future, Saibei terminated the contract with a compensation of RMB12,000,000 to Heping in December 2018.

7. 其他收入及其他開支(續)

其他開支

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Donation expenses	捐贈開支	545	225
Loss from sales of milk powders (Note i)	出售奶粉虧損(附註i)	-	321
Compensation for termination of a contract (Note ii)	終止合約的補償(附註ii)	-	12,000
Others	其他	8,516	10,545
		9,061	23,091

附註：

- i. 截至二零一八年十二月三十一日止年度，本集團將部分原料奶脫水成為奶粉，擬用於飼養小牛。本集團其後將其出售予第三方，導致截至二零一八年十二月三十一日止年度虧損人民幣321,000元，即奶粉的賬面值高於已收所得款項的部分。
- ii. 於二零一六年六月，本公司的附屬公司現代牧業(塞北)有限公司(「塞北」)與蚌埠和平乳業有限公司(「和平」)簽訂代銷加工合約，為和平代銷加工液態奶產品。由於董事預計於可見將來不會恢復加工液態奶產品，塞北於二零一八年十二月與和平終止合約，並補償人民幣12,000,000元。

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8. PROFIT (LOSS) BEFORE FINANCE COSTS AND TAX

Profit (loss) before finance costs and tax is arrived at after charging (crediting):

8. 除融資成本及稅項前溢利(虧損)

除融資成本及稅項前溢利(虧損)乃扣除(計入)下列各項後計算得出：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of sales before raw milk fair value adjustments:	原料奶公平值調整前的銷售成本：		
Breeding costs to produce raw milk	生產原料奶的養殖成本	3,412,330	3,243,770
Production costs for liquid milk products	液態奶產品的生產成本	-	166,900
		3,412,330	3,410,670
Raw milk fair value adjustments included in cost of sales	計入銷售成本的原料奶公平值調整	1,938,360	1,371,468
		5,350,690	4,782,138
Other gains and losses, net:	其他收益及虧損淨額：		
Net foreign exchange loss	外匯虧損淨額	82,952	126,957
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	16,879	4,768
Gains on disposal of subsidiaries (Note 38)	於出售附屬公司產生的收益(附註38)	-	(18,193)
Impairment loss on property, plant and equipment (Note 16)	物業、廠房及設備減值虧損(附註16)	45,287	36,444
Impairment loss on goodwill (Note 19)	商譽減值虧損(附註19)	27,323	25,950
Fair value (gain) loss on financial assets at FVTPL	按公平值計入損益金融資產的公平值(收益)虧損		
Foreign currency forward contracts (Note 22)	外匯遠期合約(附註22)	(17,971)	(35,394)
Foreign currency option contracts (Note 22)	外匯期權合約(附註22)	(32,585)	872
Bills receivable (Note 25)	應收票據(附註25)	-	(1,427)
		(50,556)	(35,949)
Gains on derecognition of financial liabilities	取消確認金融負債的收益	(839)	(1,352)
		121,046	138,625



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8. PROFIT (LOSS) BEFORE FINANCE COSTS
AND TAX (continued)8. 除融資成本及稅項前溢利(虧損)
(續)

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Depreciation of property, plant and equipment (Note 16)	物業、廠房及設備折舊 (附註16)	516,954	535,685
Less: capitalised in biological assets	減：生物資產資本化金額	(208,171)	(220,651)
Depreciation charged to profit or loss	扣除自損益的折舊	308,783	315,034
Depreciation of right-of-use assets (Note 17)	使用權資產折舊(附註17)	16,266	-
Less: capitalised in biological assets	減：生物資產資本化金額	(5,703)	-
Depreciation charged to profit or loss	扣除自損益的折舊	10,563	-
Short-term lease expense	短期租賃開支	13,180	-
Less: capitalised in biological assets	減：生物資產資本化金額	(5,934)	-
Short-term lease expense charged to profit or loss	扣除自損益的短期租賃開支	7,246	-
Equity-settled share award expense (Note 37(b))	以股權結算的股份獎勵開支 (附註37(b))	25,553	8,646
Other employee benefits costs	其他僱員福利開支	490,961	435,722
Less: capitalised in biological assets	減：生物資產資本化金額	(122,538)	(112,143)
Employee benefits charged to profit or loss	扣除自損益的僱員福利	393,976	332,225
Auditors' remuneration	核數師薪酬	2,950	2,800
Release of land use rights	土地使用權解除	-	4,012

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9. FINANCE COSTS

9. 融資成本

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest expenses on:	利息開支：		
Bank borrowings	銀行借款	248,407	187,625
Medium-term notes	中期票據	6,620	41,485
Corporate bonds	公司債券	14,645	59,871
Other borrowings from Mengniu (Note 46(d))	來自蒙牛的其他借款 (附註46(d))	47,842	44,306
Other borrowings from financial institutions	來自金融機構的其他借款	2,337	-
Mengniu Bill (as defined in Note 25)	蒙牛票據(定義見附註25)	6,952	1,804
Lease liabilities	租賃負債	11,010	-
Total borrowing cost	借款成本總額	337,813	335,091
Fair value loss on interest rates swaps	利率掉期公平值虧損	38,982	3,531
		376,795	338,622



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10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

10. 預期信貸虧損模型下減值虧損，扣除撥回

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Impairment losses recognised on:	減值虧損於以下確認：		
- Trade receivables – liquid milk product (the Distributors) (as defined in Note 25)	- 應收貿易賬款 – 液態奶產品 (分銷商)(定義見附註25)	-	358,891
- Trade receivables – liquid milk product (other customers)	- 應收貿易賬款 – 液態奶產品 (其他客戶)	-	5,365
- Other receivables	- 其他應收款項	953	3,569
Impairment losses reversed on:	減值虧損於以下撥回：		
- Trade receivables – liquid milk product (the Distributors)	- 應收貿易賬款 – 液態奶產品 (分銷商)	(160,451)	-
- Trade receivables – liquid milk product (other customers)	- 應收貿易賬款 – 液態奶產品 (其他客戶)	(1,837)	(163)
		(161,335)	367,662

Details of impairment assessment are set out in Note 40.

減值評估詳情載列於附註40。

11. INCOME TAX EXPENSE

11. 所得稅開支

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Income tax recognised in profit or loss:	於損益內確認的所得稅：		
Current tax:	即期稅項：		
PRC Enterprise Income Tax	中國企業所得稅	556	513

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11. INCOME TAX EXPENSE (continued)

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries established in the PRC.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax (the "EIT Law") at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. According to the prevailing tax rules and regulation of the PRC, 16 subsidiaries (2018: 16 subsidiaries) of the Group are exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC for the year ended 31 December 2019.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting RMB1,863,415,000 (31 December 2018: RMB1,372,185,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

11. 所得稅開支(續)

稅項開支指按於中國成立的附屬公司的應課稅收入的現行稅率計算的中國所得稅。

中國附屬公司須就該兩個年度按25%的稅率繳納中國企業所得稅(「企業所得稅法」)。其他司法權區產生的稅項乃根據有關司法權區現行稅率計算。根據中國現行稅務規則及法規，截至二零一九年十二月三十一日止年度，本集團的16間附屬公司(二零一八年：16間附屬公司)於中國經營農業業務產生的應課稅溢利獲豁免繳納企業所得稅。

並無就香港稅項作出撥備，原因為本集團於香港並無產生收入亦無源自香港之收入。

根據中國企業所得稅法，於中國成立的外資企業向外商投資者宣派股息須繳納10%的預扣稅。該規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後之盈利。倘中國與外商投資者所在司法權區訂立了稅項條約，則可調低預扣稅稅率。本集團的適用比率為5%或10%。並未就中國附屬公司累計溢利人民幣1,863,415,000元(二零一八年十二月三十一日：人民幣1,372,185,000元)於綜合財務報表就遞延稅項作出撥備，乃由於本集團能夠控制撥回暫時差額的時間及該等暫時差額於可見將來可能不會獲撥回。



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11. INCOME TAX EXPENSE (continued)

The tax expense for the current year can be reconciled to profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 所得稅開支(續)

以下是本年度稅項開支與綜合損益及其他全面收益表內除稅前溢利(虧損)的對賬：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit (loss) before tax	除稅前溢利(虧損)	350,413	(505,660)
Tax at applicable income tax rate at 25% (2018: 25%)	按適用所得稅稅率25%計算的稅項(二零一八年：25%)	87,603	(126,415)
Effect of tax exemption granted to agricultural entities	農業實體免稅待遇的影響	(150,311)	(90,023)
Effect of non-utilised losses incurred from agricultural business and other non-deductible expenses	農業業務產生未動用虧損及其他不可扣稅開支的影響	57,486	204,376
Effect of tax losses not recognised	未確認稅項虧損的影響	6,104	12,575
Utilisation of tax losses previously not recognised	動用過往未確認稅項虧損	(326)	-
Income tax expense	所得稅開支	556	513

As at 31 December 2019, the Group's PRC subsidiaries had unused tax losses of RMB179,043,000 (2018: RMB200,019,000) incurred by non-agricultural business in the PRC. These unused tax losses as at 31 December 2019 will expire in year 2020 to year 2024 if not utilised. No deferred tax asset has been recognised in relation to such tax losses as it is not probable that taxable profit will be available against which the temporary differences can be utilised.

於二零一九年十二月三十一日，本集團的中國附屬公司就中國的非農業業務產生的未動用稅項虧損為人民幣179,043,000元(二零一八年：人民幣200,019,000元)。倘於二零一九年十二月三十一日該等未動用稅項虧損未獲動用，其將於二零二零年至二零二四年屆滿。由於可能不會獲得應課稅溢利而可動用暫時差額，因此並無就有關稅項虧損確認遞延稅項資產。

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12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Details of the directors' and the chief executives' emoluments are as follows:

12. 董事及主要行政人員酬金

董事及主要行政人員酬金詳情如下：

		2019 二零一九年				
		Directors' fees	Salaries, allowances and benefits-in-kind	Equity-settled share award expense	Retirement benefits scheme contributions	Total
		董事袍金	薪金、津貼及實物福利	按股權結算股份獎勵開支	退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事					
Ms. Gao Lina	高麗娜女士	-	3,902	2,947	-	6,849
Mr. Han Chunlin	韓春林先生	-	2,060	1,643	141	3,844
Non-executive directors	非執行董事					
Mr. Lu Minfang	盧敏放先生	-	-	-	-	-
Mr. Wolhardt	Wolhardt Julian					
Julian Juul	Juul先生	-	-	-	-	-
Mr. Zhang Ping	張平先生	-	-	-	-	-
Mr. Zhao Jiejun	趙傑軍先生					
(Note ii)	(附註ii)	-	-	-	-	-
Mr. Wen Yongping	溫永平先生					
(Note ii)	(附註ii)	-	-	-	-	-
Independent non-executive directors	獨立非執行董事					
Mr. Lee Kong Wai	李港衛先生					
Conway		215	-	-	-	215
Mr. Li Shengli	李勝利先生	200	-	-	-	200
Mr. Kang Yan	康龔先生	200	-	-	-	200
		615	5,962	4,590	141	11,308

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12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (continued)

12. 董事及主要行政人員酬金(續)

		2018 二零一八年				
		Salaries, allowances and benefits- in-kind	Equity- settled share award expense	Retirement benefits scheme contributions	Total	
		薪金、津貼及 實物福利	按股權結算 股份獎勵開支	退休福利 計劃供款	總計	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Executive directors	執行董事					
Ms. Gao Lina	高麗娜女士	–	2,467	1,318	–	3,785
Mr. Han Chunlin	韓春林先生	–	1,635	651	65	2,351
Non-executive directors	非執行董事					
Mr. Lu Minfang	盧敏放先生	–	–	–	–	–
Mr. Wolhardt Julian Juul	Wolhardt Julian Juul先生	–	–	–	–	–
Mr. Zhang Ping	張平先生	–	–	–	–	–
Mr. Wen Yongping (Note ii)	溫永平先生 (附註ii)	–	–	–	–	–
Independent non-executive directors	獨立非執行董事					
Mr. Lee Kong Wai Conway	李港衛先生	204	–	–	–	204
Mr. Li Shengli	李勝利先生	200	–	–	–	200
Mr. Kang Yan	康龔先生	200	–	–	–	200
		604	4,102	1,969	65	6,740

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12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (continued)

Ms. Gao Lina and Mr. Han Chunlin are also the chief executives of the Company. The emoluments disclosed above for executive directors were for the management of the affairs of the Company and the Group. The executive directors were also granted share options and share awards under the share option schemes and the share award scheme of the Company. Details of the share option schemes and share award scheme are set out in Note 37.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

- No directors waived or agreed to waive any remuneration during the year ended 31 December 2019 (2018: nil).
- Mr. Wen Yongping, a non-executive director, resigned from his office with effect from 15 January 2019. Mr. Zhao Jiejun was appointed as a non-executive director with effect from 15 January 2019.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year included two (2018: two) directors of the Company, details of whose remuneration are included in the disclosures in Note 12 above. Details of the remuneration of the remaining three (2018: three) highest paid individuals for the year are as follows:

12. 董事及主要行政人員酬金(續)

高麗娜女士及韓春林先生亦為本公司的主要行政人員。上文所披露執行董事酬金是管理本公司及本集團事務的酬金，執行董事亦根據本公司購股權計劃及股份獎勵計劃獲授購股權及股份獎勵。購股權計劃及股份獎勵計劃詳情載於附註37。

上文所列獨立非執行董事的酬金為彼等作為本公司董事的服務酬金。

附註：

- 截至二零一九年十二月三十一日止年度，概無董事放棄或同意放棄任何薪酬(二零一八年：無)。
- 非執行董事溫永平先生自二零一九年一月十五日起辭任。趙傑軍先生自二零一九年一月十五日起獲委任為非執行董事。

13. 五名最高薪酬人士

本集團年內五名最高薪酬人士包括本公司兩名(二零一八年：兩名)董事，其薪酬詳情披露於上文附註12。年內其餘三名(二零一八年：三名)最高薪酬人士的薪酬詳情如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, allowances and benefits-in-kind	薪金、津貼及實物福利	4,147	3,653
Retirement benefits scheme contributions	退休福利計劃供款	242	134
Equity-settled share award expense	按股權結算股份獎勵開支	4,197	1,301
		8,586	5,088



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13. FIVE HIGHEST PAID EMPLOYEES (continued)

No remuneration was paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2019 (2018: nil).

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands in Hong Kong Dollar ("HK\$") is as follows:

		2019 二零一九年	2018 二零一八年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	2
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	2	–
		3	3

Certain non-director and non-chief executive highest paid employees were granted share options and share awards, in respect of their services to the Group under the share option schemes and share award scheme of the Company. Details of the share option schemes and share award scheme are set out in Note 37.

14. DIVIDEND

No dividend (2018: nil) was paid or proposed for ordinary shareholders of the Company during 2019, nor has any dividend been proposed since the end of the reporting period.

13. 五名最高薪酬人士(續)

截至二零一九年十二月三十一日止年度，本集團概無向董事或五名最高薪酬人士支付任何薪酬，作為加盟本集團或加盟後的獎勵或作為離任補償(二零一八年：無)。

以港元(「港元」)計值的薪酬屬以下範圍的非董事最高薪酬僱員人數如下：

根據本公司的購股權計劃及股份獎勵計劃，若干非董事及非主要行政人員的最高薪酬僱員就其對本集團的服務獲授購股權及股份獎勵。購股權計劃及股份獎勵計劃詳情載於附註37。

14. 股息

概無就二零一九年期間向本公司普通股股東支付或建議派付任何股息(二零一八年：無)，亦無自報告期末起建議派付任何股息。

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15. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

15. 每股盈利(虧損)

本公司持有人應佔每股基本及攤薄盈利(虧損)乃根據以下數據計算：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit (loss)	溢利(虧損)		
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	用於計算每股基本及攤薄盈利(虧損)的溢利(虧損)	341,270	(496,088)
		2019 二零一九年 Shares 股	2018 二零一八年 Shares 股
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	用於計算每股基本盈利(虧損)的普通股加權平均數	6,165,192,978	6,083,399,210
Effect of dilutive potential ordinary shares:	攤薄潛在普通股的影響：		
Share options	購股權	11,637,831	-
Share awards	股份獎勵	4,765,434	-
		6,181,596,243	6,083,399,210

The number of shares adopted in the calculation of the basic earnings (loss) per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme. The calculation of diluted loss per share for the year ended 31 December 2018 has not taken into account the effect of the share options and share awards of the Company since the assumed exercise and vesting would result in decrease in loss per share.

計算每股基本盈利(虧損)所採納的股份數目於抵銷本公司股份獎勵計劃項下持有的本公司未歸屬股份後得出。計算截至二零一八年十二月三十一日止年度的每股攤薄虧損並不計及本公司購股權及股份獎勵的影響，乃由於假設行使及歸屬會導致每股虧損減少。



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16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Plant and equipment 廠房及設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	成本					
Balance at 1 January 2018	於二零一八年一月一日的結餘	5,230,080	22,867	2,094,137	51,370	7,398,454
Additions	添置	-	494	67,012	187,273	254,779
Transfer	轉撥	113,804	-	82,081	(195,885)	-
Disposals	出售	(16,136)	(1,939)	(60,817)	-	(78,892)
Eliminated on disposal of subsidiaries (Note 38)	出售附屬公司撤銷(附註38)	(170,883)	(379)	(416,032)	(31,230)	(618,524)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	5,156,865	21,043	1,766,381	11,528	6,955,817
Additions	添置	-	689	81,113	113,443	195,245
Transfer	轉撥	53,250	-	54,215	(107,465)	-
Disposals	出售	(15,639)	(1,156)	(124,394)	-	(141,189)
Reclassified as held for sale (Note 27)	重新分類為持有出售(附註27)	(154,659)	-	(46,615)	-	(201,274)
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	5,039,817	20,576	1,730,700	17,506	6,808,599
Accumulated depreciation	累計折舊					
Balance at 1 January 2018	於二零一八年一月一日的結餘	(1,618,958)	(8,386)	(966,828)	-	(2,594,172)
Charge for the year	年內開支	(323,998)	(1,366)	(210,321)	-	(535,685)
Eliminated on disposals	出售撤銷	6,462	1,304	48,637	-	56,403
Eliminated on disposal of subsidiaries (Note 38)	出售附屬公司撤銷(附註38)	33,820	286	144,536	-	178,642
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	(1,902,674)	(8,162)	(983,976)	-	(2,894,812)
Charge for the year	年內開支	(326,773)	(989)	(189,192)	-	(516,954)
Eliminated on disposals	出售撤銷	13,713	1,066	96,597	-	111,376
Reclassified as held for sale (Note 27)	重新分類為持有出售(附註27)	104,537	-	26,537	-	131,074
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	(2,111,197)	(8,085)	(1,050,034)	-	(3,169,316)
Impairment	減值					
Balance at 1 January 2018	於二零一八年一月一日的結餘	(100,017)	(82)	(5,447)	-	(105,546)
Impairment loss recognised in profit or loss	已於損益確認減值虧損	(11,499)	-	(24,945)	-	(36,444)
Eliminated on disposals	出售撤銷	1,274	19	377	-	1,670
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	(110,242)	(63)	(30,015)	-	(140,320)
Impairment loss recognised in profit or loss	已於損益確認減值虧損	(4,328)	-	(40,959)	-	(45,287)
Eliminated on disposal	出售撤銷	1,111	-	281	-	1,392
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	(113,459)	(63)	(70,693)	-	(184,215)
Carrying amounts	賬面值					
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	2,815,161	12,428	609,973	17,506	3,455,068
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	3,143,949	12,818	752,390	11,528	3,920,685

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16. PROPERTY, PLANT AND EQUIPMENT

(continued)

Depreciation is charged using straight-line method over the expected useful life, after taking into account its estimated residual value, at the following rates per annum:

Buildings	4.75%–9.50%
Motor vehicles	19.00%
Plant and equipment	9.50%–19.00%

Impairment assessment

During the current year, the Directors determined that the operation of Saibei would not be resumed in the foreseeable future. The Group engaged an independent valuer, Asia-Pacific Consulting and Appraisal Limited to assist it in assessing the recoverable amounts of property, plant and equipment of Saibei. The recoverable amount of RMB24,278,000 in respect of the buildings was determined under market method. The Group recognised an impairment loss of RMB45,287,000 (2018: RMB36,444,000) in profit or loss for the property, plant and equipment of Saibei.

16. 物業、廠房及設備(續)

折舊於預期可使用年期內並計及其估計剩餘價值後使用直線法按下列年利率計提：

樓宇	4.75%–9.50%
汽車	19.00%
廠房及設備	9.50%–19.00%

減值評估

於本年度，董事認為於可見將來塞北不會恢復營運。本集團聘請獨立估值師亞太評估諮詢有限公司協助評估塞北物業、廠房及設備的可收回金額。樓宇可收回金額人民幣24,278,000元乃按市場法釐定。本集團對塞北物業、廠房及設備於損益確認減值虧損人民幣45,287,000元(二零一八年：人民幣36,444,000元)。



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17. RIGHT-OF-USE ASSETS

17. 使用權資產

		Leasehold lands	Leased properties	Leased machinery and equipment	Total
		租賃土地 RMB'000 人民幣千元	租賃物業 RMB'000 人民幣千元	租賃機械 及設備 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Cost	成本				
Balance at 1 January 2019	於二零一九年 一月一日的結餘	288,640	–	43,932	332,572
Additions (Note i)	添置(附註i)	21,526	730	5,061	27,317
Balance at 31 December 2019	於二零一九年 十二月三十一日的 結餘	310,166	730	48,993	359,889
Accumulated depreciation	累計折舊				
Balance at 1 January 2019	於二零一九年 一月一日的結餘	(23,462)	–	–	(23,462)
Charge for the year	年內開支	(10,797)	(243)	(5,226)	(16,266)
Balance at 31 December 2019	於二零一九年 十二月三十一日的 結餘	(34,259)	(243)	(5,226)	(39,728)

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17. RIGHT-OF-USE ASSETS (continued)

17. 使用權資產(續)

		Leasehold lands	Leased properties	Leased machinery and equipment	Total
		租賃土地	租賃物業	租賃機械 及設備	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Carrying amounts	賬面值				
Balance at 1 January 2019	於二零一九年 一月一日的結餘	265,178	—	43,932	309,110
Balance at 31 December 2019	於二零一九年 十二月三十一日的 結餘	275,907	487	43,767	320,161
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	有關短期租賃及租期於初步應用國際財務報告準則第16號日期起計12個月內結束的其他租賃的開支				13,180
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	有關低價值資產租賃(不包括低價值資產短期租賃)的開支				30
Variable lease payments not included in the measurement of lease liabilities	並無計入租賃負債計量的可變租賃付款				355
Total cash outflow for leases (Note ii)	租賃現金流出總額(附註ii)				31,665



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17. RIGHT-OF-USE ASSETS (continued)

Notes:

- i. Amount includes right-of-use assets resulting from new leases commenced in 2019.
- ii. Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases, low value assets and payments of lease payments on or before lease commencement date. These amounts are presented in operating, investing and financing cash flows.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The Group leases lands, properties, machineries and equipments to operate its business. These leases are typically made for fixed terms of 2 to 50 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. The lease liabilities are measured at the present value of the lease payments that are not yet paid. The incremental borrowing rates applied by the relevant group entities range from 5.13% to 5.20% per annum for lease liabilities as at 31 December 2019.

For some of the leased machineries, the Group is required to make fixed monthly payments and additional variable payments depending on the usage of the asset during the contract period.

The Group's lease agreements do not contain any contingent rent nor any extension, early termination option or purchase option for lessee.

The Group regularly entered into short-term leases for machineries, motor vehicles and office equipment. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 8.

17. 使用權資產(續)

附註：

- i. 金額包括因新租賃於二零一九年開始而產生的使用權資產。
- ii. 金額包括租賃負債的本金及利息部分付款、可變租賃付款、短期租賃、低價值資產及在租賃開始日期或之前支付的租賃付款。該等金額在經營、投資及融資現金流量中列示。

使用權資產按租期以直線法折舊。

本集團租賃土地、物業、機械及設備以經營其業務。該等租賃通常固定期限為2至50年。租賃條款乃按個別基準磋商，包含不同付款條款及條件。租賃負債按未支付的租賃付款現值計量。於二零一九年十二月三十一日，相關集團實體就租賃負債所應用增量借款利率介乎每年5.13%至5.20%。

對於部分租賃機械，本集團須作出每月固定付款及視乎合約期內使用資產情況作出額外可變付款。

本集團的租賃協議不包含任何或然租金或承租人的任何延長、提早終止權或購買權。

本集團定期就機械、汽車及辦公設備訂立短期租賃。於二零一九年十二月三十一日，短期租賃組合與短期租賃開支於附註8所披露的短期租賃組合相若。

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18. LAND USE RIGHTS

18. 土地使用權

		RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	129,908
Eliminated on disposals of subsidiaries (Note 38)	出售附屬公司撇銷(附註38)	(4,674)
Released to profit or loss	解除至損益	(4,012)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	121,222
Analysed for reporting purpose as:	呈報分析如下：	
– Current assets	– 流動資產	4,002
– Non-current assets	– 非流動資產	117,220
		121,222

The amount represents the prepaid lease payments for land use rights situated in the PRC. The leasehold interests in land have lease terms ranging from 20 to 50 years.

該款項指中國土地使用權預付租賃款項。租賃土地權益的租用期限介乎20至50年。



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19. GOODWILL

19. 商譽

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost	成本		
At 1 January and 31 December	於一月一日及十二月三十一日	1,535,886	1,535,886
Impairment	減值		
At 1 January	於一月一日	(137,297)	(111,347)
Impairment loss recognised in the year	年內已確認減值虧損	(27,323)	(25,950)
At 31 December	於十二月三十一日	(164,620)	(137,297)
Carrying values	賬面值		
At 31 December	於十二月三十一日	1,371,266	1,398,589

For the purpose of impairment testing, goodwill has been allocated to two individual CGUs. The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these CGUs are as follows:

進行減值測試時，商譽歸入兩個個別現金產生單位。商譽的賬面值(扣除累計減值虧損)歸入該等現金產生單位如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Modern Farming (Note i)	現代牧業(集團)(附註i)	310,426	310,426
ADH Companies (Note ii)	ADH公司(附註ii)	1,060,840	1,088,163
		1,371,266	1,398,589

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19. GOODWILL (continued)

Notes:

- i. The Group's goodwill of RMB310,426,000 arose from acquisition of Modern Farming (Group) Co., Ltd. ("**Modern Farming**") in 2009 (the "**2009 Goodwill**"). Accordingly, for the purpose of impairment testing, the 2009 Goodwill has been allocated to the dairy farming business of Modern Farming and its subsidiaries at the point of acquisition, being the group of CGUs engaged in dairy farming operations (the "**Modern Farming CGU**") and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the Modern Farming CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets of five years approved by the management and a pre-tax discount rate of 12.3% (2018: 11.8%). Cash flows beyond the budgeted period are extrapolated using a 2.5% (2018: 2.5%) growth rate. Other key assumptions for the value in use calculation included the estimated future market price of raw milk, the estimated average daily milk yield at each lactation cycle and the estimated feed costs per kg of raw milk. Such assumptions are based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Modern Farming CGU to exceed the aggregate recoverable amount of the Modern Farming CGU.

- ii. The Group's goodwill of RMB1,225,460,000 arose from acquisition of the Asia Dairy Holdings and Asia Dairy Holdings II (the "**ADH Companies**") in 2015 (the "**2015 Goodwill**"). For the purpose of impairment testing, the 2015 Goodwill has been allocated to the ADH Companies, being the group of CGUs engaged in dairy farming operations (the "**ADH CGU**") and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the ADH CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets of five years approved by the management and a pre-tax discount rate of 12.3% (2018: 11.8%). Cash flows beyond the budgeted period are extrapolated using a 2.5% (2018: 2.5%) growth rate. Other key assumptions for the value in use calculation included the estimated future market price of raw milk, the estimated average daily milk yield at each lactation cycle and estimated feed costs per kg of raw milk. Such assumptions are based on the unit's past performance and management's expectations for the market development.

Due to certain decline of the quantity of dairy cows, an impairment loss of RMB27,323,000 (2018: RMB25,950,000) was recognised in 2019, being the excess of the carrying amount of the ADH CGU over the recoverable amount of RMB2,514,830,000 determined based on the above value in use calculation.

19. 商譽(續)

附註：

- i. 本集團的商譽金額為人民幣310,426,000元，因於二零零九年收購現代牧業(集團)有限公司(「現代牧業(集團)」)而產生(「二零零九年商譽」)。因此，進行減值測試時，二零零九年商譽歸入現代牧業(集團)及其於收購時為經營奶牛養殖業務的現金產生單位組別的附屬公司(「現代牧業(集團)現金產生單位」)的奶牛養殖業務，並為本集團內就內部管理目的監控商譽的最低水平。

現代牧業(集團)現金產生單位的可收回金額按照使用價值計算釐定，並以經管理層批准的五年財務預算為依據，採用現金流量預測作出，稅前貼現率為12.3%(二零一八年：11.8%)。預算期限以外的現金流量使用2.5%(二零一八年：2.5%)的增長率推算。計算使用價值的其他主要假設包括估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克原料奶估計飼養成本。該等假設乃基於該單位的以往表現及管理層對市場發展的預期。管理層認為，該等假設可能產生的任何合理變動不會導致現代牧業(集團)現金產生單位的總賬面值超過其可收回金額總額。

- ii. 本集團的商譽金額為人民幣1,225,460,000元，因於二零一五年收購Asia Dairy Holdings及Asia Dairy Holdings II(「該等ADH公司」)而產生(「二零一五年商譽」)。進行減值測試時，二零一五年商譽歸入該等ADH公司，其為經營奶牛養殖業務的現金產生單位組別(「ADH現金產生單位」)，並為本集團內就內部管理目的監控商譽的最低水平。

ADH現金產生單位的可收回金額按照使用價值計算釐定，並以經管理層批准的五年財務預算為依據，採用現金流量預測作出，稅前貼現率為12.3%(二零一八年：11.8%)。預算期限以外的現金流量使用2.5%(二零一八年：2.5%)的增長率推算。計算使用價值的其他主要假設包括估計未來原料奶市價、各哺乳期的估計平均每日產奶量及每千克原料奶估計飼養成本。該等假設乃基於該單位的以往表現及管理層對市場發展的預期。

由於乳牛數量有一定下降，故於二零一九年已確認一項為人民幣27,323,000元的減值虧損(二零一八年：人民幣25,950,000元)，即ADH現金產生單位賬面值超出根據使用上述價值算法而釐定的可回收金額人民幣2,514,830,000元。



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20. INTERESTS IN ASSOCIATES

20. 於聯營公司的權益

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of investments in associates	於聯營公司投資成本	156,040	156,040
Share of post-acquisition profits and other comprehensive income	分佔收購後溢利及其他全面收入	59,352	24,873
		215,392	180,913

Details of the Group's interests in associates are as follows:

本集團於聯營公司權益的詳情如下：

Name of company 公司名稱	Place of establishment 成立地點	Proportion of ownership interest 擁有權比例		Voting rights 投票權		Principal activities 主要業務
		31/12/2019 二零一九年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日	31/12/2019 二零一九年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日	
		%	%	%	%	
Modern Farming (Feidong) Co., Ltd. ("Feidong") (Note 38) 現代牧業(肥東)有限公司 (「肥東」)(附註38)	The PRC 中國	50	50	49	49	Liquid milk producing 生產液態奶
Modern Farming (Bengbu) Co., Ltd. ("Bengbu") (Note 38) 現代牧業(蚌埠)有限公司 (「蚌埠」)(附註38)	The PRC 中國	50	50	49	49	Liquid milk producing 生產液態奶

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20. INTERESTS IN ASSOCIATES (continued)

In March 2018, Modern Farming sold its 50% equity interest in Feidong and Bengbu, the then subsidiaries of the Company, to Inner Mongolia Mengniu. Under the articles of association, Inner Mongolia Mengniu has 51% of voting power at shareholder meetings and is entitled to appoint three out of a total of five directors of Feidong and Bengbu, and accordingly has control over Feidong and Bengbu. The Group lost control of Feidong and Bengbu but has significant influence over Feidong and Bengbu, therefore classified them as associates of the Group. More details of the transaction are set out in Note 38.

In October 2018 and December 2018, each of Modern Farming and Inner Mongolia Mengniu proportionally injected capital of RMB35,000,000 and RMB65,000,000 to Feidong and Bengbu, respectively. After that, the ownership percentage of Modern Farming and Inner Mongolia Mengniu in Bengbu and Feidong remained unchanged.

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

20. 於聯營公司的權益(續)

於二零一八年三月，現代牧業(集團)出售本公司當時的附屬公司肥東及蚌埠50%的權益予內蒙古蒙牛。根據公司章程，內蒙古蒙牛在肥東和蚌埠的股東大會上有51%的投票權及有權委任肥東和蚌埠五名董事中的三名，因此控制了肥東和蚌埠。本集團失去對肥東及蚌埠的控制權，但對肥東及蚌埠具有重大影響力，因此將其分類為本集團的聯營公司。有關該交易的更多詳情載於附註38。

於二零一八年十月及二零一八年十二月，現代牧業(集團)及內蒙古蒙牛各分別按比例於肥東及蚌埠注資人民幣35,000,000元及人民幣65,000,000元。此後，現代牧業(集團)及內蒙古蒙牛於蚌埠及肥東的所有權百分比並無變動。

重大聯營公司的財務資料概要

下文載列本集團各重大聯營公司的財務資料概要。以下財務資料概要為聯營公司根據國際財務報告準則編製的財務報表所示金額。

於綜合財務報表，所有該等聯營公司皆使用權益法入賬。



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20. INTERESTS IN ASSOCIATES (continued)

Feidong

20. 於聯營公司的權益(續)

肥東

		31/12/2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Current assets	流動資產	82,680	56,239
Non-current assets	非流動資產	161,360	178,127
Current liabilities	流動負債	68,875	84,943
Non-current liabilities	非流動負債	11,954	9,073
		Year ended 31/12/2019 截至 二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元	Period from 31/03/2018 to 31/12/2018 自二零一八年 三月三十一日 至二零一八年 十二月三十一日 期間 RMB'000 人民幣千元
Revenue	收益	286,457	100,524
Profit and total comprehensive income for the year/period	年/期內溢利及全面收入總額	22,861	16,735
Adjustments due to the difference between the carrying value and fair value of the Group's remaining interests in Feidong on the date of disposal	於出售日期本集團於肥東餘下權益的賬面值與公平值之間差額導致的調整	(2,018)	(711)
Profit and total comprehensive income for the year/period	年/期內溢利及全面收入總額	20,843	16,024

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20. INTERESTS IN ASSOCIATES (continued)

Feidong (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

		31/12/2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Net assets of Feidong	肥東淨資產	163,211	140,350
Proportion of the Group's ownership interest in Feidong	本集團於肥東的擁有權權益比例	50%	50%
The Group's share of net assets of Feidong	本集團分佔肥東淨資產	81,606	70,175
Goodwill	商譽	251	251
Fair value adjustments	公平值調整	1,377	2,386
		83,234	72,812

Bengbu

蚌埠

		31/12/2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Current assets	流動資產	265,424	163,661
Non-current assets	非流動資產	167,302	247,868
Current liabilities	流動負債	164,304	189,574
Non-current liabilities	非流動負債	13,488	16,160

20. 於聯營公司的權益(續)

肥東(續)

上述財務資料概要與於綜合財務報表確認的於聯營公司權益的賬面值對賬：

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20. INTERESTS IN ASSOCIATES (continued)

Bengbu (continued)

20. 於聯營公司的權益(續)

蚌埠(續)

		Year ended 31/12/2019 截至 二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元	Period from 31/03/2018 to 31/12/2018 自二零一八年 三月三十一日 至二零一八年 十二月三十一日 期間 RMB'000 人民幣千元
Revenue	收益	748,188	355,926
Profit and total comprehensive income for the year/period	年/期內溢利及全面收入總額	49,139	35,523
Adjustments due to the difference between the carrying value and fair value of the Group's remaining interests in Bengbu on the date of disposal	於出售日期本集團於蚌埠餘下權益的賬面值與公平值之間差額導致的調整	(1,024)	(1,801)
Profit and total comprehensive income for the year/period	年/期內溢利及全面收入總額	48,115	33,722

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

上述財務資料概要與於綜合財務報表確認的於聯營公司權益的賬面值對賬：

		31/12/2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Net assets of Bengbu	蚌埠淨資產	254,934	205,795
Proportion of the Group's ownership interest in Bengbu	本集團於蚌埠的擁有權權益比例	50%	50%
The Group's share of net asset of Bengbu	本集團分佔蚌埠淨資產	127,467	102,898
Goodwill	商譽	33	33
Fair value adjustments	公平值調整	4,658	5,170
		132,158	108,101

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21. EQUITY INSTRUMENTS AT FVTOCI

21. 按公平值計入其他全面收入的
權益工具

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Unquoted equity investments	未報價權益投資	3,959	2,508

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The Directors have elected to designate these investments in equity instruments at FVTOCI as they believe that the investments will not be sold for trading purpose.

上述非上市權益投資指本集團於中國成立私人實體的權益投資。由於董事相信該等投資將不會就交易目的出售，故選擇將該等權益工具投資指定為按公平值計入其他全面收入。

22. DERIVATIVE FINANCIAL INSTRUMENTS

22. 衍生金融工具

		Current assets 流動資產		Current liabilities 流動負債	
		31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Interest rate swaps (Note i)	利率掉期(附註i)	4,325	40,774	(15,134)	(12,601)
Foreign currency forward contracts (Note ii)	外匯遠期合約 (附註ii)	53,505	39,025	(140)	(3,631)
Foreign currency option contracts (Note ii)	外匯期權合約 (附註ii)	31,713	625	-	(1,497)
		89,543	80,424	(15,274)	(17,729)



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22. DERIVATIVE FINANCIAL INSTRUMENTS

22. 衍生金融工具(續)

(continued)

Notes:

附註：

i. Major terms of the interest rate swaps are as follows:

i. 利率掉期主要條款如下：

Nominal amount 名義金額	Swaps 掉期
United States Dollars ("US\$") 300,000,000 300,000,000美元(「美元」)	From LIBOR* to 1.53%–1.54% 自倫敦銀行同業拆息至1.53%至1.54%
HK\$1,500,000,000 1,500,000,000港元	From HIBOR* to 2.59%–2.62% 自香港銀行同業拆息至2.59%至2.62%
* London Interbank Offered Rate ("LIBOR") * 倫敦銀行同業拆息(「倫敦銀行同業拆息」)	
Hong Kong Interbank Offered Rate ("HIBOR") 香港銀行同業拆息(「香港銀行同業拆息」)	

The Group entered into several interest rate swap contracts with certain banks to hedge the risk of interest rate fluctuation arising from certain bank loans at floating interest rate. The fair value changes of the swaps were recognised as a deduction of finance costs.

本集團與若干銀行訂立若干利率掉期合約，以對沖若干按浮動利率的銀行貸款產生的利率波動風險。掉期的公平值變動確認為扣除融資成本。

ii. Major items of the foreign currency forward contracts and the foreign currency option contracts are as follows:

ii. 外匯遠期合約及外匯期權合約主要項目如下：

Nominal amount 名義金額	Forward exchange rates 遠期匯率
US\$187,700,000 187,700,000美元	RMB6.4800 to RMB7.0000: US\$1 人民幣6.4800元至人民幣7.0000元兌1美元
Euro ("EUR") 20,000,000 20,000,000歐元(「歐元」)	RMB7.6858 to RMB7.8480: EUR1 人民幣7.6858元至人民幣7.8480元兌1歐元
US\$4,000,000 4,000,000美元	HK\$7.8453: US\$1 7.8453港元兌1美元
HK\$1,230,390,000 1,230,390,000港元	US\$0.1274 to US\$0.1280: HK\$1 0.1274美元至0.1280美元兌1港元

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22. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

- ii. Major items of the foreign currency forward contracts and the foreign currency option contracts are as follows: (continued)

Nominal amount 名義金額	Type 類型	Position 好倉／淡倉	Prices 價格
US\$217,000,000* 217,000,000美元*	Call 認購	Long 好倉	RMB6.7000 to RMB6.8900: US\$1 人民幣6.7000元至人民幣6.8900元兌1美元
	Put 認沽	Short 淡倉	RMB6.7000 to RMB6.8900: US\$1 人民幣6.7000元至人民幣6.8900元兌1美元
	Call 認購	Short 淡倉	RMB7.1000 to RMB7.3000: US\$1 人民幣7.1000元至人民幣7.3000元兌1美元
US\$26,300,000* 26,300,000美元*	Call 認購	Long 好倉	RMB6.8820: US\$1 人民幣6.8820元兌1美元
	Put 認沽	Short 淡倉	RMB6.8800: US\$1 人民幣6.8800元兌1美元
US\$26,000,000 26,000,000美元	Call 認購	Long 好倉	RMB5.8000: US\$1 人民幣5.8000元兌1美元

* These are currency call put option portfolios.

The Group entered into several foreign currency forward contracts and foreign currency option contracts with certain banks to hedge the currency risk arising from certain of its bank loans denominated in US\$, HK\$ and EUR. The fair value changes of the foreign currency forward contracts and the foreign currency option contracts were recognised in other gains and losses.

- iii. The valuation techniques used in determination of fair values of the interest rate swaps, foreign currency forwards and foreign currency options are disclosed in Note 42.

22. 衍生金融工具(續)

附註：(續)

- ii. 外匯遠期合約及外匯期權合約主要項目如下：(續)

* 該等為貨幣認購及認沽期權組合。

本集團與若干銀行訂立若干外匯遠期合約及外匯期權合約，以對沖若干以美元、港元及歐元計值的銀行貸款產生的貨幣風險。外匯遠期合約及外匯期權合約的公平值變動於其他收益及虧損中確認。

- iii. 釐定利率掉期、外匯遠期及外匯期權公平值所使用的估值技術均披露於附註42。



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23. BIOLOGICAL ASSETS

A – Nature of activities

The biological assets of the Group are dairy cows held to produce raw milk.

The quantity of dairy cows owned by the Group at end of the reporting period is shown below. The Group's milkable cows are dairy cows held for milk production. Heifers and calves are those dairy cows that have not reached the age that can produce milk.

		2019 二零一九年 heads 頭	2018 二零一八年 heads 頭
Milkable cows	奶牛	135,185	134,315
Heifers and calves	小母牛及小牛	98,433	97,215
Total dairy cows	乳牛總計	233,618	231,530

The Group is exposed to fair value risks arising from changes in price of raw milk. The Group does not anticipate that the price of the raw milk will decline significantly in the foreseeable future and the Directors are of the view that there is no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the raw milk.

In general, the heifers are inseminated with semen when heifers reached approximately 14 months old. After an approximately nine months' pregnancy term, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 340 days before approximately 60 days dry period.

When a heifer begins to produce raw milk, it is transferred to the category of milkable cows based on the estimated fair value on the date of transfer.

23. 生物資產

A – 業務性質

本集團的生物資產為持有作生產原料奶的乳牛。

以下是本集團於報告期末擁有的乳牛數量。本集團的奶牛是養來產奶的乳牛。小母牛及小牛都是未滿產奶年齡的乳牛。

本集團要承受原料奶價格變動帶來的公平值風險。據本集團預計，在可預見的將來原料奶價格不會大幅下跌。董事認為，本集團並無可用的衍生工具或其他可以訂立的合約用於管理原料奶價格下跌的風險。

一般情況下，小母牛於長至約十四個月大時進行配種。約九個月的孕期過後，小牛出生，奶牛開始生產原料奶及哺乳期開始。奶牛通常會擠奶約340天，之後進入約60天的乾乳期。

小母牛開始產原料奶時，乃按轉撥日期的估計公平值轉撥至奶牛類別。

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23. BIOLOGICAL ASSETS (continued)

A – Nature of activities (continued)

The Group is exposed to a number of risks related to its biological assets. The Group is exposed to the following operating risks:

- i. **Regulatory and environmental risks**
The Group is subject to laws and regulations in the location in which it operates plantation and breeding. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.
- ii. **Climate, disease and other natural risks**
The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls and surveys and insurance.

B – Quantity of the agricultural produce of the Group's biological assets

23. 生物資產(續)

A – 業務性質(續)

本集團面臨與其生物資產有關的多種風險。本集團面臨以下運營風險：

- i. **法規及環境風險**
本集團須遵守其開展農場種植及育種活動所在地的法律及法規。本集團已制定旨在遵守當地環境及其他法律的環境政策及程序。管理層進行定期檢查以識別環境風險及確保現有系統足以管理該等風險。
- ii. **氣候、疾病及其他自然風險**
本集團的生物資產面臨遭受氣候變化、疾病及其他自然因素損害的風險。本集團已擴展監察及減輕該等風險的程序，包括定期檢查及疾病控制與調查及保險。

B – 本集團生物資產的農業生產的數量

		2019 二零一九年 kg 千克	2018 二零一八年 kg 千克
Volume of milk sold	奶銷量	1,365,739,000	1,251,332,000



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23. BIOLOGICAL ASSETS (continued)

C – Value of dairy cows

The fair value less costs to sell of dairy cows at end of the reporting period is set out below:

23. 生物資產(續)

C – 乳牛的價值

報告期末的乳牛公平值減銷售成本載列如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Milkable cows	奶牛	5,543,159	5,636,013
Heifers and calves	小母牛及小牛	1,916,200	2,081,100
Total dairy cows	乳牛總計	7,459,359	7,717,113

		Heifers and calves 小母牛及小牛 RMB'000 人民幣千元	Milkable cows 奶牛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	2,414,500	5,336,570	7,751,070
Feeding cost and other related costs	飼養成本及其他相關成本	1,400,557	–	1,400,557
Transfer	轉撥	(2,024,581)	2,024,581	–
Decrease due to disposal	出售導致減少	(90,739)	(473,676)	(564,415)
Gain (loss) arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減乳牛銷售成本產生的收益(虧損)	381,363	(1,251,462)	(870,099)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	2,081,100	5,636,013	7,717,113
Feeding cost and other related costs	飼養成本及其他相關成本	1,388,057	–	1,388,057
Transfer	轉撥	(1,665,379)	1,665,379	–
Decrease due to disposal	出售導致減少	(93,387)	(513,203)	(606,590)
Gain (loss) arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減乳牛銷售成本產生的收益(虧損)	205,809	(1,245,030)	(1,039,221)
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	1,916,200	5,543,159	7,459,359

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23. BIOLOGICAL ASSETS (continued)

C – Value of dairy cows (continued)

The Group has engaged Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent firm of professional valuer, to assist it in assessing the fair values of the Group's dairy cows. The independent valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuations have been performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 42.

As at 31 December 2019, the Group's dairy cows in the amount of RMB838,666,000 (2018: RMB875,471,000) have been pledged to banks to secure certain bank borrowings granted to the Group (Note 29).

The aggregate gain or loss arising on initial recognition of raw milk and from the changes in fair value less costs to sell of dairy cows is analysed as follows:

23. 生物資產(續)

C – 乳牛的價值(續)

本集團已委聘仲量聯行企業評估及諮詢有限公司(獨立專業估值公司)協助其評估本集團的乳牛的公平值。獨立估值師與本集團管理層定期舉行會議，討論估值技術及市場資料變動，以確保估值妥為進行。釐定公平值所用估值技術及估值模型所用主要輸入數據披露於附註42。

於二零一九年十二月三十一日，本集團人民幣838,666,000元(二零一八年：人民幣875,471,000元)的奶牛已抵押予銀行，作為授予本集團的若干銀行借款的擔保(附註29)。

以下分析初步確認原料奶和乳牛公平值變動減銷售成本產生的合計收益或虧損：

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	1,938,360	1,371,468
Loss arising from changes in fair value less costs to sell of dairy cows	(1,039,221)	(870,099)
	899,139	501,369



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24. INVENTORIES

24. 存貨

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Feeds	飼料	1,032,634	929,260
Others	其他	45,857	49,248
		1,078,491	978,508

25. TRADE AND OTHER RECEIVABLES AND
ADVANCE PAYMENTS25. 應收貿易賬款及其他應收款項以
及預付款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables (Note i)	應收貿易賬款(附註i)	550,205	1,555,495
Less: allowance for credit losses (Note i)	減：信貸虧損撥備(附註i)	(8,635)	(857,739)
Bills receivable (Note ii)	應付票據(附註ii)	-	-
		541,570	697,756
Advance payments for feeds and materials	飼料及材料墊款	64,819	74,876
Input value added tax recoverable	可收回進項增值稅	2,591	2,032
Receivables from disposal of property, plant and equipment	出售物業、廠房及設備的應收 款項	4,015	1,681
Advance lease payments	租賃付款墊款	-	193
Others	其他	5,293	4,635
		618,288	781,173

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25. TRADE AND OTHER RECEIVABLES AND ADVANCE PAYMENTS (continued)

Notes:

- i In June 2017, the Group entered into a framework supply and processing agreement with Mengniu Group, pursuant to which the Group agreed to sell its liquid milk products to Mengniu Group in order to enlarge its market share by leveraging the established distribution channel of Mengniu Group. In the meantime, the Group discontinued its direct cooperation with other major distributors (the “Distributors”). Following the above changes in distribution channel, the Distributors were engaged by Mengniu Group as its secondary distributors for distribution of the liquid milk products of the Group. In view of the termination of the direct distributorship with these Distributors and the delay of repayments, the Group anticipated the trade receivables due from the Distributors may not be fully recovered. After taking into account the present value of expected future collection and the security of 318,697,354 ordinary shares of the Company (the “Collaterals”) provided by five third-party companies incorporated in the British Virgin Islands (the “Pledgers”) who used to be non-controlling equity holders of Modern Farming (Anhui) Dairy Product Sales Co., Ltd. (“Modern Farming Anhui”) and were responsible for selecting distributors, an accumulated impairment loss of RMB847,069,000 had been recognised in respect of the Group’s trade receivables due from the Distributors as at 31 December 2018.

On 18 July 2019, the Company entered into a subscription agreement (the “Subscription Agreement”) with New Hope Dairy Co., Ltd. (“New Hope”), pursuant to which the Company has conditionally agreed to allot and issue, and New Hope or its designated subsidiary has conditionally agreed to subscribe, for 276,228,409 shares of the Company (the “Subscription Shares”) at a price of RMB1.1920 per share (total consideration of RMB329,264,000). Included in the Subscription Agreement, one of the condition precedent was to sign a tripartite agreement between New Hope, the Company and the Pledgers (the “Tripartite Agreement”), pursuant to which New Hope or its designated subsidiary would agree to purchase the Collaterals at a price of RMB1.1920 per share (total consideration of RMB379,887,000). On 6 August 2019, the Tripartite Agreement has been entered into among New Hope, the Company and the Pledgers.

25. 應收貿易賬款及其他應收款項以及預付款項(續)

附註：

- i 於二零一七年六月，本集團與蒙牛集團訂立框架供應及加工協議，據此，本集團同意向蒙牛集團出售其液態奶產品，透過借助蒙牛集團成熟的分銷渠道，擴大其市場佔有額。與此同時，本集團終止與其他主要分銷商(「分銷商」)的直接合作。於分銷渠道出現上述變動後，該等分銷商已由蒙牛集團委聘作為其次級分銷商，以分銷本集團的液體奶產品。鑒於與該等分銷商的直接經銷權已終止及遲還款，本集團預期該等分銷商結欠的應收貿易賬款或不能全數收回。經計及預期未來收回款項的現值及若干曾為現代牧業(安徽)乳品銷售有限公司(「現代牧業(安徽)」)的非控股權益持有人並負責甄選分銷商的五間於英國處女群島註冊成立的第三方公司(「質押人」)持有318,697,354股本公司普通股的抵押(「抵押品」)，已就該等分銷商於二零一八年十二月三十一日結欠本集團的應收貿易賬款確認累計減值虧損人民幣847,069,000元。

於二零一九年七月十八日，本公司與新希望乳業股份有限公司(「新希望」)訂立認購協議(「認購協議」)，據此，本公司有條件同意配發及發行，而新希望或其指定附屬公司有條件同意認購276,228,409股本公司股份(「認購股份」)，每股人民幣1.1920元(總代價為人民幣329,264,000元)。該認購協議中，其中一項先決條件為新希望、本公司及質押人簽訂第三方協議(「第三方協議」)，據此，新希望或其指定附屬公司將同意購以每股人民幣1.1920元購買抵押品(總代價為人民幣379,887,000元)。於二零一九年八月六日，新希望、本公司及質押人訂立第三方協議。



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25. TRADE AND OTHER RECEIVABLES AND ADVANCE PAYMENTS (continued)

Notes: (continued)

i (continued)

The total cash consideration of RMB329,264,000 for the Subscription Shares and total cash consideration of RMB379,887,000 for the Collaterals were settled on 17 September 2019. Impairment allowance for the Distributors in the amount of RMB160,451,000 was reversed in 2019, being the excess of the above cash consideration of RMB378,261,000, net of costs of selling Collaterals of RMB1,626,000, over the carrying amount of trade receivables from the Distributors of RMB217,810,000 as at 31 December 2018 as disclosed below.

On 20 September 2019, all the conditions precedent for the Subscription Agreement had been fulfilled or waived and the issue of the Subscription Shares to the subsidiary of New Hope has been completed. The total cash consideration of RMB329,264,000 for the Subscription Shares was recorded in share capital and share premium as disclosed in Note 36.

Due to the above transactions, New Hope and its subsidiary together acquired a total of 9.28% equity interests in the Company.

The movements of the gross amount of trade receivables from the Distributors and relevant impairment allowance are set out below.

25. 應收貿易賬款及其他應收款項以及預付款項(續)

附註：(續)

i (續)

認購股份總代價人民幣329,264,000元及抵押品總代價人民幣379,887,000元已於二零一九年九月十七日結清。分銷商減值撥備人民幣160,451,000元於二零一九年撥回，高於上述現金代價人民幣378,261,000元(扣除出售抵押品成本人民幣1,626,000元)，超出於二零一八年十二月三十一日的分銷商應收貿易賬款賬面值人民幣217,810,000元(披露於下文)。

於二零一九年九月二十日，認購協議的所有先決條件已經達成或獲豁免，而發行認購股份予新希望附屬公司亦已完成。認購股份的總現金代價人民幣329,264,000元已記錄於股本及股份溢價(披露於附註36)。

由於上述交易，新希望及其附屬公司一同收購本公司共9.28%股權。

分銷商應收貿易賬款總額及相關減值撥備變動載列如下。

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25. TRADE AND OTHER RECEIVABLES AND ADVANCE PAYMENTS (continued)

Notes: (continued)

i (continued)

		Gross amount 總額 RMB'000 人民幣千元	Impairment allowance 減值撥備 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	1,069,543	(488,489)	581,054
Settlement during the current year	年內結算	(4,353)	-	(4,353)
Amounts written off as uncollectible	撇銷為無法收回的金額	(311)	311	-
Impairment losses recognised	已確認減值虧損	-	(358,891)	(358,891)
At 31 December 2018	於二零一八年十二月三十一日	1,064,879	(847,069)	217,810
Impairment losses reversed	已撥回減值虧損	-	160,451	160,451
Amounts received	已收取款項	(378,261)	-	(378,261)
Amounts written off as uncollectible	撇銷為無法收回的金額	(686,618)	686,618	-
At 31 December 2019	於二零一九年十二月三十一日	-	-	-

ii In October 2018, Inner Mongolia Mengniu issued a one year commercial bill of RMB150,000,000 (the "Mengniu Bill") to Modern Farming, a subsidiary of the Company. The Mengniu Bill was classified as financial asset at FVTPL because the Mengniu Bill was considered as neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell business model. Modern Farming subsequently endorsed RMB64,452,000 of the Mengniu Bill to its suppliers to settle trade payables and discounted the remaining RMB85,548,000 of the Mengniu Bill. As the endorsements and the discount were without recourse, Modern Farming derecognised the Mengniu Bill and has recognised a fair value gain of RMB1,427,000 during the year ended 31 December 2018.

Advance lease payment were adjusted upon the initial application of IFRS 16. Details of the adjustments are set out in Note 3.

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB897,880,000.

Trade receivables at the end of the reporting period principally represent receivables from sales of raw milk. The Group allows a credit period of 30 days to its customers.

25. 應收貿易賬款及其他應收款項以及預付款項(續)

附註：(續)

i (續)

		Gross amount 總額 RMB'000 人民幣千元	Impairment allowance 減值撥備 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	1,069,543	(488,489)	581,054
Settlement during the current year	年內結算	(4,353)	-	(4,353)
Amounts written off as uncollectible	撇銷為無法收回的金額	(311)	311	-
Impairment losses recognised	已確認減值虧損	-	(358,891)	(358,891)
At 31 December 2018	於二零一八年十二月三十一日	1,064,879	(847,069)	217,810
Impairment losses reversed	已撥回減值虧損	-	160,451	160,451
Amounts received	已收取款項	(378,261)	-	(378,261)
Amounts written off as uncollectible	撇銷為無法收回的金額	(686,618)	686,618	-
At 31 December 2019	於二零一九年十二月三十一日	-	-	-

ii 於二零一八年十月，內蒙古蒙牛向本公司附屬公司現代牧業(集團)發行一年期商業票據人民幣150,000,000元(「蒙牛票據」)。蒙牛票據分類為按公平值計入損益的金融資產，乃由於蒙牛票據被視為並非持作收取合約現金流量或持作收取合約現金流量及出售商業模式。現代牧業(集團)隨後向其供應商就蒙牛票據人民幣64,452,000元背書，以結算應收貿易賬款，貼現蒙牛票據餘下人民幣85,548,000元。由於背書及貼現並無追索權，現代牧業(集團)於截至二零一八年十二月三十一日止年度終止確認蒙牛票據並確認公平值收益人民幣1,427,000元。

租賃付款墊款於首次應用國際財務報告準則16號後予以調整。調整詳情載於附註3。

於二零一八年一月一日，來自客戶合約的應收貿易賬款為人民幣897,880,000元。

報告期末的應收貿易賬款主要指銷售原料奶的應收款項。本集團給予其客戶30天的信貸期。



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25. TRADE AND OTHER RECEIVABLES AND ADVANCE PAYMENTS (continued)

The following is the aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates at the end of the reporting period:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	應收貿易賬款		
– within 30 days	– 30天以內	541,570	473,449
– beyond 30 days but within 60 days	– 30天以上但60天以內	–	5,996
– beyond 1 year but within 2 years	– 1年以上但2年以內	–	75,132
– beyond 2 years but within 3 years	– 2年以上但3年以內	–	143,179
		541,570	697,756

Details of impairment assessment of trade and other receivables are set out in Note 40.

25. 應收貿易賬款及其他應收款項以及預付款項(續)

於報告期末按發票日(與報告期末有關收益確認日期相若)呈列的應收貿易賬款(扣除信貸虧損撥備)的賬齡分析如下：

應收貿易賬款及其他應收款項減值評估詳情載列於附註40。

26. PLEDGED BANK BALANCES AND NON-PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank balances and non-pledged bank deposits

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Pledged bank balances	已質押銀行結餘	80,122	61,355
Non-pledged bank deposits with original maturity over three months	原到期日超過三個月的未質押銀行存款	67,653	–
		147,775	61,355

26. 已質押銀行結餘、未質押銀行存款以及銀行結餘及現金

已質押銀行結餘及未質押銀行存款



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26. PLEDGED BANK BALANCES AND NON- PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH (continued)

Pledged bank balances and non-pledged bank deposits (continued)

The pledged bank balances represent deposits pledged for letter of credit and bills payable. The pledged bank balances carry interest at prevailing market rates ranging from 0.30% to 1.95% (2018: 0.35% to 1.30%) per annum at 31 December 2019.

Non-pledged bank deposits with original maturity over three months were held with banks and carry interest at prevailing market rate of 1.7% to 1.79% per annum at 31 December 2019.

Bank balances and cash

Bank balances and cash comprise cash and short-term deposits with an original maturity of three months or less which are held with banks and carry interest at prevailing market rate of 0.30% to 2.64% (2018: 0.30% to 1.61%) per annum at 31 December 2019.

Pledged bank balances, non-pledged bank deposits and bank balances and cash at 31 December 2018 and 2019 are denominated in US\$, EUR, HK\$ and RMB. RMB is not freely convertible in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

26. 已質押銀行結餘、未質押銀行存 款以及銀行結餘及現金(續)

已質押銀行結餘及未質押銀行存款(續)

已質押銀行結餘指用以擔保信用證及應付票據的存款。於二零一九年十二月三十一日，已質押銀行結餘按每年介乎0.30%至1.95% (二零一八年：0.35%至1.30%)的現行市場利率計息。

於二零一九年十二月三十一日，存入銀行的原到期日超過三個月的未質押銀行存款按每年1.7%至1.79%的現行市場利率計息。

銀行結餘及現金

於二零一九年十二月三十一日，銀行結餘及現金包括現金及存入銀行按現行市場利率每年0.30%至2.64% (二零一八年：0.30%至1.61%)計息的原到期日為三個月或以內的短期存款。

於二零一八年及二零一九年十二月三十一日的已質押銀行結餘、未質押銀行存款以及銀行結餘及現金乃以美元、歐元、港元及人民幣計值。人民幣在國際市場上不能自由兌換。人民幣的匯率乃由中國政府釐定，而將該等資金從中國匯出須受中國政府實施的匯兌管制所規限。



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26. PLEDGED BANK BALANCES AND NON- PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH (continued)

Bank balances and cash (continued)

Certain pledged bank balances, non-pledged bank deposits and bank balances that are denominated in currencies other than the functional currency of the relevant entities are set out below:

26. 已質押銀行結餘、未質押銀行存款 以及銀行結餘及現金(續)

銀行結餘及現金(續)

以有關實體的功能貨幣以外的貨幣計值的若干已質押銀行結餘、未質押銀行存款以及銀行結餘載列如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
US\$ – bank balances	美元 – 銀行結餘	13,451	99,466
EUR – bank balances	歐元 – 銀行結餘	909	458
HK\$ – bank balances	港元 – 銀行結餘	16,221	2,912
US\$ – non-pledged bank deposits with original maturity over three months	美元 – 原到期日超過三個月的 未質押銀行存款	45,442	–
HK\$ – non-pledged bank deposits with original maturity over three months	港元 – 原到期日超過三個月的 未質押銀行存款	22,211	–

27. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 23 August 2019, Modern Farming and Jiangsu Agriculture Environment Energy Technology Co., Ltd., an entity designated by CITIC Environment Investment Group Co., Ltd., entered into an agreement in relation to the formation of Jiangyin Dairy Energy Environment Technology Co., Ltd. (“**Jiangyin Dairy Energy**”), pursuant to which Modern Farming holds 30% equity interest of Jiangyin Dairy Energy.

27. 分類為持作出售的出售組別

於二零一九年八月二十三日，現代牧業(集團)與中信環境投資集團有限公司指定的實體江蘇農環能源科技有限公司就成立江陰牧能環境科技有限公司(「**江陰牧能**」)訂立協議，據此，現代牧業(集團)持有江陰牧能30%股權。

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27. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

On 31 December 2019, Modern Farming entered into two share transfer agreements with Jiangyin Dairy Energy, pursuant to which Modern Farming agrees to sell, and the Jiangyin Dairy Energy conditionally agrees to acquire, the entire equity interests in Modern Energy (Wuhe) Co., Ltd. (“**Wuhe Energy**”) and Modern Energy (Hefei) Co., Ltd. (“**Hefei Energy**”), the then wholly-owned subsidiaries of Modern Farming, which were spun off in July 2019 as disclosed in Note 47 (iii). The assets and liabilities attributable to Wuhe Energy and Hefei Energy, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The net proceeds from disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised. The transactions (the “**Disposal Transactions**”) were completed in February 2020.

The major classes of assets and liabilities classified as held for sale are as follows:

27. 分類為持作出售的出售組別(續)

於二零一九年十二月三十一日，現代牧業(集團)與江陰牧能訂立兩份股權轉讓協議，據此，現代牧業(集團)同意出售，而江陰牧能有條件同意收購現代牧業(集團)於五河能源自現代牧業(五河)有限公司(「**五河能源**」)及現代能源(合肥)有限公司(「**合肥能源**」)的全部股權(均為現代牧業(集團)當時的附屬公司，其於二零一九年七月分拆(披露於附註47(iii))。五河能源及合肥能源應佔資產及負債(預期於十二個月內售出)獲分類為持作出售的出售組別並於綜合財務狀況表內分開呈列。出售所得款項淨額預期超過相關資產及負債的賬面淨值，因此並無確認減值虧損。該交易(「**出售交易**」)已於二零二零年二月完成。

分類為持作出售的資產及負債主要類別如下：

		Wuhe Energy 五河能源 RMB'000 人民幣千元	Hefei Energy 合肥能源 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	49,723	20,477	70,200
Inventories	存貨	21	74	95
Trade and other receivables	應收貿易賬款及 其他應收款項	324	68	392
Bank balances and cash	銀行結餘及現金	365	398	763
		50,433	21,017	71,450
Trade and other payables	應付貿易賬款及 其他應付款項	(1,007)	(1,189)	(2,196)



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28. TRADE AND OTHER PAYABLES

The credit period granted by suppliers for trade purchases is generally 120 days. The following is an aged analysis of trade and bills payable at the end of the reporting period:

28. 應付貿易賬款及其他應付款項

供應商授予採購賬款的信貸期一般為120天。以下為於報告期末的應付貿易賬款及應付票據的賬齡分析：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	應付貿易賬款		
– within 60 days	– 60天以內	905,457	1,177,301
– beyond 60 days but within 120 days	– 超過60天但於120天以內	213,925	230,043
– beyond 120 days but within 360 days	– 超過120天但於360天以內	18,536	27,912
– beyond 360 days but within 720 days	– 超過360天但於720天以內	16,747	19,117
Bills payable (Note)	應付票據(附註)	2,841	550
		1,157,506	1,454,923
Payable for acquisition of property, plant and equipment	購買物業、廠房及設備應付款項	140,350	224,437
Accrued staff costs	應計員工成本	113,503	84,582
Advance payments from disposal of dairy cows and others	就出售乳牛及其他的預收款項	27,067	56,869
Amounts due to Mengniu (Note 46)	應付蒙牛的款項(附註46)	–	143,048
Other payable to Mengniu (Note 46)	其他應付蒙牛款項(附註46)	–	18,000
Others	其他	83,262	90,504
		1,521,688	2,072,363

Note: Bills payable are mature within twelve months from the respective issuance dates.

附註：應付票據於各自發行日期起計十二個月內到期。

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29. BANK BORROWINGS

29. 銀行借款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank borrowings:	銀行借款：		
Unsecured	無抵押	5,320,114	3,972,022
Secured (Note)	有抵押(附註)	218,360	465,480
		5,538,474	4,437,502
Carrying amount repayable:	應償還賬面值：		
Within one year	一年以內	3,822,643	1,691,109
Between one to two years	一年至兩年內	1,525,831	2,316,393
Between two to five years	兩年至五年內	190,000	430,000
		5,538,474	4,437,502
Less: Amounts due within one year shown under current liabilities	減：於流動負債項下列示一年內 到期款項	3,822,643	1,691,109
		1,715,831	2,746,393

Note: Certain bank borrowings as at 31 December 2019 and 2018 were secured by biological assets owned by the Group as set out in Note 23.

附註：於二零一九年及二零一八年十二月三十一日的若干銀行借款由本集團擁有的生物資產(載於附註23)作抵押。



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29. BANK BORROWINGS (continued)

The bank borrowings comprise:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Fixed-rate borrowings	定息借款	1,449,411	1,218,401
Variable-rate borrowings	浮息借款	4,089,063	3,219,101
		5,538,474	4,437,502

In September 2017, the Company entered into a bank loan arrangement with several banks, and under such arrangement the Group was allowed to borrow US\$300,000,000 loan from the banks at floating interest rate determined as LIBOR + 1.9% per annum and the upfront fee amounted to US\$5,400,000 (equivalent to RMB35,839,000). The Group withdrew US\$170,000,000 (equivalent to RMB1,127,603,000) during the year ended 31 December 2017 and withdrew US\$130,000,000 (equivalent to RMB824,668,000) during the year ended 31 December 2018, and the effective interest rate was 4.18% per annum.

In September 2018, the Company entered into a facility agreement with several banks, and under such arrangement the Group was allowed to borrow HK\$1,500,000,000 loan from the banks at floating interest rate determined as HIBOR + 1.7% per annum and the upfront fee amounted to HK\$27,000,000 (equivalent to RMB24,187,000). The Group withdrew HK\$1,500,000,000 (equivalent to RMB1,284,780,000) and partially repaid HK\$270,000,000 (equivalent to RMB243,000,000) in 2019, and the effective interest rate is 5.17% per annum.

29. 銀行借款(續)

銀行借款包括：

於二零一七年九月，本公司與若干銀行訂立銀行貸款安排，根據有關安排，本集團獲准自銀行借入貸款300,000,000美元，每年按倫敦銀行同業拆息+1.9%的浮動利率及為數5,400,000美元(相當於人民幣35,839,000元)的前期付款計息。本集團於截至二零一七年十二月三十一日止年度提取170,000,000美元(相當於人民幣1,127,603,000元)，並於截至二零一八年十二月三十一日止年度提取130,000,000美元(相當於人民幣824,668,000元)，實際年利率為4.18%。

於二零一八年九月，本公司與若干銀行訂立融資協議，根據有關安排，本集團獲准自銀行借入貸款1,500,000,000港元，每年按香港銀行同業拆息+1.7%的浮動利率及為數27,000,000港元(相當於人民幣24,187,000元)的前期付款計息。本集團於二零一九年提取1,500,000,000港元(相當於人民幣1,284,780,000元)及部分償還270,000,000港元(相當於人民幣243,000,000元)，實際年利率為5.17%。

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29. BANK BORROWINGS (continued)

Save as set out above, the effective interest rates of the Group's bank borrowings equal to contracted interest rates. The effective interest rates per annum are as follows:

		2019 二零一九年	2018 二零一八年
Fixed-rate borrowings	定息借款	3.20%–5.00%	0.45%–5.00%
Variable-rate borrowings	浮息借款	4.28%–5.17%	2.65%–4.80%

Interest rate of variable-rate borrowings are determined based on the borrowing rates announced by the People's Bank of China, the LIBOR and the HIBOR.

As at 31 December 2019, bank borrowings denominated in RMB, US\$, HK\$ and EUR amounted to approximately RMB2,359,507,000 (2018: RMB2,161,137,000), RMB2,083,136,000 (2018: RMB2,118,837,000), RMB1,095,831,000 (2018: nil) and nil (2018: RMB157,528,000), respectively.

30. MEDIUM-TERM NOTES

Medium-term notes

中期票據

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
–	621,880

On 23 March 2016, Modern Farming issued medium-term notes with an aggregate principal amount of RMB600,000,000 which would mature in three years. The medium-term notes bear a fixed interest rate of 4.75% per annum. Related transaction costs amounted to RMB1,800,000. The effective interest rate is 4.86% per annum. The medium-term notes were repaid on 23 March 2019.

29. 銀行借款(續)

除上述者外，本集團銀行借款的實際利率等同於合約利率。以下為實際年利率：

		2019 二零一九年	2018 二零一八年
Fixed-rate borrowings	定息借款	3.20%–5.00%	0.45%–5.00%
Variable-rate borrowings	浮息借款	4.28%–5.17%	2.65%–4.80%

浮息借款的利率乃根據中國人民銀行公佈的借款利率、倫敦銀行同業拆息及香港銀行同業拆息釐定。

於二零一九年十二月三十一日，以人民幣、美元、港元及歐元計值的銀行借款分別約為人民幣2,359,507,000元(二零一八年：人民幣2,161,137,000元)、人民幣2,083,136,000元(二零一八年：人民幣2,118,837,000元)、人民幣1,095,831,000元(二零一八年：零)及零(二零一八年：人民幣157,528,000元)。

30. 中期票據

– 621,880

於二零一六年三月二十三日，現代牧業(集團)發行中期票據，本金總額為人民幣600,000,000元，將於三年後到期。中期票據的固定利率為每年4.75%。相關交易成本為人民幣1,800,000元。實際利率為每年4.86%。中期票據已於二零一九年三月二十三日支付。



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31. CORPORATE BONDS

31. 公司債券

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Corporate bonds	公司債券	-	1,087,568

In June 2016, Modern Farming obtained approval from China Securities Regulatory Commission to issue corporate bonds in the PRC of an aggregate principal amount up to RMB2,000,000,000 within 24 months from the approval. On 12 August 2016, Modern Farming issued the first tranche of the corporate bonds of an aggregate principal amount of RMB250,000,000 which would mature in three years (the "2016 Corporate Bond"). The corporate bonds bear a fixed interest rate of 5.30% per annum. Related transaction costs amounted to RMB1,125,000. The effective interest rate is 5.47% per annum.

On 28 March 2017, Modern Farming issued the second tranche of corporate bonds of an aggregate principal amount of RMB800,000,000 which would mature in three years (the "2017 Corporate Bond"). The corporate bonds bear a fixed interest rate of 5.49% per annum. Related transaction costs amounted to RMB3,600,000. The effective interest rate is 5.66% per annum.

The 2016 Corporate Bond and 2017 Corporate Bond were early repaid on 25 March 2019.

於二零一六年六月，現代牧業(集團)經中國證券監督管理委員會批准於批准之日起24個月內在中國發行本金總額最多人民幣2,000,000,000元的公司債券。於二零一六年八月十二日，現代牧業(集團)發行首批公司債券，本金總額為人民幣250,000,000元，將於三年後到期(「二零一六年公司債券」)。公司債券的固定利率為每年5.30%。相關交易成本為人民幣1,125,000元。實際利率為每年5.47%。

於二零一七年三月二十八日，現代牧業(集團)發行第二批公司債券，本金總額為人民幣800,000,000元，將於三年後到期(「二零一七年公司債券」)。公司債券的固定利率為每年5.49%。相關交易成本為人民幣3,600,000元。實際利率為每年5.66%。

二零一六年公司債券及二零一七年公司債券已於二零一九年三月二十五日提前償還。

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32. OTHER BORROWINGS

32. 其他借款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Carrying amounts payable:	應償賬面金額：		
Within one year	一年內		
- Mengniu Entrusted Loan (Note 46(d))	- 蒙牛委託貸款(附註46(d))	1,001,330	1,001,111
- Borrowing from a financial institution (Note)	- 金融機構借款(附註)	50,083	-
		1,051,413	1,001,111
Less: Amounts due within one year shown under current liabilities	減：一年內到期款項於流動負債項下列示	1,051,413	1,001,111
Amounts due after one year	一年後到期款項	-	-

Note: On 26 February 2019, the Group entered into a loan agreement with a financial institution, pursuant to which the Group borrowed RMB50,000,000 from the financial institution which will mature on 28 February 2020. The loan is unsecured and bears a fixed interest rate of 5.00% per annum. The borrowing was repaid upon expiry subsequent to the balance sheet date.

附註：於二零一九年二月二十六日，本集團與一間金融機構訂立一份貸款協議，據此，本集團向該金融機構借入人民幣50,000,000元，將於二零二零年二月二十八日到期。貸款為無抵押且每年固定利率為5.00%。借款在資產負債表日期後到期時償還。

33. LEASE LIABILITIES

33. 租賃負債

		2019 二零一九年 RMB'000 人民幣千元
Lease liabilities payable:	應付租賃負債：	
Within one year	一年內	23,238
Within a period of more than one year but not more than two years	一年以上但不超過兩年的期間內	9,676
Within a period of more than two years but not more than five years	兩年以上但不超過五年的期間內	31,458
Within a period of more than five years	超過五年的期間內	164,975
		229,347
Less: Amount due for settlement within 12 months shown under current liabilities	減：於流動負債項下列示12個月內結算款項	(23,238)
Amount due for settlement after 12 months shown under non-current liabilities	於非流動負債項下列示12個月後結算款項	206,109



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34. CONTRACT LIABILITIES**34. 合約負債**

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Sales of raw milk	銷售原料奶	189	232

As at 1 January 2018, contract liabilities amounted to RMB348,000.

於二零一八年一月一日，合約負債為人民幣348,000元。

35. DEFERRED INCOME**35. 遞延收入**

		Arising from government grants 產自政府補貼 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	184,487
Addition	添置	11,899
Decrease due to disposal of subsidiaries (Note 38)	出售附屬公司導致減少(附註38)	(24,630)
Released to income	撥至收入	(19,067)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	152,689
Addition	添置	24,019
Released to income	撥至收入	(19,030)
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	157,678

Deferred income represents government grants obtained in relation to the construction and acquisition of property, plant and equipment. Government grants are included in the consolidated statement of financial position as deferred income and credited to the profit or loss on a straight-line basis over the useful lives of the related assets.

遞延收入指建設及購置物業、廠房及設備獲得的政府補貼。政府補貼在綜合財務狀況表內列作遞延收入，並於有關資產的可使用年內按直線法計入損益。

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36. SHARE CAPITAL AND SHARE PREMIUM AND RESERVES

Share capital

36. 股本以及股份溢價及儲備

股本

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元
Ordinary shares of HK\$0.1 each Authorised At 1 January 2018, 31 December 2018 and 2019	每股0.1港元的普通股 法定於 於二零一八年一月一日、 二零一八年及二零一九年 十二月三十一日	10,000,000	1,000,000
Issued and fully paid At 1 January 2018 and 31 December 2018	已發行及繳足 於二零一八年一月一日及 二零一八年十二月三十一日	6,131,407	613,141
Issue of ordinary shares (Note)	發行普通股(附註)	276,228	27,623
At 31 December 2019	於二零一九年十二月三十一日	6,407,635	640,764
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Presented as	呈列為	551,007	526,058



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36. SHARE CAPITAL AND SHARE PREMIUM
AND RESERVES (continued)

Share premium

36. 股本以及股份溢價及儲備(續)

股份溢價

		Share premium 股份溢價 RMB'000 人民幣千元
Balance at 1 January 2018 and 31 December 2018	於二零一八年一月一日及 二零一八年十二月三十一日的結餘	4,641,066
Issue of ordinary shares (Note)	發行普通股(附註)	304,315
At 31 December 2019	於二零一九年十二月三十一日	4,945,381

Note: As disclosed in Note 25, on 20 September 2019, pursuant to the Subscription Agreement, a subsidiary of New Hope subscribed for the Subscription Shares of HK\$0.1 each of the Company at a price of RMB1.1920 per ordinary share. An amount of RMB304,315,000, being the excess of the cash consideration of RMB329,264,000 over the par value of the ordinary shares of HK\$27,623,000 (equivalent to approximately RMB24,949,000), was credited to share premium. The proceeds were intended to be used for the business operations and repayment of borrowings of the Group. These new shares rank pari passu with other shares in issue in all respects.

附註：誠如附註25所披露，於二零一九年九月二十日，根據認購協議，新希望的附屬公司以每股普通股人民幣1.1920元認購本公司每股0.1港元的認購股份。已收新現金代價人民幣329,264,000元超出普通股面值27,623,000港元(相等於約人民幣24,949,000元)的差額人民幣304,315,000元計入股份溢價。所得款項擬用於本集團的業務營運及償還借款。該等新股份於所有方面與其他股份享有同等地位。

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36. SHARE CAPITAL AND SHARE PREMIUM AND RESERVES (continued)

Other reserve

		Other reserve 其他儲備 RMB'000 人民幣千元
Balance at 1 January 2018 and 31 December 2018	於二零一八年一月一日及 二零一八年十二月三十一日的結餘	979,953
Equity transactions related to interest free loans (Note)	有關免息貸款的權益交易(附註)	(9,124)
At 31 December 2019	於二零一九年十二月三十一日	970,829

Note: The movement in other reserve for this year represented the portion of the difference between nominal value and amortised cost of interest-free loans granted by the Company to Modern Farming, a non-wholly-owned subsidiary of the Company, which was recognised as owners' contribution to Modern Farming, and proportionally attributable to non-controlling interests.

附註：本年度其他儲備的變動指本公司授予本公司非全資附屬公司現代牧業(集團)的免息貸款面值與攤銷成本之間差額部分，已確認為擁有人對現代牧業(集團)的貢獻，由非控股權益按比例分擔。

Shares held under the Share Award Scheme

根據股份獎勵計劃持有的股份

		Shares held under the Share Award Scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	62,137
Purchase of ordinary shares for the share award scheme (Note 37(b))	就股份獎勵計劃購買普通股(附註37(b))	23,583
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	85,720
Purchase of ordinary shares for the share award scheme (Note 37(b))	就股份獎勵計劃購買普通股(附註37(b))	31,127
Reversal due to vesting of award shares (Note 37(b))	因獎勵股份歸屬而撥回(附註37(b))	(59,835)
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	57,012



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37. SHARE-BASED PAYMENT TRANSACTIONS

(a) Modern Farming Option Scheme

On 31 October 2010, the Company granted to two directors and one senior management member of Modern Farming a total of 87,412,507 share options of the Company for nil consideration and with an exercise price of HK\$0.86 (RMB0.74) per share (the "Management Options") which will expire on 29 October 2020. The following table discloses movements of the Management Options during the current year.

Category		Outstanding as at 1 January 2019 於二零一九年 一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding as at 31 December 2019 於二零一九年 十二月三十一日 尚未行使
Management Options	管理層購股權	50,930,832	-	-	50,930,832
Category		Outstanding as at 1 January 2018 於二零一八年 一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding as at 31 December 2018 於二零一八年 十二月三十一日 尚未行使
Management Options	管理層購股權	50,930,832	-	-	50,930,832

37. 以股份支付的付款交易

(a) 現代牧業(集團)購股權計劃

於二零一零年十月三十一日，本公司以零代價向現代牧業(集團)兩名董事及一名高級管理層授出合共87,412,507份本公司購股權，行使價為每股0.86港元(人民幣0.74元)(「管理層購股權」)，將於二零二零年十月二十九日到期。下表披露管理層購股權於本年度的變動。

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37. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(b) Share Award Scheme

(i) Share Award Scheme I

On 9 September 2016 (the “**Adoption Date I**”), the Company adopted a share award scheme (the “**Share Award Scheme I**”) to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme I is valid and effective for a period of 5 years commencing from the Adoption Date I. The shares to be awarded under the Share Award Scheme I will be acquired by the Company through Dairy Fortune Limited (“**Dairy Fortune**”) which is 100% owned by Dairy Fortune (PTC) Limited (the “**Trustee**”) from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of Shares which may be purchased by the Dairy Fortune is 55,000,000 Shares. The total contributed amount shall be not more than HK\$70,000,000. During the year ended 31 December 2016, based on the Company’s instructions, Dairy Fortune purchased a total of 35,519,000 ordinary shares of the Company from open market at a total consideration of approximately HK\$68,966,000 (equivalent to approximately RMB61,424,000). During the year ended 31 December 2017, Dairy Fortune purchased another 450,000 ordinary shares from the open market at a total consideration of approximately HK\$803,000 (equivalent to RMB713,000) and the number of ordinary shares purchased by Dairy Fortune increased to 35,969,000 shares (the “**Award Shares I**”).

37. 以股份支付的付款交易(續)

(b) 購股權計劃

(i) 股份獎勵計劃I

於二零一六年九月九日(「**採納日期I**」)，本公司採納一項股份獎勵計劃(「**股份獎勵計劃I**」)以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃I有效期五年，自採納日期I起生效。根據股份獎勵計劃I將獎勵的股份由本公司透過 Dairy Fortune (PTC) Limited(「**受託人**」)100%擁有的Dairy Fortune Limited(「**Dairy Fortune**」)按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。Dairy Fortune可購入的股份數目上限為55,000,000股股份。總注資金額不超過70,000,000港元。截至二零一六年十二月三十一日止年度，按照本公司指示，Dairy Fortune已從公開市場上收購合計35,519,000股本公司普通股，總代價約為68,966,000港元(相當於約人民幣61,424,000元)。截至二零一七年十二月三十一日止年度，Dairy Fortune從公開市場上收購另外450,000股普通股，總代價約為803,000港元(相當於人民幣713,000元)，而Dairy Fortune購買的普通股數目增加至35,969,000股(「**獎勵股份I**」)。



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37. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(b) Share Award Scheme (continued)

(i) Share Award Scheme I (continued)

Based on the trust arrangements among the Company, the sole shareholder of the Trustee and the Trustee, the Company is able to control the Trustee and its subsidiary, Dairy Fortune, pursuant to IFRS 10 *Consolidated Financial Statements*. Therefore, the Group accounts for the Trustee and Dairy Fortune as consolidated structured entities. The ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the consolidated financial statements.

On 21 April 2017 (the "**Grant Date I**"), a total of 35,969,000 Award Shares were granted to the selected participants. Out of the total shares granted, 6,637,000 Award Shares were granted to certain members of management (the "**Award Shares A**"), which would vest in the third anniversary of the Grant Date I (i.e. 21 April 2020) provided that certain performance and service conditions are met. The remaining 29,332,000 Award Shares were granted to certain members of management and eligible employees (the "**Award Shares B**"), which would vest in the second anniversary of the Grant Date I (i.e. 21 April 2019) provided they are still employed by the Group.

37. 以股份支付的付款交易(續)

(b) 購股權計劃(續)

(i) 股份獎勵計劃I(續)

根據本公司、受託人的唯一股東及受託人之間的信託安排，本公司根據國際財務報告準則第10號綜合財務報表能夠控制受託人及其附屬公司Dairy Fortune。因此，本集團將受託人及Dairy Fortune入賬列為綜合架構實體。Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於綜合財務報表的「根據股份獎勵計劃持有的股份」項下。

於二零一七年四月二十一日(「授出日期I」)，合共35,969,000股獎勵股份授予選定參與者。於所有授出股份中，6,637,000股獎勵股份(「獎勵股份A」)授予若干管理層成員，於授出日期I的第三個週年(即二零二零年四月二十一日)歸屬，惟須符合若干表現及服務條件。餘下29,332,000股獎勵股份(「獎勵股份B」)則授予若干管理層成員及合資格僱員，於授出日期I的第二個週年(即二零一九年四月二十一日)歸屬，惟彼等須仍受僱於本集團。

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37. SHARE-BASED PAYMENT TRANSACTIONS 37. 以股份支付的付款交易(續)

(continued)

(b) Share Award Scheme (continued)

(i) Share Award Scheme I (continued)

The following table discloses movements of the Award Shares I during the reporting period:

Category	Outstanding as at 1 January 2019 於二零一九年 一月一日 尚未行使	Forfeited due to resignation during the year 年內因辭任沒收	Vested during the year 年內歸屬	Outstanding as at 31 December 2019 於二零一九年 十二月三十一日 尚未行使
Award Shares A 獎勵股份A	5,325,000	-	-	5,325,000
Award Shares B 獎勵股份B	22,423,000	(1,412,000)	(21,011,000)	-
	27,748,000	(1,412,000)	(21,011,000)	5,325,000

Category	Outstanding as at 1 January 2018 於二零一八年 一月一日 尚未行使	Forfeited due to resignation during the year 年內因辭任沒收	Vested during the year 年內歸屬	Outstanding as at 31 December 2018 於二零一八年 十二月三十一日 尚未行使
Award Shares A 獎勵股份A	5,687,000	(362,000)	-	5,325,000
Award Shares B 獎勵股份B	25,601,000	(3,178,000)	-	22,423,000
	31,288,000	(3,540,000)	-	27,748,000

(b) 購股權計劃(續)

(i) 股份獎勵計劃I(續)

下表披露獎勵股份I於報告期間的變動：



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37. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(b) Share Award Scheme (continued)

(i) Share Award Scheme I (continued)

The fair values of Award Shares A and Award Shares B determined at the date of grant using Black-Scholes Model were HK\$7,731,000 (equivalent to RMB6,843,000) and HK\$36,265,000 (equivalent to RMB32,102,000) respectively.

The Group recognised a share award expense of RMB4,810,000 (2018: RMB8,646,000) accordingly during the current year. A total number of 21,011,000 shares of Award Shares B was vested to certain members of management and the eligible employees during the current year, and the difference of RMB13,234,000 between the amounts of RMB23,063,000 and RMB36,297,000 reversed in Share Award reserve and Shares held under the Share Award Scheme respectively, for the shares vested was recognised in retained earnings.

(ii) Share Award Scheme II

On 26 March 2018 (the "Adoption Date II"), the Company adopted a share award scheme (the "Share Award Scheme II") to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme II is valid and effective for a period of 10 years commencing from the Adoption Date II. The shares to be awarded under the Share Award Scheme II will be acquired by the Company through Dairy Fortune from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of shares which may be purchased by the Trustee is set at no more than 1% of the number of issued ordinary shares of the Company at the preceding annual general meeting. During the year ended 31 December 2018, based on the Company's instructions, Dairy Fortune purchased a total of 20,000,000 ordinary shares of the Company from open market at a total consideration of approximately HK\$28,835,000 (equivalent to approximately RMB23,583,000).

37. 以股份支付的付款交易 (續)

(b) 購股權計劃 (續)

(i) 股份獎勵計劃 I (續)

獎勵股份A及獎勵股份B於授出日期使用布萊克 - 舒爾茨模式釐定的公平值分別為7,731,000港元(相當於人民幣6,843,000元)及36,265,000港元(相當於人民幣32,102,000元)。

於本年度，本集團相應確認股份獎勵開支為人民幣4,810,000元(二零一八年：人民幣8,646,000元)。合共21,011,000股獎勵股份B於本年度歸屬於若干管理層成員及合資格僱員，股份獎勵儲備撥回人民幣23,063,000元與就所歸屬股份根據股份獎勵計劃持有的人民幣36,297,000元股份之間的差額金額人民幣13,234,000元於保留盈利確認。

(ii) 股份獎勵計劃 II

於二零一八年三月二十六日(「採納日期II」)，本公司採納一項股份獎勵計劃(「股份獎勵計劃II」)，以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃II有效期十年，自採納日期II起生效。根據股份獎勵計劃II將獎勵的股份將由本公司透過Dairy Fortune按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。受託人可購入的股份數目上限設定為不得超過本公司於上一屆股東週年大會上已發行普通股數目的1%。截至二零一八年十二月三十一日止年度，按照本公司指示，Dairy Fortune已從公開市場上收購合計20,000,000股本公司普通股，總代價約為28,835,000港元(相當於約人民幣23,583,000元)。

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37. SHARE-BASED PAYMENT TRANSACTIONS

37. 以股份支付的付款交易(續)

(continued)

(b) Share Award Scheme (continued)

(II) Share Award Scheme II (continued)

During the year, Dairy Fortune purchased another 19,962,000 ordinary shares from the open market at a total consideration of approximately HK\$22,924,000 (equivalent to approximately RMB20,405,000) and the number of ordinary shares purchased by Dairy Fortune under Share Award Scheme II increased to 39,962,000 shares (the "Award Shares II").

On 29 March 2019, a total of 19,962,000 Award Shares II were granted to the selected participants. Out of the total shares granted, 9,981,000 Award Shares II vested on 21 April 2019 unconditionally (the "Award Shares C"). The remaining Award Shares of 9,981,000 were vested on 21 April 2019 with one year lock-up period beginning from the vesting date (the "Award Shares D").

The following table discloses movements of the Award Shares II during the reporting period:

Category	Outstanding as at 1 January 2019 於二零一九年 一月一日 尚未行使	Granted during the year 年內授出	Vested during the year 年內歸屬	Outstanding as at 31 December 2019 於二零一九年 十二月三十一日 尚未行使
Award Shares C 獎勵股份C	-	9,981,000	(9,981,000)	-
Award Shares D 獎勵股份D	-	9,981,000	(9,981,000)	-
	-	19,962,000	(19,962,000)	-

The fair values of Award Shares C and Award Shares D determined at the date of grant using Asian Option Model were HK\$12,484,000 (equivalent to RMB10,709,000) and HK\$11,698,000 (equivalent to RMB10,034,000), respectively.

(b) 購股權計劃(續)

(II) 股份獎勵計劃II(續)

於本年度，Dairy Fortune從公開市場上收購額外19,962,000股普通股，總代價約為22,924,000港元(相當於約人民幣20,405,000元)，Dairy Fortune根據股份獎勵計劃II購買的普通股數目增加至39,962,000股(「獎勵股份II」)。

於二零一九年三月二十九日，合共19,962,000股獎勵股份II授予選定參與者。於所有授出股份中，9,981,000股獎勵股份II於二零一九年四月二十一日無條件歸屬(「獎勵股份C」)。餘下獎勵股份9,981,000股於二零一九年四月二十一日歸屬，自歸屬日期起一年禁售期(「獎勵股份D」)。

下表披露獎勵股份II於報告期間的變動：

獎勵股份C及獎勵股份D於授出日期使用亞洲式期權模式釐定的公平值分別為12,484,000港元(相當於人民幣10,709,000元)及11,698,000港元(相當於人民幣10,034,000元)。



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37. SHARE-BASED PAYMENT TRANSACTIONS

37. 以股份支付的付款交易 (續)

(continued)

(b) Share Award Scheme (continued)

(II) Share Award Scheme II (continued)

The following assumptions were used to calculate the fair values of the Award Shares II:

(b) 購股權計劃 (續)

(II) 股份獎勵計劃II (續)

採用以下假設計算獎勵股份II的公平值：

		Award Shares C 獎勵股份C	Award Shares D 獎勵股份D
Grant date share price	授出日期的股價	HK\$1.30 1.30港元	HK\$1.30 1.30港元
Strike Price	行使價	HK\$1.30 1.30港元	HK\$1.30 1.30港元
Risk-free interest rate	無風險利率	1.38%	1.44%
Remaining restrict period	剩餘限期	0.06	1.06
Expected volatility	預期波幅	65.87%	43.20%
Dividend yield	股息收益	0.00%	0.00%
Option value	購股權價值	HK\$0.05 0.05港元	HK\$0.13 0.13港元

Expected volatility was determined by using the historical volatility of the Company's share price.

預期波幅乃使用本公司股價的歷史波幅釐定。

The variables and assumptions used in computing the fair values of the award shares are based on the best estimates of the Directors. Changes in variables and assumptions may result in changes in the fair value of the Award Shares.

用於計算獎勵股份公平值的變量及假設是按董事的最佳估計為基準。變量及假設的變動可能會導致獎勵股份公平值出現變動。

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37. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(b) Share Award Scheme (continued)

(II) Share Award Scheme II (continued)

The Group recognised a share award expense of RMB20,743,000 accordingly during the current year (2018: Nil). All of the Award Shares C and Award Shares D were vested to selected participants during the current year, and the difference of RMB2,795,000 between the amounts of RMB20,743,000 and RMB23,538,000 reversed in Share Award reserve and Shares held under the Share Award Scheme respectively, for the shares vested was recognised in retained earnings.

The Group retained a total number of 10,592,774 vesting shares as a consideration of approximately HK\$12,499,000 (equivalent to RMB10,722,000) for paying the individual income tax on behalf of those selected participants under Share Award Scheme I and II.

As described above, the ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the consolidated financial statements.

37. 以股份支付的付款交易 (續)

(b) 購股權計劃 (續)

(II) 股份獎勵計劃II (續)

於本年度，本集團相應確認股份獎勵開支為人民幣20,743,000元（二零一八年：無）。於本年度，所有獎勵股份C及獎勵股份D歸屬於選定參與者，股份獎勵儲備撥回人民幣20,743,000元與就所歸屬股份根據股份獎勵計劃持有的人民幣23,538,000元股份之間的差額金額人民幣2,795,000元於保留盈利確認。

本集團根據股份獎勵計劃I及II代該等選定參與者支付個人所得稅時，保留合共10,592,774股歸屬股份作為代價約12,499,000港元（相當於人民幣10,722,000元）。

如上文所述，Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於綜合財務報表「根據股份獎勵計劃持有的股份」項下。



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38. DISPOSAL OF SUBSIDIARIES

On 22 January 2018, Modern Farming and Inner Mongolia Mengniu entered into two share transfer agreements, pursuant to which Modern Farming agreed to sell, and Inner Mongolia Mengniu agreed to acquire 50% equity interest of Feidong and Bengbu respectively at an aggregate cash consideration of RMB56,040,000. The disposals were completed on 29 March 2018 and 26 March 2018, respectively on which date the Group lost control of Feidong and Bengbu.

38. 出售附屬公司

於二零一八年一月二十二日，現代牧業(集團)與內蒙古蒙牛訂立兩份股份轉讓協議，據此，現代牧業(集團)同意出售及內蒙古蒙牛同意分別收購肥東及蚌埠的50%股權，現金代價合共為人民幣56,040,000元。該出售事項分別於二零一八年三月二十九日及二零一八年三月二十六日(本集團於該日期失去對肥東及蚌埠的控制權)完成。

Consideration received:	已收代價：	RMB'000 人民幣千元
Cash received	已收現金	56,040
Analysis of assets and liabilities over which control was lost:	失去控制權的資產及負債分析：	RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	439,882
Land use rights	土地使用權	4,674
Inventories	存貨	17,915
Trade and other receivables	應收貿易賬款及其他應收款項	137,341
Bank balances and cash	銀行結餘及現金	147,600
Bank borrowings	銀行借款	(394,213)
Other borrowings	其他借款	(93,526)
Trade and other payables	應付貿易賬款及其他應付款項	(141,156)
Deferred income	遞延收入	(24,630)
Net assets disposed of	出售的資產淨值	93,887
Gain on disposal of subsidiaries:	出售附屬公司的收益：	RMB'000 人民幣千元
Consideration received	已收代價	56,040
Interest in associates	於聯營公司的權益	56,040
Net assets disposed of	出售的資產淨值	(93,887)
Gain on disposal	出售收益	18,193



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38. DISPOSAL OF SUBSIDIARIES (continued)

38. 出售附屬公司(續)

Net cash outflow arising on disposal:	出售事項產生的現金流出淨額：	RMB'000 人民幣千元
Cash consideration	現金代價	56,040
Less: bank balances and cash disposed of	減：已出售的銀行結餘及現金	(147,600)
		(91,560)

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, medium-term notes, corporate bonds and other borrowings as disclosed in Notes 29, 30, 31 and 32 respectively, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, share premium and reserves.

The Group's management reviews the capital structure on a regular basis. As part of the review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issues of new shares and the issue of new debt or the redemption of existing debt.

39. 資本風險管理

本集團的資金管理旨在確保本集團旗下實體的持續經營能力，同時透過優化債務及股本結餘為利益相關者謀求最大回報。本集團的整體策略較去年保持不變。

本集團的資本架構由債務淨額(包括銀行借款、中期票據、公司債券及其他借款(分別披露於附註29、30、31及32)，扣除銀行結餘及現金)及本公司擁有人應佔權益(包括已發行股本、股份溢價及儲備)組成。

本集團的管理層定期檢討資本架構。作為檢討的一環，管理層會考慮資本成本及各類資本涉及的風險。本集團透過發行新股份及發行新債務或贖回現有債務等方式保持整體資本架構的平衡。



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40. FINANCIAL INSTRUMENTS
Categories of financial instruments40. 金融工具
金融工具類別

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets:	金融資產：		
Financial assets at amortised cost	按攤銷成本計量的金融資產	1,592,094	1,468,146
Equity instruments at FVTOCI	按公平值計入其他全面收入的 權益工具	3,959	2,508
Derivative financial instruments	衍生金融工具		
– Interest rate swaps – US\$	– 利率掉期 – 美元	4,325	40,774
– Foreign currency forward contracts	– 外幣遠期合約	53,505	39,025
– Foreign currency option contracts	– 外幣期權合約	31,713	625
Financial liabilities:	金融負債：		
Amortised cost	攤銷成本	7,970,190	9,060,972
Derivative financial instruments	衍生金融工具		
– Interest rate swaps – HK\$	– 利率掉期 – 港元	15,134	12,601
– Foreign currency forward contracts	– 外幣遠期合約	140	3,631
– Foreign currency option contracts	– 外幣期權合約	–	1,497

Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, pledged bank balances, non-pledged bank deposits, bank balances and cash, trade and other payables, bank and other borrowings, medium-term notes, corporate bonds and derivative financial instruments. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

金融風險管理的目標及政策

本集團的主要金融工具包括按公平值計入其他全面收入的權益工具、應收貿易賬款及其他應收款項、已質押銀行結餘、未質押銀行存款、銀行結餘及現金、應付貿易賬款及其他應付款項、銀行及其他借款、中期票據、公司債券及衍生金融工具。該等金融工具的詳情於各項附註中披露。

該等金融工具涉及的風險包括市場風險(貨幣風險及利息風險)、信貸風險及流動資金風險。下文載有如何降低有關風險的政策。管理層會監管有關風險，確保及時有效地採取相應措施。

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Market risk

(i) Currency risk

The Group collects the sales of milk produced in RMB and incurs most of the expenditures as well as capital expenditures in RMB.

As at 31 December 2019, the major assets denominated in foreign currency are bank balances disclosed in Note 26. The major liabilities denominated in foreign currency are bank borrowings disclosed in Note 29.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into foreign currency forward contracts or foreign currency option contracts, when necessary, to manage its foreign exchange exposure.

Foreign currency sensitivity analysis

2% (2018: 2%) is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates.

The Group was primarily subject to foreign currency risk from the movement of the exchange rates between RMB against US\$, HK\$ and EUR. The sensitivity analysis below includes US\$, HK\$ and EUR denominated monetary items that are not associated to a foreign currency forward contract or a foreign currency option contract. At the end of each reporting period, if the exchange rate had been strengthened in RMB against US\$, HK\$ or EUR by 2% and all other variables were held constant, the Group's post-tax profit (loss) for each reporting period would decrease/increase as follow:

40. 金融工具(續)

金融風險管理的目標及政策(續)

市場風險

(i) 外幣風險

本集團的所產牛奶銷售額和所產生的大部分支出及資本開支均以人民幣收支。

於二零一九年十二月三十一日，以外幣計值的主要資產為附註26所披露的銀行結餘。以外幣計值的主要負債為附註29所披露的銀行借款。

本集團通過定期審查外匯風險淨額，並可能訂立外幣遠期合約或外幣期權合約(如需要)，以管理其外匯風險。

外幣敏感度分析

2%(二零一八年：2%)的敏感率代表管理層對外匯匯率合理可能變動的評估。

本集團主要面臨來自人民幣兌美元、港元及歐元匯率波動的外幣風險。以下敏感度分析僅包括與外幣遠期合約或外幣期權合約無關的以美元、港元及歐元計值的貨幣項目。於各報告期末，倘人民幣兌美元、港元或歐元升值2%，而所有其他可變因素維持不變，則本集團於各報告期間的除稅後溢利(虧損)將有如下減少/增加：



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity analysis (continued)

40. 金融工具(續)

金融風險管理的目標及政策(續)

市場風險(續)

(i) 外幣風險(續)

外幣敏感度分析(續)

		(Decrease) increase in post-tax profit 除稅後溢利 (減少)增加 2019 二零一九年 RMB'000 人民幣千元	(Increase) decrease in post-tax loss 除稅後虧損 (增加)減少 2018 二零一八年 RMB'000 人民幣千元
US\$ denominated assets and liabilities against RMB	美元計值資產及負債兌人民幣		
– bank balances	– 銀行結餘	(1,178)	(1,989)
– bank borrowings	– 銀行借款	1,179	1,649
HK\$ denominated assets and liabilities against RMB	港元計值資產及負債兌人民幣		
– bank balances	– 銀行結餘	(769)	–
– bank borrowings	– 銀行借款	–	–
EUR denominated assets and liabilities against RMB	歐元計值資產及負債兌人民幣		
– bank balances	– 銀行結餘	(18)	(9)
– bank borrowings	– 銀行借款	–	12
Total	總計	(786)	(337)

For a 2% weakening of the RMB against US\$, HK\$ or EUR, there would be an equal and opposite impact on the post-tax profit (loss).

倘人民幣兌美元、港元或歐元貶值2%，則將對除稅後溢利(虧損)產生同等相反的影響。

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to fluctuations in the prevailing market interest rates on bank balances, pledged bank balances, non-pledged bank deposits and bank borrowings which carry interest at variable interest rates.

The Group's fair value interest rate risk relates primarily to fixed-rate bank and other borrowings, medium-term notes, corporate bonds and lease liabilities.

The Group manages its interest rate risk by performing regular reviews of the Group's net interest rate exposures and may enter into interest rate swap contracts, when necessary, to manage its interest rate exposure. During the current year, seven interest rate swap contracts had been entered by the Group to mitigate its cash flow interest rate risk (2018: three).

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The sensitivity analyses below have been determined based on the exposure to interest rates for variable interest rate bank borrowings that are not associated to an interest rate swap contract. Bank balances, pledged bank balances and non-pledged bank deposits are excluded from the sensitivity analyses since they are not considered sensitive to fluctuation in interest rate. The analysis is prepared assuming the variable interest rate bank borrowings were outstanding for the whole year. A 50 (2018: 50) basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

40. 金融工具(續)

金融風險管理的目標及政策(續)

市場風險(續)

(ii) 利率風險

本集團因銀行結餘、已質押銀行結餘、未質押銀行存款及按浮動利率計息銀行借款的現行市場利率波動而承受現金流量利率風險。

本集團的公平值利率風險主要涉及定息銀行及其他借款、中期票據、公司債券及租賃負債。

本集團通過定期審查利率風險淨額，並可能訂立利率掉期合約(如需要)，以管理其利率風險。年內，本集團已訂立七份利率掉期合約以減輕其現金流量利率風險(二零一八年：三份)。

以下敏感度分析乃根據非衍生工具於報告期末的利率風險釐定。以下敏感度分析乃根據與利率掉期合約無關的浮息銀行借款的利率風險釐定。由於銀行結餘、已質押銀行結餘及未質押銀行存款對利率波動並不敏感，故不在敏感度分析的考慮範圍內。該分析乃根據假設浮息銀行借款於整個年度未償還而編製。50個基點(二零一八年：50個基點)的上下波幅代表管理層對合理可能發生的利率波動的評估。



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis

At the end of reporting period, if interest rates had been increased/decreased by 50 (2018: 50) basis points and all other variables were held constant, the Group's profit for the current year would have decreased/increased by RMB4,545,000 (loss for the year ended 31 December 2018 would have increased/decreased by RMB5,906,000).

Credit risk and impairment assessment

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with trade receivables from the Distributors is mitigated because they are secured over ordinary shares of the Company held by five third-party companies incorporated in British Virgin Islands as at 31 December 2018.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

40. 金融工具(續)

金融風險管理的目標及政策(續)

市場風險(續)

(ii) 利率風險(續)

利率敏感度分析

於報告期末，倘利率增加／減少50個基點(二零一八年：50個基點)，而所有其他可變因素維持不變，則本集團於本年度的溢利將減少／增加人民幣4,545,000元(截至二零一八年十二月三十一日止年度虧損增加／減少人民幣5,906,000元)。

信貸風險及減值評估

於二零一九年十二月三十一日，本集團面臨因對手方未能履行義務而給本集團造成經濟損失的最大信貸風險來自綜合財務狀況表所列的各項已確認金融資產的賬面值。本集團並無持有任何抵押品或其他信貸增強措施以為其金融資產相關信貸風險提供保障，惟與自分銷商應收貿易賬款相關的信貸風險而減輕除外，因該等款項於二零一八年十二月三十一日由在英屬處女群島註冊成立的五間第三方公司持有的本公司普通股作抵押。

客戶合約產生的應收貿易賬款

為盡量降低信貸風險，本集團管理層已指定團隊負責決定信貸額度及信貸批核。接納任何新客戶前，本集團利用內部信貸評分系統對潛在客戶的信貸質素進行評估並且釐定其信貸額度。客戶應佔的限額與評級每年審閱兩次。已制定其他監察程序，以確保採取跟進行動收回逾期債務。此外，本集團在應用國際財務報告準則第9號後按預期信貸虧損模式個別對貿易結餘進行減值評估。就此而言，董事認為本集團的信貸風險已大幅減少。

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customers

(continued)

The Group has concentration of credit risk as approximately 82% of total trade receivables as at 31 December 2019 (2018: 60%) was receivable due from the Mengniu Group, the Group's largest customer and a related party of the Company.

Pledged bank balances/non-pledged bank deposits/bank balances

The credit risks on pledged bank balances, non-pledged bank deposits, bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies and/or authorised banks in the PRC.

All of the non-pledged bank deposits were deposited in Rabo Bank as at 31 December 2019 (2018: nil) and approximately 27% of total bank balances was deposited in Agricultural Development Bank of China as at 31 December 2019 (2018: 25%).

Other than the concentration of credit risks of trade receivables, pledged bank balances and bank balances mentioned above, the Group does not have any other significant concentration of credit risk.

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

客戶合約產生的應收貿易賬款(續)

本集團存在信貸風險集中的情況，原因為於二零一九年十二月三十一日的應收貿易賬款總額中約82%(二零一八年：60%)為應收本集團最大客戶兼本公司關聯方蒙牛集團的款項。

已質押銀行結餘／未質押銀行存款／銀行結餘

已質押銀行結餘、未質押銀行存款、銀行結餘的信貸風險有限，原因為交易對手方為國際信貸機構給予高信貸評級的信譽良好的銀行及／或中國的認可銀行。

於二零一九年十二月三十一日，所有未質押銀行存款存於Rabo Bank(二零一八年：無)，於二零一九年十二月三十一日，銀行結餘總額約27%存入中國農業發展銀行(二零一八年：25%)。

除上述應收貿易賬款、已質押銀行結餘及銀行結餘的信貸風險集中情況外，本集團並無任何其他重大信貸集中風險。



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

本集團內部信貸評級包括以下類別：

Internal credit rating 內部信貸評級	Description 說明	Trade receivables 應收貿易賬款	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 交易對手方的違約風險較低，且並無任何逾期款項	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 存疑	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 透過內部編製的資料及外部來源顯示信用風險自初始確認以來顯著增加	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值
Loss 損失	There is evidence indicating the asset is credit-impaired 有證據顯示有關資產已信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人陷入嚴重的財務困難且本集團不認為日後可收回有關款項	Amount is written off 撇銷金額	Amount is written off 撇銷金額

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

下表詳列本集團根據預期信貸虧損評估的金融資產信貸風險：

	NOTES 附註	Internal credit rating 內部 信貸評級	12m or lifetime ECL 12個月或全期 預期信貸虧損	Gross carrying amount 2019		Gross carrying amount 2018	
				賬面總值二零一九年 RMB'000 人民幣千元	RMB'000 人民幣千元	賬面總值二零一八年 RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets at amortised costs							
按攤銷成本計量的金融資產							
Pledged bank balances and non-pledged bank deposits	26	N/A	12m ECL	147,775		61,355	
已質押銀行結餘及未質押銀行存款		不適用	12個月預期信貸虧損				
Bank balances	26	N/A	12m ECL	893,421		703,005	
銀行結餘		不適用	12個月預期信貸虧損				
Other receivables							
其他應收款項							
- amount due from Mengniu	25	Low risk	12m ECL	-		1,681	
- 應收蒙牛款項		低風險	12個月預期信貸虧損				
- others		Low risk	12m ECL	9,308		4,315	
- 其他		低風險	12個月預期信貸虧損				
		Loss	Lifetime ECL	4,514		3,569	
		損失	全期預期信貸虧損 (信貸減值)	13,822		9,565	
Trade receivables							
應收貿易賬款							
- raw milk (Note)	25	Low risk	Lifetime ECL (not credit-impaired)	541,570		479,445	
- 原料奶(附註)		低風險	全期預期信貸虧損 (無信貸減值)				
- liquid milk product (Distributors) (Note)	25	Loss	Lifetime ECL (credit-impaired)	-		1,064,879	
- 液態奶產品(分銷商)(附註)		損失	全期預期信貸虧損 (信貸減值)				
- liquid milk product (others) (Note)	25	Loss	Lifetime ECL (credit-impaired)	8,635		11,171	
- 液態奶產品(其他)(附註)		損失	全期預期信貸虧損 (信貸減值)	550,205		1,555,495	



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses for all items individually since there are few numbers of customers for trade receivables.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

附註：就應收貿易賬款而言，本集團已應用國際財務報告準則第9號內的簡化方法，按全期預期信貸虧損計量虧損撥備。本集團個別釐定所有項目的預期信貸虧損，乃由於應收貿易賬款的客戶數目少。

下表列示根據簡化方法已確認應收貿易賬款於全期預期信貸虧損的變動。

		Lifetime ECL (not credit- impaired) 全期預期 信貸虧損 (無信貸減值) RMB'000 人民幣千元	Lifetime ECL (credit- impaired) 全期預期 信貸虧損 (信貸減值) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	1,660	495,167	496,827
Changes due to financial instruments recognised as at 1 January:	於一月一日由於已確認金融工具引致的變動：			
- Transfer to credit-impaired	- 轉至信貸減值	(1,660)	1,660	-
- Impairment losses recognised (Distributors)	- 已確認減值虧損(分銷商)	-	358,891	358,891
- Impairment losses recognised (others)	- 已確認減值虧損(其他)	-	5,365	5,365
- Impairment losses reversed (others)	- 已撥回減值虧損(其他)	-	(163)	(163)
- Write-offs (Distributors)	- 撇銷(分銷商)	-	(311)	(311)
- Write-offs (others)	- 撇銷(其他)	-	(2,870)	(2,870)
As at 31 December 2018	於二零一八年十二月三十一日	-	857,739	857,739
Changes due to financial instruments recognised as at 1 January:	於一月一日由於已確認金融工具引致的變動：			
- Impairment losses reversed (Distributors)	- 已撥回減值虧損(分銷商)	-	(160,451)	(160,451)
- Impairment losses reversed (others)	- 已撥回減值虧損(其他)	-	(1,837)	(1,837)
- Write-offs (Distributors)	- 撇銷(分銷商)	-	(686,618)	(686,618)
- Write-offs (others)	- 撇銷(其他)	-	(198)	(198)
As at 31 December 2019	於二零一九年十二月三十一日	-	8,635	8,635

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

Changes in the loss allowance for trade receivables are mainly due to:

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

應收貿易賬款虧損撥備變動主要因：

		31/12/2019		31/12/2018	
		Decrease		Increase/(decrease)	
		in lifetime ECL		in lifetime ECL	
		二零一九年十二月三十一日		二零一八年十二月三十一日	
		全期預期信貸虧損減少		全期預期信貸虧損增加/(減少)	
		Not credit-	Credit-	Not credit-	Credit-
		impaired	impaired	impaired	impaired
		無信貸減值	信貸減值	無信貸減值	信貸減值
		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
Trade debtors with a gross carrying amount of RMB7,526,000 defaulted and transferred to credit-impaired	違約及轉至信貸減值的貿易債務人，賬面總值為人民幣7,526,000元	-	-	(1,660)	7,025
Additional recognition of ECL for trade receivables of the Distributors	就分銷商應收貿易賬款確認額外預期信貸虧損	-	-	-	358,891
Settlement in full of the Distributors with a gross carrying amount of RMB378,261,000	分銷商全數結清賬面總值人民幣378,261,000元	-	(160,451)	-	-
Settlement in full of trade debtors with a gross carrying amount of RMB1,837,000 (Others) (2018: RMB298,000)	貿易債務人全數結清賬面總值人民幣1,837,000元(其他)(二零一八年：人民幣298,000元)	-	(1,837)	-	(163)



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

倘有資料顯示債務人面對嚴重財務困難且收回款項的機率不大(如債務人遭清盤或啟動破產程序,以較早者為準),本集團將撇銷應收貿易賬款。

下表列示已確認其他應收款項虧損撥備的對賬。

		Lifetime ECL (credit-impaired) 全期預期 信貸虧損 (信貸減值) RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	110
Changes due to financial instruments recognised as at 1 January:	於一月一日由於已確認金融工具引致的變動:	
- Write-offs	- 撇銷	(110)
- New financial assets originated	- 源生的新金融資產	3,569
As at 31 December 2018	於二零一八年十二月三十一日	3,569
Changes due to financial instruments recognised as at 1 January:	於一月一日由於已確認金融工具引致的變動:	
- Write-offs	- 撇銷	(8)
- New financial assets originated	- 源生的新金融資產	953
As at 31 December 2019	於二零一九年十二月三十一日	4,514

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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Credit risk and impairment assessment (continued)

Changes in the loss allowance for other receivables are mainly due to:

40. 金融工具(續)

金融風險管理的目標及政策(續)

信貸風險及減值評估(續)

其他應收款項虧損撥備的變動主要由於：

	31/12/2019 Increase in lifetime ECL credit-impaired 二零一九年 十二月三十一日 全期預期信貸 虧損增加 信貸減值 RMB'000 人民幣千元	31/12/2018 Increase in lifetime ECL credit-impaired 二零一八年 十二月三十一日 全期預期信貸 虧損增加 信貸減值 RMB'000 人民幣千元
One debtor of other receivables defaulted	953	3,569

Liquidity risk

The Group had net current liabilities of RMB3,537,886,000 as at 31 December 2019 (31 December 2018: RMB3,883,813,000). The Directors closely monitor the cash flows of the Group and, upon maturity, would arrange the renewal and refinancing of the borrowing facilities, when necessary, to ensure the Group has sufficient funds to enable the Group to meet its financial obligations. In addition, taking into account, (i) the available credit facilities of approximately RMB3,753,402,000 which remain unutilised as at 31 December 2019. These credit facilities included an amount of RMB300,000,000 from Inner Mongolia Mengniu, a subsidiary of Mengniu, expiring in December 2021 (Note 46(d)), and the remaining credit facilities of RMB3,453,402,000 are from banks; (ii) save as the credit facilities disclosed above, the Group acquired additional credit facilities of RMB2,650,000,000 from banks subsequent to the balance sheet date until the reporting date; (iii) the expected net cash inflows generated from the Group's operations for the next twelve months. The Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future, the consolidated financial statements have been prepared on a going concern basis.

流動資金風險

本集團於二零一九年十二月三十一日的流動負債淨額為人民幣3,537,886,000元(二零一八年十二月三十一日：人民幣3,883,813,000元)。董事密切監控本集團的現金流量狀況，並於到期時將會安排對銀行融資進行續期及再融資(如需要)，以確保本集團擁有充足的備用資金使本集團能夠應付其財務責任。此外，經考慮(i)於二零一九年十二月三十一日的可供動用信貸融資約人民幣3,753,402,000元並未動用。該等信貸融資包括來自內蒙古蒙牛(蒙牛的附屬公司)人民幣300,000,000元(二零二一年十二月屆滿)(附註46(d))，剩餘信貸融資人民幣3,453,402,000元來自銀行；(ii)除上述披露的信貸融資外，於資產負債表日期後直至報告日期止本集團向銀行取得額外信貸融資人民幣2,650,000,000元；(iii)未來十二個月本集團營運產生的預期現金流入淨額，董事信納本集團將能夠在可將來在到期時充分履行其財務責任，綜合財務報表已按持續經營基準編製。



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Liquidity risk (continued)

The Group finances their operations by using a combination of borrowings and equity. Adequate lines of credit, including a facility of RMB300,000,000 from Inner Mongolia Mengniu are maintained to ensure necessary funds are available when required. The Directors monitor the liquidity position of the Group on a periodical basis to ensure the availability of sufficient liquid funds to meet all obligations. With reference to the existing unutilised facilities, the Directors consider the liquidity and source of funds for the daily operation and capital expenditure are sufficient.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative financial liabilities that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial liabilities are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

40. 金融工具(續)

金融風險管理的目標及政策(續)

流動資金風險(續)

本集團結合借款及股權為其營運提供資金。為確保於有需要時可取得必需的資金，已備有充裕的信貸額(包括來自內蒙古蒙牛的融資人民幣300,000,000元)。董事定期監察本集團的流動資金水平，以確保可取得足夠的流動資金履行所有責任。經參考現有未動用融資，董事認為，日常經營及資本開支所需的流動資金及資金來源充足。

下表詳列本集團餘下非衍生金融負債的合約到期情況。該表根據本集團可能被要求支付的最早日期的金融負債未貼現現金流量而編製。

表中金額包括利息及本金現金流量。倘利息流量為浮息利率，則未貼現金額由報告期末利率得出。

此外，下表詳列本集團就其衍生金融負債流動資金分析。該表的編製基準是按淨額基準結算衍生金融負債的未貼現合約現金(流入)及流出淨額以及該等需要總額結算的衍生工具的未貼現總(流入)及流出。倘應償還金額並未確定，所披露金額乃參考於報告期末時現有孳息曲線列示的預測利率而釐定。本集團衍生金融負債流動資金分析乃根據合約到期情況編製，由於管理層認為合約到期情況對瞭解衍生工具現金流量的時間至關重要。



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Liquidity risk (continued)

40. 金融工具(續)

金融風險管理的目標及政策(續)

流動資金風險(續)

		Interest rates	Within 180 days	181 days to 365 days	1-2 years	Over 2 years	Total undiscounted cash flows	Carrying amount
		利率	180天內	181天至365天內	1至2年	超過2年	未貼現現金流量總額	賬面值
		%	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
As at 31 December 2019	於二零一九年十二月三十一日							
Non-derivative financial liabilities	非衍生金融負債							
Non-interest bearing	不計息	-	1,210,784	169,519	-	-	1,380,303	1,380,303
Fixed interest rate bank borrowings	定息銀行借款	3.20-5.00	589,116	838,221	60,641	-	1,487,978	1,449,411
Variable interest rate bank borrowings	浮息銀行借款	4.28-5.17	206,431	2,315,532	1,504,325	190,998	4,217,286	4,089,063
Other borrowings	其他借款	4.79-4.80	1,059,803	-	-	-	1,059,803	1,051,413
Lease liabilities	租賃負債	5.13-5.20	17,762	16,523	20,208	312,357	366,850	229,347
			3,083,896	3,339,795	1,585,174	503,355	8,512,220	8,199,537
Derivatives-net settlement	衍生工具 - 以淨額結算							
Interest rate swap contracts (outflow)	利率掉期合約(流出)		2,042	4,077	9,414	-	15,533	15,134
Derivatives-gross settlement	衍生工具 - 以總額結算							
Foreign currency forward contracts	外幣遠期合約							
- inflow	- 流入		-	-	(139,380)	-	(139,380)	(135,048)
- outflow	- 流出		-	-	139,524	-	139,524	135,188



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40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

(continued)

Liquidity risk (continued)

40. 金融工具(續)

金融風險管理的目標及政策(續)

流動資金風險(續)

		Interest rates	Within 180 days	181 days to 365 days	1-2 years	Over 2 years	Total undiscounted cash flows	Carrying amount
		利率	180天內	181天至365天內	1至2年	超過2年	未貼現現金流量總額	賬面值
		%	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
As at 31 December 2018	於二零一八年十二月三十一日							
Non-derivative financial liabilities	非衍生金融負債							
Non-interest bearing	不計息	-	1,560,182	352,729	-	-	1,912,911	1,912,911
Fixed interest rate bank borrowings	定息銀行借款	0.45-5.00	745,862	234,339	206,890	60,641	1,247,732	1,218,401
Variable interest rate bank borrowings	浮息銀行借款	2.65-4.80	539,073	298,858	2,187,125	383,159	3,408,215	3,219,101
Medium-term notes	中期票據	4.75	628,500	-	-	-	628,500	621,880
Other borrowings	其他借款	4.00	575,377	443,390	-	-	1,018,767	1,001,111
Corporate bonds	公司債券	5.47-5.66	843,920	263,250	-	-	1,107,170	1,087,568
			4,892,914	1,592,566	2,394,015	443,800	9,323,295	9,060,972
Derivatives-net settlement	衍生工具 - 以淨額結算							
Interest rate swap contracts (outflow)	利率掉期合約(流出)		1,540	3,181	4,588	3,630	12,939	12,601
Derivatives-gross settlement	衍生工具 - 以總額結算							
Foreign currency forward contracts	外幣遠期合約							
- inflow	- 流入		-	-	(345,805)	-	(345,805)	(330,826)
- outflow	- 流出		-	-	349,600	-	349,600	334,457
Foreign currency option contracts	外幣期權合約							
- inflow	- 流入		-	-	(819,910)	-	(819,910)	(819,910)
- outflow	- 流出		-	-	821,407	-	821,407	821,407
			-	-	5,292	-	5,292	5,128

Note: The amounts included above for variable interest rate borrowings are subject to change if changes in variable interest rates differ from these estimates of interest rates determined at the end of the reporting period.

附註：倘浮動利率的變化與報告期末釐定的利率估計有差異，則上述浮息借款包括的金額會有所不同。

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41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

41. 融資活動所產生負債的對賬

下表詳述本集團融資活動所產生負債的變動，包括現金及非現金變動。融資活動所產生的負債為現金流量已經或未來現金流量將於本集團綜合現金流量表中分類為融資活動所產生的現金流量的該等負債。

		Bank borrowings	Medium-term notes	Corporate bonds	Other borrowings	Amounts due to Mengniu	Lease liabilities	Total
		銀行借款	中期票據	公司債券	其他借款	應付蒙牛款項	租賃負債	總計
		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
		(Note 29)	(Note 30)	(Note 31)	(Note 32)	(Note 28)	(Note 33)	
		(附註29)	(附註30)	(附註31)	(附註32)	(附註28)	(附註33)	
At 1 January 2018	於二零一八年一月一日	3,481,210	1,866,895	1,084,867	1,106,115	-	-	7,539,087
Financing cash flows	融資現金流量	1,033,269	(1,286,500)	(57,170)	(55,784)	81,845	-	(284,340)
Disposal of subsidiaries	出售附屬公司	(394,213)	-	-	(93,526)	-	-	(487,739)
Receipt of Mengniu Bill	收取蒙牛票據	-	-	-	-	59,399	-	59,399
Foreign exchange	外匯	129,611	-	-	-	-	-	129,611
Interest expenses	利息開支	187,625	41,485	59,871	44,306	1,804	-	335,091
At 31 December 2018	於二零一八年十二月三十一日	4,437,502	621,880	1,087,568	1,001,111	143,048	-	7,291,109
Adjustment upon application of IFRS 16	應用國際財務報告準則第16號後調整	-	-	-	-	-	209,125	209,125
At 1 January 2019	於二零一九年一月一日	4,437,502	621,880	1,087,568	1,001,111	143,048	209,125	7,500,234
Financing cash flows	融資現金流量	768,398	(628,500)	(1,102,213)	123	(150,000)	(18,005)	(1,130,197)
New leases entered	新訂立租賃	-	-	-	-	-	27,217	27,217
Foreign exchange	外匯	84,167	-	-	-	-	-	84,167
Interest expenses	利息開支	248,407	6,620	14,645	50,179	6,952	11,010	337,813
At 31 December 2019	於二零一九年十二月三十一日	5,538,474	-	-	1,051,413	-	229,347	6,819,234

Note: The cash flows from the interest rate swaps, bank borrowings, medium-term notes, other borrowings, corporate bonds and amounts due to Mengniu make up the net amount of proceeds from borrowings, repayments of borrowings and interest paid in the consolidated statement of cash flows.

附註：利率掉期、銀行借款、中期票據、其他借款、公司債券及應付蒙牛的款項的現金流量構成綜合現金流量表中的借款所得款項、借款還款及已付利息的淨額。



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42. FAIR VALUE MEASUREMENTS

Fair value of the Group's biological assets, financial assets and financial liabilities that are measured at fair value or fair value less cost to sell on a recurring basis

The Group's biological assets are measured at fair value less costs to sell, financial assets at FVTPL, equity investment at FVTOCI and derivative financial instruments are measured at fair value at the end of each reporting period. The Directors have set up a valuation team, which is headed up by the chief financial officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the valuation team's findings to the Directors semi-annually to explain the cause of fluctuations in the fair value of the assets and liabilities.

42. 公平值計量

按經常性基準以公平值或公平值減銷售成本計量的本集團生物資產、金融資產及金融負債的公平值

本集團的生物資產按公平值減出售成本計量，按公平值計入損益的金融資產、按公平值計入其他全面收入的權益投資及衍生金融工具於各報告期末按公平值計量。董事已成立估值團隊，由本公司財務總監領導，以釐定適當的估值技術及公平值計量的輸入數據。

估計資產或負債的公平值時，本集團使用可用市場可觀察數據。倘第一級及第二級的輸入數據不可用，本集團會委聘第三方合資格估值師進行估值。估值團隊與合資格外聘估值師緊密合作，為模型確立合適的估值方法及輸入數據。首席財務官每半年向董事呈報估值團隊的發現以闡釋資產及負債公平值波動的原因。



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42. FAIR VALUE MEASUREMENTS (continued)

Fair value of the Group's biological assets, financial assets and financial liabilities that are measured at fair value or fair value less cost to sell on a recurring basis (continued)

The following table gives information about how the fair values of these assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy

公平值級別

Assets/(liabilities)		Fair value as at 31 December 2019 於二零一九年 十二月三十一日 的公平值 RMB'000 人民幣千元	Fair value as at 31 December 2018 於二零一八年 十二月三十一日 的公平值 RMB'000 人民幣千元	Fair value hierarchy
資產/(負債)				公平值級別
Biological assets	生物資產	7,459,359	7,717,113	level 3 第三級
Derivative financial instruments	衍生金融工具			
- Interest rate swaps	- 利率掉期	4,325	40,774	level 2 第二級
- Foreign currency forward contracts	- 外幣遠期合約	53,505	39,025	level 2 第二級
- Foreign currency option contracts	- 外幣期權合約	31,713	625	level 2 第二級
Equity instruments at FVTOCI	按公平值計入其他全面 收入的權益工具			
- Unquoted equity investments	- 未報價權益投資	3,959	2,508	level 3 第三級
Derivative financial instruments	衍生金融工具			
- Interest rate swaps	- 利率掉期	(15,134)	(12,601)	level 2 第二級
- Foreign currency forward contracts	- 外幣遠期合約	(140)	(3,631)	level 2 第二級
- Foreign currency option contracts	- 外幣期權合約	-	(1,497)	level 2 第二級

42. 公平值計量(續)

按經常性基準以公平值或公平值減銷售成本計量的本集團生物資產、金融資產及金融負債的公平值(續)

下表提供有關根據公平值計量的輸入數據的可觀察程度如何釐定該等資產及負債的公平值(特別是所使用的估值方法及輸入數據)、及公平值計量所劃分的公平值級別水平(第二及三級)的資料。



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42. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used in the valuation models:

42. 公平值計量(續)

公平值計量使用的估值方法

下表列示計量第二級及第三級公平值時所用的估值方法，以及估值模型所用的重大不可觀察輸入數據：

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
Foreign currency forward contracts 外幣遠期合約	Discounted cash flow Future cash flow are estimated based on forward exchange rates (from observable forward exchange rates at the end of reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties. 貼現現金流量未來現金流量乃根據遠期匯率(來自報告期末的可觀察遠期匯率)及合約遠期匯率估計，按反映多名對手方的信貸風險的利率貼現。	N/A 不適用	N/A 不適用
Foreign currency option contracts 外幣期權合約	Garman-Kohlhagen model Garman-Kohlhagen 模型	N/A 不適用	N/A 不適用
Interest rate swaps 利率掉期	Discounted cash flow Future cash flow are estimated based on forward interest rates (from observable interest rate at the end of reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties. 貼現現金流量未來現金流量乃根據遠期利率(來自報告期末的可觀察利率)及合約利率估計，按反映多名對手方的信貸風險的利率貼現。	N/A 不適用	N/A 不適用



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42. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

(continued)

42. 公平值計量(續)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
Unquoted equity investments 未報價權益投資	Market approach 市場法	Fair value is estimated based on value of comparable listed companies and discounted for lack of liquidity. 公平值乃按可資比較上市公司的價值作出估計及就流動性不足貼現。	An increase in the discounted for lack of liquidity would result in a smaller percentage decrease in the fair value measurement of the unquoted equity investments. 流動性不足貼現增加可導致未報價權益投資公平值計量的比例減少。
Heifers and calves 小母牛及小牛	The fair value of 14 months old heifers is determined by reference to the local market selling price. 14個月的小母牛公平值乃參考當地市場售價釐定。	Average local market selling prices of the heifers of 14 months old were estimated at RMB21,100 per head at 31 December 2019 (2018: RMB22,700). 於二零一九年十二月三十一日，14個月的小母牛的平均當地市場售價估計為每頭人民幣21,100元(二零一八年：人民幣22,700元)。	An increase in the estimated local market selling price used would result in a smaller percentage increase in the fair value measurement of the heifers and calves, and vice versa. 所用的估計當地市場售價增加將導致小母牛及小牛公平值計量的較小比例增加，反之亦然。



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42. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

(continued)

42. 公平值計量(續)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
	<p>The fair values of heifers and calves at age-group less than 14 months are determined by subtracting the estimated feeding costs required to raise the cows from their respective age at the end of each reporting period to 14 months plus the margins that would normally be required by a raiser. Conversely, the fair values of heifers at age group older than 14 months are determined by adding the estimated feeding costs required to raise the heifers from 14 months old to their respective age at the end of each reporting period plus the margins that would normally be required by a raiser.</p> <p>在小於14個月的年歲組別的小母牛及小牛的公平值乃經減去將牛隻由其各自於各報告期末的歲數培育至14個月所須的估計飼養成本，加培育商一般所須利潤而釐定。相反地，在大於14個月的年歲組別的小母牛的公平值乃經加上將小母牛由14個月培育至其各自於各報告期末的歲數所須的估計飼養成本，加培育商一般所須利潤而釐定。</p>	<p>Estimated average feeding costs per head plus margin that would normally be required by a raiser for heifers and calves younger than 14 months old are RMB16,203 at 31 December 2019 (2018: RMB16,240); average estimated feeding costs per head plus margin that would normally be required by a raiser for heifers older than 14 months old are RMB16,417 at 31 December 2019 (2018: RMB16,620).</p> <p>於二零一九年十二月三十一日，就小於14個月的小母牛及小牛而言，每頭牛估計平均飼養成本加培育商一般所須利潤為人民幣16,203元(二零一八年：人民幣16,240元)；於二零一九年十二月三十一日，就大於14個月的小母牛而言，每頭牛平均估計飼養成本加培育商一般所須利潤為人民幣16,417元(二零一八年：人民幣16,620元)。</p>	<p>An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in a much smaller percentage increase/decrease in the fair value measurement of the heifers and calves older/younger than 14 months old, and vice versa.</p> <p>所用的估計飼養成本加培育商一般所須利潤增加將導致大於/小於14個月的小母牛及小牛公平值計量的極小比例增加/減少，反之亦然。</p>



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42. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

(continued)

42. 公平值計量(續)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
Milkable cows 奶牛	The fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows. 奶牛公平值透過使用多期超額收益法(基於將由有關奶牛產生的貼現未來現金流量)釐定。	The estimated feed costs per kg of raw milk used in the valuation process are RMB1.77 for the year ended 31 December 2019 (2018: RMB1.89), based on the historical average feed costs per kg of raw milk after taking into consideration of inflation. 截至二零一九年十二月三十一日止年度，估值過程中使用的每公斤原料奶估計飼養成本為人民幣1.77元(二零一八年：人民幣1.89元)，乃基於每公斤原料奶的歷史平均飼養成本並計及通貨膨脹釐定。	An increase in the estimated feed costs per kg of raw milk used would result in a smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa. 所用的每公斤原料奶估計飼養成本增加可導致奶牛公平值計量的較小比例下降，反之亦然。
		A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield at each lactation cycle ranges from 27.9 kg to 30.1 kg for the year ended 31 December 2019 (2018: 26.5 kg to 28.7 kg), depending on the number of the lactation cycles and the individual physical condition. 奶牛有六個哺乳期。截至二零一九年十二月三十一日止年度，各哺乳期的估計平均每日產奶量介乎27.9公斤至30.1公斤(二零一八年：26.5公斤至28.7公斤)，視哺乳期數目以及個別身體狀況而定。	An increase in the estimated daily milk yield per head used would result in a smaller percentage increase in the fair value measurement of the milkable cows, and vice versa. 所用的估計每頭牛每日產奶量增加可導致奶牛公平值計量的較小比例提高，反之亦然。



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42. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

(continued)

42. 公平值計量(續)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
		Estimated local future market price for raw milk is RMB4.04 per kg at 31 December 2019 (2018: RMB3.86 per kg). 於二零一九年十二月三十一日，估計當地未來原料奶市價為每公斤人民幣4.04元(二零一八年：每公斤人民幣3.86元)。	An increase in the estimated average selling price of raw milk used would result in a much higher percentage increase in the fair value measurement of the milkable cows, and vice versa. 所用的原料奶估計平均售價增加可導致奶牛公平值計量的極大比例增加，反之亦然。
		Discount rate for estimated future cash flow used is 12.30% at 31 December 2019 (2018: 11.80%). 於二零一九年十二月三十一日，所用估計未來現金流量的貼現率為12.30%(二零一八年：11.80%)。	An increase in the estimated discount rate used would result in a slightly smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa. 所用的估計貼現率增加可導致奶牛公平值計量的較小比例下降，反之亦然。

Reconciliation of Level 3 fair value measurements

第三級公平值計量的對賬

		Equity instruments at FVTOCI 按公平值計入其他全面收入的權益工具 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	12,934
Purchases	購買	1,100
Total losses in OCI	於其他全面收入的虧損總額	(11,526)
At 31 December 2018	於二零一八年十二月三十一日	2,508
Total gains in OCI	於其他全面收入的收益總額	1,451
At 31 December 2019	於二零一九年十二月三十一日	3,959

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42. FAIR VALUE MEASUREMENTS (continued)

Reconciliation of Level 3 fair value measurements

(continued)

The reconciliations from the beginning balances to the ending balances for fair value measurements of the biological assets are disclosed in Note 23.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with general accepted pricing model based on discounted cash flow analysis.

43. OPERATING LEASE COMMITMENTS

The Group as lessee

Minimum lease payments under operating leases recognised during 2018 was RMB11,109,000.

At the end of 2018, the Group had commitment to making future minimum lease payments in respect of property, plant and equipment and leased land rented under non-cancellable operating leases which fall due are as follows:

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	12,924
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)	44,596
Over five years	超過五年	243
		57,763

Operating lease payments represent rentals payable by the Group for property, plant and equipment and leased land which are negotiated for terms ranging from one to eight years and the rentals are fixed.

42. 公平值計量(續)

第三級公平值計量的對賬(續)

生物資產公平值計量由期初結餘至期末結餘的對賬披露於附註23。

並非按經常基準以公平值計量的金融資產及金融負債的公平值

董事認為綜合財務報表內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。有關公平值乃根據普遍接受的定價模式並基於貼現現金流量分析釐定。

43. 經營租賃承擔

本集團作為承租人

二零一八年根據經營租賃確認的最低租賃付款為人民幣11,109,000元。

於二零一八年末，本集團已承諾就根據不可撤銷經營租賃租用的物業、廠房及設備以及租賃土地支付的未來最低租賃付款按到期情況分析如下：

經營租賃付款指本集團就物業、廠房及設備以及租賃土地應付的租金，而租約的期限商定為一至八年，租金則固定。



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44. CAPITAL COMMITMENTS**44. 資本承擔**

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	21,474	7,812

45. MAJOR NON-CASH TRANSACTIONS

- (a) In October 2018, Inner Mongolia Mengniu issued a Mengniu Bill to Modern Farming. The fair value of the Mengniu Bill was RMB141,244,000 when received and the corresponding payable to Mengniu was recognised in other payable. Modern Farming recognised interest expense of RMB6,952,000 for the current year (2018: RMB1,804,000) on the payable to Mengniu under amortised cost method. In October 2019, the amounts payable to Mengniu was settled at cash consideration of RMB150,000,000.
- (b) During the year, the Group entered into new lease agreements for the use of leased lands, leased properties, leased machineries and equipments for lease terms of 2 to 30 years. On the commencement of leases, the Group recognised right-of-use asset of RMB27,317,000 and lease liability of RMB27,217,000, respectively.

45. 重大非現金交易

- (a) 於二零一八年十月，內蒙古蒙牛向現代牧業(集團)發行蒙牛票據。蒙牛票據於收取時公平值為人民幣141,244,000元，而相應應付蒙牛款項於其他應付款項確認。於本年度，現代牧業(集團)按攤銷成本法就應付蒙牛款項確認利息開支人民幣6,952,000元(二零一八年：人民幣1,804,000元)。於二零一九年十月，應付蒙牛款項已現金代價人民幣150,000,000元結清。
- (b) 於本年度，本集團訂立新租賃協議以使用租賃土地、租賃物業、租賃機械及設備，租期為2至30年。於租賃開始時，本集團分別確認使用權資產人民幣27,317,000元及租賃負債人民幣27,217,000元。

46. RELATED PARTY TRANSACTIONS

- (a) Names and relationship with related parties are as follows:
- | | |
|---------|---|
| Mengniu | A shareholder who directly and indirectly held 58.15% of the Company's issued share capital |
|---------|---|

46. 關聯方交易

- (a) 以下為關聯方名稱及與關聯方的關係：
- | | |
|----|--------------------------|
| 蒙牛 | 直接及間接持有本公司已發行股本58.15%的股東 |
|----|--------------------------|

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46. RELATED PARTY TRANSACTIONS (continued)

- (b) At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mengniu Group	蒙牛集團		
Trade receivable – raw milk Within 30 days based on invoice date	應收貿易賬款 – 原料奶 按發票日計30天以內	446,239	418,464
Other receivable	其他應收款項	243	1,681

Amounts due to

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mengniu Group	蒙牛集團		
Amounts due to Mengniu (Note 45)	應付蒙牛款項(附註45)	–	143,048
Other payable (Note)	其他應付款項(附註)	–	18,000

Note: The other payable of RMB18,000,000 was advances received with certain conditions from Mengniu to stimulate the Group to steadily expand the raw milk supply to Mengniu. The Group has fulfilled the conditions and recognised revenue of RMB18,000,000 in 2019.

46. 關聯方交易(續)

- (b) 於報告期末，本集團與關聯方有下列結餘：

應收款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mengniu Group	蒙牛集團		
Trade receivable – raw milk Within 30 days based on invoice date	應收貿易賬款 – 原料奶 按發票日計30天以內	446,239	418,464
Other receivable	其他應收款項	243	1,681

應付款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mengniu Group	蒙牛集團		
Amounts due to Mengniu (Note 45)	應付蒙牛款項(附註45)	–	143,048
Other payable (Note)	其他應付款項(附註)	–	18,000

附註：其他應付款項人民幣18,000,000元為有若干條件的預收蒙牛款項，以促進本集團穩定地向蒙牛擴大原料奶的供應量。本集團已達成條件，於二零一九年確認收益人民幣18,000,000元。



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46. RELATED PARTY TRANSACTIONS (continued)

- (c) During the current year, the Group had the following transactions with related parties:

46. 關聯方交易(續)

- (c) 於本年度，本集團與關聯方訂立以下交易：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mengniu Group	蒙牛集團		
Sales of raw milk	銷售原料奶	4,702,150	4,222,146
Sales of liquid milk	銷售液態奶	-	239,995
Others	其他	2,311	2,933
		4,704,461	4,465,074
Mengniu Group	蒙牛集團		
Disposal of equipment	出售設備	440	1,681
Cash consideration for the disposal of equity interests in subsidiaries (Note 38)	出售附屬公司股權的現金代價(附註38)	-	56,040
		440	57,721

The sales prices were based on mutually agreed terms.

銷售價格是基於共同協定條款。

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46. RELATED PARTY TRANSACTIONS (continued)

(d) Other borrowings

During the current year, the Group entered into the following transactions with related parties:

Category	As at 1 January 2019 於二零一九年 一月一日 RMB'000 人民幣千元	Raised during the year 年內籌集 RMB'000 人民幣千元	Payment during the year 年內付款 RMB'000 人民幣千元	Elimination on disposal of subsidiaries during the year 於年內出售 附屬公司抵銷 RMB'000 人民幣千元	As at 31 December 2019 於二零一九年 十二月三十一日 RMB'000 人民幣千元
Mengniu Entrusted Loan (Note i)	1,001,111	1,953,364	(1,953,145)	-	1,001,330
Mengniu Advance (Note ii)	-	155,477	(155,477)	-	-

Category	As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元	Raised during the year 年內籌集 RMB'000 人民幣千元	Payment during the year 年內付款 RMB'000 人民幣千元	Elimination on disposal of subsidiaries during the year 於年內出售 附屬公司抵銷 RMB'000 人民幣千元	As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元
Mengniu Entrusted Loan (Note i)	1,066,511	1,544,306	(1,544,306)	(65,400)	1,001,111

Notes:

- i. In May 2017, the Group entered into two entrusted loan agreements with Mengniu Group and Agricultural Bank of China ("ABC"), pursuant to which, Mengniu Group agreed to offer borrowing facilities of RMB1,500,000,000 to the Group through ABC. The borrowing facilities will mature in May 2020 and bear interest at fixed rates determined with reference to the benchmark interest rate of People's Bank of China. In September 2017, pursuant to the letter of comfort to the US\$ Loan, borrowing facilities of RMB1,000,000,000 was extended to September 2020, and then further extended to September 2021 pursuant to the letter of comfort to the HK\$ Loan in September 2018. In December 2019, borrowing facilities of RMB1,000,000,000 was extended to March 2023, borrowing facilities of RMB500,000,000 was revised to RMB300,000,000 and extended to December 2021. The outstanding borrowings at 31 December 2019 will mature within one year and bear interest at fixed rates ranging from 4.002% to 4.785% per annum. The Group recognised interest expense of RMB42,364,000 for the year ended 31 December 2019 (2018: RMB44,306,000).

附註：

- i. 於二零一七年五月，本集團與蒙牛集團及中國農業銀行（「中國農業銀行」）訂立兩份委託貸款協議，據此，蒙牛集團同意透過中國農業銀行向本集團提供借款融資人民幣1,500,000,000元。該等借款融資將於二零二零年五月到期，按參考中國人民銀行的基準利率釐定的固定利率計息。於二零一七年九月，根據美元貸款告慰函，借款融資人民幣1,000,000,000元的到期日延長至二零二零年九月，並根據於二零一八年九月的港元貸款告慰函，到期日進一步延長至二零二一年九月。於二零一九年十二月，借款融資人民幣1,000,000,000元延長至二零二三年三月，借款融資人民幣500,000,000元修訂為人民幣300,000,000元並延長至二零二一年十二月。於二零一九年十二月三十一日尚未償還的借款將於一年內到期，並按介乎4.002%至4.785%的固定年利率計息。截至二零一九年十二月三十一日止年度，本集團確認利息開支人民幣42,364,000元（二零一八年：人民幣44,306,000元）。



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46. RELATED PARTY TRANSACTIONS (continued)

(d) Other borrowings (continued)

Notes: (continued)

- ii. During the current year, the Group entered into several advance payment agreements with Mengniu Group, pursuant to which, Mengniu Group agreed to pay in advance RMB150,000,000 to the Group and the advance payment is limited to be used in the Group's dairy cow raising business (the "Mengniu Advance"), which bear interest at a fixed rate of 4.800% per annum. For the year ended of 31 December 2019, the Mengniu Advance has been settled. The Group recognised interest expense of RMB5,478,000 for the year ended 31 December 2019 (2018:nil).

(e) Compensation of key management personnel

The emoluments of key management during the reporting period are as follows:

46. 關聯方交易(續)

(d) 其他借款(續)

附註：(續)

- ii. 於本年度，本集團與蒙牛集團訂立若干預付款項協議，據此，蒙牛集團同意向本集團預付人民幣150,000,000元，預付款項僅限於用作本集團奶牛飼養業務(「蒙牛預付款項」)，按4.800%的固定年利率計息。截至二零一九年十二月三十一日止年度，蒙牛預付款項已償付。截至二零一九年十二月三十一日止年度，本集團確認利息開支人民幣5,478,000元(二零一八年：無)。

(e) 主要管理人員的薪酬

以下是主要管理人員於報告期間的酬金：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	16,490	12,190
Recognition of equity-settled share option and share award payments	確認按股權結算的購股權及股份獎勵計劃付款	11,805	4,291
Retirement benefits scheme contributions	退休福利計劃供款	926	292
		29,221	16,773

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47. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2019 and 2018 are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Fully paid capital/ registered capital 已繳足股本/註冊資本	Equity interest attributable to the Company 本公司應佔股權				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly 直接 %	Indirectly 間接 %	Directly 直接 %	Indirectly 間接 %	
Advanced Dairy Company (Luxemburg) Limited	Luxemburg 盧森堡	US\$138,500,000 138,500,000美元	100.00	-	100.00	-	Investment holding 投資控股
Aquitair	Republic of Ireland 愛爾蘭共和國	US\$472,307,046 472,307,046美元	-	100.00	-	100.00	Investment holding 投資控股
Modern Farming (Note i) 現代牧業(集團)(附註i)	PRC 中國	RMB3,216,037,950 人民幣3,216,037,950元	-	98.18	-	98.18	Production of milk 生產牛奶
Asia Dairy Holdings	Cayman Islands 開曼群島	US\$20 20美元	100.00	-	100.00	-	Investment holding 投資控股
Asia Dairy Holdings II	Cayman Islands 開曼群島	US\$20 20美元	100.00	-	100.00	-	Investment holding 投資控股
Asia Dairy Trading and Holdings Ltd.	Hong Kong 香港	HK\$5 5港元	-	100.00	-	100.00	Investment holding 投資控股
Asia Dairy Trading and Holdings II Ltd.	Hong Kong 香港	HK\$4 4港元	-	100.00	-	100.00	Investment holding 投資控股
Strong Alliance Investment Holdings Ltd.	British Virgin Islands 英屬處女群島	US\$100,000 100,000美元	100.00	-	100.00	-	Investment holding 投資控股
Well Alliance Investment Holdings Ltd.	Hong Kong 香港	HK\$10,000 10,000港元	-	100.00	-	100.00	Investment holding 投資控股
Maanshan Modern Farming Dairy Product Sales Co., Ltd. (Note i) 馬鞍山現代牧業乳品銷售有限公司(附註i)	PRC 中國	RMB20,350,000 人民幣20,350,000元	-	100.00	-	100.00	Sales of milk 銷售牛奶

47. 附屬公司

於二零一九年及二零一八年十二月三十一日，本公司的主要附屬公司詳情如下：



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47. SUBSIDIARIES (continued)

47. 附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Fully paid capital/ registered capital 已繳足股本/註冊資本	Equity interest attributable to the Company 本公司應佔股權				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly 直接 %	Indirectly 間接 %	Directly 直接 %	Indirectly 間接 %	
Shanghe (Note ii) 商河(附註ii)	PRC 中國	RMB850,000,000 人民幣850,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Helingeer) Co., Ltd. (Note ii) 和林格爾現代牧業有限公司(附註ii)	PRC 中國	RMB93,670,400 人民幣93,670,400元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Saibei) Co., Ltd. (Note ii) 現代牧業(塞北)有限公司(附註ii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Zhangjiakou) Co., Ltd. (Note ii) 現代牧業(張家口)有限公司(附註ii)	PRC 中國	RMB440,000,000 人民幣440,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Wenshang) Co., Ltd. (Note ii) 汶上現代牧場有限公司(附註ii)	PRC 中國	RMB55,000,000 人民幣55,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Shangzhi) Co., Ltd. (Note ii) 尚志現代牧場有限公司(附註ii)	PRC 中國	RMB55,000,000 人民幣55,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Hongya Modern Farming Co., Ltd. (Note ii) 洪雅現代牧場有限公司(附註ii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶

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47. SUBSIDIARIES (continued)

47. 附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Fully paid capital/ registered capital 已繳足股本/註冊資本	Equity interest attributable to the Company 本公司應佔股權				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly 直接 %	Indirectly 間接 %	Directly 直接 %	Indirectly 間接 %	
Modern Farming (Chabei) Co., Ltd. (Note ii) 現代牧業(察北)有限公司(附註ii)	PRC 中國	RMB110,000,000 人民幣110,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Baoji) Co., Ltd. (Note ii) 現代牧業(寶雞)有限公司(附註ii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Tongshan) Co., Ltd. (Note ii) 現代牧業(通山)有限公司(附註ii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Tongliao) Co., Ltd. (Note ii) 現代牧業(通遼)有限公司(附註ii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Chabei) Hengsheng Co., Ltd. (Note ii) 現代牧業(察北)恆盛有限公司(附註ii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming (Wuhe) Co., Ltd. (Note ii) 現代牧業(五河)有限公司(附註ii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Modern Farming Anhui (Note ii) 現代牧業安徽(附註ii)	PRC 中國	RMB45,000,000 人民幣45,000,000元	-	99.00	-	99.00	Sales of milk 銷售牛奶
Modern Farming (Shuangcheng) Co., Ltd. (Note ii) 現代牧業(雙城)有限公司(附註ii)	PRC 中國	RMB20,000,000 人民幣20,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶



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47. SUBSIDIARIES (continued)

47. 附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Fully paid capital/ registered capital 已繳足股本/註冊資本	Equity interest attributable to the Company 本公司應佔股權				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly 直接 %	Indirectly 間接 %	Directly 直接 %	Indirectly 間接 %	
Modern Farming Shanghe Feeding Co., Ltd. (Note ii) 現代牧業商河飼料有限公司(附註ii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	98.18	Production of fodder 生產飼料
China Modern Dairy I Ltd.	Cayman Islands 開曼群島	US\$1.00 1.00美元	100.00	-	100.00	-	Investment holding 投資控股
China Modern Dairy II Ltd.	British Virgin Islands 英屬處女群島	US\$1.00 1.00美元	-	100.00	-	100.00	Investment holding 投資控股
China Leading Dairy Ltd. 中國領先乳品有限公司	Hong Kong 香港	HK\$1.00 1.00港元	-	100.00	-	100.00	Investment holding 投資控股
Modern Farming (Bengbu) Dairy Product Sales Co., Ltd. (Note ii) 現代牧業(蚌埠)乳品銷售有限公司(附註ii)	PRC 中國	RMB5,000,000 人民幣5,000,000元	-	99.00	-	99.00	Sales of milk 銷售牛奶
Modern Farming (Saibe) Dairy Product Sales Co., Ltd. (Note ii) 現代牧業(塞北)乳品銷售有限公司(附註ii)	PRC 中國	RMB5,000,000 人民幣5,000,000元	-	99.00	-	99.00	Sales of milk 銷售牛奶
Modern Farming (Hefei) Co., Ltd. (Note ii) 現代牧業(合肥)有限公司(附註ii)	PRC 中國	RMB40,000,000 人民幣40,000,000元	-	98.18	-	98.18	Breeding dairy cows and production of milk 飼養奶牛及生產牛奶
Nanchang Modern Farming Co., Ltd. (Note ii) 南昌現代牧業有限公司(附註ii)	PRC 中國	RMB5,000,000 人民幣5,000,000元	-	50.07	-	50.07	Sales of milk 銷售牛奶
Chengdu Modern Farming Dairy Products Sales Co., Ltd. (Note iv) 成都現代牧業乳品銷售有限公司(附註iv)	PRC 中國	RMB1,000,000 人民幣1,000,000元	-	N/A 不適用	-	58.91	Sales of milk 銷售牛奶

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47. SUBSIDIARIES (continued)

47. 附屬公司(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Fully paid capital/ registered capital 已繳足股本/註冊資本	Equity interest attributable to the Company 本公司應佔股權				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Directly 直接 %	Indirectly 間接 %	Directly 直接 %	Indirectly 間接 %	
Wuhan Modern Farming Dairy Products Sales Co., Ltd. (Note ii) 武漢現代牧業乳品銷售有限公司(附註ii)	PRC 中國	RMB1,000,000 人民幣1,000,000元	-	68.73	-	68.73	Sales of milk 銷售牛奶
Modern Farming (Shenzhen) Sales Company (Note iv) 現代牧業銷售(深圳)有限公司(附註iv)	PRC 中國	RMB1,000,000 人民幣1,000,000元	-	N/A 不適用	-	58.91	Sales of milk 銷售牛奶
Modern Farming (Jinan) Dairy Products Sales Co., Ltd. (Note ii) 現代牧業(濟南)乳品銷售有限公司(附註ii)	PRC 中國	RMB1,000,000 人民幣1,000,000元	-	73.63	-	73.63	Sales of milk 銷售牛奶
Wuhe Energy (Note iii) 五河能源(附註iii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	N/A 不適用	Production of energy 生產能源
Hefei Energy (Note iii) 合肥能源(附註iii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	98.18	-	N/A 不適用	Production of energy 生產能源

Notes:

- The entity was established in the PRC and became a sino-foreign investment enterprise.
- These entities were established in the PRC as domestic companies and owned by Modern Farming.
- Wuhe Energy and Hefei Energy was established in July 2019 by injecting certain assets and liabilities spun off from Modern Farming (Wuhe) Co., Ltd. and Modern Farming (Hefei) Co., Ltd. (Note 27).
- Modern Farming (Shenzhen) Sales Company was deregistered in April 2019. Chengdu Modern Farming Dairy Products Sales Co., Ltd was deregistered in August 2019.

附註:

- 該實體在中國成立，並起成為中外投資企業。
- 該等實體在中國成立，作為國內公司，由現代牧業(集團)擁有。
- 透過注入由分拆現代牧業(五河)有限公司及現代牧業(合肥)有限公司所得的若干資產及負債，五河能源及合肥能源於二零一九年七月成立(附註27)。
- 現代牧業銷售(深圳)有限公司於二零一九年四月撤銷註冊。成都現代牧業乳品銷售有限公司於二零一九年八月撤銷註冊。



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48. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立地點及主要營業地點	Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益所持所有權權益及投票權比例		Profit (loss) allocated to non-controlling interests 分配至非控股權益的溢利(虧損)		Accumulated non-controlling interests 累計非控股權益	
		2019 二零一九年	2018 二零一八年	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Modern Farming 現代牧業(集團)	PRC 中國	1.82%	1.82%	8,074	(6,849)	126,111	108,907

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

48. 擁有重大非控股權益的非全資附屬公司的詳情

下表載列擁有重大非控股權益的本集團非全資附屬公司的詳情：

有關擁有重大非控股權益的本集團附屬公司的財務資料概述如下。下文財務資料概要指集團公司間抵銷前的金額。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current assets	流動資產	3,043,245	2,441,886
Non-current assets	非流動資產	12,514,778	13,030,924
Current liabilities	流動負債	(5,508,174)	(6,474,566)
Non-current liabilities	非流動負債	(3,118,536)	(3,011,237)
Equity attributable to owners of the Company	本公司擁有人應佔權益	6,917,094	5,973,483
Non-controlling interests	非控股權益	14,219	13,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

48. DETAILS OF NON-WHOLLY-OWNED
SUBSIDIARIES THAT HAVE MATERIAL
NON-CONTROLLING INTERESTS (continued)48. 擁有重大非控股權益的非全資附
屬公司的詳情(續)

		Year ended 31/12/2019 截至 二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元	Year ended 31/12/2018 截至 二零一八年 十二月三十一日 止年度 RMB'000 人民幣千元
Revenue	收入	5,514,210	4,956,811
Expenses	開支	5,070,686	5,335,868
Profit/(loss) attributable to owners of the Company	本公司擁有人應佔溢利/(虧損)	442,830	(375,643)
Profit/(loss) attributable to the non-controlling interests	非控股權益應佔溢利/(虧損)	694	(3,414)
Net cash inflow from operating activities	經營活動現金流入淨額	1,652,017	1,408,421
Net cash outflow from investing activities	投資活動現金流出淨額	(961,247)	(1,119,395)
Net cash outflow from financing activities	融資活動現金流出淨額	(525,476)	(296,796)
Net cash inflow/(outflow)	現金流入/(流出)淨額	165,294	(7,770)



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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the financial position of the Company at the end of the reporting period includes:

49. 本公司的財務狀況表及儲備

於報告期末有關本公司財務狀況的資料包括：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	投資於附屬公司	6,574,731	6,138,788
Amounts due from subsidiaries	應收附屬公司款項	3,045,771	2,260,130
		9,620,502	8,398,918
CURRENT ASSETS	流動資產		
Prepayments and other receivables	預付款項及其他應收款項	583	772
Bank balances and cash	銀行結餘及現金	172,917	79,622
Financial asset at fair value through profit or loss	按公平值計入損益的金融資產	85,207	76,413
		258,707	156,807
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	2,142	570
Amounts due to subsidiaries	應付附屬公司款項	24,251	24,462
Bank borrowings – within one year	銀行借款 – 一年內	2,083,136	–
Derivative financial instruments	衍生金融工具	15,274	16,691
		2,124,803	41,723
NET CURRENT (LIABILITIES)/ASSETS	流動(負債)/資產淨額	(1,866,096)	115,084
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	7,754,406	8,514,002
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	551,007	526,058
Reserves	儲備	6,107,568	5,951,551
TOTAL EQUITY	總權益	6,658,575	6,477,609
NON-CURRENT LIABILITY	非流動負債		
Bank borrowings	銀行借款	1,095,831	2,036,393
		7,754,406	8,514,002

LU Minfang
盧敏放
Director
董事

GAO Lina
高麗娜
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movements in equity

49. 本公司的財務狀況表及儲備(續)

權益變動

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Share options reserve 購股權儲備 RMB'000 人民幣千元	Share award reserve 股份獎勵儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	526,058	4,641,066	1,382,199	5,286	14,517	(3,728)	6,565,398
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	-	(96,435)	(96,435)
Recognition of equity-settled share-based payment transactions	確認按股權結算以股份支付的 付款交易	-	-	-	-	8,646	-	8,646
Balance at 31 December 2018	於二零一八年十二月三十一日的 結餘	526,058	4,641,066	1,382,199	5,286	23,163	(100,163)	6,477,609
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	-	(114,016)	(114,016)
Reversal due to vesting of award shares	因獎勵股份歸屬而撥回	-	-	-	-	(43,806)	(16,029)	(59,835)
Recognition of equity-settled share-based payment transactions	確認按股權結算以股份支付的 付款交易	-	-	-	-	25,553	-	25,553
Ordinary shares issued	已發行普通股	24,949	304,315	-	-	-	-	329,264
Balance at 31 December 2019	於二零一九年十二月三十一日的 結餘	551,007	4,945,381	1,382,199	5,286	4,910	(230,208)	6,658,575



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

50. EVENTS AFTER THE REPORTING PERIOD

The Group had the following significant events after the reporting period:

- (a) As disclosed in Note 27, the Disposal Transactions were completed in February 2020. In assessing whether the Group has lost the control of Wuhe Energy and Hefei Energy, two former wholly-owned subsidiaries of Modern Farming, the Directors considered all facts and circumstances, including but not limited to the Group's voting rights and representation in the board of directors of Jiangyin Dairy Energy (now holding the entire equity interests of Wuhe Energy and Hefei Energy). Taking into account the above factors, the Directors considered that upon completion of the Disposal Transactions, the Group lost control but retained significant influence in Wuhe Energy and Hefei Energy indirectly through its holding in Jiangyin Dairy Energy. Jiangyin Dairy Energy will be accounted for using equity method in the Group's consolidated financial statements.
- (b) The outbreak of a respiratory illness caused by Novel Coronavirus, or known as the COVID-19 (the "COVID-19"), in China including Hong Kong, has affected many businesses to different extent. Up to the date of approval of these consolidated financial statements, the Group has maintained the normal level of production and sales volume amid the outbreak of the COVID-19 and the Directors considered that the COVID-19 would not have significant impact to the Group's going concern and liquidity. However, due to the inherent unpredictable nature and rapid development relating to the COVID-19 and its pervasive impact, the Group will closely monitor in this regard.

50. 報告期後事項

本集團於報告期後發生以下重大事項：

- (a) 誠如附註27所披露，出售交易已於二零二零年二月完成。於評估本集團是否失去對五河能源及合肥能源(現代牧業(集團)的兩間前全資附屬公司)的控制權時，董事考慮所有事實及情況，包括但不限於本集團於江陰牧能(現持有五河能源及合肥能源的全部股權)董事會的投票權及代表。經計及上述因素，董事認為，出售交易完成後，本集團失去控制權但透過持有江陰牧能間接對五河能源及合肥能源保持重大影響力。江陰牧能將於本集團綜合財務報表採用權益法入賬。
- (b) 在中國(包括香港)由新型冠狀病毒(或稱為COVID-19(「COVID-19」))引起的呼吸道疾病暴發已在不同程度上影響多間企業。直至該等綜合財務報表批准日期，本集團在COVID-19爆發期間維持正常生產及銷量水平，董事認為COVID-19不會對本集團的持續經營及流動性產生重大影響。然而，由於COVID-19的固有不可預測性質及其急速發展以及其廣泛影響，本集團將對此進行密切監察。



FINANCIAL SUMMARY

財務概要

The following is a summary of the published audited consolidated financial statement of China Modern Dairy Holdings Limited and its subsidiaries for the respective years.

以下為中國現代牧業控股有限公司及其附屬公司於相關年度的已刊發經審核綜合財務報表的概要。

RESULTS

For the year ended 31 December

業績

截至十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue	收入	5,514,210	4,956,811	4,783,801	4,862,311	4,826,341
Profit/(loss) before finance costs and tax	除融資成本及稅項前溢利/(虧損)	727,208	(167,038)	(666,479)	(416,409)	670,459
Finance costs	融資成本	(376,795)	(338,622)	(328,395)	(368,582)	(315,078)
Profit/(loss) before tax	除稅前溢利/(虧損)	350,413	(505,660)	(994,874)	(784,991)	355,381
Income tax expense	所得稅開支	(556)	(513)	27	(504)	(11,663)
Profit/(loss) for the year	年內溢利/(虧損)	349,857	(506,173)	(994,847)	(785,495)	343,718
Profit/(loss) for the year attributable to:	以下各方年內應佔溢利/(虧損):					
Owners of the Company	本公司持有人	341,270	(496,088)	(975,116)	(742,103)	321,296
Non-controlling interests	非控股權益	8,587	(10,085)	(19,731)	(43,392)	22,422
		349,857	(506,173)	(994,847)	(785,495)	343,718
Earnings/(loss) per share (RMB)	每股盈利/(虧損)(人民幣)					
Basic (cents)	基本(分)	5.54	(8.15)	(16.19)	(13.99)	6.37
Diluted (cents)	攤薄(分)	5.52	(8.15)	(16.19)	(13.99)	6.32



FINANCIAL SUMMARY

財務概要

As at 31 December

於十二月三十一日

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	3,455,068	3,920,685	4,698,736	5,075,030	5,376,897
Right-of-use assets	使用權資產	320,161	-	-	-	-
Land use rights	土地使用權	-	117,220	125,802	126,679	120,622
Goodwill	商譽	1,371,266	1,398,589	1,424,539	1,424,539	1,441,494
Interest in associates	於聯營公司權益	215,392	180,913	-	1,887	25,076
Equity instruments at FVTOCI	按公平值計入其他全面 收入的權益工具	3,959	2,508	-	-	-
Available-for-sale equity investment	可供出售股權投資	-	-	12,934	24,955	-
Biological assets	生物資產	7,459,359	7,717,113	7,751,070	7,602,959	7,590,878
Net current liabilities	流動負債淨額	(3,537,886)	(3,883,813)	(3,181,917)	(4,272,464)	(4,285,909)
Total assets less current liabilities	總資產減流動負債	9,287,319	9,453,215	10,831,164	9,983,585	10,269,058
Non-current liabilities	非流動負債	(2,079,618)	(2,899,082)	(3,742,735)	(2,860,689)	(2,319,026)
NET ASSETS	資產淨值	7,207,701	6,554,133	7,088,429	7,122,896	7,950,032
Capital and reserves	資本及儲備					
Share capital	股本	551,007	526,058	526,058	452,959	452,959
Share premium and reserves	股份溢價及儲備	6,530,510	5,919,237	6,443,064	6,568,554	7,328,938
Equity attributable to owners of the Company	本公司擁有人應佔 權益	7,081,517	6,445,295	6,969,122	7,021,513	7,781,897
Non-controlling interests	非控股權益	126,184	108,838	119,307	101,383	168,135
TOTAL EQUITY	總權益	7,207,701	6,554,133	7,088,429	7,122,896	7,950,032





MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

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

Stock Code 股份代號 : 1117



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