

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本公告全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

**本公告及當中所述上市文件乃按香港聯合交易所有限公司證券上市規則規定刊發，僅供參考，並不構成提呈出售任何證券的邀請或要約或招攬購買任何證券。本公告及其所述任何內容(包括上市文件)並非任何合約或承諾的依據。謹此說明，刊發本公告及當中所述上市文件不應被視為就香港法例第32章公司(清盤及雜項條文)條例而言根據本公司(定義見下文)或其代表刊發的招股章程提出的證券發售要約，亦概不構成就香港法例第571章證券及期貨條例而言的廣告、邀請或文件，其中載有邀請公眾人士訂立或要約訂立有關購買、出售、認購或包銷證券的協議。**

本公告並不構成或組成在美國或未根據其證券法例登記或不符合資格即提呈出售、招攬或銷售任何證券即屬違法的其他任何司法權區提呈出售或招攬提呈收購、購買或認購任何證券的任何要約。證券並無亦不會根據一九三三年美國證券法(經修訂)(「證券法」)或美國任何州或其他司法權區之證券法例登記。除非予以登記，否則證券僅可在根據證券法或任何其他司法權區的證券法例獲豁免登記的交易中提呈發售。證券可根據證券法S規例於美國境外提呈發售及銷售，惟不會在美國或任何其他限制或禁止此類發售的司法權區公開發售。

刊發發售通函



蒙牛

**CHINA MENGNIU DAIRY COMPANY LIMITED**

**中國蒙牛乳業有限公司\***

(在開曼群島註冊成立之有限公司)

(「本公司」)(股份代號：2319)

**4,862,600,000.00港元3.08%於二零二六年到期之可換股債券  
(債務股份代號：40946)(「債券」)**

本公告乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)第37.39A條刊發。

請參閱本公告隨附於二零二一年十一月二十三日所刊發有關發行債券的發售通函(「發售通函」)。發售通函僅以英文刊發，並無編製發售通函中文版。

**香港投資者謹請注意：**本公司確認債券擬僅供專業投資者(定義見上市規則第37章)購買，並已按該基準於香港聯合交易所有限公司上市。因此，本公司確認債券不適合作為香港或其他地方散戶之投資。投資者應審慎考慮所涉及的風險。

發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱以邀請公眾就認購或購買任何證券作出要約。

發售通函不得被視為認購或購買本公司任何證券的勸誘，且並無意進行有關勸誘。  
投資決定不應根據發售通函所載資料而作出。

承董事會命  
中國蒙牛乳業有限公司\*  
公司秘書  
郭偉昌

香港，二零二一年十一月二十九日

於本公告日期，本公司董事會成員包括：執行董事盧敏放先生及孟凡傑先生；非執行董事陳朗先生、牛根生先生及Simon Dominic Stevens先生；獨立非執行董事焦樹閣(又名焦震)先生、Julian Juul Wolhardt先生、張曉亞先生及邱家賜先生。

\* 僅供識別

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (this “**Offering Circular**”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of this Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that the access to this Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.**

**THE SECURITIES AS DESCRIBED IN THIS OFFERING CIRCULAR (THE “SECURITIES”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.**

**THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**Confirmation of Your Representation:** You have accessed the attached document on the basis that you have confirmed to China Mengniu Dairy Company Limited (the “**Issuer**”) and BOCI Asia Limited (the “**Placing Agent**”) that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you provided and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

This Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Placing Agent, the Trustee or the Agents (each as defined in this Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to this Offering Circular distributed to you in electronic format or any difference between this Offering Circular distributed to you in electronic format and the hard copy version.

**Restrictions:** This Offering Circular is being furnished in connection with an offering in offshore transactions outside of the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Securities.

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Placing Agent, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them to subscribe for or purchase any of the Securities, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Placing Agent or any affiliate of the Placing Agent is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Placing Agent or such affiliate on behalf of the Issuer in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

You are reminded that you have accessed this Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

**Actions that you may not take:** If you receive this Offering Circular by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by email, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## CHINA MENGNIU DAIRY COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

### HK\$4,862,600,000.00 3.08 Per Cent. Convertible Bonds due 2026

Issue Price: 100 per cent.

The HK\$4,862,600,000.00 in aggregate principal amount of 3.08 per cent. convertible bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with the terms and conditions of the Bonds set out in “*Terms and Conditions of the Bonds*” (the “**Conditions**” and each of the **Conditions**), a “**Condition**”) and consolidated and forming a single series therewith) will be issued by China Mengniu Dairy Company Limited (the “**Issuer**”). The issue price of the Bonds shall be 100 per cent. of the aggregate principal amount of the Bonds and the denomination of each Bond shall be HK\$500,000 and integral multiples of HK\$10,000 in excess thereof.

The Bonds will, upon issue, constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds will, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder and subject to any applicable fiscal or other laws or regulations and as provided in the Conditions, be convertible (unless previously redeemed, converted or purchased and cancelled) into fully paid ordinary shares of the Issuer with a nominal value of HK\$0.10 each (the “**Shares**”) at an initial conversion price of HK\$34.73 per Share (the “**Conversion Price**”) at any time in each period from (and including) the 25th Scheduled Trading Day (as defined in the Conditions) to (and including) the 5th Scheduled Trading Day (as defined in the Conditions) immediately prior to 26 November in each year, beginning in 2022 (but, except as provided in Condition 6(a)(iv) and Condition 10, in no event thereafter) or (y) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(b) or Condition 8(c) then up to the close of business on the day prior to the giving of such notice. The Conversion Price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds — Conversion*”.

Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 100 per cent. of its principal amount together with accrued and unpaid interest thereon on 26 November 2026 (the “**Maturity Date**”). The Issuer will, at the option of the holder of any Bond redeem all or some only of such holder’s Bonds on the 5th Scheduled Trading Day immediately prior to 26 November of each year, beginning on 21 November 2022 (each, a “**Put Option Date**”) at their principal amount, together with interest accrued but unpaid up to but excluding such Put Option Date. The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date (as defined in Condition 8(c)) at their principal amount, together with interest accrued but unpaid up to but excluding such date (if any) following the occurrence of a Relevant Event (as defined in Condition 8(c)). See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*”.

For a detailed description of the Bonds, see “*Terms and Conditions of the Bonds*”.

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 7 May 2021 evidencing such registration and has undertaken to provide the requisite information on the issuance of the Bonds to NDRC within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date (as defined in the Conditions).

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This document is for distribution to professional investors only.

**Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

**The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer or the Group (as defined below), where applicable or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.**

Application will also be made to the Hong Kong Stock Exchange for the listing of the Shares issuable upon conversion of the Bonds.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer or the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**Investing in the Bonds and the Shares involves certain risks. Investors should be aware that the Bonds are unsecured, that there are risks attached to exercise of the Conversion Right of the Bonds, and that there are various other risks relating to the Bonds, the Issuer and the Group, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See “Risk Factors” beginning on page 12 for a discussion of certain factors to be considered in connection with the investment in the Bonds and the Shares.**

**The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or other securities laws and, subject to certain exemptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “Placement and Sale”.**

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

**Placing Agent**  
**BOC International**

The date of this Offering Circular is 23 November 2021

## TABLE OF CONTENTS

<b>IMPORTANT NOTICE</b> .....	i
<b>CERTAIN DEFINED TERMS AND CONVENTIONS</b> .....	vi
<b>PRESENTATION OF FINANCIAL INFORMATION</b> .....	xi
<b>FORWARD LOOKING STATEMENTS</b> .....	xii
<b>SUMMARY</b> .....	1
<b>SUMMARY OF THE OFFERING</b> .....	4
<b>SUMMARY FINANCIAL INFORMATION</b> .....	7
<b>RISK FACTORS</b> .....	12
<b>CAPITALISATION AND INDEBTEDNESS</b> .....	47
<b>USE OF PROCEEDS</b> .....	48
<b>CORPORATE STRUCTURE OF THE GROUP</b> .....	49
<b>BUSINESS</b> .....	50
<b>DIRECTORS AND MANAGEMENT</b> .....	70
<b>SHAREHOLDING, DIRECTORS' INTERESTS AND SHARE INCENTIVE SCHEMES</b> .....	74
<b>DESCRIPTION OF SHARES</b> .....	78
<b>DIVIDENDS</b> .....	88
<b>TERMS AND CONDITIONS OF THE BONDS</b> .....	89
<b>THE GLOBAL CERTIFICATE</b> .....	131
<b>PLACEMENT AND SALE</b> .....	134
<b>TAXATION</b> .....	139
<b>GENERAL INFORMATION</b> .....	143
<b>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</b> .....	F-1

## IMPORTANT NOTICE

**THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE GROUP OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.**

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries (collectively, the “Group”). The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisors.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Group, the Bonds and the Shares which is material in the context of the issue and offering of the Bonds (including all information which is required by applicable laws and, according to the particular nature of the Issuer, the Group, the Bonds and the Shares, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attaching to the Bonds and the Shares); (ii) the statements contained in this Offering Circular relating to the Issuer, the Group, the Bonds and the Shares are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Group, the Bonds and the Shares are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Bonds or the Shares the omission of which would, in the context of the issue and offering of the Bonds, make any statement expressed in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer to ascertain all facts in relation to the Issuer, the Group, the Bonds and the Shares and to verify the accuracy of all such information and statements in this Offering Circular; (vi) this Offering Circular does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement therein, in light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular are based on or derived from or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

This Offering Circular is prepared solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and BOCI Asia Limited (the “**Placing Agent**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “Placement and Sale”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Placing Agent, the Trustee (as defined in the Conditions), the Agents (as defined in the Conditions) or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Placing Agent, the Trustee the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Placing Agent, the Trustee the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or Shares, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Placing Agent, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Placing Agent, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who



controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Placing Agent, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Group, and the merits and risks involved in investing in the Bonds. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds. To the fullest extent permitted by law, none of the Placing Agent, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Placing Agent, the Trustee or an Agent, or any director, officer, employee, affiliate, representative, agent or advisor or any person who controls any of them of any such person or on its behalf, in connection with the Issuer, the Group, or the issue and offering of the Bonds. Each of the Placing Agent, the Trustee, the Agents and their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Placing Agent, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Placing Agent, the Trustee, the Agents or any director, officer, employee, affiliate, representative, agent or advisor of any such person or any person who controls any of them.

This Offering Circular does not constitute an offer or an invitation by or on behalf of the Placing Agent or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law in such jurisdictions where such an offer and sales is not permitted. Persons into whose possession this Offering Circular comes are required by the Issuer and the Placing Agent to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, European Economic Area, the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “Placement and Sale”.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer and Placing Agent refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Placing Agent, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors or any person who controls any of them are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Bonds.

Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Group, the Bonds or the Shares. In making an investment decision, prospective investors must rely on their examination of the Issuer, the Group and the terms of this offering, including the merits and risks involved. The Bonds have not been approved or recommended by any Hong Kong or other regulatory authority. Furthermore, the contents of this Offering Circular have not been reviewed by any Hong Kong or other regulatory authority. The foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Circular. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able or advisable to purchase the Bonds under applicable laws or regulations.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Bonds (or any beneficial interests therein) from the Issuer and/or the Placing Agent, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both of their agent and their underlying client.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No

2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

***SINGAPORE SFA PRODUCT CLASSIFICATION:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

## CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which you should consider when reading the information contained herein. When the terms “we”, “us”, “our”, the “Company”, the “Group” and words of similar import are used, they are referring to China Mengniu Dairy Company Limited and its consolidated subsidiaries, unless the context indicates otherwise.

Unless the context otherwise requires, references in this Offering Circular to the “Terms and Conditions” are to the terms and conditions governing the Bonds, as set out in the “Terms and Conditions of the Bonds” in this Offering Circular.

In this Offering Circular, references to:

- “AQSIQ” . . . . . are to the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局);
- “Arla” or “Arla Foods” are to Arla Foods Amba;
- “AUD” . . . . . are to Australian dollars, the official currency of Australia;
- “Bellamy’s” . . . . . are to Bellamy’s Australia Limited;
- “Board” . . . . . are to the board of directors of the Company;
- “Bondholder(s)” . . . . . are to holder(s) of the Bonds;
- “Bonds” or  
“Convertible Bonds” are to HK\$4,862,600,000.00 3.08 per cent. convertible bonds due 2026 contemplated to be offered under this Offering Circular, the terms and conditions of which are described in the Terms and Conditions;
- “bovine TB” . . . . . are to bovine tuberculosis;
- “chilled products” . . . . . are a general reference to dairy products that shall be stored, transported and sold in a chilled environment, typically within a temperature of 2 °C to 6 °C. Such products typically include chilled yogurt, pro-biotic beverage, pasteurised milk and low temperature modulated milk;
- “China Shengmu” . . . . . are to China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司), whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1432);
- “Clearstream” . . . . . are to Clearstream Banking S.A.;

“COFCO” . . . . .	are to COFCO Corporation (中糧集團有限公司) and, unless the context indicates otherwise, some or all of its subsidiaries and other persons acting in concert, including, without limitation, COFCO (Hong Kong) Limited (中糧集團(香港)有限公司), Farwill Limited (志遠有限公司), COFCO Dairy Holdings Limited (中糧乳業控股有限公司), COFCO Dairy Investments Limited (中糧乳業投資有限公司), Colour Spring Limited (彩泉有限公司), Prominent Achiever Limited (互達有限公司), COFCO (BVI) Limited and COFCO (BVI) No. 9 Limited;
“Company” or “Issuer”	are to China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司), whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 2319);
“COVID-19” . . . . .	are to a disease caused by a novel strain of coronavirus, SARSCOV-2;
“Danone” or “Danone Group” . . . . .	are to, as the context indicates, Danone S.A. or one or several subsidiaries of Danone S.A., including Danone Asia Pte Ltd.;
“EIT Law” . . . . .	are to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法);
“Euroclear” . . . . .	are to Euroclear Bank SA/NV;
“Fuyuan” . . . . .	are to Inner Mongolia Fuyuan International Industrial (Group) Co. Ltd. (內蒙古富源國際實業(集團)有限公司);
“Greatview” . . . . .	are to Greatview and its subsidiaries and associates, including Greatview Beijing Trading Co., Ltd. (紛美(北京)貿易有限公司);
“HK\$” and “HK dollars” . . . . .	are to Hong Kong dollars, the official currency of Hong Kong;
“Hong Kong” . . . . .	are to the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange” . . . . .	are to The Stock Exchange of Hong Kong Limited;
“IFRS” . . . . .	are to International Financial Reporting Standards;
“IIT Law” . . . . .	are to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法);
“Inner Mongolia Mengniu” . . . . .	are to Inner Mongolia Mengniu Dairy (Group) Co., Ltd. (內蒙古蒙牛乳業(集團)股份有限公司), an indirect non-wholly owned subsidiary of the Company and a joint stock company incorporated in PRC;
“Lion Dairy Drinks” . .	are to Lion-Dairy & Drinks Pty Ltd;

“Listing Rules” . . . . .	are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Milk Deluxe” . . . . .	are to a brand of our liquid milk products (特侖蘇);
“Modern Dairy” . . . . .	are to China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司), whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1117) and unless the context indicates otherwise, references to Modern Dairy are to Modern Dairy and its consolidated subsidiaries collectively;
“NDRC” . . . . .	are to the National Development and Reform Commission of the PRC;
“Offering Circular” . . . . .	are to this Offering Circular;
“PBoC” . . . . .	are to the People’s Bank of China (中國人民銀行), the central bank of the PRC;
“Placing Agent” . . . . .	are to BOCI Asia Limited;
“PRC” or “China” . . . . .	are to the People’s Republic of China, excluding, for the purpose of this Offering Circular only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
“PRC Government” . . . . .	are to all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities of the PRC;
“provinces” . . . . .	are to provinces and to provincial-level autonomous regions and municipalities in China which are directly under the supervision of the central PRC Government;
“RMB” or “Renminbi” . . . . .	are to the Renminbi, the official currency of the PRC;
“SAFE” . . . . .	are to the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
“SASAC” . . . . .	are to the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會);
“SAT” . . . . .	are to the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局);
“scaled farms” . . . . .	are to farms possessing 100 dairy cows or more;
“Securities Act” . . . . .	are to the United States Securities Act of 1933, as amended supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder;

“SFO” . . . . .	are to the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Shanghai Milkground” . . . . .	are to Shanghai Milkground Food Tech Company Limited (上海妙可藍多食品科技股份有限公司), a joint stock company incorporated in PRC with its A-shares listed on the Shanghai Stock Exchange (Stock Code: 600882);
“Shares” . . . . .	are to the ordinary shares with a par value of HK\$0.1 each in the capital of our Company;
“SIG Combibloc” . . . . .	are to SIG Combibloc and its subsidiaries and associates, including Combibloc (Suzhou) Co., Ltd. (康美包(蘇州)有限公司);
“Tetra Pak” . . . . .	are to Tetra Pak International SA, its subsidiaries and associates, including Tetra Pak China Ltd. (利樂中國有限公司) and its subsidiaries;
“U.S.” or “United States” . . . . .	are to the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and
“UHT milk” . . . . .	are to ultra-high temperature milk, which is generally heated to between 275 and 302 degrees Fahrenheit which allows the milk to be stored at room temperature for extended periods of time;
“US\$” and “U.S. dollars” . . . . .	are to United States dollars, the official currency of the United States of America;
“Yashili” . . . . .	are to Yashili International Holdings Ltd. (雅士利國際控股有限公司), whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1230).

Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.4566 to U.S.\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 30 June 2021, and all translations from Hong Kong dollars into U.S. dollars were made at the rate of HK\$7.7658 to U.S.\$1.00, the noon buying rate in New York City for cable transfers payable in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York on 30 June 2021. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or HK dollars, or vice versa, at any particular rate or at all.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Company or the Placing Agent or their respective directors and advisers, and none of the Company or the Placing Agent or

their respective directors and advisers make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside of the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Company and the terms of the offering and the Bonds, including the merits and risks involved.

We record our financial statements in RMB and our financial statements are prepared in accordance with the IFRS, which may differ in certain material respects from generally accepted accounting principles in certain other countries. You should seek professional advice with respect to such differences in generally accepted accounting principles.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual terms, and actual numbers may differ from those contained herein due to rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

#### **Non-GAAP Financial Measures**

For the purpose of this Offering Circular, EBITDA for any period consists of profit for the year/period before finance costs, interest income, income tax expense, depreciation and amortisation. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to incur and service debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit attributable to owners of the Company or any other measure of performance or as an indicator of its operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA, such as revenue and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA has been included herein because it is considered as a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.



## **PRESENTATION OF FINANCIAL INFORMATION**

This Offering Circular contains (i) consolidated financial information of the Company as at and for the years ended 31 December 2018, 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2019 and 2020 and (ii) consolidated financial information of the Company as at and for the six months ended at 30 June 2020 and 2021, which has been extracted from the interim consolidated financial statements of the Company as at and for the six months ended 30 June 2021, which are included elsewhere in this Offering Circular.

The audited consolidated financial statements of the Company as at and for the years ended 31 December 2019 and 2020 were prepared and presented in accordance with the IFRS and have been audited by Ernst & Young, the independent auditor of the Company. The interim consolidated financial statements of the Company as at and for the six months ended 30 June 2021 are not audited and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Company's financial condition, results of operations and cash flows. The Company's interim consolidated financial statements as at and for the six months ended 30 June 2021 should not be taken as an indication of its expected financial condition or results of operations for the full financial year ending 31 December 2021. The Company's historical financial information should not be taken as an indication of its future financial performance. The interim consolidated financial statements of the Company as at and for the six months ended 30 June 2021 have been reviewed by Ernst & Young.

## FORWARD LOOKING STATEMENTS

Certain forward-looking statements have been made in this Offering Circular regarding, among other things, our consolidated financial conditions, future expansion plans and business strategy. This Offering Circular may contain words such as “believe”, “could”, “may”, “will”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “plan”, “expect” and “anticipate” and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Particularly, statements under the captions “Summary”, and “Business” relating to the following matters may include forward-looking statements:

- business strategies and plan of operation;
- capital expenditure plans;
- the amount and nature of, and potential for, future development of business;
- operations and business prospects;
- production facilities under construction or planning;
- the regulatory environment of the relevant industry in general; and
- future development in the relevant industry.

Such statements are subject to various risks and uncertainties, including, but not limited to:

- changes in global economic and social conditions;
- changes in the world political situation;
- changes in economic and political conditions and increases in regulatory burdens in the PRC and other countries in which we operate, transact business or have interests;
- the impact of the outbreak of COVID-19 on our business, financial performance and results of operations;
- accidents and natural disasters;
- changes in import controls or import duties, levies or taxes, either in international markets or in the PRC;
- changes in laws, regulations, taxation or accounting standards or practises and any related liabilities or compliance costs or obligations;
- currency, interest rate, price and credit risks;
- changes in prices or demand for products or raw materials produced or used by us or our subsidiaries or affiliates, both in the PRC and in international markets, as a result of competitive actions or economic factors, such as inflation or exchange rate fluctuations;
- the risks of increasing expenditures and investments;

- uncertainty of technological change;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- acquisitions or divestitures;
- dividend policy;
- potential disputes with international and domestic joint venture partners; and
- other factors, including those discussed in “Risk Factors”.

Forward-looking statements involve inherent risks and uncertainties. Should one or more of these or other uncertainties or risks materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in capacity, performance or profit levels might not be fully realised. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements and we undertake no obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

## SUMMARY

*This summary below is intended only to provide a limited overview of information disclosed in more detail elsewhere in this Offering Circular and may not contain all of the information that may be important to you. Terms defined elsewhere in this Offering Circular shall have the same meaning in this summary. You should read this entire Offering Circular before making an investment decision to purchase the Bonds.*

We are a leading dairy product manufacturer in China. We have been included in the “Global Dairy Top 20” list published by Rabobank for twelve consecutive years and moved up two places to rank eighth among global dairy companies in 2020. We offer a wide range of dairy products including liquid milk products (such as UHT milk, milk beverages, yogurt and fresh milk), ice cream, milk formula and other products (such as cheese). As at 30 June 2021, we had 41 production bases in China, two production bases in Indonesia and one production base in each of Australia and New Zealand with a total production capacity reaching 10.89 million tonnes.

We are listed on the Main Board of the Hong Kong Stock Exchange since June 2004 (Stock Code: 2319). We became a Hang Seng Index constituent in March 2014, making us the first blue chip Chinese dairy product manufacturer. In 2020, we became a Hang Seng Corporate Sustainability Index constituent and a Hang Seng ESG 50 Index constituent. As at 30 June 2021, our market capitalisation was HK\$185,378 million.

We have developed an advantageous market position at each major component of the dairy products value chain:

- **Upstream.** We source 100% of our raw milk from standardised ranches and scaled farms. We have a long-term raw milk procurement arrangement with Modern Dairy, in which we held approximately 51.4% equity interest but controlled less than 50% of the voting rights as at 30 June 2021, to secure a stable supply of high quality raw milk. Meanwhile, we have expanded our raw milk supply globally into overseas countries with quality milk sources. We have secured a stable source of high quality raw milk through strategic investment in various raw milk suppliers and by maintaining stable relationships with third party raw milk suppliers;
- **Midstream.** We possess advanced automated manufacturing processes and facilities. We develop and produce a wide variety of dairy products and have further expanded our product portfolio through the strategic cooperation with Arla Foods; and
- **Downstream.** We had approximately 6,000 dealers and over 3 million retail outlets throughout China as at 30 June 2021, covering all provinces, municipalities and autonomous regions. The majority of these dealers are exclusive dealers and all of our UHT milk dealers are exclusive dealers. We have developed long-term relationships with most of our dealers. In addition, we conduct online sales through contracted online sales channels, including all major e-commerce platforms in China such as Tmall, JD, Suning and Pinduoduo. We also expanded our sales by cooperating with online-to-offline home delivery and fresh food e-commerce platforms and have been exploring new sales model and channels.

We offer our products primarily under the umbrella brand “蒙牛” (MENGNIU) and its related brands. “蒙牛” (MENGNIU) is among the most widely recognised brands in China which ranked 31st among the top 100 most valuable Chinese brands by BrandZ™ in 2020. In addition, we ranked second on the list of the most chosen brands in China by Kantar Worldpanel’s consumer research and ranked among Brand Finance Global 500 in 2020 for the second consecutive year.

We have established comprehensive partnerships with our strategic shareholders, including COFCO and Arla Foods, and together we have achieved significant synergies in business development and operations. Further information about our strategic shareholders is set forth below.

- COFCO is a key state-owned enterprise under the purview of SASAC and one of the largest sugar beet and edible oil producers and distributors in China. We benefit from COFCO’s support in quality management and control, mergers and acquisitions, as well as development of logistics capabilities and sales channels.
- We are a strategic business partner of Arla Foods in China. We cooperate with Arla Foods with respect to various product categories, such as milk powder, cheese and butter products. The cooperation with Arla Foods enables us to introduce and utilise Arla Foods’ advanced systems and techniques of ranch management and quality control.

We are dedicated to the internationalization of our brands. We have established our first overseas liquid milk factory in Indonesia, which has been put into operation in November 2018. The coverage of our distribution and sales network has also been expanded into Hong Kong, Macau, Singapore, Malaysia, Indonesia, Myanmar, the Philippines and Cambodia. Furthermore, in 2019, we completed the acquisition of Bellamy’s, an Australian brand of high-end organic infant milk formula and baby food products, whose operation and corporate governance have been fully integrated with us. Since such acquisition, Bellamy’s has been expanding its sales network in Australia as well as the cross border e-commerce platform and offline sales channels in China. We will further strengthen its business in Southeast Asia and Oceania with an aim to become an influential and international enterprise.

We have benefited from the full support from local governments in the PRC as a result of our commitment to local economic development. Support provided to us by local governments took the form of tax support (including preferential tax rates and tax relief), favourable support for establishment of business, and favourable industry policies.

We have introduced the business division system with our business being divided into several major business divisions primarily based on our product categories, including room temperature product business, chilled product business, fresh milk business, Yashili’s milk formula business, Bellamy’s business, ice cream business and cheese business divisions. Implementation of the new organizational structure has integrated the management of key aspects of our operation, including production, procurement, sales and quality control into different business divisions, and also enhanced synergies in our operations, and improved our utilization of resources, operational and management efficiency, as well as product quality.

## **OUR COMPETITIVE STRENGTHS**

- We are well-positioned to seize the development opportunities of the PRC dairy industry.
- We maintain a leading market position and possess a well-recognized brand.
- We offer a diversified mix of products and we continuously innovate and upgrade our product offerings.
- We have a strong distribution network across the PRC.
- We have strong capabilities with respect to key aspects across the value chain.
- We have comprehensive cooperation with our strategic partners.
- We have an experienced management team and a strong board of directors.
- We have prudent financial management and financial policy.

## **OUR STRATEGIES**

- We will focus on nutrition of our dairy products and health needs of the consumers and develop our world-leading research and development capabilities.
- We will focus on brand building by continuously investing in premium brands and conducting high-profile marketing campaigns.
- We will build a sales team with omni-channel management capability and industry leading efficiency.
- We will continuously improve our product quality and operation efficiency across the entire supply chain.
- We aim for breakthroughs in new business to build up new growth drivers.
- We will align our company culture with our 2025 strategic target.

## **RECENT DEVELOPMENT**

On 12 October 2021, an ordinary resolution was duly passed on the extraordinary general meeting of the Company to, among others, adopt a scheme (subject to certain conditions being satisfied) pursuant to which the selected participants in the Group or its associates who meet certain criteria are entitled to receive certain returns as incentives. See “Shareholding, Directors’ Interests and Share Incentive Schemes — Share Incentive Schemes — Relevant Scheme” and the relevant circular and announcement of the Company dated 24 September 2021 and 12 October 2021 for details.

## SUMMARY OF THE OFFERING

*The following contains summary information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Provisions relating to the Bonds in Global Form” shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.*

<b>Issuer</b> . . . . .	China Mengniu Dairy Company Limited.
<b>Issue</b> . . . . .	Hong Kong dollar-denominated 3.08 per cent. convertible bonds due 2026 in an aggregate principal amount of HK\$4,862,600,000.00, convertible into the Issuer’s fully-paid ordinary shares of nominal value of HK\$0.10 each.
<b>Interest</b> . . . . .	Interest on the Bonds is payable at the rate of 3.08 per cent. per annum payable semi-annually in arrear on 26 May and 26 November in each year.
<b>Issue Price</b> . . . . .	100 per cent. of the principal amount of the Bonds.
<b>Issue Date</b> . . . . .	26 November 2021.
<b>Maturity Date</b> . . . . .	26 November 2026.
<b>Form and Denomination.</b> . . . . .	The Bonds will be issued in registered form in the denomination of HK\$500,000 each and integral multiples of HK\$10,000 in excess thereof.
<b>Status</b> . . . . .	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.
<b>Negative Pledge</b> . . . . .	For so long as any Bond remains outstanding (as defined in the Trust Deed) and except for any issuance of debt or convertible securities or any other similar transaction by the Issuer for the purpose of providing incentive to the management and/or employees of the Issuer and/or its subsidiaries, the Issuer will not, and the Issuer will ensure that none of its Principal Subsidiaries (other than a Listed Subsidiary) will, create any Encumbrance or permit to exist any Encumbrance to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according the Bonds to either (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

<b>Conversion Period . . . .</b>	Subject to and upon compliance with, the provisions of this Condition 6, the Conversion Right (as defined in the Conditions) attaching to any Bond may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, (x) at any time in each period from (and including) the 25th Scheduled Trading Day to (and including) the 5th Scheduled Trading Day immediately prior to 26 November in each year, beginning in 2022 (but, except as provided in Condition 6(a)(iv) and Condition 10, in no event thereafter) or (y) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(b) or Condition 8(c) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. See “ <i>Terms and Conditions of the Bonds — Conversion Right</i> ”.
<b>Conversion Price . . . . .</b>	Initially HK\$34.73 per Share, subject to adjustment for, among other things, consolidation, subdivision, redesignation or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than Current Market Price, other issues at less than Current Market Price, modification of rights of conversion, other offers to the shareholders of the Issuer and other events as described in Condition 6(c).
<b>Redemption at the Option of the Bondholders . . . . .</b>	The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder’s Bonds on the 5th Scheduled Trading Day immediately prior to 26 November of each year, beginning on 21 November 2022 (each, a “ <b>Put Option Date</b> ”) at their principal amount, together with interest accrued but unpaid up to but excluding such Put Option Date.
<b>Redemption for a Relevant Event . . . . .</b>	Following the occurrence of a Relevant Event (as defined in Condition 8(c)), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date (as defined in Condition 8(c)) at their principal amount, together with interest accrued but unpaid up to but excluding such date (if any).
<b>Events of Default . . . . .</b>	For a description of certain events of default that will permit the Bonds to become immediately due and repayable at their principal amount, together with any premium and accrued but unpaid interest (if any) to but excluding the date of payment, see “ <i>Terms and Conditions of the Bonds — Events of Default</i> ”.



<b>Clearing Systems</b> . . . . .	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
<b>Governing Law</b> . . . . .	The Bonds, the Trust Deed and the Agency Agreement (as defined in the Conditions) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the English law.
<b>Trustee</b> . . . . .	Citicorp International Limited.
<b>Principal Agent, Conversion Agent and Transfer Agent</b> . . . . .	Citibank, N.A., London Branch.
<b>Registrar</b> . . . . .	Citibank Europe PLC.
<b>Listing</b> . . . . .	Application will be made to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion, and such permissions are expected to become effective on 29 November 2021 and when such Shares are issued, respectively.
<b>Use of Proceeds</b> . . . . .	See section entitled “ <i>Use of Proceeds</i> ”.
<b>Selling Restrictions</b> . . . . .	There are certain restrictions on the offer, sale and transfer of the Bonds and the Shares to be issued upon conversion of the Bonds in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, European Economic Area and the Cayman Islands. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds and the Shares to be issued upon conversion of the Bonds, see “ <i>Placement and Sale</i> ”.
<b>Legal Entity Identifier</b> . . . . .	2549005Q343BSJ8RSS21
<b>ISIN</b> . . . . .	XS2407821201.
<b>Common Code</b> . . . . .	240782120.

## SUMMARY FINANCIAL INFORMATION

### SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The summary audited consolidated financial information as at or for the years ended 31 December 2018, 2019 and 2020 set forth below is derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2019, and 2020 and should be read in conjunction with such audited consolidated financial statements together with the related notes included elsewhere in this Offering Circular, as audited by Ernst & Young, our independent certified public accountants. The consolidated financial information of the Group as at and for the six months ended 30 June 2020 and 2021, has been derived from the unaudited consolidated financial statements of the Company as at and for the six months ended 30 June 2021 which are incorporated by reference into this Offering Circular.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
		(audited)		(unaudited)	
	(in thousands of RMB)				
<b>Revenue</b> . . . . .	<b>68,977,066</b>	<b>79,029,856</b>	<b>76,034,844</b>	<b>37,533,459</b>	<b>45,905,209</b>
Cost of sales . . . . .	(43,193,440)	(49,351,242)	(47,405,564)	(22,881,073)	(28,352,576)
<b>Gross profit</b> . . . . .	<b>25,783,626</b>	<b>29,678,614</b>	<b>28,629,280</b>	<b>14,652,386</b>	<b>17,552,633</b>
Other income and gains . . . . .	736,255	4,100,888	1,204,786	296,410	414,935
Selling and distribution expenses . . . . .	(18,833,306)	(21,536,054)	(21,540,925)	(11,499,647)	(12,888,117)
Administrative expenses . . . . .	(2,915,035)	(3,319,414)	(3,132,947)	(1,438,981)	(1,634,341)
Impairment losses on financial and contract assets, net . . . . .	(85,262)	(248,355)	(156,876)	(101,731)	(76,625)
Loss on disposal of financial assets measured at amortised cost . . . . .	—	(14,008)	(22,385)	(8,253)	(12,655)
Other expenses . . . . .	(851,216)	(3,691,877)	(1,764,510)	(943,795)	(462,685)
Interest income . . . . .	868,257	1,104,791	1,084,613	564,490	476,512
Finance costs . . . . .	(550,662)	(644,202)	(572,255)	(324,449)	(304,958)
Share of profits and losses of:					
Joint ventures . . . . .	—	(9,160)	(37,413)	(14,853)	(34,905)
Associates . . . . .	(299,935)	184,224	463,418	220,759	367,253
<b>Profit before tax</b> . . . . .	<b>3,852,722</b>	<b>5,605,447</b>	<b>4,154,786</b>	<b>1,402,336</b>	<b>3,397,047</b>
Income tax expense . . . . .	(649,001)	(1,309,532)	(653,193)	(267,538)	(429,699)
<b>Profit for the year</b> . . . . .	<b>3,203,721</b>	<b>4,295,915</b>	<b>3,501,593</b>	<b>1,134,798</b>	<b>2,967,348</b>
Attributable to:					
Owners of the Company . . . . .	3,043,030	4,105,437	3,525,044	1,211,526	2,946,537
Non-controlling interests . . . . .	160,691	190,478	(23,451)	(76,728)	20,811
	<u>3,203,721</u>	<u>4,295,915</u>	<u>3,501,593</u>	<u>1,134,798</u>	<u>2,967,348</u>
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)					
Basic — for profit for the year . . . . .	0.779	1.049	0.897	0.309	0.748
Diluted — for profit for the year . . . . .	0.778	1.046	0.892	0.308	0.744

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019 (audited)	2020	2020 (unaudited)	2021 (unaudited)
	(in thousands of RMB)				
<b>Profit for the period</b> . . . . .	3,203,721	4,295,915	3,501,593	1,134,798	2,967,348
<b>Other comprehensive income/(loss)</b>					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations . . . . .	(206,615)	184,390	392,078	(197,358)	(274,910)
Cash flow hedges:					
Effective portion of changes in fair value of hedging instruments arising during the period . . . . .	(4,196)	(18,423)	(56,058)	8,721	(28,225)
Reclassification adjustments for gains included in the consolidated statement of profit or loss . . . . .	—	—	(10,814)	(10,814)	—
Share of other comprehensive income/ (loss) of associates . . . . .	(21,181)	4,832	10,666	(3,632)	1,030
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b> . . . . .	<u>(231,992)</u>	<u>170,799</u>	<u>335,872</u>	<u>(203,083)</u>	<u>(302,105)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive income: Changes in fair value . . . . .	(218,287)	(3,191)	101,289	27,854	(27,038)
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b> . . . . .	<u>(218,287)</u>	<u>(3,191)</u>	<u>347,361</u>	<u>27,854</u>	<u>14,844</u>
<b>Other comprehensive (loss)/income, net of tax</b> . . . . .	<u>(450,279)</u>	<u>167,608</u>	<u>683,233</u>	<u>(175,229)</u>	<u>(287,261)</u>
<b>Total comprehensive income for the period</b> . . . . .	<u><u>2,753,442</u></u>	<u><u>4,463,523</u></u>	<u><u>4,184,826</u></u>	<u><u>959,569</u></u>	<u><u>2,680,087</u></u>
Attributable to:					
Owners of the Company . . . . .	2,589,152	4,251,525	4,243,176	1,054,554	2,689,738
Non-controlling interests . . . . .	164,290	211,998	(58,350)	(94,985)	(9,651)
	<u>2,753,442</u>	<u>4,463,523</u>	<u>4,184,826</u>	<u>959,569</u>	<u>2,680,087</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June	
	2018	2019	2020	2020	2021
		(audited)		(unaudited)	
	(in thousands of RMB)				
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	14,733,924	11,102,702	12,546,604	11,434,326	13,077,242
Construction in progress . . . . .	2,203,125	2,231,333	2,729,469	2,139,804	3,646,860
Investment properties . . . . .	73,785	73,548	63,924	64,741	63,106
Right-of-use assets . . . . .	—	1,697,808	1,847,675	1,633,551	1,984,609
Land use rights . . . . .	1,120,666	—	—	—	—
Goodwill . . . . .	4,681,492	4,718,657	4,883,291	4,780,238	5,258,383
Other intangible assets . . . . .	2,298,075	7,583,415	7,717,340	7,532,942	8,420,201
Investments in a joint venture . . . . .	—	140,840	103,427	125,987	2,000
Investments in associates . . . . .	7,202,363	7,351,265	9,020,464	7,912,866	9,241,189
Deferred tax assets . . . . .	1,041,626	1,056,099	1,276,625	1,354,914	1,698,388
Biological assets . . . . .	1,136,600	—	—	—	—
Derivative financial instruments . . . . .	28,598	34,009	—	29,888	—
Other financial assets . . . . .	2,131,485	4,845,997	7,690,082	6,452,625	11,454,836
Long term prepayments . . . . .	64,140	215,966	760,762	135,167	860,383
Total non-current assets . . . . .	<u>36,715,879</u>	<u>41,051,639</u>	<u>48,639,663</u>	<u>43,597,049</u>	<u>55,707,197</u>
<b>Current assets</b>					
Other financial assets . . . . .	11,819,198	19,220,584	7,752,088	19,229,827	6,391,921
Derivative financial instruments . . . . .	49,212	10,814	2,175	1,392	8,766
Inventories . . . . .	4,281,919	5,089,944	5,512,450	4,000,363	5,165,525
Trade and bills receivables . . . . .	2,891,973	3,586,866	2,988,362	4,077,610	3,887,854
Prepayments, other receivables and other assets . . . . .	2,777,593	3,027,185	3,604,858	2,269,798	5,819,069
Pledged deposits . . . . .	623,495	74,186	249,521	286,885	258,406
Cash and bank balances . . . . .	7,297,988	6,476,187	11,397,123	11,512,173	8,086,329
Assets of a disposal group classified as held for sale . . . . .	—	—	—	60,000	944,893
Total current assets . . . . .	<u>29,741,378</u>	<u>37,485,766</u>	<u>31,506,577</u>	<u>41,438,048</u>	<u>30,562,763</u>
<b>Current liabilities</b>					
Trade and bills payables . . . . .	7,021,542	6,738,626	7,969,321	8,051,335	8,265,865
Other payables and accruals . . . . .	10,889,417	10,807,574	11,465,916	9,268,512	9,977,707
Interest-bearing bank and other borrowings . . . . .	6,522,915	13,838,201	4,924,393	15,014,658	7,122,225
Other loans . . . . .	22,912	—	—	—	—
Derivative financial instruments . . . . .	9,705	4,346	3,653	5,580	6,958
Deferred income . . . . .	170,261	50,493	—	64,220	—
Income tax payable . . . . .	472,366	294,617	181,013	205,462	622,143
Other financial liabilities . . . . .	—	—	1,600,200	—	1,601,200
Liabilities directly associated with the assets classified as held for sale . . . . .	—	—	—	—	—
Total current liabilities . . . . .	<u>25,109,118</u>	<u>31,733,857</u>	<u>26,144,496</u>	<u>32,609,767</u>	<u>27,596,098</u>
<b>Net current assets</b> . . . . .	<u>4,632,260</u>	<u>5,751,909</u>	<u>5,362,081</u>	<u>8,828,281</u>	<u>2,966,665</u>
<b>Total assets less current liabilities</b> . . . . .	<u>41,348,139</u>	<u>46,803,548</u>	<u>54,001,744</u>	<u>52,425,330</u>	<u>58,673,862</u>

	As at 31 December			As at 30 June	
	2018	2019 (audited)	2020	2020 (unaudited)	2021 (unaudited)
<b>(in thousands of RMB)</b>					
<b>Non-current liabilities</b>					
Interest-bearing bank and other borrowings . . . . .	8,192,400	9,634,609	14,019,832	14,650,451	16,240,139
Long term payables . . . . .	814	—	—	—	17,825
Deferred income . . . . .	856,120	279,494	420,006	369,185	479,927
Deferred tax liabilities . . . . .	206,122	1,941,902	2,279,605	2,041,573	2,188,682
Derivative financial instruments . . . . .	17,457	—	34,742	—	70,063
Other financial liabilities . . . . .	<u>1,610,947</u>	<u>1,600,206</u>	<u>—</u>	<u>1,600,000</u>	<u>131,780</u>
Total non-current liabilities . . . . .	<u>10,883,860</u>	<u>13,456,211</u>	<u>16,754,185</u>	<u>18,661,209</u>	<u>19,128,416</u>
<b>Net assets</b> . . . . .	<b><u>30,464,279</u></b>	<b><u>33,347,337</u></b>	<b><u>37,247,559</u></b>	<b><u>33,764,121</u></b>	<b><u>39,545,446</u></b>
<b>Equity</b>					
Equity attributable to owners of the Company					
Share capital . . . . .	357,602	358,257	359,359	358,583	359,384
Treasury shares held under share award scheme . . . . .	(218,717)	(133,671)	(56,916)	(56,916)	(29,244)
Other reserves . . . . .	12,450,930	12,442,343	12,953,689	11,635,304	11,695,470
Retained earnings . . . . .	<u>12,622,549</u>	<u>16,465,355</u>	<u>19,726,510</u>	<u>17,676,881</u>	<u>22,673,047</u>
	25,212,364	29,132,284	32,982,642	29,613,852	34,698,657
Non-controlling interests . . . . .	<u>5,251,915</u>	<u>4,215,053</u>	<u>4,264,917</u>	<u>4,150,269</u>	<u>4,846,789</u>
<b>Total equity</b> . . . . .	<b><u>30,464,279</u></b>	<b><u>33,347,337</u></b>	<b><u>37,247,559</u></b>	<b><u>33,764,121</u></b>	<b><u>39,545,446</u></b>

## OTHER FINANCIAL DATA OF THE GROUP

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(audited)			(unaudited)	
	(in millions of RMB, except percentages/ratios)				
Other Financial Data:					
EBITDA <sup>(1)</sup> . . . . .	5,373.6	7,184.7	5,522.8	2,058.5	4,179.0
EBITDA margin <sup>(2)</sup> . . . . .	7.8%	9.1%	7.3%	5.5%	9.1%
Total borrowings <sup>(3)</sup> . . . . .	14,715.3	23,472.8	18,944.2	29,665.1	23,362.4
Net borrowings <sup>(4)</sup> . . . . .	(3,785.7)	(3,787.2)	(5,389.8)	(4,853.9)	(169.6)
Total borrowings/EBITDA . . . . .	2.7	3.3	3.4	14.4	5.6
Net borrowings/EBITDA . . . . .	(0.7)	(0.5)	(1.0)	(2.4)	(0.0)
EBITDA/Interest <sup>(5)</sup> . . . . .	9.8	11.2	9.7	6.3	13.7
Total borrowings/Total capitalisation <sup>(6)</sup> . . . . .	32.6%	41.3%	33.7%	46.8%	37.1%

(1) EBITDA for any period consists of profit for the year/period before finance costs, interest income, income tax expense, depreciation and amortisation. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to incur and service debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit attributable to owners of the Company or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA, such as revenue and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA has been included herein because we believe that it is a useful supplement to cash flow data as a measure of our performance and ability to generate cash from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. The EBITDA for the year ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2020 and 2021 included Yashili International Holdings Ltd. and the impairment of goodwill.

(2) EBITDA margin is calculated as EBITDA divided by revenue.

(3) Total borrowings are calculated as the total of short-term and long-term interest-bearing bank and other borrowings. The total borrowings for the year ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2020 and 2021 included the borrowings of Yashili International Holdings Ltd.

(4) Net borrowings are calculated as total borrowings minus cash and bank balances minus short term and long term investment deposits minus long term time deposits.

(5) Interest is calculated as finance costs including capitalised interests.

(6) Total capitalisation equals total borrowings plus total equity.

## RISK FACTORS

*You should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below, before investing in the Bonds. Any of the following risks and uncertainties could have a material and adverse effect on our business, financial conditions and results of operations. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also harm our businesses, financial conditions and operating results.*

### RISKS RELATING TO OUR BUSINESS

**Our business is dependent on supplies of raw milk and other major raw materials, a shortage of which could result in reduced production and revenues for the Company.**

Raw milk is the primary raw material we use to produce liquid milk and the other dairy products, and it represented almost half of our raw materials costs for the year ended 31 December 2020 and the six months ended 30 June 2021. It is expected that our raw milk demands will continue to grow in the future. We source all of our raw milk from standardised ranches and scaled farms for the year ended 31 December 2020 and the six months ended 30 June 2021. Any shortage of supply, outbreak of disease, deterioration of quality or price fluctuation of raw milk supplies in these farms or a termination of supply arrangements with these farms could have a material adverse effect on the quality or profitability of our dairy products. The expansion of our business depends heavily on our and our partnering ranches and farms' ability to obtain a sufficient number of dairy cows. We cannot guarantee that we will be able to secure a consistent supply of raw milk and other major raw materials in the required quantity and the quality, and at commercially acceptable prices, to accommodate our present or future business needs. Any failure to do so or to find alternative sources or at commercially acceptable prices, on satisfactory terms, in a timely manner, or occurrence of adverse events in the areas from which we procure dairy cows, could adversely affect our growth prospects.

Raw milk production is, in turn, influenced by a number of factors which are beyond our control, including, but not limited to, the following:

- seasonal factors, with dairy cows generally producing more milk in temperate weather as opposed to cold or hot weather and extended unseasonably cold weather or intense heat potentially leading to lower than expected production;
- environmental factors, with the volume and quality of milk produced by dairy cows closely linked to the quality of the nourishment provided by the environment around them; and
- governmental agricultural and environmental policy, with government grants, subsidies, provision of land, technical assistance and other agricultural and environmental policies having a direct effect on the viability of individual dairy farmers and dairy farms, and the number of dairy cows and quantities of milk they are able to produce.

We also source large volumes of raw materials from suppliers primarily located in the PRC. Interruption or a shortage in the supply of raw milk or any other raw materials could result in us being unable to operate our production facilities at full capacity, or if the shortage is

severe, any production at all, thereby leading to reduced revenues or no production output and sales. Any failure to secure a steady supply of raw milk and other major raw materials will materially and adversely affect our business, financial condition and results of operations.

**Contamination of products and any similar incidents in the future could have a significant adverse impact on our reputation, business performance and financial conditions.**

As a manufacturer of products designed for human consumption, we are subject to product liability claims if the use of our products is alleged to have resulted in any adverse reaction, illness or injury. We may also experience losses from product recalls resulting from suspected or actual defects in the development or manufacturing of our products or even the sale of counterfeit products. Our business is also highly sensitive to consumers' perception of the safety of our products. Any negative publicity regarding the safety of particular ingredients or products in our industry in general, of other companies, or of our products or ingredients specifically may affect customer confidence in our products.

In September 2008, the AQSIQ announced that the products of 22 domestic milk and formula producers, including those of ours, were found to be contaminated with melamine, a substance not approved for use in food, which caused the death of six infants as well as illness of nearly 300,000 others, according to the information released by China's Ministry of Health. This contamination incident resulted in a significant reduction in demand for domestically produced dairy products. As a consequence of such incident, we wrote off inventories at a cost of RMB655.2 million in 2008 and also made an impairment provision for the dairy products held in inventories in the amount of RMB179.9 million as at 31 December 2008. We had a net loss attributable to our equity holders of RMB948.6 million in 2008 compared to a net profit of RMB935.8 million in 2007. In December 2011, it was announced by the state quality supervision authority of the PRC that excessive levels of aflatoxin were detected from one batch of our products from our plant at Meishan City, Sichuan Province upon random inspection. We destroyed the relevant batch of products before they had been released to the market. Affected by this incident at the end of 2011 and other negative press reports, our sales revenue recorded a slight decline in the first half of 2012 compared to the first half of 2011.

These incidents have negatively impacted our results of operations, the brands and the reputation. We cannot assure you what the long-term effect of the negative publicity associated with the contamination incident will be on our reputation. Nor can we assure you that any contamination of our products, or similar, will not occur in the future or that we will be able to detect such contamination and deal with it effectively. Any occurrence of similar incidents could negatively impact our results of operations, the corporate and brand image or consumers' perception of our products, particularly if the contaminated products have caused fatalities, injuries or illnesses to consumers. We cannot assure you that there will not be any negative publicity in the future concerning our products and/or brands, which may have a material adverse effect on our reputation, business, financial conditions and results of operations.

In addition, any adverse publicity related to dairy products in China may also result in more stringent regulatory scrutiny of the dairy industry. Our operating costs may therefore increase to respond to regulatory requirements. We may also need to increase our marketing expenses to rebuild customers' confidence and brand image, which may reduce



our margins and profitability. Furthermore, these incidents may cause significant negative publicity for the entire dairy industry in China, thereby causing consumers to switch to foreign brands.

**We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our production, sales and distribution operations.**

Our business could be adversely affected by the effects of epidemics, such as COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or other outbreaks. Any such occurrences could cause disruption to our production, sales and distribution operations. In early 2020, COVID-19 began to spread globally throughout Asia, Europe, North America and other regions. The World Health Organization announced in March 2020 that COVID-19 had developed into a pandemic. In an effort to contain the spread of COVID-19, the PRC Government took a number of measures, including, among other steps, extending the Chinese New Year holidays, and imposing travel, quarantine and other work-related restrictions, some of which are still currently in place. Certain other countries in which we operate our business, including Australia, New Zealand and Indonesia, have also adopted various quarantine and control measures.

Due to the COVID-19 outbreak and governmental control measures imposed to contain virus spread, transportation of some of the Group's products had been disrupted and this had adversely affected the operations of the Group's sales outlets and product turnover, which had in turn affected the sales of the Group between February and March 2020 as well as its upstream and downstream supply chains. In addition, the Group had incurred additional expenses in 2020 for adopting epidemic prevention and control measures, conducting marketing activities to accelerate the Group's sales efforts and making cash and supply donations. As a result, our business, financial condition and results of operations had been materially and adversely affected by COVID-19. In 2020, profit attributable to owners of the Company amounted to RMB3,525.0 million, representing a 14.1% decrease from RMB4,105.4 million in 2019. Although the profit attributable to owners of the Company for the six months ended 30 June 2021 increased by 143.2% to RMB2,946.5 million from RMB1,211.5 million for the six months ended 30 June 2020 due to the increases in our revenue and operating efficiency, we cannot assure you that we will not record a significant decrease in profit attributable to owners of the Company in the future or will achieve or enhance profitability in the future due to future developments of COVID-19, which could have a material adverse effect on our financial condition and results of operations.

Despite the adverse impacts of COVID-19 mentioned above, since the COVID-19 outbreak, consumption patterns have rapidly moved from offline to online. In preparation for such changes in sales channels, we managed to develop new retail channels, such as e-commerce platforms and online-to-offline home delivery service, to speed up integration of on- and off-line sales networks, which positively affected our operational and financial performance in 2020. See "Business — Sales and Distribution Network" for details. However, we cannot assure you that as China and world economies re-open after the end of COVID-19, consumers' demand for online products will remain as much as it was during COVID-19, or consumers' buying behaviours will continue to shift from offline to online. Any of such trend may have an adverse impact on our business, financial condition and results of operations.

During the COVID-19 outbreak, with the support and promotion of the PRC Government and the self-regulatory organisations in the dairy industry, consumers in China have grown to have a greater awareness of nutrition and health, which has become a driving factor for the increased consumption of dairy products as well as strong recovery and transformation of the dairy industry in China. See “Business — Our Competitive Strengths — We are well-positioned to seize the development opportunities of the PRC dairy industry” for details. However, there is no assurance that the favourable policy will not be changed and that the demand for dairy products will not be weakened by COVID-19 any further, which may have a material adverse effect on us.

In addition, if the global public health crisis caused by COVID-19 continues, it would have further adverse impact on China’s economy, the global economy and financial markets in general, which will have a material adverse effect on our business, financial condition and results of operations. Relaxation of restrictions on economic and social activities may also lead to new cases which may lead to re-imposed restrictions. We cannot assure you that COVID-19 can be eliminated or contained in the near future, or at all, or a similar outbreak will not occur again. A second wave of COVID-19 or a similar pandemic could materially and adversely affect us. Furthermore, as there is significant uncertainty relating to future developments of COVID-19, we are not able at this time to ascertain the full impact on our financial or operational results.

**Increases in raw material costs and commodity prices that we are unable to pass on to our customers will reduce our profitability.**

We attempt to negotiate competitive rates for the raw materials we use for our products, such as raw milk, particularly given the bulk volume of business we do with our suppliers. A shortage in the raw materials or fluctuations in world commodity prices may negatively affect the purchase price we may negotiate with independent suppliers. In particular, the raw milk we use is subject to price fluctuations due to various factors beyond our control, including increasing market demand, inflation, severe climatic and environmental conditions, changes in governmental and agricultural regulations and programmes and other factors. In addition, our costs of feeds may increase due to our development of self-built ranches, which in turn may adversely affect our business.

We cannot assure you that the prices we currently pay for raw materials and other commodities will remain stable. Any increase in the prices we are required to pay for materials and commodities may result in less competitive products we can offer to the market, and compel us to locate more suitable and cost-competitive alternatives for our production. In particular, our ability to pass on part or all of our cost increases to our customers by increasing the selling prices of our products largely depends on market conditions and pricing methods employed in various markets in which we sell our products. If, as a result of consumer sensitivity to pricing or otherwise, we are unable to increase our prices to offset the increased costs of raw materials and commodities, we may experience lower profitability and may be unable to maintain historical levels of productivity. Increases in raw material costs and commodity prices that we cannot effectively address through increases in prices of our products could reduce our profitability.

**A deterioration in our brand image could adversely affect our business.**

We rely to a significant extent on our brand image and brand name, “蒙牛” (MENGNIU), which has become one of the best known brands among customers in China. Any negative incident or negative publicity concerning us or our products could adversely affect our reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that decrease consumer confidence. In the past, we were involved in certain food safety incidents, which have negatively affected our brand image. Please see “— Contamination of products and any similar incidents in the future could have a significant adverse impact on our reputation, business performance and financial conditions”. Consumer demand for our products, our brand value and goodwill could diminish significantly if we fail to maintain the quality of our products, or fail to deliver a consistently positive consumer experience in each of our products, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity of “蒙牛” (MENGNIU), or concerning us or our products, could adversely affect our reputation, business, financial condition, results of operation and prospects.

**Sales of our products are subject to changes in consumer perception, preferences and tastes and we may not be able to introduce new products successfully.**

Customer trends in the dairy industry are constantly changing. Our success depends on our ability to anticipate, identify, interpret and react to the evolving tastes, dietary habits and nutritional needs of customers and to offer products that appeal to them. Sales of our products could be affected by nutritional and health-related concerns about our products.

Our future success will depend partly on our ability to anticipate or adapt to such changes in consumer preferences and to offer, on a timely basis, new products that meet such preferences. There is no guarantee that we will be able to gain market acceptance or significant market share for our new products. Any failure to anticipate, identify or respond to these changing tastes or preferences could result in a decrease in our sales, a decline in the market share of our products, or erosion of our market share and financial position. This could in turn lead to our inability to recover our research and development, production and marketing costs, thereby materially and adversely affecting our business, financial condition and results of operations.

**We face intense competition in the dairy industry and might lose our market share.**

Our leading market position has enabled us to benefit from comparatively stronger bargaining power in procuring raw materials, determining product pricing and responding effectively to changing market conditions and competitive pressures, which in turn have contributed to our significant growth and stable profit margin. However, there is no guarantee that we can maintain or increase our competitiveness and market position. Should we fail to maintain our leading position relative to other manufacturers in the industry, our business, financial condition and results of operations may be adversely affected.

In order to compete successfully in the markets, we will need to continue to restore and maintain customer confidence in our brand and products, develop new products and enhance our product offerings while maintaining price competitiveness. If and to the extent we fail to develop new products that differentiate us from our competitors, we may need to compete largely on price, which may cause our operating margins to decline. Our inability

to compete successfully against competitors and pricing pressures could result in lost customers, loss of market share and reduced operating margins, which would adversely impact our results of operations.

In addition, we face competition from companies offering similar products in China and elsewhere. These competitors may have been in business longer than us and may have greater resources and scale than we do to rapidly respond to competitive pressures. Our competitors may also benefit from stable raw material supplies or production facilities that are closer to the markets we compete in which may provide them with cost advantages. In addition, some consumers or a selected group of consumers in China may also elect to purchase dairy products that have longer shelf life from outside of China. This may favour our competitors who have established stronger market positions in regions outside of China. Some of these competitors have used, and are expected to continue to use, greater amounts of incentives and subsidies for distributors and retailers and more advanced processes and technologies. We cannot assure you that our current or potential competitors will not provide products comparable or superior to those we provide or adapt more quickly than we do to evolving industry trends or changing market requirements. Furthermore, consolidation among industry participants in China may result in stronger domestic competitors that are more able to compete as end-to-end suppliers as well as competitors who are more specialised in particular areas and geographic markets. This could have a material adverse effect on our business, financial condition and results of operations. Such competitive pressures could have an adverse impact on the supply and pricing of our products, reduce our market share and have an adverse impact on our financial performance.

Increased competition may result in price reductions, reduced margins and loss of market share, any of which could materially and adversely affect our profit margins. There is no guarantee that we will be able to compete effectively against our current and future competitors.

**The production and packaging of our UHT milk and a portion of milk beverages rely significantly on Tetra Pak production equipment, packaging technology and packaging materials.**

Our UHT milk and milk beverage production facilities rely significantly on equipment, packaging technology and packaging materials supplied by Tetra Pak, including more than half of our equipment and technology relating to pre-treatment of raw materials, ultra-high temperature treatment, homogenisation, packaging, as well as engineering and maintenance services in relation to such equipment. Many of our production facilities rely to a significant extent on Tetra Pak equipment and technology. Tetra Pak also manufactures packaging materials that we use for our primary UHT milk products and other milk beverage products. About half of these packaging materials, which are fundamental to maintaining the quality and freshness of our products, are manufactured by Tetra Pak in China. If there are any product quality or safety issues with Tetra Pak equipment and technology or packaging materials, the quality and freshness of our products will be adversely affected which in turn may adversely impact our reputation, operations and financial performance and condition.

Some of the contracts we enter into with Tetra Pak to purchase their equipment require Tetra Pak to provide ongoing technical support and maintenance services for a period of four years until the full contract amount has been paid. Typically, our contracts with Tetra

Pak provide for a one-year warranty period. We have also entered into long-term supply contracts for packaging materials with Tetra Pak with terms ranging for up to four years and two months. In the event that Tetra Pak fails to continue to supply such equipment, services or packaging, or we are unable in the future to reach agreement on reasonable terms with Tetra Pak in relation to such continued supply, we may be unable to find a comparable alternative supplier of equipment, services or packaging, which may affect our ability to maintain and upgrade our production facilities, lead to production interruptions and delays in the delivery of our products to customers, or result in quality deterioration, and may also prevent us from improving and updating the packaging of our products to meet changing market preferences.

**We may have disagreements with our strategic shareholders, which could have a material adverse effect on our business, financial condition, results of operations and prospects.**

Our key strategic shareholders include COFCO and Arla Foods. COFCO is a key state-owned enterprise under the purview of SASAC and one of the largest sugar beet and edible oil producers and distributors in China. We benefit from COFCO's support in quality management and control, mergers and acquisitions, as well as development of logistics capabilities and sales channels. We are a strategic business partner of Arla Foods in China. To the extent there are disagreements between us and our strategic investors regarding the business and operations of the Company or the jointly invested enterprise, there is no assurance that we will be able to resolve them in a manner that will be in our best interests. Further, there is no assurance that we will be able to resolve disagreements or disputes, if any, that may arise between us and our strategic shareholders, in a manner favourable to us.

In addition, our strategic shareholders may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our requests or contrary to our policies and objectives;
- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties;
- have disputes with us; or
- compete with us.

In addition, the occurrence of adverse events within the areas or countries in which our strategic shareholders operate their dairy business could adversely affect our growth prospects. These adverse events include, without limitation, economic slowdown, social unrest and changes in applicable laws and regulations. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may enter into strategic acquisitions, investments, alliances or joint ventures that may be expensive or difficult to implement; our failure to successfully implement these strategic manoeuvres and integrate them with our existing business could have a material adverse effect on our business.

**We have entered and may from time to time enter into strategic acquisitions and investments, and have established and may establish strategic alliances, with third parties in the dairy and food industry in general if suitable opportunities arise. Amongst our past acquisitions, joint ventures and strategic alliances, since January 2018, we have undertaken the following acquisitions which we consider material to our business:**

- on 4 January 2017, we announced the acquisition of approximately 15.7% of the total issued share capital of Modern Dairy, increasing our shareholding in Modern Dairy to approximately 37.7%. The acquisition triggered a mandatory cash offer pursuant to which we acquired a further 23.5% interest in Modern Dairy upon close of the offer on 21 March 2017. On 6 June 2017, the Company issued US\$194,800,000 zero coupon exchangeable bonds due 2022 (the “**2017 Exchangeable Bonds**”), which are exchangeable into 689,438,782 shares of Modern Dairy, representing approximately 11.24% of the issued share capital of Modern Dairy. In connection with the issuance of the 2017 Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited, as borrower, up to 689,438,782 shares of Modern Dairy in aggregate (the “**2017 Loaned Securities**”), which represented approximately 11.24% of the issued share capital, of Modern Dairy in accordance with a securities lending agreement, as amended (the “**2017 Securities Lending Agreement**”). Upon the effectiveness of the 2017 Securities Lending Agreement, voting rights in relation to the 2017 Loaned Securities shall pass from the lender to the borrower. On 29 August 2017, the Group disposed of 30,000,000 shares of Modern Dairy, representing approximately 0.49% of the issued share capital, to COFCO Dairy Investments Limited. On 5 June 2020, upon the exercise of put option by the holders of the 2017 Exchangeable Bonds, the Company redeemed US\$194,800,000 in aggregate principal amount of the 2017 Exchangeable Bonds and the redeemed 2017 Exchangeable Bonds have been cancelled. On 24 June 2020, the Company issued US\$100,000,000 exchangeable bonds due 2023 (the “**2020 Exchangeable Bonds**”) at the interest rate of 1.50% per annum payable semi-annually, which are exchangeable into 613,877,227 shares of Modern Dairy, representing approximately 9.58% of the issued share capital of Modern Dairy. In connection with the issuance of the 2020 Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited, as borrower, up to 613,877,227 shares of China Modern Dairy in aggregate (the “**2020 Loaned Securities**”), which represent approximately 9.58% of the issued share capital of China Modern Dairy, in accordance with a securities lending agreement (the “**2020 Securities Lending Agreement**”). Upon the effectiveness of the 2020 Securities Lending Agreement, voting rights in relation to the 2020 Loaned Securities shall pass from the lender to the borrower. As at 30 June 2021, the Company lent to BOCI Financial Products Limited 542,053,596 shares of Modern Dairy in aggregate, representing approximately 7.63% of the issued share capital of Modern Dairy. As at 30 June 2021, we held approximately 51.4% equity interest in Modern Dairy but controlled less than 50% of the voting rights in Modern Dairy. Therefore, Modern Dairy was accounted for in our financial statement as a material associate of the Group. On 22 March 2021, we, through our subsidiary Inner Mongolia Mengniu, together with certain other sellers, entered into a sale and purchase agreement with, among others, Modern Dairy and

Fuyuan to sell certain equity interests in Fuyuan to Modern Dairy through its subsidiaries. Certain consideration of such transaction will be satisfied by the allotment and issue of certain shares of Modern Dairy to a holding company controlled by us, subject to different settlement scenarios as described in the relevant circular of Modern Dairy dated 13 May 2021. Upon completion of such transaction, the voting rights we control in Modern Dairy will remain to be less than 50% and Modern Dairy will remain to be accounted for in our financial statement as a material associate of the Group. Please refer to the relevant circular of Modern Dairy dated 13 May 2021 for details of such transaction;

- on 23 December 2018, among other parties, we, through our subsidiary Inner Mongolia Mengniu, and China Shengmu entered into a share purchase agreement (the “**Share Purchase Agreement**”), pursuant to which we agreed to purchase 51% of the equity interests in Inner Mongolia Shengmu High-tech Dairy Co., Ltd. (which changed its name to Inner Mongolia Mengniu Shengmu High-tech Dairy Co., Ltd. in May 2019), being the liquid milk processing business segment of China Shengmu. All substantive conditions precedent under the Share Purchase Agreement have been fulfilled (or otherwise waived) at the end of April 2019 in accordance with the terms and conditions of the Share Purchase Agreement. Inner Mongolia Shengmu Hightech Dairy Co., Ltd. became a subsidiary of the Group and has been consolidated into the Group’s consolidated financial statements since the end of April 2019. On 6 July 2021, we, through our wholly owned subsidiary Start Great Holdings Limited, increased our equity interests in China Shengmu to 29.99% of the total issued share capital of China Shengmu;
- on 15 September 2019, we entered into an agreement to acquire all shares of Bellamy’s, a world-famous Australian organic infant formula and baby food producer, for a scheme consideration of AUD1.46 billion (equivalent to approximately RMB6.93 billion) in total and AUD12.65 (equivalent to approximately RMB60.04) per share. The acquisition was completed in December 2019 and Bellamy’s has become an indirect wholly-owned subsidiary of the Company; and
- on 13 December 2020, we, through our subsidiary Inner Mongolia Mengniu, and Shanghai Milkground entered into a share subscription agreement (the “**Share Subscription Agreement**”), pursuant to which we have conditionally agreed to subscribe no more than 100,976,102 newly issued shares of Shanghai Milkground at a price of RMB29.71 per share. On 9 July 2021, Shanghai Milkground completed the issuance of 100,976,102 shares pursuant to the Share Subscription Agreement. In addition, Inner Mongolia Mengniu and Ms. Chai Xiu, the then controlling shareholder of Shanghai Milkground, entered into a cooperation agreement that took effect on 9 July 2021, pursuant to which Ms. Chai has agreed to, and to procure her controlled entities to, during a certain period of time, abstain from exercising all or parts of their voting rights over such number of shares of Shanghai Milkground.

In addition, in November 2019, we, as purchaser’s guarantor, and our indirect wholly-owned subsidiary, Monday Smoothie Pty Ltd, as purchaser, entered into a share sale and purchase agreement (the “**Share Sale and Purchase Agreement**”) with Kirin Foods Australia Holdings Pty Ltd, as seller, and Lion Pty Ltd, as seller’s guarantor, for the acquisition of 100% of the shares of Lion Dairy Drinks, an Australia-based branded dairy

and beverage company. The parties agreed in writing to terminate the Share Sale and Purchase Agreement in August 2020, as one of the conditions precedent to the Share Sale and Purchase Agreement was not fulfilled.

In order to further develop and strengthen our control over upstream resources, we may enter into upward integration investments, including making acquisitions of raw milk producers to increase the volume of self-supplied raw milk for our products, cooperating with our existing business partners or other international institutions which produce and supply raw milk, or other strategic initiatives that could enhance or expand our current operations or products or that might otherwise offer our growth opportunities. We may engage in similar or other acquisitions, investments and alliances that we believe will complement our expansion strategies. We may also make strategic divestiture of our assets or restructure our business operations. We may raise additional financing through the divestiture of our stakes in any business. Any strategic acquisition, investment and alliance with third parties could subject us to a number of risks, including risks associated with sharing proprietary information and a reduction or loss of control of operations that are material to our business. Moreover, strategic acquisitions, investments and alliances may be expensive to implement and subject us to the risk of non-performance by a counterparty, which may in turn lead to monetary losses that may materially and adversely affect our business. If we cannot successfully integrate acquisitions, alliances, joint ventures and other partnerships on a timely basis, we may be unable to generate sufficient revenue to offset acquisition costs, we may incur costs in excess of what we anticipate, and our expectations of future results of operations and synergies may not be achieved. In addition, our business, financial condition and results of operations may be materially and adversely affected if we are unable to improve the efficiency of our operations. Acquisitions involve substantial risks, including, but not limited to:

- unforeseen difficulties in integrating operations, accounting systems and personnel;
- diversion of financial and management resources from existing operations;
- the uncertainty as to whether investment opportunities or initiatives are identified and assessed accurately in terms of the likely benefits, commercial viability and technical feasibility of such initiatives;
- the insufficiency of our experience in managing or operating such upward integration investments, which may increase our need to recruit additional personnel with suitable experience and/or cause our investments to fail to achieve the intended commercial benefits or the level of economic returns or at all;
- failure to attract and retain management and key employees;
- unforeseen difficulties related to entering geographic regions or markets where we do not have prior experience;
- failure to obtain sufficient equity or debt financing;
- potential undisclosed liabilities, litigation or other proceedings including disciplinary proceedings;
- the loss of key customers or suppliers;



- disagreement with partners; and
- uncertainty of financial condition of the joint venture partners.

These risks could expose us to additional legal and other costs and expenses which could be significant and have a material adverse effect on our business.

In 2019, because the growth of sales and operating profit of Yashili did not perform as expected, we recognized a provision of RMB2,299.1 million for impairment of goodwill and a provision of RMB173.1 million for impairment of intangible assets. There is no assurance that Yashili will perform as expected going forward, which could in turn have a material adverse effect on our business, financial condition and results of operation. In addition, in September 2019, Yashili was publicly criticised by the Listing Committee of the Hong Kong Stock Exchange for breaching the Listing Rules for failing to comply with the announcement and independent shareholders' approval requirements for certain connected and continuing connected transactions. If Yashili commits any breach of the Listing Rules and becomes subject to any regulatory action in the future, our reputation could be harmed and our business, financial condition and results of operations could be adversely affected.

**Our expansion plan may not be successful and we may not successfully manage our growth.**

As the scale of our operations grows, we will need to continuously improve our management, operational and financial systems and strengthen our internal procedures and control. Our expansion plans involve enriching the number of product types and enlarging the investment in core production technologies. We also plan to increase consumption per capita by implementing new product marketing and sales promotions, continuing to strengthen sales coordination, improving product sales and extending services to consumers. However, we may be affected by a number of factors which may not be within our control. These factors include, but are not limited to, fluctuations in market demand for our products, changes in consumer taste and preference, and increasing competition from other industry participants. An adverse change in any of these factors may disrupt our expansion plans and have a material adverse effect on our business, financial condition and results of operations. Moreover, there is no assurance that our existing or future management, operational and financial systems, internal procedures and controls (including those relating to corporate governance) will be adequate to support our expansion and future operations or that we will be able to establish or develop business relationships beneficial to our future operations. Further, we may not be able to obtain financing at a reasonable cost or level, or at all, to complete construction and commence commercial operations of our new production facilities. Failure to execute our expansion plan efficiently, scale our business appropriately and manage our growth effectively could have a material adverse effect on our business, financial condition and results of operations.

**We rely primarily on third-party distributors and there is no assurance that our marketing and distribution of our products will be effective or will not harm our brand and reputation.**

We generally do not sell our products directly to end consumers. Instead, we primarily rely on third-party distributors and sub-distributors for the sale and distribution of our products. The performance of our distributors and the ability of our distributors to on-sell our products, uphold our brand, and expand our businesses and our sales network are crucial to the future growth of our business and may directly affect our sales volume and

profitability. We sell our products through an extensive nationwide sales and distribution network covering every province and municipality in China. Our distributors normally have exclusive distribution rights in their respective regions and cities but not all of our distributors are required to exclusively distribute our products. We typically do not enter into long-term agreements with distributors. Consequently, our distributors may engage in activities that are prohibited under our arrangements with them, that violate PRC laws and regulations governing the dairy industry or other PRC laws and regulations in general, or that are otherwise harmful to our business or our reputation. We could be liable for sales and marketing activities of our distributors, including any violations of applicable law in connection with the advertising or promotion of our products. If our distributors engage in unlawful practises with respect to their sale or marketing of our products, we could be required to pay damages or fines, which could negatively affect our business, financial condition and results of operations. In addition, our brand and reputation or our sales activities could be adversely affected if we become the target of any negative publicity as a result of actions taken by our distributors.

Due to our dependence on distributors for the sale and distribution of our products to retail outlets, any one of the following events could cause material fluctuations or declines in our revenue and have a material adverse effect on our reputation, business, financial condition and results of operations:

- reduction, delay or cancellation of orders from one or more of our distributors;
- selection or increased sale by our distributors of our competitors' products;
- our failure to renew distribution agreements and maintain relationships with our existing distributors; and
- inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

The competition for distributors is intense in the dairy industry in China and many of our competitors are expanding their distribution networks in China. We may not be able to compete successfully against the larger and better-funded sales and marketing campaigns of some of our current or future competitors, especially if these competitors provide more favourable arrangements with their distributors. Although we do not believe that we are substantially dependent on any individual distributor, finding replacement distributors could be time-consuming and any resulting delay may be disruptive and costly to our business. In addition, we may not be able to successfully manage our distributors, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. The occurrence of any of these factors could result in a significant decrease in the sales volume of our products and therefore materially harm our business, financial condition and results of operations.

**Delivery delays or poor handling by distributors and transport operators may affect our sales and profitability or damage our reputation.**

We generally rely on transport operators and wholesale distributors for the delivery of our products. Delivery disruptions, including weather conditions such as typhoons, earthquake and tsunamis, outbreak of health epidemics such as COVID-19, political turmoil, social unrest, strikes and inadequate transport operator capacity, are beyond our control and

could lead to delayed or lost deliveries. Delayed or lost deliveries may lead to a material and adverse loss of revenue, increases in delivery costs and compensation payments to customers and may damage our reputation. In addition, our products are exposed to risks of contamination during transportation as a result of inappropriate acts of the distributors or transport operators or any defect on cold chain facilities which is a very important component to the transportation logistics, which may have a material adverse effect on our business and reputation.

**We may not be able to maintain relationships with key retail chains or online sales portals or be successful in strengthening our presence in modern retail formats.**

We have developed and maintained relationships with national and regional retail chains, as well as online sales portals. To further capture growth opportunities in the PRC dairy market, we have also recruited an experienced and dedicated sales team to strengthen our presence in these modern retail formats. The success of the sales channel development strategy will depend on many factors, including the competitiveness of the price of our products, our promotional policy and sales discounts, our ability to form relationships with, and optimise our penetration into, modern retail formats.

We must also be able to anticipate and respond effectively to competition posed by multinational and domestic competitors. If we fail to expand our modern retail channels as planned or if we are unable to compete effectively with other companies, our business, financial condition and results of operations may be materially and adversely affected.

**Our marketing activities are critical to the success of our products, and if we fail to grow our marketing capabilities, the market share, brand name and reputation of our products could be materially and adversely affected.**

The success of our products depends, to a significant extent, on the effectiveness of our marketing activities. We market our products to distributors and consumers mainly through television advertising, supplemented by advertisements in newspapers and magazines, on billboards, on the Internet and through other electronic media and promotional campaigns at selected retail outlets and online forums. In addition, to complement our nationwide advertising campaigns, we support our distributors to conduct regional marketing activities for our brands and products. These various marketing activities are critical to the success of our products.

However, there is no assurance that our current and planned spending on advertising and marketing activities will be adequate. Any factors adversely affecting our ability to grow our marketing capabilities or our ability to maintain adequate spending for marketing activities, such as the availability of resources or new governmental regulations, will have an adverse effect on the market share, brand name and reputation of our products, which may result in decreased demand for our products and negatively affect our business, financial condition and results of operations.

Furthermore, relevant PRC laws and regulations require advertising content to be legal, appropriate and accurate, not misleading and in full compliance with applicable laws and regulations in general, and require prior approval of advertising content for certain categories of products. Violation of these laws or regulations may result in penalties, including fines, orders to cease dissemination of the advertisements, orders to correct the misleading information in such advertisements and even criminal liabilities. Moreover,

government actions and civil claims may be filed against us for misleading or inaccurate advertising. As a result, we may have to spend additional resources in defending ourselves against such actions, and these actions may damage our reputation and brand image, result in reduced revenue, and negatively affect our business, financial condition and results of operations.

**Our continuing success depends on our ability to retain our senior management and qualified personnel.**

Our success depends on the experience and skills of our current officers, management and key sales employees. In particular, our senior management has significant experience in the sale and production of dairy products.

Our business could be materially and adversely affected if we are unable to retain key employees or recruit qualified personnel in a timely manner, or if we are required to incur unexpected increases in compensation costs to retain key employees or meet our hiring targets. If we are unable to retain and attract the personnel that we require, or if we are not able to do so on a cost-effective basis, it could be difficult for us to sell and develop our products and services and execute our business strategies.

**We face exposure to the debts of scaled farms.**

As part of our strategy to secure a reliable supply of raw milk from individual scaled farms, we have provided, and may continue to provide loans to selected scaled farms. As at 30 June 2021, we had provided entrusted loans and long term prepayments in the amount of RMB1,794.8 million and RMB860.4 million, respectively, of which we have provided certain portion to scaled farms. Any failure by such scaled farms to perform their obligations under the entrusted loans may impact our profitability.

**Unexpected equipment failures or other industrial accidents may lead to production curtailments or shutdowns and subject us to legal claims and liabilities.**

We could experience events such as equipment failures or other accidents owing to employee errors, equipment malfunctions, accidents and interruptions in electricity supplies, natural disasters or other causes. There is no assurance that any preventive measures we have taken or may take will be sufficient to prevent any industrial accidents in the future. As a result, we may in the future experience production curtailments or shutdowns or periods of reduced production, which would negatively affect our business, financial condition and results of operations. In addition, potential industrial accidents leading to significant property loss and personal harm may disrupt our operations, subject us to claims and lawsuits, and adversely affect our profitability, relations with customers, suppliers, employees and regulatory authorities.

**Our operations are subject to production malfunctions and other risks and routine shutdowns for maintenance and upgrades.**

Our operations are subject to production difficulties such as capacity constraints, mechanical and system failures, construction and equipment upgrades and delays in the delivery of machinery, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programmes may also affect our production output. We carry out routine maintenance of our production equipment,

annual major maintenance work and periodic equipment upgrades. Any significant manufacturing disruption could adversely affect our ability to manufacture and deliver products, which could have a material adverse effect on our business, financial condition and results of operations.

## **RISKS RELATING TO THE DAIRY INDUSTRY IN CHINA**

**Any major outbreak of illness or disease relating to dairy cows could lead to significant shortfalls in the supply of raw milk to us and could cause consumers to avoid dairy products, resulting in us suffering substantial declines in sales and possibly serious losses.**

A major outbreak of any illness or disease in dairy cows in the PRC could lead to a serious loss of consumer confidence in, and demand for, dairy products. A major outbreak of mad cow disease (bovine spongiform encephalopathy), bovine tuberculosis or other serious disease in the principal regions supplying raw milk to us could lead to significant shortfalls in the supply of our raw milk. Limited cases of bovine TB have occurred in several parts of China in the past. Furthermore, adverse publicity about these types of concerns, whether or not valid, may discourage consumers from buying dairy products or cause production and delivery disruptions. If consumers generally were to avoid dairy products, or our products, our sales would decline substantially and we could suffer serious losses.

**Changes in the existing food safety laws may affect our business operations.**

Our operations are subject to the food safety laws and regulations of the PRC, which set out hygiene, safety and manufacturing standards with respect to food products as well as hygiene, safety, packaging and other requirements for food production, production facilities and equipment used for the transportation and sale of food products. In particular, according to the Food Safety Law of the PRC (中華人民共和國食品安全法) latest amended on 29 April 2021 and became effective on the same date, and its implementation regulation which was amended and became effective on 1 December 2019, we are required to follow more stringent quality control and food safety standards, including, among others:

- food additives may be used only if they are deemed necessary for food production and they must be tested and proven safe in accordance with the risk assessment principles before they can be used, established by the PRC Government;
- chemicals other than specifically permitted additives and any substance that may harm human health are forbidden in food production;
- no food product is exempt from inspection by the relevant food safety supervision authority; and
- all food manufacturers will have to suspend production immediately and recall all products from the market if such products are found to have failed to meet the requisite food safety standards. The manufacturers are also required to notify the relevant food producers and traders, as well as consumers of such recall and keep records in this regard.

There are still some uncertainties as to how the Food Safety Law of the PRC and its implementation regulations will affect our business operations in the long run. On 18 March 2021, the PRC National Health Commission promulgated three national food safety

standards on formula for infants and young children, which, among others, have imposed stricter requirements on raw material procurement, supply chain, production techniques, research and development and product stability of milk formula. Any failure to comply with the Food Safety Law of the PRC, its implementation regulations or other food safety and hygiene laws and regulations in the PRC, such as the national food safety standards on formula for infants and young children, may result in fines, suspension of operations, loss of licences, and, in more extreme cases, criminal proceedings may be brought against us and our management. Any of these events will have a material adverse impact on our production, business, financial condition and results of operations.

There is no assurance that the PRC Government will not change the existing laws or regulations or adopt additional or more stringent laws or regulations applicable to us and our business operations. Such new laws and regulations may require the reconfiguration of the methods used by us for sourcing raw materials, production, processing and transportation, as we face more onerous food safety, labelling and packaging requirements, more stringent compliance requirements for waste management, increases in transportation costs and greater uncertainty in production and sourcing estimate. Any failure by us to comply with any applicable laws and regulations could subject us to civil liabilities, including fines, injunctions, product recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, in accordance with PRC laws and regulations, we are required to maintain various licences and permits in order to operate our business including, without limitation, food operation licences (食品經營許可證). We are required to comply with applicable hygiene and food safety standards in relation to its production processes. Failure to renew our licences and permits could require us to temporarily or permanently suspend some or all of our production activities, which could disrupt our operations and adversely affect our business.

**The industry could face slower potential market growth and substitute products.**

The Chinese dairy consumption and liquid milk consumption grew at a compound annual growth rate of 6.5% and 6.7%, respectively, between 2013 and 2018, according to Euromonitor Consulting. There is no assurance that the industry will continue to grow at such a rate in the future. In the past, Chinese consumers have traditionally consumed a low per capita volume of dairy products. The PRC dairy industry may experience slower growth in the future because of market saturation and competition from alternative products, such as soy-based beverages and products, which may impact upon the size and growth of the market for dairy products. Growth in the market for dairy products may also be impacted by changes in the purchasing behaviour of Chinese consumers.

**Dairy products and company names may be subject to counterfeiting or imitation, which could impact upon our reputation and brand name as well as lead to higher administrative costs.**

Counterfeiting and imitation have occurred in the past in the PRC for many products. We have experienced counterfeiting and imitation of our products, as well as imitation of our company name. As with all operators in the dairy industry in China, we are unable to guarantee that counterfeiting and imitation will not occur in the future and, if it does occur, whether we will be able to detect it and deal with it effectively. Any occurrence of counterfeiting or imitation could impact negatively upon our reputation and brand name.

In addition, counterfeit and imitation products could result in a reduction of our market share, cause a decline in our revenues as well as increase our administrative costs in respect of detection and prosecution.

There have been also widely publicised occurrences of counterfeit, substandard milk products in China. Counterfeiting or imitation of our products may occur in the future, and we may not be able to detect it and deal with it effectively. Any occurrence of counterfeiting or imitation could negatively impact our corporate brand and image or consumer perception of our products or similar nutritional products generally, particularly if the counterfeit or imitation products cause injury or death to consumers.

**The dairy industry benefits from various forms of government support, the withdrawal of which could affect our operations in various ways.**

Dairy industry enterprises in China have received, and may continue to receive, government support, including in the form of subsidies and grants. The PRC Government also provides support to dairy farmers who provide the raw milk to such enterprises, including the provision of financial assistance to purchase dairy cows, technology support, training services, tax rebates and other benefits.

The PRC Government also provides subsidies to research institutions involved in developing advanced methods of animal husbandry that indirectly benefits dairy industry enterprises. Without government support, many of the dairy farmers may not be able to raise the money to buy dairy cows, may not have sufficient land to support their dairy cows, and may not receive the training necessary to provide them with the knowledge required to successfully raise productive dairy cows. If the government terminates or withdraws, in whole or in part, the support that they are now providing, the dairy industry could be affected in various ways, including raw milk production growth failing to meet growing demands, increased prices for raw milk, lower raw milk quality and additional costs being incurred to support farmers to make up for the reduced government support.

In addition, with the PRC Government's promotion of dairy products during COVID-19, consumers in China have grown to have a greater awareness of nutrition and health, which has become a driving factor for the increased consumption of dairy products as well as strong recovery and transformation of the dairy industry in China. See "Business — Our Competitive Strengths — We are well-positioned to seize the development opportunities of the PRC dairy industry" for details. However, there is no assurance that the favourable government policy will not be changed and that the demand for dairy products will not be weakened by COVID-19 any further, which may have a material adverse effect on our business, financial conditions and results of operations. See "— We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our production, sales and distribution operations" for details.

**We may be subject to higher compliance costs if environmental protection laws and regulations become more onerous, which may adversely affect our operations and financial performance and lead to costs which we may be unable to pass on to our customers.**

We are subject to environmental laws and regulations in the PRC and other relevant jurisdictions relating to, among other matters, air, water, noise and pollution; generation, storage, handling, use and transportation of hazardous materials; and health and safety of

our employees. These laws and regulations require, among other things, enterprises engaged in manufacturing and construction that may cause environmental wastes to adopt effective measures to control and properly dispose of waste gases, wastewater, industrial waste, dust, noise and other waste materials and to pay certain fees to discharge waste substances. If we fail to comply with such laws or regulations, we may be subject to sanctions such as fines or the cessation or closure of our operations. There can be no assurance that we will not become subject to additional or stricter laws or regulations in the future, compliance with which may cause us to incur significant capital or other expenditures, which we may be unable to pass on to our customers through higher prices for our products. We are also required to obtain permits from governmental authorities for certain operations. We could also be held liable for any and all consequences arising out of contamination at our facilities or human exposure to hazardous substances or other environmental damage. There is no assurance that our costs of complying with current and future environmental and health and safety laws and regulations, and our liabilities arising from past or future releases of, or exposure to, hazardous substances, will not adversely affect our business, financial condition or results of operations.

## **RISKS RELATING TO CONDUCTING BUSINESS IN CHINA**

**China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.**

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per cent in 2019. Furthermore, the outbreak and global spread of COVID-19 has adversely affected global and China's economy and financial market in general. As a result, the GDP growth of China was 2.3% from 2019 to 2020. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A + from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. On 31 January 2020, the United Kingdom ceased being a member state of the European Union ("**Brexit**"), subject to a transition period from 1 February 2020 to 31 December 2020. On 24 December 2020, the United Kingdom and the European Union entered into the EU-UK Trade and Cooperation Agreement, which governs bilateral relations in areas such as trade, intellectual property, and energy. However, the post-Brexit relationship between the United Kingdom and the European Union is new and evolving. Brexit has also given rise to calls for the governments of other European Union member states to consider withdrawal. Any continuing legal or economic disruptions resulting from Brexit and the political, social or macroeconomic uncertainty surrounding such post-Brexit relationship may have a negative impact on global economic conditions and the stability of global financial markets. In addition, the U.S. government has made statements and taken certain actions that may lead to potential



changes to U.S. and international trade policies towards China. On 15 January 2020, the phase one agreement was signed between China and the United States on trade matters, effective on 14 February 2020. However, political tensions between the United States and China have escalated due to, among other things, trade disputes, COVID-19, sanctions imposed by the U.S. Department of Treasury on certain Hong Kong officials and the PRC central government and the executive orders issued by the U.S. government in August 2020 that prohibit certain transactions with certain selected leading Chinese internet companies as well as their products. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies. Such tensions between the United States and China, and any escalation thereof, may have a negative impact on the general, economic, political, and social conditions in China and, in turn, adversely impacting our business, financial condition, and results of operations.

**The PRC's economic, political and social conditions, as well as government policies, could adversely affect our business.**

We derive almost all of our revenues from our operations in the PRC. Our business, financial condition, results of operations and prospects will, accordingly, be subject to economic, political and legal developments in the PRC, as well as in the economies of the surrounding region. The following conditions and developments in the PRC may materially and adversely affect our business, financial condition, results of operations and prospects:

- inflation, interest rates and general economic conditions;
- the introduction of economic policies to control inflation or stimulate growth, change the rate or method of taxation or impose additional restrictions on currency conversions and remittances abroad, where the government has periodically taken measures to slow economic growth to a more manageable level, in response to concerns about the PRC's historical high growth rate in industrial production, bank credit, fixed investment and money supply;
- the structure of the economy, where the economy has been transitioning from a planned economy to a market-oriented economy, but where the government still controls a substantial portion of productive assets, continues to play a significant role in regulating industries through industrial policies and exercises significant control over growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies;
- demographic factors in the PRC, which has a rapidly growing population requiring rapid economic growth to assure employment and stability;
- governmental policies, laws and regulations, including, without limitation, those relating to foreign investment or classification of industries, and changes to such policies, laws and regulations and their implementation and interpretation, which could prevent, delay, increase the cost of or otherwise adversely affect our ability to invest in, acquire or divest, develop, operate or manage our facilities;
- certain recent changes in PRC tax law and proposed application and/or interpretation of these laws could increase our PRC tax liability;

- the risk of nationalisation and expropriation of assets;
- currency controls and other regulations, which may affect our ability to receive distributions or other dividends from our subsidiaries or other entities in which we may have any interest, to borrow onshore or offshore where the facility or the relevant subsidiary or entity is located, or to carry out acquisition, divestment and capital expenditure plans;
- political and other conditions; and
- level of disposable income of consumers.

While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on our operations. For example, our business, financial condition and results of operations may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although, in recent years, the PRC Government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC Government. In addition, the PRC Government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

**The interpretation and enforcement of the PRC laws and regulations involve uncertainties that could limit the legal protections available to you.**

The PRC legal system is based on written statutes and may significantly differ from the legal system in your jurisdiction. Since 1979, the PRC Government has promulgated laws and regulations that deal with economic matters, including securities regulations, foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view of developing a comprehensive system of commercial law. However, because these laws and regulations are relatively new, and because of the relatively limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. As a result, the legal protections available to you under the PRC legal system may be limited.

The effect of future legal development in the PRC, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law, cannot be predicted. As a result, there is substantial uncertainty as to the legal protection available to us and holders of the Bonds. In addition, the PRC legal system is based in part on government policies and internal rules

(some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation has occurred.

**Restrictions by the PRC Government on foreign exchange may limit our liquidity.**

Renminbi is currently not freely convertible to other foreign currencies, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under current PRC laws and regulations, payments of current account items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval from SAFE or its local counterparts, but are subject to procedural requirements including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within China that have the licences to carry out foreign exchange business. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with SAFE or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investment in negotiable instruments are also subject to restrictions.

Under our current corporate structure, our source of funds will primarily consist of dividend payments and repayment of intercompany loans by our subsidiaries in China denominated in Renminbi, bank loans denominated in HK dollars and U.S. dollars, and proceeds from the issuance of bonds denominated in U.S. dollars. There is no assurance that we will be able to meet all of our foreign currency obligations or to remit profits out of China. If the subsidiaries are unable to obtain SAFE approval to repay loans to us, or if future changes in relevant regulations were to place restrictions on the ability of the subsidiaries to remit dividend payments to us, our liquidity and ability to satisfy our third-party payment obligations, and our ability to satisfy our obligations under the Bonds, could be materially and adversely affected.

**Fluctuation of Renminbi exchange rates could have a material adverse effect on our business, financial condition, results of operations and prospects.**

The value of the Renminbi against other foreign currencies is subject to fluctuations resulting from the PRC Government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to the U.S. dollar was generally stable. In July 2005, the PRC Government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the current policy, the Renminbi is pegged against a basket of currencies, determined by the PBoC, against which it can rise or fall within stipulated ranges against different currencies each day. This change in policy has resulted in an appreciation of the value of the Renminbi against the U.S. dollar of approximately 24.6% from July 2005 to June 2015. From July 2008 to June 2010, the Renminbi traded within a narrow range against the U.S. dollar. In June 2010, the PBoC announced that the PRC will further reform the Renminbi exchange rate regime and enhance the RMB exchange rate flexibility. In April 2012, the PBoC expanded the floating range of Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5% to 1% and further expanded it to 2% in March 2014. In August 2015, the PBoC announced that the mid-point exchange rate for the floating range of Renminbi against the U.S. dollar is to be determined based on market maker submissions that take into account the Renminbi-U.S. dollar exchange rate at the previous day's closing

of the inter-bank spot foreign exchange market, the supply and demand dynamics and the movements of other major currencies. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBoC. In 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against other foreign currencies. There is no assurance that Renminbi will not experience significant appreciation or depreciation against other foreign currencies in the future.

Any appreciation of Renminbi may subject us to increased competition from imported products. Meanwhile, as we purchase a certain proportion of dairy materials from overseas suppliers, any depreciation of Renminbi could possibly increase the cost of importing these products, and if we are unable to pass on the increased cost to our distributors by selling our products at higher prices, our business, financial condition and results of operations may be adversely affected. In the event that the appreciation of Renminbi against the U.S. dollar continues, we may incur foreign exchange losses. Furthermore, since our revenue and profit are denominated in Renminbi, any depreciation of Renminbi would materially and adversely affect our financial position, our ability to service our foreign currency obligations, as well as our ability to satisfy our obligations under the Bonds.

**We are a holding company that relies heavily on dividend payments from our subsidiaries in China for funding.**

We are primarily a holding company and our ability to satisfy our obligations under the Bonds depends to a large extent upon the receipt of dividends, distributions, interest or advances from our wholly or partly owned subsidiaries, our associated companies and jointly controlled entities. The ability of such subsidiaries, associated companies and jointly controlled entities to pay dividends and other amounts to us may be subject to their profitability and to applicable laws and restrictions on the payment of dividends and other amounts contained in financing or other agreements. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to satisfy our obligations under the Bonds.

In addition, we are incorporated in the Cayman Islands and hold interests in our subsidiaries in China through our holding company incorporated in Mauritius. Under the existing EIT Law and its implementation rules, if a foreign entity is deemed to be a "non-resident enterprise" as defined under the EIT Law and its implementation rules, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since 1 January 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements.

**We may be deemed as a PRC resident enterprise under the EIT Law and be subject to Chinese taxation on our worldwide income and certain withholding taxes may be applicable.**

Under the EIT Law, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the uniform 25% enterprise income tax rate as to their global incomes. Under the implementation rules for the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

In April 2009, the SAT specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its “de facto management bodies” located in China and therefore be considered a PRC resident enterprise. These criteria include: (i) the enterprise’s day-to-day operational management is primarily exercised in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or subject to approval by organisations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders’ meeting minutes are located or maintained in China; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China. However, there have been no official implementation rules regarding the determination of the “de facto management bodies” for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as is our case. We are currently not treated as a PRC resident enterprise by the relevant tax authorities. However, as substantially all of our management is currently based in China and may remain in China in the future, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes.

If we are deemed as a PRC resident enterprise, we will be subject to PRC enterprise income tax at the rate of 25% on our worldwide income. In that case, however, dividend income we receive from our PRC subsidiaries may be exempt from PRC enterprise income tax because the EIT Law and its implementation rules generally provide that dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise are exempt from enterprise income tax. Furthermore, the interest the Issuer pays in respect of the Bonds, and the gain any investor may realise from the transfer of the Bonds, may be treated as income derived from sources within the PRC and may be subject to PRC withholding taxes in connection with PRC income tax, VAT and/or certain surcharges on VAT. See “Taxation”. However, as there is still uncertainty as to how the EIT Law and its implementation rules will be interpreted and implemented, there is no assurance that we are eligible for such PRC enterprise income tax exemptions or reductions.

**PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.**

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders’ loans or capital contributions after completion of this offering. Any loans to our PRC subsidiaries, which are foreign-invested enterprises, or FIEs, cannot exceed a

statutory limit, and must be filed with SAFE or its local counterparts through the online filing system of SAFE after the loan agreement is signed and at least three business days before the borrower withdraws any amount from the foreign loan. In addition, any such loans with a term of at least one year are also subject to filing requirement with the NDRC or its local branches.

Furthermore, if we provide our PRC subsidiaries with capital contributions, such PRC subsidiaries are required to apply for registrations with the State Administration for Market Regulation of the People's Republic of China (“SAMR”) or its local branches, submit a change report to the Ministry of Commerce or its local counterpart through the online enterprise registration system, and complete the exchange registration with qualified banks. We may not be able to obtain these government registrations or approvals, or complete these government filings on a timely basis, if at all. If we fail to receive such registrations or approvals or complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises, or SAFE Circular 19. SAFE Circular 19, however, allows FIEs in China to use their registered capital settled in Renminbi converted from foreign currencies to make equity investments, but the registered capital of an FIE settled in Renminbi converted from foreign currencies is still not allowed to be used for investment in the security markets, offering entrustment loans, or purchase of any investment properties, unless otherwise regulated by other laws and regulations. On 9 June 2016, SAFE further issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which, among other things, amended certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of an FIE is regulated such that Renminbi capital may not be used for business beyond its business scope, securities investment or other financial investment except for guaranteed financial products issued by banks, providing loans to non-affiliated enterprises unless otherwise permitted under its business scope, or constructing or purchasing real estate not for self-use. On 23 October 2019, SAFE issued the Circular on Further Promoting Cross-Border Trade and Investment Facilitation, or SAFE Circular 28, which expressly allows FIEs that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. If our consolidated subsidiaries require financial support from us or our PRC subsidiaries in the future, and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our consolidated subsidiaries' operations will be subject to statutory limits and restrictions, including those described above. The applicable foreign exchange circulars and rules may limit our ability to transfer the net proceeds from this offering to our PRC subsidiaries and convert the net proceeds into Renminbi, which may adversely affect our business, financial condition, and results of operations.

**Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.**

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. In addition, on 18 January 2019, the PRC Supreme People’s Court (the “**SPC**”) and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**New Arrangement**”). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by the SPC and Hong Kong government, following the promulgation of a judicial interpretation by SPC and the completion of the relevant procedures in Hong Kong. The New Arrangement will, upon its effectiveness date, supersede the Arrangement.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the ability of the holders of the Bonds to initiate a claim outside of Hong Kong will be limited.

## **RISKS RELATING TO THE BONDS AND THE SHARES**

### **The Bonds are unsecured obligations.**

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by applicable law and subject to the negative pledge

contained in Condition 4(a) rank at least equally with all of its other present and future unsecured and unsubordinated obligations. Therefore, the Bonds are unsecured obligations of the Issuer. The payment obligations under the Bonds may be adversely affected if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Bonds.

**The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.**

In certain circumstances (including, without limitation, being requested or directed by the Bondholders pursuant to Conditions 10 (*Events of Default*) and 12 (*Enforcement*)), the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any step and/or action and/or institutes any proceeding on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings if it is not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding could be a lengthy process and may affect when such steps and/or actions can be taken and/or when such proceedings can be taken. The Trustee may not be able to take steps and/or actions and/or to institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable law or regulations, to the extent permitted by the agreements and the applicable law and regulations, it would be for the Bondholders to take such steps and/or actions and/or to institute such proceedings directly.

**Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds.**

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders would have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders would be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

**Securities law restrictions on the resale and conversion of the Bonds may limit Bondholders' ability to sell the Bonds in the United States.**

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on



Regulation S under the Securities Act. It is not required by the Hong Kong Stock Exchange to register the Bonds and the Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

**The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's existing and future subsidiaries and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.**

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries, including their secured and unsecured liabilities and commitments. The Issuer may not have direct access to the assets of its subsidiaries unless those assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefor, whether by way of dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is a creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

The Bonds are the Issuer's unsecured obligations and will each (i) rank at least equally in right of payment with all the Issuer's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, those assets will be available to pay obligations on the Bonds only after all other debt secured by those assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

**The Bondholders may be subject to tax on their income or gain from the Bonds.**

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. See "*Taxation*" for certain tax consequences.

**Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.**

Under the EIT Law and its implementation rules, gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

In accordance with the EIT Law and its implementation regulations, a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to PRC-sourced income if it (i) does not have an establishment or place of business in the PRC or (ii) has an establishment or place of business in the PRC but its PRC-sourced income is not connected with such establishment or place of business in the PRC. The aforesaid income tax payable by a non-resident enterprise is subject to withholding at source. The income tax must be withheld by the withholding agent at the time of payment of the gains. This tax could be exempted or reduced in accordance with the relevant tax treaty or agreement for avoiding double taxation. As at the date of this Offering Circular, no specific legislation or implementation rule has expressly provided whether it is required to and how to collect the tax from non-PRC resident enterprises on gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of enterprise income tax on such gains in the future.

In addition, according to IIT Law and its implementation regulations, non-resident individuals are generally subject to individual income tax at a rate of 20% with respect to PRC-sourced income from interest, dividends and transfer of property unless such tax is reduced or exempted under relevant double taxation treaties. Under the IIT Law, a “non-resident individual” means any non-resident PRC individual who has no domicile and does not reside in the PRC or who has no domicile but has resided in China for less than 183 days in aggregate within a tax year. As at the date of this Offering Circular, no specific legislation or implementation rules have expressly provided whether it is required to and how to collect the tax from non-PRC resident individuals on the gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of individual income tax on such gains in the future.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected. See “*Taxation — PRC*”. Any payment of interest on the Bonds would be subject to withholding at a rate of 10% for non-PRC resident enterprises and at a rate of 20% for non-PRC resident individuals.

**The market value of the Bonds may fluctuate.**

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganizations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments in the PRC could have a material and adverse effect on the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur, may adversely affect the prevailing market price of the Shares and the Bonds.

**The return on the Bonds may decrease due to inflation.**

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

**An active trading market for the Bonds may not develop.**

The Bonds are a new issue of securities for which there is currently no trading market. Application will be made to the Hong Kong Stock Exchange for the listing, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. However, no assurance can be given that an active trading market for the Bonds would develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders would be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall.

If an active trading market were to develop, the Bonds could trade at prices that may be lower than their initial offering price. Whether or not the Bonds would trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the price of the Shares;
- the market prices of the Bonds;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Group's industry and competition; and general market and economic conditions; or
- the Group's financial condition and historical financial performance and future prospects.

**The Bonds may not be a suitable investment for all investors.**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless he/she has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

**The Bonds contain provisions regarding modification and waivers, which could affect the rights of Bondholders.**

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Conditions also provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification (other than in respect of certain reserved matters) to, or the waiver or authorisation of any breach or proposed breach of, or any failure to comply with the Bonds, the Conditions, the Agency Agreement and/or the Trust Deed which in the opinion of the Trustee would not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Conditions, the Agency Agreement or the Trust Deed which is in the Trustee's opinion of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Conditions, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

**If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.**

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's debt agreements contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's or such other subsidiary's other debt agreements. If any of these events occur, there is no assurance that the Issuer would have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, it could not guarantee that it would be on terms that are favourable or acceptable to the Issuer.

**The Issuer may be unable to obtain and remit foreign currencies out of China.**

The Issuer's ability to satisfy its obligations under the Bonds will be affected by its ability to obtain and remit sufficient foreign currency. The Issuer must present certain documents to SAFE, its authorised branch, or the designated foreign exchange bank, for registration before it can obtain and remit foreign currencies out of China. If for any reason we fail to satisfy any of the PRC legal requirements for remitting foreign currency payments, it may affect the Issuer's ability to satisfy its obligations under the Bonds without any delay.

**Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors in the Bonds.**

The NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and file the particulars of the relevant issue within 10 PRC Business Days (as defined in the Conditions) after the completion of the issue of the securities. The Issuer has obtained the NDRC Pre-Issuance Registration Certificate with respect to the Bonds on 7 May 2021 and has undertaken to file the NDRC of the particulars of the issue of the Bonds within the prescribed time period after the Issue Date. However, there is no clarity on the actual legal consequences of non-compliance with the post-issue filing requirement under the NDRC Circular. Failure to comply with the post-issuance

filing requirement may result in the relevant entities being put on the credit blacklist in the PRC and subject them to credit-related sanctions. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

**Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.**

The Issuer will pay principal on the Bonds in Hong Kong dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Hong Kong dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Hong Kong dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Hong Kong dollar would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

**The insolvency laws of the PRC and Cayman Islands and other local insolvency laws may differ from those of any other jurisdiction with which holders of the Bonds are familiar.**

Since the Issuer is incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. We conduct most of our business operations in the PRC. The laws and regulations in the PRC relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before they invest in the Bonds.

**Bondholders have limited anti-dilution protection.**

The conversion price of the Bonds will be adjusted only in the situations and only to the extent provided in “Terms and Conditions of the Bonds — Conversion”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and therefore, adversely affect the value of the Bonds.

**Bondholders will bear the risk of fluctuations in the price of Shares.**

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently primary listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. The market price of the Shares will also be influenced by our operational results (which in turn are subject to the various risks to which our businesses and operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which we operate and the capital markets in general. Corporate events such as reorganisations, takeovers or share buy-backs may also adversely affect the market price of the Shares. Any decline in the market price of the Shares could adversely affect the market price of the Bonds.

**The Group relies on dividends paid by its subsidiaries for cash needs, and limitations under PRC laws on the ability of the Group’s PRC subsidiaries to distribute dividends to the Group could adversely affect the Group’s ability to utilise such funds.**

As a holding company, the Issuer relies on dividends paid by its PRC subsidiaries for the Group’s cash and financing requirements, including the funds necessary to perform its payment obligations under the Bonds, to service any foreign currency debt the Group may incur and to make any offshore acquisitions. If any of the Group’s PRC subsidiaries incur debt on its own behalf in the future, the loan agreements may restrict its ability to pay dividends or make other distributions to the Group. Under PRC laws and regulations, the Group’s PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to the Group as dividends. These limitations on the ability of the Group’s PRC subsidiaries to transfer funds to the Group limit the Group’s ability to receive and utilise such funds.

As a result of the foregoing, there is no assurance that the Issuer will have sufficient cash flow from dividends or advances from its subsidiaries to satisfy its obligations under the Bonds. Should the Issuer be unable to make due payments under the terms of the Bonds, the Bondholders would need to rely on the Trustee to take enforcement actions to recover their investment in the Bonds, the prospects of which are uncertain.

**The liquidity and price of the Bonds following the offering may be volatile.**

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

**The Issuer may not have the ability to redeem the Bonds.**

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds at the option of the Bondholders upon a Relevant Event as described under “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Relevant Event*” or on the Put Option Date as described under “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders*”. The Issuer may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer’s ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer.

**Short selling of the Shares by Bondholders could materially and adversely affect the market price of the Shares.**

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Investors in convertible securities may seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions. Any short selling and similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

**Future issuances of Shares or equity-related securities may depress the trading price of the Shares.**

Any further issuance of the Issuer’s equity securities after this offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible securities or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares and impair the ability of the Issuer to raise capital through the sale of additional equity securities. There is no restriction on the ability of the Issuer to issue securities or the ability of any of the shareholders of the



Issuer to dispose of, encumber or pledge the Shares, and there can be no assurance that the Issuer will not issue securities or that the shareholders of the Issuer will not dispose of, encumber or pledge the Shares. The Issuer cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

**The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.**

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth, on a consolidated basis, the capitalisation of the Company as at 30 June 2021, (i) on an actual basis and (ii) on as adjusted to give effect to the issuance of the aggregate principal amount of the Bonds described in the notes below:

This table should be read in conjunction with “Use of Proceeds” and our consolidated financial statements, the related notes and other financial information contained elsewhere in this Offering Circular.

	As at 30 June 2021			
	Actual		As adjusted <sup>(1)</sup>	
	RMB	USD	RMB	USD
	(unaudited)			
	(in thousands)			
<b>Cash and bank balances</b> . . . . .	<b>8,086,329</b>	<b>1,252,413</b>	<b>12,086,329</b>	<b>1,871,934</b>
<b>Short-term indebtedness</b>				
Short-term bank loans, secured . . . . .	1,072,570	166,120	1,072,570	166,120
Short-term bank loans, unsecured . . . . .	3,857,992	597,527	3,857,992	597,527
Super short-term commercial papers . . . . .	2,000,000	309,761	2,000,000	309,761
Lease liabilities . . . . .	191,663	29,685	191,663	29,685
<b>Total short-term indebtedness</b> . . . . .	<b>7,122,225</b>	<b>1,103,093</b>	<b>7,122,225</b>	<b>1,103,093</b>
<b>Long-term indebtedness</b>				
Long term payables . . . . .	17,825	2,761	17,825	2,761
Long term bank loans, secured . . . . .	—	—	—	—
Long term bank loans, unsecured . . . . .	1,986,298	307,638	1,986,298	307,638
Lease liabilities . . . . .	343,111	53,141	343,111	53,141
US\$500,000,000 4.250% bonds issued in 2018 . . . . .	3,220,060	498,724	3,220,060	498,724
US\$500,000,000 3.000% bonds issued in 2019 . . . . .	3,215,196	497,970	3,215,196	497,970
US\$500,000,000 1.875% bonds issued in 2020 . . . . .	3,210,950	497,313	3,210,950	497,313
US\$300,000,000 2.500% bonds issued in 2020 . . . . .	1,926,119	298,318	1,926,119	298,318
US\$100,000,000 1.500% exchangeable bonds issued in 2020 . . . . .	838,405	129,852	838,405	129,852
Medium-term notes . . . . .	1,000,000	154,880	1,000,000	154,880
Renminbi corporate bonds . . . . .	500,000	77,440	500,000	77,440
The Bonds to be issued . . . . .	—	—	4,000,000	619,521
<b>Total long-term indebtedness</b> . . . . .	<b>16,257,964</b>	<b>2,518,037</b>	<b>20,257,964</b>	<b>3,137,588</b>
<b>Equity</b>				
Equity attributable to owners of the Company . . . . .	34,698,657	5,374,138	34,698,657	5,374,138
Non-controlling interests . . . . .	4,846,789	750,672	4,846,789	750,672
<b>Total equity</b> . . . . .	<b>39,545,446</b>	<b>6,124,810</b>	<b>39,545,446</b>	<b>6,124,810</b>
Total Capitalisation <sup>(2)</sup> . . . . .	62,925,635	9,745,940	66,925,635	10,365,461

(1) The “As adjusted” balances shown above do not take into account the application of any of the proceeds from this offering.

(2) Total capitalisation represents the sum of total short-term indebtedness, total long-term indebtedness and total equity.

Save as disclosed in this Offering Circular, since 30 June 2021, there has been no material change in the capitalisation and indebtedness of the Group.

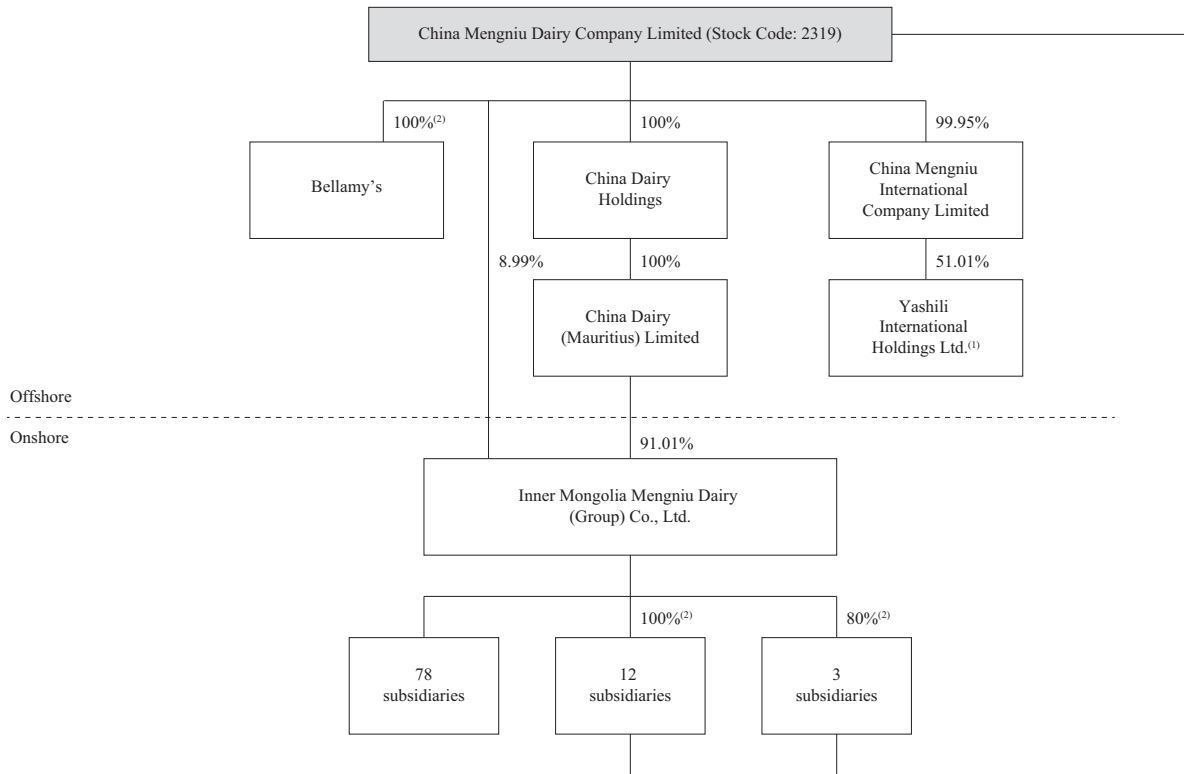
## USE OF PROCEEDS

The Company intends to use the net proceeds from this offering, after deducting fees, commissions and other estimated expenses payable in connection with this offering, which will be approximately HK\$4,797.22 million, for general working capital purposes. The net proceeds will be fully utilised within twelve months and are expected to be allocated in the following manner:

- 55% for payment of raw milk supply;
- 30% for payment of raw materials cost;
- 10% for payment of wages and salaries; and
- 5% for payment of tax expenses.

## CORPORATE STRUCTURE OF THE GROUP

The chart below illustrates the simplified corporate structure of the Group as at 30 June 2021.



(1) Listed on the Hong Kong Stock Exchange (Stock Code: 1230).

(2) Denote aggregate holdings held including directly by the Company and indirectly via subsidiaries of the Company.

## BUSINESS

### OVERVIEW

We are a leading dairy product manufacturer in China. We have been included in the “Global Dairy Top 20” list published by Rabobank for twelve consecutive years and moved up two places to rank eighth among global dairy companies in 2020. We offer a wide range of dairy products including liquid milk products (such as UHT milk, milk beverages, yogurt and fresh milk), ice cream, milk formula and other products (such as cheese). As at 30 June 2021, we had 41 production bases in China, two production bases in Indonesia and one production base in each of Australia and New Zealand with a total production capacity reaching 10.89 million tonnes.

We are listed on the Main Board of the Hong Kong Stock Exchange since June 2004 (Stock Code: 2319). We became a Hang Seng Index constituent in March 2014, making us the first blue chip Chinese dairy product manufacturer. In 2020, we became a Hang Seng Corporate Sustainability Index constituent and a Hang Seng ESG 50 Index constituent. As at 30 June 2021, our market capitalisation was HK\$185,378 million.

We have developed an advantageous market position at each major component of the dairy products value chain:

- Upstream. We source 100% of our raw milk from standardised ranches and scaled farms. We have a long-term raw milk procurement arrangement with Modern Dairy, in which we held approximately 51.4% equity interest but controlled less than 50% of the voting rights as at 30 June 2021, to secure a stable supply of high quality raw milk. Meanwhile, we have expanded our raw milk supply globally into overseas countries with quality milk sources. We have secured a stable source of high quality raw milk through strategic investment in various raw milk suppliers and by maintaining stable relationships with third party raw milk suppliers;
- Midstream. We possess advanced automated manufacturing processes and facilities. We develop and produce a wide variety of dairy products and have further expanded our product portfolio through the strategic cooperation with Arla Foods; and
- Downstream. We had approximately 6,000 dealers and over 3 million retail outlets throughout China as at 30 June 2021, covering all provinces, municipalities and autonomous regions. The majority of these dealers are exclusive dealers and all of our UHT milk dealers are exclusive dealers. We have developed long-term relationships with most of our dealers. In addition, we conduct online sales through contracted online sales channels, including all major e-commerce platforms in China such as Tmall, JD, Suning and Pinduoduo. We also expanded our sales by cooperating with online-to-offline home delivery and fresh food e-commerce platforms and have been exploring new sales model and channels.

We offer our products primarily under the umbrella brand “蒙牛” (MENGNIU) and its related brands. “蒙牛” (MENGNIU) is among the most widely recognised brands in China which ranked 31st among the top 100 most valuable Chinese brands by BrandZ™ in 2020. In addition, we ranked second on the list of the most chosen brands in China by Kantar Worldpanel’s consumer research and ranked among Brand Finance Global 500 in 2020 for the second consecutive year.

We have established comprehensive partnerships with our strategic shareholders, including COFCO and Arla Foods, and together we have achieved significant synergies in business development and operations. Further information about our strategic shareholders is set forth below.

- COFCO is a key state-owned enterprise under the purview of SASAC and one of the largest sugar beet and edible oil producers and distributors in China. We benefit from COFCO's support in quality management and control, mergers and acquisitions, as well as development of logistics capabilities and sales channels.
- We are a strategic business partner of Arla Foods in China. We cooperate with Arla Foods with respect to various product categories, such as milk powder, cheese and butter products. The cooperation with Arla Foods enables us to introduce and utilise Arla Foods' advanced systems and techniques of ranch management and quality control.

We are dedicated to the internationalization of our brands. We have established our first overseas liquid milk factory in Indonesia, which has been put into operation in November 2018. The coverage of our distribution and sales network has also been expanded into Hong Kong, Macau, Singapore, Malaysia, Indonesia, Myanmar, the Philippines and Cambodia. Furthermore, in 2019, we completed the acquisition of Bellamy's, an Australian brand of high-end organic infant milk formula and baby food products, whose operation and corporate governance have been fully integrated with us. Since such acquisition, Bellamy's has been expanding its sales network in Australia as well as the cross border e-commerce platform and offline sales channels in China. We will further strengthen its business in Southeast Asia and Oceania with an aim to become an influential and international enterprise.

We have benefited from the full support from local governments in the PRC as a result of our commitment to local economic development. Support provided to us by local governments took the form of tax support (including preferential tax rates and tax relief), favourable support for establishment of business, and favourable industry policies.

We have introduced the business division system with our business being divided into several major business divisions primarily based on our product categories, including room temperature product business, chilled product business, fresh milk business, Yashili's milk formula business, Bellamy's business, ice cream business and cheese business divisions. Implementation of the new organizational structure has integrated the management of key aspects of our operation, including production, procurement, sales and quality control into different business divisions, and also enhanced synergies in our operations, and improved our utilization of resources, operational and management efficiency, as well as product quality.

## **OUR COMPETITIVE STRENGTHS**

**We are well-positioned to seize the development opportunities of the PRC dairy industry.**

According to Euromonitor Consulting, the Chinese dairy consumption and liquid milk consumption grew at a compound annual growth rate of 6.5% and 6.7%, respectively, between 2013 and 2018. Although China is amongst the largest dairy consumption countries in the world, its per capita consumption of dairy products is still significantly lower than

developed countries. According to Euromonitor Consulting, in 2018, the per capita consumption of dairy products was 21.9 kilograms per annum in China, as compared to 99.5 kilograms per annum in the United States and 123.5 kilograms per annum in the United Kingdom. The PRC dairy industry is expected to enjoy further growth with the support of the population growth and the demographic migration of consumer growth from first and second-tier cities to lower-tier cities in China. The income growth of residents and the transformation of consumers' diet structure in China is also expected to spur the dairy product upgrade and innovation, which is in turn expected to boost the Chinese dairy industry to maintain a relatively fast growth rate in the next five to ten years.

Although the dairy industry in China was adversely affected by COVID-19 during the first quarter of 2020, the dairy market in China started to recover following the significant decrease of new reported cases of COVID-19 in China in the second quarter of 2020. With the support and promotion from the PRC Government and the self-regulatory organisations in the dairy industry, consumers in China have grown to have a greater awareness of nutrition and health, which has become a driving factor for the increased consumption of dairy products as well as strong recovery and transformation of the dairy industry in China. For example, in February 2020, the PRC National Health Commission issued the Nutrition and Dietary Advice on Prevention and Recovery from COVID-19 and recommended that moderate or recovering COVID-19 patients should consume 300g of milk and dairy products per day and that yogurt can be consumed more as they provide intestinal probiotics. Also in February 2020, the National Association of Health Industry and Enterprise Management, the Chinese Nutrition Society, the Dairy Association of China and the China Dairy Industry Association jointly published the Guidelines on Consumption of Milk and Dairy Products for Chinese People, recommending the public to consume 300g of liquid milk or other dairy products with protein content equivalent to 300g of liquid milk to promote a healthy diet, hence boosting the demand for dairy products.

In addition, the registration system for infant formula in China requires that infant formulas sold in the Chinese market must obtain a certificate of formula registration, which imposes limits on the number of formula brands and establishes higher market entry barrier of the infant formula industry in China, while also enhances consumers' confidence in formula products of domestic dairy brands. As at 30 June 2021, we had registered 54 formulas in 18 series through Yashili and Bellamy's. We also launched the Chinese-labelled Bellamy's organic Equi-pure infant milk formula series through offline channels in August 2020. In response to the new policy, we have also adjusted our channel deployment, product structure and branding strategies, which have also laid a solid foundation for us to meet the consumers' needs of high-end and upgraded products.

In December 2020, the PRC Government issued the Action Plan for Improving Quality and Safety of Dairy Products, which further raised market entry barriers in the dairy industry in China. Leverage our leading market position, diversified product offerings, well-recognised brand, strong support from our strategic shareholders, and synergies with our strategically invested business, we believe that we are well-positioned to continue benefiting from the strong growth potential of the market in the foreseeable future, and will be able to seize the opportunities arising from the development of, and consolidation within, China's dairy industry and further expand our market presence.

**We maintain a leading market position and possess a well-recognized brand.**

We maintain a leading market position in China's dairy industry. We have been included in the "Global Dairy Top 20" list published by Rabobank for twelve consecutive years and moved up two places to rank eighth among global dairy companies in 2020. According to Nielsen, we ranked first in China's chilled yogurt market in 2018, 2019 and 2020 in terms of market share.

We offer our products primarily under the umbrella brand "蒙牛" (MENGNIU) and its related brands. "蒙牛" (MENGNIU) is among the most widely recognised brands in China which ranked 31st among the top 100 most valuable Chinese brands by BrandZ™ in 2020. In addition, we ranked second on the list of the most chosen brands in China by Kantar Worldpanel's consumer research and ranked among Brand Finance Global 500 in 2020 for the second consecutive year.

In addition to "蒙牛" (MENGNIU), we have developed a number of premium brands, including "特仑蘇" (Milk Deluxe), "純甄" (Just Yogurt), "真果粒" (Fruit Milk Drink), "冠益乳" (Champion), "優益C" (Yoyi C), "每日鮮語" (Shiny Meadow) and "現代牧場" (Modern Meadow). These brands also enjoy wide market recognition and contribute to our rapid business growth.

Since the COVID-19 outbreak, we have offered significant nutritional support to doctors, nurses and other personnel in the healthcare sector fighting against COVID-19 on the frontline, through which we have delivered a positive brand attitude with corporate social responsibilities.

**We offer a diversified mix of products and we continuously innovate and upgrade our product offerings.**

Our leading market position is largely attributable to our diversified and comprehensive product offerings. We are committed to keeping pace with evolving consumer needs and changing market trends and offering innovative products. We provide room temperature liquid milk and chilled liquid milk products under our core business segment, and we have also developed our new business segment which provides dairy products including pasteurized milk, cheese and plant protein beverage products. We have also developed various new products and expanded our product offerings through strategic investment in Modern Dairy and partnership with our strategic shareholders.

We have a dedicated research and development team with a market-orientated focus to collect and analyse market information and innovate and upgrade our products. Our research and development team consists of approximately 249 members, approximately 71.4% of whom have received master's or higher academic degrees. We have been continuously investing in our research and development capabilities to maintain our competitiveness and marketing leading position. For example, our research and development cost was approximately RMB318 million for the year ended 31 December 2020. Our market-oriented and solid in-house research and development capabilities enable us to continuously improve our product offerings and launch new products receiving widespread recognition.



### **We have a strong distribution network across the PRC.**

As at 30 June 2021, we had approximately 6,000 dealers and over 3 million retail outlets throughout China, covering all provinces, municipalities and autonomous regions in China. The majority of our dealers have entered into exclusive distribution agreements with us. As at 30 June 2021, all of our UHT milk dealers had entered into exclusive distribution agreements with us, and were not allowed to sell UHT milk of other market participants without our written consent. We are committed to optimising our sales teams and the sales structure of dealers. We provide comprehensive training, IT management solutions and marketing resources support to our distributors to improve their profitability and enhance their loyalty to our brands. In an effort to facilitate the digital operation of our business, we also launched a smart network system among our distributors to achieve express matching and delivery of orders, enhance efficiency of our sales process and collect extensive and reliable data of our sales.

We also conduct sales through our own sales forces. As at 30 June 2021, we had approximately 10,000 employees as our own sales force, who were responsible for managing sales execution across different channels. By deploying direct sales forces in strategic cities, we are able to serve our sales terminal directly through our own subsidiaries. We have achieved an outstanding performance in sales through our own sales force. By establishing our direct sales teams and strengthening their capacities in serving point-of-sale directly, we have enhanced our direct control in the point-of-sale and strengthened our core competitiveness. The establishment of direct sales channels also serves as a solid foundation for the development of our omni-channel delicacy management system.

With an appreciation of the power of the Internet, we have also expanded our e-commerce sales channels to grasp the opportunity in the big data era. Our products are now sold through contracted online sales channels, including all major e-commerce platforms in China such as Tmall, JD, Suning and Pinduoduo. Our online sales has achieved strong sales performance. We also expanded our sales by cooperating with online-to-offline home delivery and fresh food e-commerce platforms and have been exploring new sales model and channels including the new retail model, un-manned convenience stores and vending machines.

### **We have strong capabilities with respect to key aspects across the value chain.**

We have strong capabilities with respect to key aspects across the value chain, including procurement of raw milk, production, warehousing, transportation and sales of products. In respect of the procurement of raw milk, we have secured stable and reliable sources of quality raw milk to support our business and future expansion. We entered into a ten-year supply framework agreement with Modern Dairy in 2008 which sets forth our commitment to purchase raw milk produced by Modern Dairy. This supply framework agreement has been automatically extended in 2018. Our strategic investment in Modern Dairy and Fuyuan is expected to facilitate the further development of our high-end product line. In order to ensure the quality of our products, we aim to continue to increase the proportion of raw milk we source from scaled farms such as Modern Dairy. We are also committed to ensuring the stability of our sources of quality raw milk through building ranches as well as investment in and control of scaled farms. The proportion of our milk sources provided by standardised ranches and scaled farms reached 100%, including including nearly 40% and

nearly 40% attributable to ranches we have an equity interest in, respectively for the year ended 31 December 2020 and for the six months ended 30 June 2021. In addition, we have expanded our raw milk supply globally into overseas countries with quality milk sources.

We deploy our production capacity with reference to market potential and our product strategies. As at 30 June 2021, we had 41 production bases in China, two production bases in Indonesia and one production base in each of Australia and New Zealand with a total production capacity reaching 10.89 million tonnes. Our production bases in China enable our production capacity to effectively cover all major markets in the PRC. We possess advanced automated production processes and equipment, and we have realised automated and digitalised control and management throughout the entire process of production, packaging, warehousing and products and ingredients tracking.

**We have comprehensive cooperation with our strategic partners.**

We established comprehensive partnerships with our strategic shareholders including COFCO and Arla Foods, and together we have achieved significant synergies in our business and operations.

COFCO is a key state-owned enterprise under the purview of SASAC and one of the largest sugar beet and edible oil producers and distributors in China. We benefit from COFCO's support in quality management and control, mergers and acquisitions, as well as development of logistics capabilities and sales channels.

We are a strategic business partner of Arla Foods in China. We cooperate with Arla Foods with respect to various product categories, such as milk powder, cheese and butter products. The cooperation with Arla Foods enables us to introduce and utilise Arla Foods' advanced systems and techniques of ranch management and quality control.

In addition, in 2019, we completed the acquisition of Bellamy's, an Australian brand of high-end organic infant milk formula and baby food products, whose operation and corporate governance have been fully integrated with us. Since such acquisition, Bellamy's has been expanding its sales network in Australia as well as the cross border e-commerce platform and offline sales channels in China.

**We have an experienced management team and a strong board of directors.**

Our senior management team has extensive experience in China's dairy industry. They possess diverse skill sets that support our operating strategies, including driving organic growth through efficient marketing, reducing operating costs, enhancing distribution efficiencies, aligning production, distribution and expansion objectives and maintaining strong relationships both within the industry and with our major customers.

Mr. Jeffrey, Minfang Lu, our CEO and one of our two executive directors, has over 18 years of experience in sales and marketing and has been serving in general manager or senior executive level roles for over 7 years. Mr. Lu is also the chairman and a non-executive director of Yashili and the chairman and a non-executive director of Modern Dairy. In 2020, Mr. Lu was appointed as a member of the Executive Committee of Consumer Products of World Economic Forum in Davos, being the first Chinese member of the forum since its establishment. Before he joined us, Mr. Lu accumulated extensive management and industry experience by working with Yashili, the Danone Group, Dumex Baby Food Co.

Ltd., Johnson & Johnson (China) Company Limited and General Electric Company (China). Mr. Lu has extensive experience in the management of fast moving consumer products and dairy companies and has an excellent grasp and the in-depth knowledge of the PRC market.

Many members of our senior management have extensive operational expertise and an in-depth knowledge of, and experience in, China's food, beverages and retail industry. These senior management personnel include but without limitation, Mr. Meng Fanjie, one of our two executive directors, who held various management positions in COFCO group before he joined us; Mr. Zhang Ping, our vice president and chief financial officer, who was the CEO of Coca-Cola Bottlers Manufacturing Holdings Ltd before he joined us; Mr. Gao Fei, a senior vice president and the head of room temperature product business unit of the group, who joined us at our establishment in 1999 and has abundant practical experience in sales, marketing and promotion of dairy products; Mr. Wen Yongping, a vice president and the head of chilled product business unit of the Group; and Mr. Yang Zhigang, a vice president and head of safety and quality management unit of the Group.

We believe our senior management team and the Board have helped us to achieve steady growth and will continue to strategically position us to capture the significant opportunities present in China's dairy market.

**We have prudent financial management and financial policy.**

We adopt and implement prudent financial policies to ensure that we have sufficient liquidity to support our business development. We have established a comprehensive budget control system and sound internal control mechanism with professional capital operation capabilities. We have also implemented delicacy cost management and systematic raw milk cost management and established a multi-dimensional financial analysis system. In addition, we have established a system of financial sharing and capital sharing within our Group and implemented the principle of "centralised management and settlement".

Along with our rapid business development, we have maintained abundant cash flows. As at 31 December 2018, 2019 and 2020 and 30 June 2021, our cash balance, which include cash and bank balances, short term investment deposits, long term investment deposits and long term time deposits, amounted to RMB18,501 million, RMB27,260 million, RMB24,334 million and RMB23,532 million, respectively.

We will continue to adhere to prudent financial policies and aim to maintain strong liquidity positions in order to provide sustainable driving forces for our business development.

**OUR STRATEGIES**

We plan to solidify our leading market position in China, achieve sustainable growth and further improve our profitability through implementing the following strategies going forward:

- We will focus on nutrition of our dairy products and health needs of the consumers and develop our world-leading research and development capabilities.
- We will focus on brand building by continuously investing in premium brands and conducting high-profile marketing campaigns.

- We will build a sales team with omni-channel management capability and industry leading efficiency.
- We will continuously improve our product quality and operation efficiency across the entire supply chain.
- We aim for breakthroughs in new business to build up new growth drivers.
- We will align our company culture with our 2025 strategic target.

## RECENT DEVELOPMENT

On 12 October 2021, an ordinary resolution was duly passed on the extraordinary general meeting of the Company to, among others, adopt a scheme (subject to certain conditions being satisfied) pursuant to which the selected participants in the Group or its associates who meet certain criteria are entitled to receive certain returns as incentives. See “Shareholding, Directors’ Interests and Share Incentive Schemes — Share Incentive Schemes — Relevant Scheme” and the relevant circular and announcement of the Company dated 24 September 2021 and 12 October 2021 for details.

## PRODUCTS

### Overview

We produce a broad range of dairy products, including a wide variety of liquid milk products (including UHT milk, milk beverages, yogurt and fresh milk), ice cream, milk formula and other products (such as cheese). Liquid milk products, ice cream, milk formula and other products accounted for 89.1%, 3.5%, 6.0% and 1.4%, respectively, of our revenue for the year ended 31 December 2020 and accounted for 85.9%, 6.5%, 5.6% and 2.0%, respectively, of our revenue for the six months ended 30 June 2021. Within the liquid milk segment, UHT milk constituted the largest single subcategory in terms of revenue for the year ended 31 December 2020 and for the six months ended 30 June 2021, respectively.

The table below sets forth our revenue by product segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2018		2019		2020		2020		2021	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(in millions of RMB, except percentage)									
Liquid Milk . . .	59,388.6	86.1	67,877.8	85.9	67,751.0	89.1	32,565.3	86.8	39,448.1	85.9
Ice Cream . . .	2,723.4	4.0	2,561.4	3.2	2,633.7	3.5	2,229.2	5.9	3,003.9	6.5
Milk Formula.	6,017.4	8.7	7,869.7	10.0	4,573.0	6.0	2,281.9	6.1	2,547.3	5.6
Other Products	847.7	1.2	721.0	0.9	1,077.1	1.4	457.1	1.2	905.9	2.0
<b>Total . . . . .</b>	<b>68,977.1</b>	<b>100.0</b>	<b>79,029.9</b>	<b>100.0</b>	<b>76,034.8</b>	<b>100.0</b>	<b>37,533.5</b>	<b>100.0</b>	<b>45,905.2</b>	<b>100.0</b>

## Liquid Milk Products

Our liquid milk segment includes UHT milk, milk beverages, yogurt and fresh milk.

The table below sets forth details our major liquid milk products:

<u>Product Segment</u>	<u>Products</u>	<u>Product Features</u>
UHT milk . . . . .	Milk Deluxe (特侖蘇)	High-end products from strictly selected raw milk sources
	Mengniu Pure Milk (蒙牛純牛奶)	Our basic products
	Student's Milk (學生奶)	Products designed for students
	Future Star Kid Growth Milk (未來星兒童成長牛奶)	Products designed for children and teenagers
Milk beverages . . .	Yoyi C (優益C)	Probiotic beverage product for better intestinal health
	Fruit Milk Drink (真果粒)	Milk beverage containing fruits
	Suan Suan Ru (酸酸乳)	Yogurt flavour beverage
Yogurt . . . . .	Just Yogurt (純甄)	An additive-free high-end room-temperature yogurt
	Champion (冠益乳)	A high-end product featuring selected raw milk sources and rich lactic acid bacteria
	Nordic Cheese Flavour Yogurt (北歐芝士風味酸奶)	A drinking yogurt product with cheese flavour
	Ahmoule Flavor Yogurt (阿慕樂風味發酵乳)	A chilled yogurt product from 100% raw milk with three types of active probiotics
Fresh milk . . . . .	Shiny Meadow fresh milk (每日鮮語鮮牛奶)	A high-end product produced using low-temperature membrane concentration technology and Swedish cream separation technology
	Shiny Meadow cold brew coffee latte (每日鮮語冷萃咖啡拿鐵)	Coffee latte produced with premium milk featuring fashionable cold brew craft and rich texture
	Modern Meadow fresh milk (現代牧場)	Fresh milk targeted at medium- to high-end market

### *UHT Milk*

UHT milk is raw milk processed under UHT conditions to achieve commercial sterilisation. We package all of our UHT milk products in aseptic containers, which protect the milk from air and light and extend its shelf life. Depending on the choice of packaging, our UHT milk products retain their freshness at room temperature for a period of 45 days to eight months.

Plain UHT milk is our primary milk product. In addition to plain UHT milk, we produce a variety of functional UHT milk products designed to meet the specific nutritional needs of different consumer groups. Functional milk products include milk fortified with vitamins and minerals and milk with lower fat or lactose content. While we will continue to focus on plain UHT milk as our primary product, we also plan to further expand our product offerings in the future.

### ***Milk Beverages***

In addition to UHT milk, we produce milk beverages, which are liquid milk products using milk (either fermented or not) as a primary ingredient. In addition to milk, other ingredients in milk beverages include water, sugar, fruits, food flavourings, stabilisers and other components. We use aseptic containers and other packaging materials for milk beverages.

### ***Yogurt***

Yogurt is a fermented milk product produced by cultivating the live lactic acid bacteria in raw milk. We produce flavoured yogurt and other yogurt products which are packaged in various containers including plastic bottles and single serving plastic cups.

### ***Fresh Milk***

Fresh milk is raw milk processed by pasteurization. Our fresh milk products require refrigeration and has a relatively short shelf life of five to 15 days. Catering to consumers' growing demand for the freshness, flavour and quality of milk, we have rolled out two fresh milk brands Shiny Meadow (每日鮮語) and Modern Meadow (現代牧場) which target at the medium- to high-end consumer markets. As at 30 June 2021, the sales of our fresh milk products had covered 24 provinces and 50 major cities in Eastern, Southern, Northern, Central and Northeast China.

### ***Ice Cream***

We produce a wide variety of ice cream products. We intend to expand our ice cream product offerings by introducing a wide range of new flavours in the future. While a significant portion of our ice cream products target low to medium-end consumer markets, we also offer premium products such as Deluxe (蒂蘭聖雪) and Suibian (隨變) that feature natural and imported raw materials and/or international production techniques. We plan to expand our product offerings to include more medium- to high-end ice cream product lines in the future.

### ***Milk Formula***

We offer a wide variety of milk formula products mainly through Yashili, one of our subsidiaries in which we own approximately 51% stake, and Bellamy's, one of our wholly-owned subsidiaries. Our milk formula products mainly include Reeborne, Arla Baby & Me, Bellamy's organic milk power, Bellamy's organic baby rice, Topconic milk power and various milk formula products for adults and supplementary foods for infants. Topconic, one of Yashili's high-end series, is the first healthcare milk powder product in China for immunity enhancement. During the past few years, Yashili has brought in the superior high-end brand of Arla Foods to enrich its product lines, gradually optimizing the

positioning of its product portfolio. Bellamy's, on the other hand, has developed distribution networks covering first- to third-tier cities in China through the launch of its organic Equi-pure infant milk formula.

### **Other Products**

As cheese products have become increasingly popular among Chinese consumers in recent years, the cheese products have tremendous market potential in China. We and Arla Foods co-founded “愛氏晨曦”, a high-end cheese brand, to develop our cheese business in China leveraging the strengths in products and channel resources of Arla Foods and us. Focusing on the development and innovation of our cheese product offerings, we have launched and upgraded a series of cheese products, including children's growth cheese stick, cheese dessert, shredded mozzarella and the first made-in-China liquid butter. In July 2021, we became a substantial shareholder of Shanghai Milkground, a leading cheese enterprise in China. We seek to further expand our cheese business by cooperating with Shanghai Milkground and marketing our products to the domestic and global cheese market.

### **QUALITY MANAGEMENT**

Adhering to the principle of delivering the highest quality products with meticulous attention to detail, we have strived to provide products of “aeronautic quality” to give consumers a perfect product experience. Our quality management is in compliance with the PRC Food Safety Law as well as various advanced international standards. We have launched a three-tier food safety risks monitor and control system, and implemented strict quality controls, automated inspection, real-time management and whole-process tracking in each of the three tiers of the group, business divisions and factories.

At the group level, the extensive application and synergistic operation of “Laboratory Information Management System” or “LIMS”, and SAP system, together with the implementation of our systematic quality management and laboratory management, have provided comprehensive quality assurance in various aspects of our operation. The integrated and collaborative operation of LIMS and SAP systems enables the tracking of data forward and backward at all quality control stages of the industry chain. Employing the tools such as Business Intelligence system, we have also established the Quality Cloud management platform for real-time management and monitoring of product quality at crucial stages of our operation.

With the introduction of the business division system in 2017, we have divided the responsibility of quality management into multiple business divisions and established the new quality management departments by product categories, including room temperature, chilled and ice cream products quality management departments, which has facilitated the implementation of quality management standards and measures specifically tailored for different categories of products and further strengthened the efficiency of our quality management.

We continue to improve and upgrade our quality management system based on eight advanced international standards and continue to apply for ISO9001, FSSC22000, GMP, HACCP and other quality management certifications. In 2021, we have successfully obtained certifications from the British Retail Consortium for the first time and obtained all product certifications we applied for milk products for students and 14 organic products with a 100% passing rate. Our cheese business has also obtained its first Chinese organic

product certification. As the most significant part of our quality control, we attach great importance to quality control of raw milk sources. As at 30 June 2021, the proportion of our milk sources provided by standardised ranches and scaled farms reached 100%, far above industry average. We are the largest shareholder of China Shengmu, the largest organic milk producer in China and strategically invested in Modern Dairy and Fuyuan, which enables us to secure a stable source of high quality raw milk. We also provide resources and technological support to cooperating ranches and implement an assessment and classification system for supplier selection. For example, we collaborate with the Aiyangniu platform to ensure the stable pricing and timely supply of production materials to the cooperating ranches, which, together with the Digital Milk Sources and Smart Ranches platform and the Dairy Cattle Research Institute platform we have been promoting, deploys various technologies including big data analytics, 5G and block chain, to provide integrated operation and management solutions to ranches. In 2021, our milk source bases passed all random inspections by relevant governmental authorities for the eighth consecutive year. In addition, we have introduced a dairy cattle welfare system to improve cattle health, which has effectively reduced the morbidity and mortality rates of cattle. In June 2021, we issued the Mengniu Antimicrobial Drug Use Commitment for Veterinary Drugs, pursuant to which comprehensive monitoring shall be carried out in the use of veterinary drugs in order to ensure that no antibiotics are used in the raw milk for production. We plan to further develop quality control techniques and apply them more comprehensively in our operations.

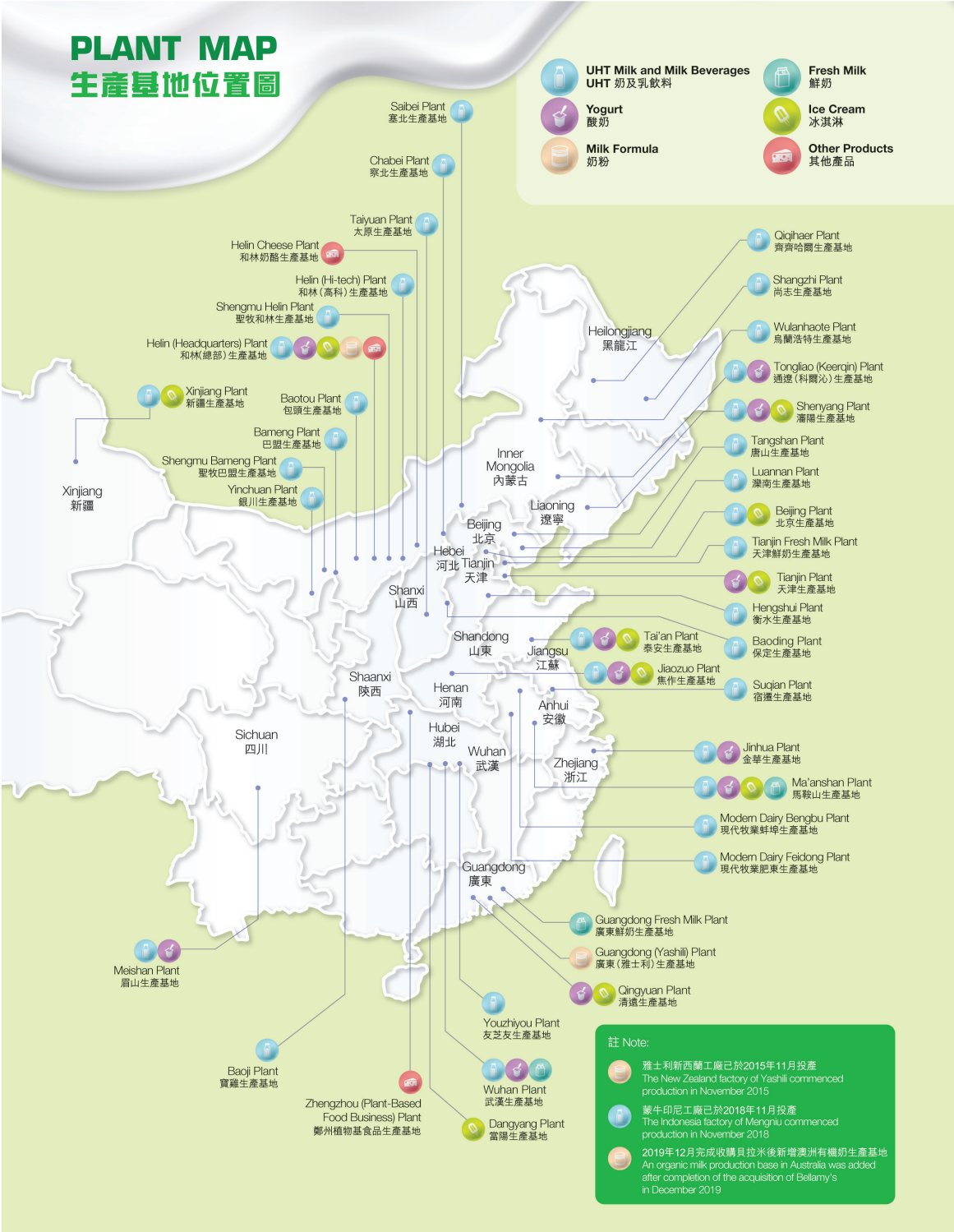
## **PRODUCTION**

### **Production Facilities and Production Capacity**

We deploy our production capacity with reference to market potential and our product strategies. As at 30 June 2021, we had 41 production bases in China, two production bases in Indonesia and one production base in each of Australia and New Zealand with a total production capacity reaching 10.89 million tonnes. Our production bases in China enable



our production capacity to effectively cover all major markets in the PRC. For illustrative purposes only, the location and products of each of our production bases in China as at 31 December 2020 are as indicated below:



We produce UHT milk, yogurt and other milk products at factories located near our milk supply sources. We complete in-depth raw milk supply surveys for each location prior to deciding where to build new production facilities in order to ensure that we have a steady supply of quality raw milk. We manufacture our ice cream throughout the country and select manufacturing locations in close proximity to our customers in order to reduce

transportation costs. Our fresh milk products are produced in local factories in close proximity to markets so as to ensure fast cold chain delivery to customers under uninterrupted temperature control.

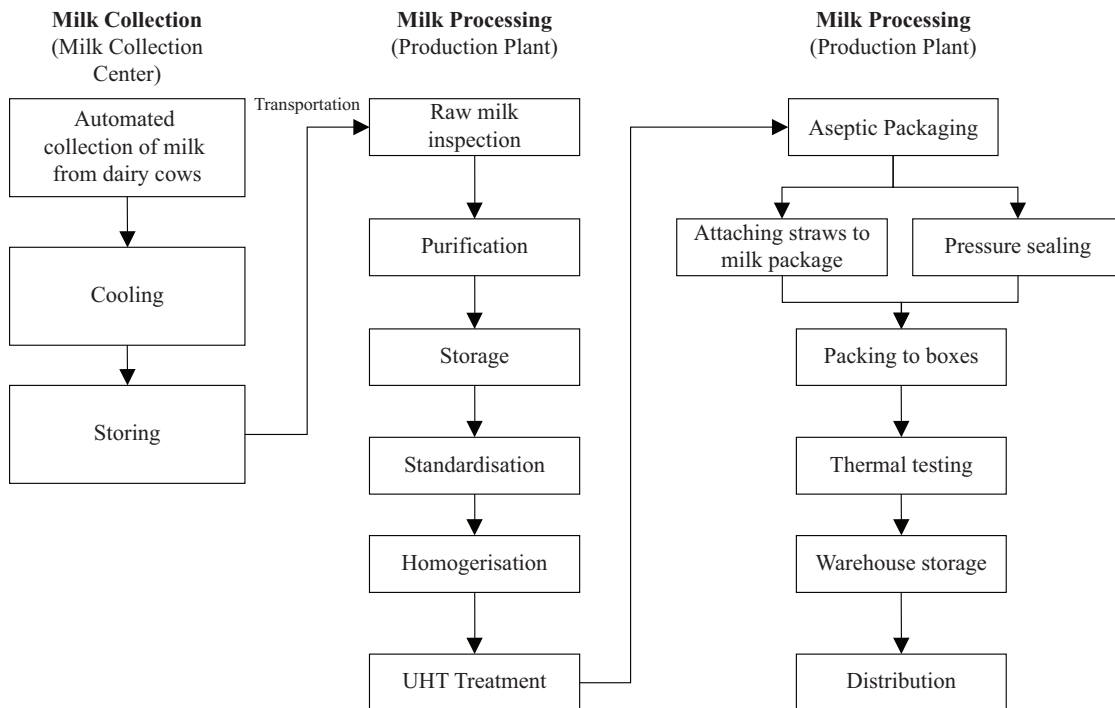
The majority of the equipment used by us in our production of UHT milk and milk beverages is supplied by leading international equipment manufacturers such as Tetra Pak. We have entered into long-term agreements with repetitive suppliers such as Tetra Pak for packaging materials and equipment to support our production needs. Since our establishment and as at 30 June 2021, we had not experienced any shortage in equipment or technology provided by these suppliers that has a material adverse impact on our business. Alternative products are available that may partially replace products from our existing suppliers such as Tetra Pak should a need for such substitution arise in the future.

### **Contract Manufacturers**

In addition to our own manufacturing facilities, we have contract manufacturing arrangements with dairy production plants for the production of milk beverages, yogurt and ice cream. Products manufactured under these product manufacturing arrangements accounted for a small portion of our total production volume in the year ended 31 December 2020 and in the six months ended 30 June 2021, respectively. Our contract manufacturers produce dairy products in accordance with our specifications in return for a processing fee. We set firm quality control standards for products produced by our contract manufacturers and send our quality control personnel to these contract manufacturers to ensure their compliance with our quality standards. Outsourcing production to contract manufacturers allows us to increase our production capacity while controlling our capital investment costs and to reach new markets without incurring extra transportation expenses.

## Production Process

The diagram below illustrates the production processes for our UHT milk products.



We possess advanced automated manufacturing processes and equipment:

- we clean our milk supply pipes and equipment every 20 hours on average under the automated computer management;
- we treat the raw milk at an ultra-high-temperature of 137 °C for four seconds in order to extend the milk's storage period without compromising its trace elements and flavour;
- we utilise the internationally leading aseptic filling and packaging equipment provided by Tetra Pak and SIG Combibloc; and
- the boxing, weighing and stacking processes for our products are fully automated.

## Maintenance

We have implemented an effective maintenance system for our equipment and facilities in order to consistently run our production facilities at full capacity. We have not experienced any material or prolonged stoppages at our facilities due to equipment or facility failure.

## BRANDING AND MARKETING

By keeping our finger on the pulse of the market and with the support of big data, we made full use of the Internet and social media, integrated online and offline marketing, and forged strategic partnership with leading global brands as guided by our strategy for

developing into an international brand. We are able to enhance our brand value and influence for achieving the goal of building Mengniu into a world-class Chinese brand and continued to bring care and happiness to consumers.

As consumers have become increasingly aware of the importance of health and immunity following the COVID-19 outbreak, pure milk has been more widely perceived as a “necessity” in China. By enhancing our brand position and upgrading our product mix, we have substantially improved the operational efficiency of our pure milk products, where we achieved significant sales volume growth in 2020 and the first half of 2021.

We also introduced brand promotion programs based on the characteristics of different sub-brand products and their respective target consumer groups. For example, Milk Deluxe sponsored a number of TV programmes of Hunan Television including “Back to Field Season 4” and “Dance Smash”, allowing it to promote the healthy and active brand image and achieve the increase in sales. Fruit Milk Drink sponsored the TV show “Idol Producer 2” produced by iQiyi to reach the targeted young audience, through which we have successfully launched the Zhenguoli Fruit Milk Drink floral and fruity flavor light lactobacillus drink series in 2020. Our Just Yoghurt brand also launched crossover products with Moschino, a fashion brand, for the first time, positioning Just Yoghurt as a fashionable brand which appeals to young customers.

To facilitate the internationalization of our brand, in 2019, we completed the acquisition of Bellamy’s, an Australian brand of high-end organic infant milk formula. In addition, we launched our first TV advertisement in Indonesia in 2019 and also conducted a series of online marketing activities to expand our brand awareness in Southeast Asia markets.

## **SALES AND DISTRIBUTION NETWORK**

We sell our products primarily through third-party dealers, who distribute our products to the end customers. As at 30 June 2021, we had approximately 6,000 dealers and over three million retail outlets throughout China, covering all provinces, municipalities and autonomous regions. For the year ended 31 December 2020 and the six months ended 30 June 2020, a substantial portion of our sales was realised through sales forces employed by third-parties such as our dealers and the remainder was realised through our own sales forces who were our employees. As at 30 June 2020, approximately 10,000 persons of our sales force were our employees, who were responsible for managing sales execution across different channels.

The majority of our dealers have entered into exclusive distribution agreements with us. As at 30 June 2020, all of our UHT milk dealers had entered into exclusive distribution agreements with us, and were not allowed to sell UHT milk of other market participants without our written consent. We manage our dealers through distribution agreements, which set forth the distribution market area, product and sales channel requirements applicable to each dealer, prohibitions against sales outside of the prescribed market area and prohibitions against sales of unauthorised products manufactured by us. We also evaluate our dealers based on pre-determined and agreed-upon sales targets. For the year ended 31 December 2020 and the six months ended 30 June 2020, most of our dealers have fulfilled their sales target and our dealer team had remained stable. Typically, we only ship the goods to our dealers after we receive their up-front payment. We grant sales on credit up to certain limits to some of our long-term dealers, and cease to ship goods if they exceed their prescribed credits.

Under our new business division system, our major business divisions are responsible for managing their own marketing efforts and sales, with the aim of enhancing synergies for business development, operational efficiency and management. For example, the room temperature product business division has further developed rural markets by increasing the number of sales points and sales volume in rural areas. As of 30 June 2021, we had over 600,000 outlets under our initiative to expand and develop markets in towns and villages in China. As for the chilled product business, we have been expanding our sales volume and market share through innovative retail models such as e-commerce, community marketing and online-to-offline businesses. The fresh milk business division has quickly expanded its channels and points of sales around factories and at the same time strengthened the collaboration with distributors. For the milk formula business, Yashili has accelerated its development from traditional retail to e-commerce and new retail and also promoted sales through key opinion leaders. Bellamy's, on the other hand, has further developed the Chinese market by expanding online cross-border channels as well as offline image stores. The ice cream business division has expedited its development in key cities in China and improved its sales and management system for its cooperation with supermarkets and convenience stores. It has also expanded the online channel coverage to include, among others, JD Daojia and Walmart home delivery services, resulting in a significant improvement in market share.

With an appreciation of the power of the Internet, we have forged ahead with expanding e-commerce sales channels and connecting with consumers through all possible means. Our products are now sold through contracted online sales channels, including all major e-commerce platforms in China such as Tmall, JD, Suning and Pinduoduo. During the 618 Shopping Festival, Mengniu ranked first in the sales of liquid milk on JD and Tmall platforms, with a total online sales of over RMB100 million on 18 June 2021. We shift our focus from pure sales to brand promotion, and conduct integrated marketing and content marketing through our cooperated online channels, which has resulted in stellar performance in significant promotional periods.

Following the COVID-19 outbreak, we have distributed its products through traditional e-commerce channels such as Alibaba and JD.com, as well as new sales channels including online-to-offline home delivery services, fresh food shopping platforms, community group purchase platforms and WeChat social groups, to speed up integration of on- and off-line sales networks. For example, since the COVID-19 outbreak, we have been able to sell our products via over 100,000 WeChat social groups. As such, our business started to see a strong rebound in the second quarter of 2020. In 2020, our revenue amounted to RMB76,034.8 million, representing a 3.8% decrease from RMB79,029.9 million in 2019. Excluding the revenue of Shijiazhuang Junlebao Dairy Co., Ltd. disposed of in 2019 and of Bellamy's acquired in 2019, our revenue of the comparable businesses in 2020 amounted to RMB75,003.1 million, representing a 10.6% increase from RMB67,817.3 million in 2019. In addition, our revenue amounted to RMB45,905.2 million for the six months ended 30 June 2021, representing a 22.3% increase from RMB37,533.5 million for the six months ended 30 June 2020.

To take advantage of the development of our big data capabilities, we have also developed our big data analytical platform for marketing, which consolidates and visualises sales and financial data, and provides precise and timely information to different sales units to help us enhance our offline sales performance. Moreover, we have built a consumer data

management platform and optimized our database intelligence, which enables us to consolidate our sales data, build up our customized labelling system, gain a deeper understanding of consumers and conduct precise marketing.

## **RAW MATERIALS AND PACKAGING MATERIALS**

### **Raw Milk**

In order to ensure the quality of our products, we continuously increase the proportion of raw milk we source from standardised ranches and scaled farms. We are also committed to solidifying our capability to control and ensure the stability of our sources of quality raw milk through the construction of ranches as well as investment in and control of scaled farms. The proportion of our milk sources provided by standardised ranches and scaled farms reached 100%, including nearly 40% and nearly 40% attributable to ranches we have an equity interest in, respectively for the year ended 31 December 2020 and for the six months ended 30 June 2021.

We entered into a ten-year supply framework agreement with Modern Dairy in 2008 which sets forth our commitment to purchase raw milk produced by Modern Dairy. This supply framework agreement has been automatically extended in 2018. Modern Dairy provides us with high quality raw milk. In the year ended 31 December 2020 and in the six months ended 30 June 2021, approximately 21% and approximately 19% of our total raw milk (excluding Fuyuan) was provided by Modern Dairy. Our strategic investment in Modern Dairy will facilitate the further development of our high-end product line.

We effectively manage our raw milk providers through the use of various measures designed for the contracting process, quality examination and pricing. In particular:

- the terms of the contracts with raw milk providers typically range from three to five years and ten years for large providers (such as Modern Dairy); such contracts usually set forth minimum purchase commitments in order to secure a stable and sufficient supply of raw milk;
- we strictly adopt national standards of quality examination for raw fresh milk procurement and reject all raw fresh milk not in compliance with both these standards as well as our internal procurement standards; and
- depending on the quality of the raw milk, the pricing mechanisms consist of (i) basic price, which varies based on the scale of the suppliers and the number of milk collection centres, breeding areas and ranches, (ii) indicator price, which is primarily determined pursuant to certain key indicators, and (iii) evaluation price, which is assessed based on inspection results and daily evaluation results.

### **Packaging Materials**

In addition to raw milk, packaging materials account for a significant portion of our procurement costs. We procure substantially all of our packaging materials from three leading international food packaging companies, namely Tetra Pak, SIG Combibloc and Greatview, with whom we started business cooperation since 1999, 2005 and 2005, respectively.

## **RESEARCH AND DEVELOPMENT**

We possess strong research and development capabilities. Our research and development team consists of 249 members, approximately 71.4% of whom have received master's or higher academic degrees. We are committed to keeping pace with evolving consumption habits and consumer philosophies and offering innovative products, such as products with low calories, in response to customers' preferences for healthy foods. Many of our new products have received widespread recognition. We also provide various products tailored to different customers in the segmented market. It is expected that the partnership with Arla Foods will further enhance our research and development capabilities.

## **EMPLOYEES**

As at 30 June 2021, we had a total of 43,397 employees in China, Hong Kong, Oceania and Southeast Asia, including about 2,858 employees of Yashili.

We invest in continued education and training programmes for our management staff and other employees with an aim towards constantly upgrading their skills and knowledge. We have set up an internal vocational training centre to develop and implement training programmes for our personnel. These training courses include specialised training for new recruits designed to encourage team spirit and discipline, basic production process training and weekly professional development courses for our management personnel.

We enter into individual employment contracts with our employees covering matters such as wages, employee benefits, training programmes, safety and sanitary conditions at the workplace, confidentiality obligations for commercial secrets and grounds for termination.

In addition, we continue to optimize our performance-based salary management system. In 2020, 8,199,897 restricted shares were granted under the share award scheme and 1,016,887 share options were granted under the share option scheme. In the first half of 2021, 4,503,205 restricted shares were granted to our employees under the share award scheme. In addition, the Convertible Bonds are being issued as part of a new employee incentive scheme. See "Shareholding, Directors' Interests and Share Incentive Schemes" for details.

## **REGULATORY COMPLIANCE**

We have obtained all relevant and valid approvals, permits, licences and certificates for our operations and have complied in all material respects with the laws and regulations applicable to our business and operations.

### **Environmental Matters**

We are subject to applicable environmental laws and regulations in the PRC and other relevant jurisdictions relating to, among other matters, air, water, waste, noise and pollution; the generation, storage, handling, use and transportation of hazardous materials; and the health and safety of our employees. Wastewater, exhaust gas and solid waste are the primary types of waste resulting from our operations. Wastewater arises mainly from the cleaning of storage tanks, pipe lines and workshop equipment; exhaust gas arises mainly from steam generated by the boiler; and solid waste mainly includes waste packaging materials and a small amount of laboratory waste.

We have taken the following measures to treat these three primary types of waste and to ensure our emissions comply with applicable environmental protection standards:

- Wastewater treatment. We have installed sewage treatment plants at our factories and instituted on-line monitoring to evaluate our compliance with national emission standards for wastewater discharges. Following such treatment, the wastewater generated by us is recycled and reused in a variety of ways, including factory greening, road cleaning and toilet flushing. In accordance with relevant regulations, since 30 September 2013, we have published the waste water monitoring information of our production facilities in Beijing and multiple other cities on a real-time basis through our website at <http://www.mengniu.com.cn>;
- Exhaust gas treatment. We use gas-fired boilers or purchased steam in our newly-built factories and encourage our older factories to gradually eliminate their use of fuel-fired boilers through technical transformation and gradual adoption of gas-fired boilers to reduce the emission of air pollutants;
- Solid waste treatment. We have entered into agreements with waste recovery centres to recycle our waste packaging materials. Hazardous solid waste generated at our laboratories is treated and stored in accordance with applicable treatment and storage requirements.

Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. Accordingly, there is no guarantee that environmental laws and regulations will not change or become more stringent in the future in a manner that could have a material adverse effect on our business.

In addition, some of our properties may be contaminated. Some environmental laws may hold current or previous owners or operators of real property liable for the costs of cleaning up contamination, even if these owners or operators did not know of and were not responsible for such contamination. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous or toxic substances. In accordance with these environmental laws, we may be required to spend significant expenditures for environmental remediation in the future. We are currently not subject to any material environmental proceedings or litigation.

## **LEGAL PROCEEDINGS**

As at the date of this Offering Circular, we were not involved in any litigation or arbitration proceedings which may have a material and adverse effect on our business, financial condition and results of operations, and there is no such litigation or claim known to be pending or threatened by or against us which may have a material adverse effect on our overall business, financial condition or results of operations.



## DIRECTORS AND MANAGEMENT

As at the date of this Offering Circular, the Board comprised the following:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Jeffrey, Minfang LU.	52	Executive director and chief executive officer of the Company
Mr. MENG Fanjie . . . . .	57	Executive director of the Company and vice president of the Group
Mr. CHEN Lang . . . . .	56	Non-executive director and chairman of the Board
Mr. NIU Gensheng. . . . .	63	Non-executive director of the Company
Mr. Simon Dominic STEVENS. . . . .	56	Non-executive director of the Company
Mr. JIAO Shuge (alias JIAO Zhen). . . . .	55	Independent non-executive director and vice chairman of the Board
Mr. Julian Juul WOLHARDT . . . . .	48	Independent non-executive director of the Company
Mr. ZHANG Xiaoya. . . . .	59	Independent non-executive director of the Company
Mr. YAU Ka Chi . . . . .	63	Independent non-executive director of the Company

The Board currently consists of nine members. A description of the relevant business experience and present position of each of these directors is set forth below.

**Mr. Jeffrey, Minfang LU**, aged 52, was appointed as an executive director and the chief executive officer of the Company in September 2016. Mr. Lu is the chairman and a non-executive director of Yashili. He also serves as the chairman and a non-executive director of Modern Dairy and China Shengmu, both of which are associates of the Company listed in Hong Kong. Mr. Lu is also a director of International Dairy Federation. He was the chief executive officer and an executive director of Yashili before his appointment as chairman of the board of directors of Yashili. Mr. Lu was also a director of the following subsidiaries of Yashili, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited. Mr. Lu was the Vice President (Greater China) of Danone Early Life Nutrition Greater China and had been with Danone Group and Dumex Baby Food Co. Ltd. for over 10 years. During his tenure at Danone Group, he demonstrated strong strategic business and market planning capabilities. With strong leadership, management skills and in-depth market knowledge, Mr. Lu had contributed significantly to the success of Danone Group's baby nutrition business in China. Prior to joining Danone Group, Mr. Lu spent 9 years with Johnson & Johnson (China) Company Limited and almost 4 years with General Electric Company (China). Prior to joining Mengniu Group, Mr. Lu has over 18 years of experience in sales and marketing and has been in general manager or senior executive roles for over 7 years. Mr. Lu has extensive experience in the management of fast-moving consumer products and dairy companies and has an excellent grasp and in-depth knowledge of the PRC market. Mr. Lu obtained his bachelor's degree from Fudan University in Shanghai.

**Mr. MENG Fanjie**, aged 57, was appointed as an executive director of the Company in June 2019 and is a vice president of the Group. Mr. Meng previously worked as the general manager of Shenyang Xiangxue Flour Co., Ltd., the assistant to the general manager and then as the deputy general manager of COFCO's Wheat Processing Department, the general manager of COFCO's Project Management Department, the general manager of COFCO

Chengdu Industrial Park, the deputy general manager of China Grain & Logistics Corporation, the deputy general manager of COFCO Trading Corporation and the deputy director of COFCO Group's Party-mass Work Department (in charge of the daily work). Mr. Meng graduated from Tsinghua University with a master's degree in electronic magnetism and microwave technology.

**Mr. CHEN Lang**, aged 56, was appointed as a non-executive director and the chairman of the Board in April 2019. Mr. Chen joined COFCO Corporation in April 2019 and is currently an executive vice president of COFCO Corporation, the chairman of COFCO WOMAI.COM Investment Limited, a non-executive director and the chairman of the board of directors of China Foods Limited, a company listed in Hong Kong, and a director and the chairman of the board of directors of each of COFCO Coca-Cola Beverages Limited and COFCO Coca-Cola Beverages (China) Investment Ltd., both of which are non-wholly owned subsidiaries of China Foods Limited. In the past, Mr. Chen had served as a director and the chairman of the board of directors of China Resources Enterprise Limited, an executive vice president of China Resources (Holdings) Company Limited, a director of CRH (Beer) Limited, the chairman of China Resources Snow Breweries (China) Investment Co., Ltd., a director of China Resources Company Limited (formerly known as China Resources National Corporation), the chief executive officer of China Resources Vanguard Co., Ltd., the chairman of each of China Resources Ng Fung Limited and China Resources C'estbon Beverage (China) Investment Co., Ltd. and a vice chairman and the chief executive officer of China Resources Logic Limited (now renamed as China Resources Gas Group Limited). Mr. Chen was a vice chairman of the board of directors and a member of strategy committee of Shanxi Xinghuacun Fen Wine Factory Co., Limited, a company listed in Shanghai, until June 2019; and an executive director and the chairman of the board of directors of China Resources Beer (Holdings) Company Limited, a company listed in Hong Kong, until July 2019. Mr. Chen holds a bachelor's degree in economics from Anhui University in China and a Master of Business Administration degree from the University of San Francisco in the United States.

**Mr. NIU Gensheng**, aged 63, is a non-executive director of the Company, a member of the founding team of Yili Group, the founder of Inner Mongolia Mengniu Dairy (Group) Company Limited and the founder of Laoni Foundation. Mr. Niu graduated from the Inner Mongolia University with a degree in administration and management and obtained a master's degree in enterprise management from the Chinese Academy of Social Sciences Graduate School. With extensive experience in and insights of China's dairy industry, Mr. Niu enjoys a high reputation in the industry. In 2007, Mr. Niu was elected as one of "China's Most Influential Business Leaders" for the fifth year, and was honoured the "2007 Hong Kong Bauhinia Award." Mr. Niu is devoted to charity. He was on the list of "China's Top 10 Philanthropists" published by the Ministry of Civil Affairs of the PRC in 2007 and ranked third in the "2007 Hurun Top 10 for Charity", and was presented the first and only "Lifetime Achievement in Philanthropy Award" by the "China Philanthropists List" in 2010.

**Mr. Simon Dominic STEVENS**, aged 56, was appointed as a non-executive director of the Company in January 2021. Mr. Stevens graduated from Loughborough University in 1988 with a Bsc honours degree in Management Sciences. He started his career at Unilever for 14 years in sales and marketing roles based in the United Kingdom, the Netherlands and Italy. He joined Arla Foods in 2002 as a Sales Director in the United Kingdom business as part of the United Kingdom leadership team and then became Senior Vice President of Sales and Marketing where Mr. Stevens spearheaded the development of major customer partnerships

and built a fast-growing branded portfolio, helping grow the United Kingdom business from £500 million to £2.5 billion and from No. 4 in dairy to No. 1 supplier in FMCG. In 2016, Mr. Stevens moved to the newly set-up Europe Zone as Senior Vice President for Commercial Operations, overseeing the Sales and Marketing functions and working closely with Arla's Supply Chain organisation. During this time, Mr. Stevens' focus was on creating regional growth engines across the brand portfolio and driving a digitalisation agenda across the sales and marketing functions. In 2020 he moved to Dubai to lead the MENA business, Arla's largest region within its International Zone as a Senior Vice President. In a short space of time, Mr. Stevens has applied his considerable leadership capabilities to work with his country heads and Arla's joint venture partners to navigate the business through COVID-19, delivering exceptionally high levels of growth for Arla's key brands and customers and maintaining a safe working environment for Arla's workforce of around 3,000 colleagues. On 1 January 2021, Mr. Stevens joined Arla's Executive Management team as EVP International responsible for all of Arla's International business and the International supply chain.

**Mr. JIAO Shuge** (alias JIAO Zhen), aged 55, was appointed as a non-executive director of the Company in February 2004 and is a vice-chairman of the Board. Mr. Jiao was re-designated from a non-executive director of the Company to an independent non-executive director of the Company with effect from 12 April 2012. Mr. Jiao joined the Group in September 2002 and is currently a director and chief executive officer of CDH China Management Company Limited. Mr. Jiao received a bachelor's degree in mathematics from Shandong University and a master's degree in engineering from the No. 2 Research Institute of the Ministry of Aeronautics and Astronautics. Currently, Mr. Jiao also serves as a non-executive director of WH Group Limited, the chairman and non-executive director of Mabpharm Limited and the chairman and non-executive director of OCI International Holdings Limited, all of which are companies listed in Hong Kong. In addition, Mr. Jiao serves as a director of Henan Shuanghui Investment & Development Co., Ltd. and Hainan Poly Pharm Co. Ltd., both of which are companies listed in Shenzhen. Mr. Jiao was a director of Joyoung Company Limited, a company listed in Shenzhen, until April 2020, and an independent non-executive director of China Southern Airlines Company Limited, a company listed in Hong Kong, until April 2021.

**Mr. Julian Juul WOLHARDT**, aged 48, was appointed as a non-executive director of the Company in January 2006 and was re-designated from a non-executive director of the Company to an independent non-executive director of the Company with effect from 12 April 2012. Mr. Wolhardt is currently the chief executive officer of DCP Advisors, Limited focusing on private equity transactions in the Greater China region. Mr. Wolhardt was previously with KKR Asia Limited and Morgan Stanley, responsible for private equity business in China. Mr. Wolhardt is a certified public accountant and certified management accountant and received a bachelor's degree in accounting from the University of Illinois (Urbana-Champaign) in the United States. Mr. Wolhardt currently serves as a director of Fujian Sunner Development Co., Ltd, a company listed in Shenzhen, and an independent director of Niu Technologies, a company listed on NASDAQ. He was previously a non-executive director of COFCO Meat Holdings Limited (now renamed as COFCO Joycome Foods Limited), a company listed in Hong Kong, until August 2020, and an independent non-executive director of Modern Dairy, an associate of the Company listed in Hong Kong, until July 2021.

**Mr. ZHANG Xiaoya**, aged 59, was appointed as an independent non-executive director of the Company in May 2009. Mr. Zhang is a graduate of the Shandong University and the school of management at the Beijing University of Aeronautics and Astronautics and is a senior engineer. He is currently the chairman of Zhong Ding United Dairy Farming Co., Ltd., as well as the chairman of Beijing Xindajiading Investment Company Limited, an independent non-executive director of New Focus Auto Tech Holdings Limited, a company listed in Hong Kong, and an independent director of Guangzhou Zhujiang Digital Group. Mr. Zhang previously served as a director and president of AirMedia Group Inc., a company listed on NASDAQ, and the chairman of Unibank Media.

**Mr. YAU Ka Chi**, aged 63, was appointed as an independent non-executive director of the Company in October 2016. Mr. Yau has over 30 years of professional accounting services experience including 20 years in serving PRC-based enterprises. He had worked for Ernst & Young in its Hong Kong, Toronto and Beijing offices, with a primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring, before retiring in September 2015. During his professional career with Ernst & Young, Mr. Yau was appointed, among others, as the professional practice director of Greater China and the assurance leader for China North Region. Mr. Yau is currently an independent non-executive director of Yihai International Holding Ltd., China Power International Development Limited, HBM Holdings Limited and BetterLife Holding Limited, all of which are companies listed in Hong Kong. Mr. Yau is also an independent non-executive director of BetterLife Holding Limited, an applicant for listing in Hong Kong. Mr. Yau holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois Certified Public Accountants Society and the Hong Kong Institute of Certified Public Accountants. Mr. Yau also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation in the United States.

## SHAREHOLDING, DIRECTORS' INTERESTS AND SHARE INCENTIVE SCHEMES

### Substantial shareholders' interests

As at 30 June 2021, the interests or short positions of substantial shareholders of the Company, other than the directors or the chief executive of the Company whose interests and short positions in the shares of the Company and of the Associated Corporations are set out below, in the shares and underlying shares of the Company as recorded in the register required to be maintained under section 336 of the SFO were as follows:

<u>Name of Substantial Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of the Company's Issued Share Capital<sup>(10)</sup></u>
COFCO Corporation . . . . .	915,266,304 <sup>(L)(1)</sup>	23.18%
COFCO (Hong Kong) Limited . . . . .	914,203,304 <sup>(L)(2)(3)</sup>	23.15%
China Foods (Holdings) Limited . . . . .	846,174,304 <sup>(L)(4)</sup>	21.43%
Farwill Limited . . . . .	914,203,304 <sup>(L)(2)(5)</sup>	23.15%
Colour Spring Limited . . . . .	914,203,304 <sup>(L)(2)</sup>	23.15%
COFCO Dairy Holdings Limited . . . . .	914,203,304 <sup>(L)(2)(6)</sup>	23.15%
COFCO Dairy Investments Limited . . . . .	914,203,304 <sup>(L)(2)(7)</sup>	23.15%
Prominent Achiever Limited . . . . .	914,203,304 <sup>(L)(2)(8)</sup>	23.15%
Arla Foods amba . . . . .	914,203,304 <sup>(L)(2)</sup>	23.15%
	359,189,748 <sup>(L)(9)</sup>	9.10%
FIL Limited . . . . .	885,000 <sup>(S)</sup>	0.02%
	359,189,748 <sup>(L)(9)</sup>	9.10%
Pandanus Partners L.P. . . . . .	885,000 <sup>(S)</sup>	0.02%
	359,189,748 <sup>(L)(9)</sup>	9.10%
Pandanus Associates Inc. . . . . .	885,000 <sup>(S)</sup>	0.02%
	288,366,808 <sup>(L)</sup>	7.30%
Brown Brothers Harriman & Co. . . . .	288,366,808 <sup>(P)</sup>	7.30%
Schroders Plc . . . . .	237,553,370 <sup>(L)</sup>	6.02%

*Notes:*

- (1) COFCO Corporation is deemed interested in an aggregate of 915,266,304 shares in the Company through its controlled corporations, being COFCO (Hong Kong) Limited (which is wholly-owned by COFCO Corporation), China Foods (Holdings) Limited (which is wholly-owned by COFCO (Hong Kong) Limited), Farwill Limited (which is wholly-owned by China Foods (Holdings) Limited), COFCO Dairy Holdings Limited (which is owned by Farwill Limited as to 70%), COFCO Dairy Investments Limited (which is owned by COFCO Dairy Holdings Limited as to 82.16%), Prominent Achiever Limited (which is wholly-owned by COFCO Dairy Investments Limited) and WDF Investment Co., Ltd. (which is wholly-owned by COFCO Corporation).
- (2) COFCO (Hong Kong) Limited, Farwill Limited, Colour Spring Limited, COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited, Prominent Achiever Limited and Arla Foods amba are deemed interested in an aggregate of 914,203,304 shares in the Company under section 317 of the SFO.
- (3) COFCO (Hong Kong) Limited is a beneficial owner of 68,029,000 shares in the Company and is deemed interested in another 846,174,304 shares in the Company through its controlled corporations, being China Foods (Holdings) Limited, Farwill Limited, COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited and Prominent Achiever Limited.

- (4) China Foods (Holdings) Limited is deemed interested in an aggregate of 846,174,304 shares in the Company through its controlled corporations, being Farwill Limited, COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited and Prominent Achiever Limited.
- (5) Farwill Limited is deemed interested in an aggregate of 846,174,304 shares in the Company through its controlled corporations, being COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited and Prominent Achiever Limited.
- (6) COFCO Dairy Holdings Limited is deemed interested in an aggregate of 846,174,304 shares in the Company through its controlled corporations, being COFCO Dairy Investments Limited and Prominent Achiever Limited.
- (7) COFCO Dairy Investments Limited is a beneficial owner of 550,146,260 shares in the Company and is deemed interested in another 296,028,044 shares in the Company through its controlled corporation, being Prominent Achiever Limited.
- (8) Prominent Achiever Limited is a beneficial owner of 296,028,044 shares in the Company.
- (9) Based on the disclosure of interest filed by Pandanus Associates Inc., FIL Limited is a controlled corporation of Pandanus Partners L.P., which is in turn a controlled corporation of Pandanus Associates Inc.
- (10) The total issued shares of the Company as at 30 June 2021 was 3,948,416,082.
- (L) Indicates a long position.
- (S) Indicates a short position.
- (P) Indicates a lending pool.

Save as disclosed in this Offering Circular, as at 30 June 2021, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register maintained under Section 336 of the SFO.

## Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2021, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) (the “**Associated Corporation**”) as recorded in the register 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules were as follows:

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

<u>Name of Director</u>	<u>The Company/Name of Associated Corporation</u>	<u>Nature of Interest</u>	<u>Total Number of Ordinary Shares</u>	<u>Percentage of the Company's/the Associated Corporation's Issued Share Capital<sup>(2)</sup></u>
LU Minfang	The Company	Personal Interest	11,651,240 <sup>(L)(1)(3)</sup>	0.295%
MENG Fanjie	Yashili International Holdings Ltd	Personal Interest	100,000 <sup>(L)(3)</sup>	0.002%

### Notes:

- (1) It represents 783,831 shares granted to Mr. Lu Minfang in which 255,251 shares remain unvested under the restricted share award scheme of the Company and 10,867,409 underlying shares in respect of the share options granted under the Company's share option scheme.
  - (2) The calculation is based on the number of shares as a percentage of the total number of issued shares of the Company (i.e. 3,948,416,082 shares) and that of Yashili International Holdings Ltd (i.e. 4,745,560,296 shares) as at 30 June 2021 respectively.
  - (3) Interest held in the capacity of beneficial owner.
- (L) Indicates a long position.

See “— Share Incentive Schemes — Share Option Scheme” and “— Share Incentive Schemes — Share Award Scheme” for details of the Company's share option scheme and share award scheme. Save as disclosed in this Offering Circular, as at 30 June 2021, none of the directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of the Associated Corporations as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## Share Incentive Schemes

Details of the Company's share incentive schemes are set out below.

### *Relevant Scheme*

On 24 January 2021, the Company announced that, subject to certain conditions being satisfied, certain financial products will be made available for subscription by the selected participants in the Group or its associates who meet certain criteria (the “**Selected Participants**”) under a scheme to be adopted by the Company (the “**Relevant Scheme**”), pursuant to which the Selected Participants are entitled to receive certain returns as incentives (the “**Incentives**”). On 24 September 2021, the Company further announced that the Board intended to adopt the Relevant Scheme (subject to certain conditions being satisfied) pursuant to which the Selected Participants are entitled to receive the Incentives. The Incentives to be received by the Selected Participants from time to time will be calculated by reference to the returns from certain notes due 2026 to be issued by Eaglets International Financial Products Limited with an initial aggregate nominal amount of HK\$ equivalent of approximately RMB1,000,000,000 (the “**Structured Notes**”), which are in turn calculated by reference to the returns on the Convertible Bonds after taking into account (i) the repayment of the principal, interest and any other amounts due and payable on the loan under the up to HK\$3,800,000,000 term loan facility made available to Eaglets International Financial Products Limited under a facility agreement entered into by Eaglets International Financial Products Limited (as the borrower) and China Merchants Bank Co., Ltd. (as the lender) on 17 September 2021 and (ii) deductions of any applicable costs, fees, commissions, duty and taxes in respect of the Structured Notes. On 12 October 2021, an ordinary resolution was duly passed on the extraordinary general meeting of the Company to, among others, adopt the Relevant Scheme. Please refer to the relevant circular and announcement of the Company dated 24 September 2021 and 12 October 2021 for details.

### *Share Option Scheme*

On 3 June 2016, the shareholders of the Company approved the adoption of a new share option scheme (the “**2016 Share Option Scheme**”) in order to enable the Group to continue to offer valuable incentive to attract and retain quality personnel to work to increase the value of the shares of the Company. The 2016 Share Option Scheme shall be valid and effective for a period of 10 years commencing from 3 June 2016 and will expire on 2 June 2026. The total number of securities available for issue under the 2016 Share Option Scheme is 391,926,640 shares (being 10% of the total number of shares of the Company in issue as at the date of approval (i.e. 3,919,266,402 shares as at 3 June 2016)). Further details of our share option scheme are set out in the interim report of the Company as at and for the six months ended 30 June 2021 as well as notes 42, 38 and 24 to the financial statements of the Company as at and for the year ended 31 December 2019 and 2020 and the interim financial statements of the Company as at and for the six months ended 30 June 2021, respectively.

### *Share Award Scheme*

The Company operates a restricted share award scheme to motivate the employees to maximize the value of and share the results with the Company in order to achieve sustainable development of the Group. Further details of our share award scheme are set out in the interim report of the Company as at and for the six months ended 30 June 2021 as well as notes 43, 39 and 25 to the financial statements of the Company as at and for the year ended 31 December 2019 and 2020 and the interim financial statements of the Company as at and for the six months ended 30 June 2021, respectively.



## DESCRIPTION OF SHARES

Set out below is certain information concerning the Shares and a summary of certain provisions of the memorandum and articles of association of the Company (the “**Articles of Association**”). This summary does not purport to be complete and is qualified in its entirety by reference to the Articles of Association. Any provision of the Articles of Association may be varied by special resolution passed at a general meeting of shareholders of the Company.

### **General**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 February 2004 under the Companies Act of the Cayman Islands (as amended) (the “**Companies Act**”). The current authorised share capital of the Company is HK\$600,000,000 divided into 6,000,000,000 Shares of a nominal or par value of HK\$0.1 each.

### **Alteration of Capital**

The Company may from time to time by ordinary resolution:

- (i) increase its capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Articles of Association, subject nevertheless to the provisions of the Companies Act, and may by such resolution determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act.

The Company may from time to time by special resolution reduce its share capital or any capital redemption reserve or any share premium account in any manner permitted by law and subject to any confirmation or conditions or consent required by the Companies Act.

### **Variation of rights of existing shares or classes of shares**

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles

of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or presenting by proxy) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

### **Transfer of Shares**

Subject to the Articles of Association, any member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Hong Kong Stock Exchange and approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of a transferor and transferee provided that in the case of execution by facsimile signature, the Board shall have previously been provided with a list of specimen signatures of the relevant authorised signatories and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless (a) a fee of such maximum sum as the Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, (b) the instrument of transfer, if applicable, is duly and properly stamped, (c) is in respect of only one class of share, (d) is lodged with the Company accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer, (e) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four, and (f) the shares concerned are free of any lien in favour of the Company.

No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.

### **Power for the Company to purchase its own Shares**

Subject to the Companies Act, the Articles of Association and, where applicable, the rule of any exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares provided that the manner of purchase has first been authorised by a resolution of the shareholders. The Company is authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Companies Act.

### **Power of any subsidiary of the Company to own Shares**

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### **Annual general meetings**

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting, unless a longer period would not infringe the rules of the Exchange, if any) at such time and place as may be determined by the Board.

### **Convening of extraordinary general meeting**

The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

### **Notice of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 71 of the Articles of Association) the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to

propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members entitled to attend and vote thereat or their proxies; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following:

- (i) the declaration and sanctioning of dividends;
- (ii) the consideration and adoption of the accounts and balance sheets and the reports of the directors and the auditors and other documents required to be annexed to the balance sheet;
- (iii) the election of director(s) in place of those retiring;
- (iv) the appointment of auditors;
- (v) the fixing of, or the determining of the method of fixing of, the remuneration of the directors and of the auditors;
- (vi) the granting of any mandate or authority to the directors to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (vii) below; and
- (vii) the granting of any mandate or authority to the Board to repurchase securities of the Company.

#### **Quorum for meetings and separate class meetings**

No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business.

Save as otherwise provided by the Articles of Association, the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall be a person or persons together holding (or representing by proxy) not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of its directors or authorised by other governing body of such corporation as it thinks fit to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

### **Special resolution — majority required**

A “special resolution” is defined in the Articles of Association to mean a resolution passed by a majority of not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of such members being corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles of Association. A special resolution shall be effective for any purpose of which an ordinary resolution is expressed to be required under any provision of the Articles of Association or the Companies Act.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of any member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association.

A resolution in writing (in one or more counterparts) including a special resolution, signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purpose of the Articles of Association, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed.

### **Voting rights**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register.

Where any member of the Company is, under the rules of the Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand on the register in respect of the relevant joint holding.

A member of the Company who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require the authority of the person claiming to vote shall have been deposited at the office, head office or registration office, as appropriate, not less than 48 hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

Unless otherwise determined by the Board, no member of the Company shall be entitled to be present or to vote or to be reckoned in a quorum, at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules.

If a recognised clearing house (or its nominee(s)), being a corporation, is a member of the Company it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Each person so authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of facts and be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the recognised clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

### **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member of the Company could exercise. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

### **Dividends and other methods of distributions**

Subject to the Companies Act and the Articles of Association, the Company in general meeting may from time to time declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles of Association provide no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The directors of the Company may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

The Board, with the sanction of the members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

No dividend shall bear interest against the Company.

### **Inspection of register of members**

The Board shall cause to be kept at such place as it deems fit one or more books a register of its members and may keep an overseas or local or other branch of register of members resident in any place. The principal register and the branch register(s) shall together be treated as the register for the purposes of the Articles of Association.

The register including any overseas or local or other branch register of members may, after the notice has been given by advertisement in the newspapers in accordance with the requirement of any Exchange, or by any electronic communication in such manner as may be accepted by the Exchange to that effect, be closed at such times and for such periods not exceeding in the whole 30 days in any year as the Board may determine and either generally or in respect of any class of shares.

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection.

### **Calls on Shares and forfeiture of Shares**

Subject to the Articles of Association and to the terms of allotment, the Board may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and each member of the Company shall (subject to being given at least 14 days' notice specifying the time and place of payment) pay to the Company as required by such notice the amount at the time and place so specified the amount called on his shares. A call may be revoked, postponed or extended in whole or in part as the Board may determine but no member of the Company shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one lump sum or by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum unpaid from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

If a call remains unpaid after it has become due and payable the Board may to the person from whom it is due not less than 14 clear days' notice 1) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and (b) stating that if the notice is not complied with the shares on which the call was made will be liable to be forfeited. If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any



time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Board shall in their discretion so require) interest thereon at such rate not exceeding 15 per cent. per annum as the Board may prescribe from the date of forfeiture until payment, and the Board may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

### **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

### **Procedure on liquidation**

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst such members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court), the liquidator may with the authority of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or kind the whole or any part of its assets (whether or not they shall consist of property of the one kind or shall consist of properties to be divided as aforesaid different kinds) and may, for such purpose, set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority and subject to the Companies Act, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares or other property in respect of which there is a liability.

### **Pre-emption Rights**

The Articles do not contain any pre-emptive rights in respect of the issue of Shares.

### **Untraceable members**

Pursuant to the Articles of Association, the Company shall have the power to sell, in such manner as the Board thinks fit, any of the shares of a member of the Company who is untraceable, but no such sale shall be made unless (i) all cheque(s) or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of Associations have remained uncashed; (ii) as far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and (iii) the Company, if so required by the rule of the Exchange, has given notice to, and caused advertisement to be published in accordance with the rules of the Exchange giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Exchange, has elapsed since the date of such advertisement. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds. For the purpose of foregoing, the “relevant period” means the period commencing 12 years before the date of publication of the advertisement referred to in (iii) of this paragraph and ending the expiry of the period referred to in (iii) of this paragraph.

## **DIVIDENDS**

Subject to the Companies Act and the Articles of Association, we may declare dividends at our general meeting but no dividends declared shall exceed the amount recommended by the Board. The Board may from time to time pay such interim dividends to our members as may appear to the Board to be justified by our profits. No dividend shall be declared except out of our profits and reserves lawfully available for distribution including share premium. No dividends shall carry interest.

We paid final dividends of RMB0.181 and RMB0.268 per Share, amounting to approximately RMB712.2 million and RMB1,058.1 million in total, for the years ended 31 December 2019 and 2020 respectively. We did not announce any interim dividend for the six months ended 30 June 2020 and the six months ended 30 June 2021.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the HK\$4,862,600,000.00 in aggregate principal amount of 3.08 per cent. convertible bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) and consolidated and forming a single series therewith) of China Mengniu Dairy Company Limited (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*)) was authorised by a resolution of the board of directors of the Issuer passed on 25 August 2021. The Bonds are constituted by a trust deed (as amended, restated, replaced and/or supplemented from time to time, the “**Trust Deed**”) dated on 26 November 2021 (the “**Issue Date**”) made between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Issuer has entered into a paying, conversion and transfer agency agreement dated 26 November 2021 (as amended, restated, replaced and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds made between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent and principal conversion agent (collectively in such capacities, the “**Principal Agent**”, which expression shall include any successor principal agent appointed from time to time in connection with the Bonds), Citibank Europe PLC as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), and the other paying agents, conversion agents and transfer agents appointed therein (each a “**Paying Agent**”, a “**Conversion Agent**” or, as applicable, a “**Transfer Agent**” and together with the Registrar and the Principal Agent, the “**Agents**”). References to the “**Paying Agents**” and the “**Conversion Agents**” each include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being, at the Issue Date at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong) and at the specified office of the Principal Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent. The Bondholders (as defined below) are entitled to the benefit of and are bound by all provisions of the Trust Deed and are deemed to have notice of (i) all the provisions of the Trust Deed and (ii) those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

## 1 Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

## 2 Form, Denomination and Title

- (a) *Form and Denomination*: The Bonds are issued in registered form in the denomination of HK\$500,000 and integral multiples of HK\$10,000 in excess thereof (each, an “**Authorised Denomination**”) without coupons attached. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). When the Bonds are represented by a Global Certificate, the Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.*

- (b) *Title*: Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3 (*Transfers of Bonds; Issue of Certificates*). The holder of any Bond shall (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than an endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it) and the Trustee, the Agents and any other person shall not be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered (or in the case of a joint holding, the first named thereof).

## 3 Transfers of Bonds; Issue of Certificates

- (a) *Register*: The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

- (b) *Transfer*: Subject to Conditions 3(e) (*Closed Periods*) and 3(f) (*Regulations*) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents together with such evidence as the Registrar or (as the case may be) the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individual(s) who have executed the form of the transfer; provided, however, that a Bond may not be transferred unless the principal amount of the Bond transferred and (where not all of the Bonds held by the holder are being transferred) the principal amount of the balance of the Bonds not so transferred, is an Authorised Denomination. Where not all Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid or effective unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

- (c) *Delivery of New Certificates*: Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The Registrar will, within seven business days of receipt by the Registrar or any Transfer Agent of the documents above, register the transfer in question.

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds evidenced by the Global Certificate will not be entitled to receive physical delivery of Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

Where only part of the principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 (*Transfers of Bonds; Issue of Certificates*) and Condition 6 (*Conversion*), “**business day**” shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent with whom

a Certificate is deposited in connection with a transfer or, as the case may be, the specified office of the Conversion Agent with whom a Certificate is deposited in connection with a conversion is located.

- (d) *Formalities Free of Charge:* Registration of a transfer of Bonds and issuance of new Certificates will be effected, without charge to the relevant holder of such Bonds, by or on behalf of the Issuer, the Registrar or any Transfer Agent, but (i) upon payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or the relevant Transfer Agent may require) in respect of any tax, duties or other governmental charges which may be levied or imposed in connection with such transfer or issuance, (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the detailed regulations concerning transfer and registration of Bonds referred to in Condition 3(f) (*Regulations*) have been complied with.
- (e) *Closed Periods:* No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(b) (*Conversion Procedure*)) has been delivered with respect to such Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(c) (*Redemption for a Relevant Event*)) has been deposited in respect of such Bond pursuant to Condition 8(c) (*Redemption for a Relevant Event*) or after a put notice has been deposited in respect of such Bond pursuant to Condition 8(b) (*Redemption at the Option of the Bondholders*); and (iv) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(a) (*Payments*)). Each such period is a “**Closed Period**”.
- (f) *Regulations:* All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. Such regulations may be changed by the Issuer (with the prior written approval of the Registrar and the Trustee) or by the Registrar (with the prior written approval of the Trustee). A copy of the current regulations will be made available for inspection at the specified office of by the Registrar to any Bondholder at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) following written request and with proof of holding and identity to the satisfaction of the Registrar.

#### 4 Covenants

- (a) *Negative Pledge:* For so long as any Bond remains outstanding (as defined in the Trust Deed) and except for any issuance of debt or convertible securities or any other similar transaction by the Issuer for the purpose of providing incentive to the management and/or employees of the Issuer and/or its subsidiaries, the Issuer will not, and the Issuer will ensure that none of its Principal Subsidiaries (other than a Listed Subsidiary) will, create any Encumbrance or permit to exist any Encumbrance to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or

prior thereto according to the Bonds to either (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

- (b) *Notification to NDRC*: The Issuer undertakes to use its best endeavours to file or cause to be filed with the National Development and Reform Commission (the “**NDRC**”) the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the “**Post-Issuance Filing**”).
- (c) *Undertakings relating to Foreign Debt Registration and applicable PRC laws*: The Issuer undertakes that it will, if required by the applicable laws and regulations, (i) within the prescribed time submit or cause to be submitted such application or filing with respect to the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines (外債登記管理辦法及外債登記管理操作指引), the Operational Guidelines for Capital Account Foreign Exchange Operations (資本項目外匯業務操作指引), Administrative Provisions on the Centralized Operation of Cross-border Funds of Multinational Corporations (跨國公司跨境資金集中運營管理規定) or such other applicable rules issued by SAFE or the People’s Bank of China (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.
- (d) *Notification of Submission of Post-Issuance Filing and completion of Foreign Debt Registration (if applicable)*: The Issuer shall before the Registration Deadline (if applicable) and within 10 PRC Business Days after the later of the submission of the Post-Issuance Filing and the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration) (if applicable), provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by two Authorised Signatories of the Issuer confirming the submission of the Post-Issuance Filing and the completion of the Foreign Debt Registration (if applicable); and (ii) copies of the relevant documents evidencing the Post-Issuance Filing (if any) and the Foreign Debt Registration (if applicable), each certified in English by two Authorised Signatories of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five PRC Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16 (*Notices*)) confirming the submission of the Post-Issuance Filing and completion of the Foreign Debt Registration (if applicable).

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to assist with or to monitor or ensure that the Post-Issuance Filing is filed with the NDRC or the Foreign Debt Registration (if applicable) is



completed within the prescribed timeframe in accordance with these Conditions and/or any other applicable PRC laws and regulations or to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations or other documents in relation to or in connection with the Post-Issuance Filing and/or the Foreign Debt Registration (if applicable), or to procure that any Registration Document or any other certificate, confirmation, information or other document not in English is translated into English or to verify the accuracy of any English translation of any certificate, confirmation or other document (if any), or to give notice to the Bondholders confirming the filing of the Post-Issuance Filing and/or the Foreign Debt Registration (if applicable), and the Trustee shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

(e) *Definitions:* In these *Conditions*:

- (i) “**Encumbrance**” means, in relation to the Issuer, a Principal Subsidiary or any other person, any mortgage, charge, lien, pledge or other security interest over the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of the Issuer, that Principal Subsidiary or that person (as applicable);
- (ii) “**Listed Subsidiary**” means a Subsidiary the common shares of which are listed for trading on any recognised stock exchange;
- (iii) “**Principal Subsidiary**” means any Subsidiary of the Issuer:
  - (A) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
  - (B) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement is at least 5 per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries’ share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustment for minority interests; or
  - (C) whose net profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profits, as shown by its latest audited income statement are at least 5 per cent. of the consolidated net profits as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the

Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustment for minority interests; or

- (D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) or (C) above of this definition:

- (1) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (2) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profits or gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (3) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets, revenue or net profits (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (4) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by two Authorised Signatories of the Issuer that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Bondholders and all parties. The certificate must be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction and basis of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation;

- (iv) “**PRC**” means the People’s Republic of China and, for the purposes of these Conditions, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
- (v) “**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing, the PRC;
- (vi) “**Registration Deadline**” means the day falling 120 PRC Business Days after the Issue Date;
- (vii) “**Relevant Indebtedness**” means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (viii) “**SAFE**” means the State Administration of Foreign Exchange or its local branch; and
- (ix) a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

## 5 Interest

The Bonds bear interest on their outstanding principal amount from and including 26 November 2021 at the rate of 3.08 per cent. per annum payable semi-annually in arrear in equal instalments of HK\$154.00 per Calculation Amount (as defined below) on 26 May and 26 November in each year (each an “**Interest Payment Date**”). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 7 (*Payments*)), it shall be postponed to the next day which is a business day

unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Each Bond will cease to bear interest:

- (a) (subject to Condition 6(b)(iv) (*Interest Accrual*)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the relevant Conversion Date (as defined in Condition 6(b)(i) (*Conversion Notice*) below) subject to the conversion of the relevant Bond in accordance with the provisions of Condition 6(b); or
- (b) where such Bond is redeemed or repaid pursuant to Condition 8 (*Redemption, Purchase and Cancellation*) or Condition 10 (*Events of Default*), from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused. In such event, such unpaid amount shall bear interest at two per cent. per annum above the interest rate aforesaid (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (ii) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date, and each such successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per HK\$10,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the relevant annual rate of interest, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## **6 Conversion**

### (a) *Conversion Right*

- (i) *Conversion Period*: Subject as hereinafter provided, the Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*)) at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with, the provisions of this Condition 6 (*Conversion*), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, (x) at any time in each period from (and including) the 25th Scheduled Trading Day to (and including) the 5th Scheduled Trading Day immediately prior to 26 November in each year, beginning in 2022 (but, except as provided in Condition 6(a)(iv) (*Revival and/or survival after Default*) and Condition 10 (*Events of Default*), in no event thereafter) or (y) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(b) (*Redemption at the Option of the Bondholders*) or Condition 8(c) (*Redemption for a Relevant Event*) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of shareholders of the Issuer is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(b)(i) (*Conversion Notice*)) following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period or after the relevant redemption date, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price (as defined in Condition 6(a)(iii) (*Conversion Price*) below) in effect on the relevant Conversion Date (as defined in Condition 6(b)(i) (*Conversion Notice*) below). A Conversion Right may only be exercised in respect of one or more Bonds.

- (ii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 24 January 2021 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in Hong Kong dollars of a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(a)(i) (*Conversion*

*Period*), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100. Any such sum shall be paid by the Issuer not later than five Stock Exchange Business Days after the relevant Conversion Date by transfer to a Hong Kong dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$34.73 per Share, but will be subject to adjustment in the manner provided in Condition 6(c) (*Adjustments to Conversion Price*).
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), if (A) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (B) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10 (*Events of Default*), or (C) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(a) (*Maturity*) or the applicable date for redemption in accordance with Condition 8(b) (*Redemption at the Option of the Bondholders*) or Condition 8(c) (*Redemption for a Relevant Event*), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares with a nominal value of HK\$0.10 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(b) *Conversion Procedure*

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense between 9:00 a.m. and 3:00 p.m. on any business day at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of any Conversion Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(b)(ii) (*Stamp Duty etc.*) have been so paid or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(b) (*Redemption at the Option of the Bondholders*) or Condition 8(c) (*Redemption for a Relevant Event*), then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(a)(iv) (*Revival and/or survival after Default*) and Condition 10 (*Events of Default*)) and will be deemed to be the Stock Exchange Business Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice deposited outside the hours specified above or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the hours specified above on the next business day following such day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of the Closed Period, which (if all other conditions to the exchange have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside the Conversion Period. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. “**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(c) (*Adjustments to Conversion Price*) below), as the case may be, is open for securities dealing.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant tax or other authorities any taxes and capital, stamp, issue, documentary, registration and transfer taxes and duties arising on exercise of the Conversion Right or on conversion (other than any taxes or capital, stamp, issue, documentary, registration and transfer taxes and duties payable in the Cayman Islands and Hong Kong and,

if relevant, in the place of the Alternative Stock Exchange by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) (such amounts payable by the Bondholder being “**Bondholder Duties**”) and such Bondholder must pay all, if any, taxes and duties arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds (such amounts payable by the Issuer being “**Issuer Duties**”) (the Bondholder Duties and the Issuer Duties being collectively “**Conversion Taxes**”). The Bondholder must declare in the relevant Conversion Notice that any Bondholder Duties payable to the relevant tax or other authorities pursuant to this Condition 6(b)(ii) (*Stamp Duty etc.*) have been paid.

Neither the Trustee nor any Agent is under any obligation to pay any Conversion Taxes or any other amount referred to in this Condition 6(b)(ii) (*Stamp Duty etc.*) or to determine whether a Bondholder is liable to pay or has paid any Bondholder Duties or any taxes and duties payable by such Bondholder arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion or whether the Issuer is liable to pay or has paid any Issuer Duties or any other expenses arising on the issue of Shares on conversion of Bonds or, in any such case, the amounts payable (if any) in connection with or as contemplated by this Condition 6(b)(ii) (*Stamp Duty etc.*).

- (iii) *Registration*: As soon as practicable, and in any event not later than ten Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice and the relevant Certificate have been delivered and amounts payable by the relevant Bondholder as required by Conditions 6(b)(i) (*Conversion Notice*) and 6(b)(ii) (*Stamp Duty etc.*) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the register of shareholders of the Issuer and will, if the relevant Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the “**CCASS**”) effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (being, at the time of issue of the Bonds, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong) and notified to Bondholders in accordance with Condition 16 (*Notices*) or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any



other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(b)(iii) (*Registration*) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(c) (*Adjustments to Conversion Price*) but before the relevant adjustment becomes effective under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date and in such event and in respect of such Additional Shares references in this Condition 6(b)(iii) (*Registration*) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the register of shareholders of the Issuer (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment of the Conversion Price referred to in this Condition 6(b)(iii) (*Registration*) prior to the time such Retroactive Adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the "**Equivalent Amount**") equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had

he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by the Issuer by transfer to a Hong Kong dollar account maintained by the payee with a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(iv) *Interest Accrual:* Any interest in respect of a Bond where Conversion Right attached to it shall have been exercised by a Bondholder shall be paid by the Issuer not later than 14 days after the relevant Conversion Date by transfer to a Hong Kong dollar account maintained by the payee with a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(c) *Adjustments to Conversion Price:* Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

(1) *Consolidation, Subdivision, Redesignation or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration;  
and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date such consolidation, subdivision, redesignation or reclassification takes effect.

(2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account (except for any Scrip Dividend (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*))) and which would not have constituted a Capital Distribution (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)) per Share on the date of announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)) or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend for which Shareholders have elected to receive as Shares issued by way of Scrip Dividend and (ii) the denominator is the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price per Share; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares issued by way of Scrip Dividend or if a record date is fixed therefor, immediately after such record date.

- (3) *Capital Distributions:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(c)(2) (*Capitalisation of Profits or Reserves*) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price per Share on the date on which the Capital Distribution is first publicly announced; and
- B is the Fair Market Value (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)) of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or paid or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(c)(3) (*Capital Distributions*), such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares, in each case at less than the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price per Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value per Share on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (6) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(c)(4) (*Rights Issues of Shares or Options over Shares*) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or shall issue or grant (otherwise than as mentioned in Condition 6(c)(4) (*Rights Issues of Shares or Options over Shares*) above) any options, warrants or other rights (other than the Conversion Rights under the Bonds, which excludes any further bonds issued pursuant to Condition 15 (*Further Issues*)) to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than the Current Market Price per Share on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, mean such Shares to be issued

assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(c)(7) (*Other Issues at less than Current Market Price*), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(c)(4) (*Rights Issues of Shares or Options over Shares*), 6(c)(5) (*Rights Issues of Other Securities*) or 6(c)(6) (*Issues at less than Current Market Price*)) or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price per Share on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(c)(7) (*Other Issues at less than Current Market Price*) (other than in accordance with the terms of such securities) so that following such modification the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than the Current Market Price per Share on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction.

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 6(c)(8) (*Modification of Rights of Conversion etc.*) or Condition 6(c)(7) (*Other Issues at less than Current Market Price*).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(c)(4) (*Rights Issues of Shares or Options over Shares*), 6(c)(5) (*Rights Issues of Other Securities*), 6(c)(6) (*Issues at less than Current Market Price*) or 6(c)(7) (*Other Issues at less than Current Market Price*)), the



Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price per Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein.

- (10) *Other events:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6(c) (*Adjustments to Conversion Price*), the Issuer shall at its own expense consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination. Notwithstanding the foregoing, the per Share value of any such modification shall not exceed the per Share value of the dilution in the Shareholders’ interest in the Issuer’s equity caused by such events or circumstances.

In this Condition 6(c) (*Adjustments to Conversion Price*), where the events or circumstances giving rise to any adjustment pursuant to any of the above adjustments under this Condition 6(c) (*Adjustments to Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 (*Conversion*) as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, such other recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Capital Distribution**” means (i) the aggregate distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes, without limitation, an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(c)(2)(i) (*Capitalisation of Profits or Reserves*) and a Scrip Dividend adjusted for under Condition 6(c)(2)(ii) (*Capitalisation of Profits or Reserves*)); and (ii) the aggregate cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer), where the weighted average price or consideration (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Shares either (A) on that date or (B) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (A) or (B), the relevant day is not a Trading Day, the immediately preceding Trading Day;

“**Closing Price**” of the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

“**Current Market Price**” means, in respect of a Share on a particular date, the average of the Closing Prices for one Share (being a Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day-period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or

- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the Closing Price on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share;

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, *provided that* an Independent Financial Advisor will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of such cash Capital Distribution per Share shall be the amount of such cash Capital Distribution per Share, (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing price of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above of this definition, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

**“Independent Financial Advisor”** means an independent financial advisor or financial institution selected and appointed by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to select or appoint an Independent Financial Advisor and in any event the Trustee shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by any Independent Financial Advisor;

**“Prevailing Rate”** means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the relevant page on Bloomberg or, if there is no such page, on Reuters or such other information service provider that displays the relevant information or, if such a rate cannot be

determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined;

“**Relevant Cash Dividend**” means any cash dividend specifically declared by the Issuer;

“**Scrip Dividend**” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt, no adjustment is to be made under Condition 6(c)(3) (*Capital Distributions*) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or the relevant part thereof but without prejudice to any adjustment required in such circumstances to be made under Condition 6(c)(2) (*Capitalisation of Profits or Reserves*));

“**Scheduled Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is scheduled to be open for the business of dealing in securities, in any case as determined on 24 January 2021 and for the avoidance of doubt, neither the Trustee nor any Agent is under any obligation to determine, monitor and/or notify any party regarding the Scheduled Trading Day; and

“**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for the business of dealing in securities, *provided that* if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee and the Principal Agent as soon as practicable after the determination thereof.

Notwithstanding anything to the contrary in these Conditions, the Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands and Hong Kong.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(c) (*Adjustments to Conversion Price*) should be made, and following consultation between the Issuer and an Independent Financial Advisor, a written

opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or any rights or options on other securities are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any share option, share award, restricted share or employee incentive scheme or plan (and which such scheme or plan is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) or, if applicable, the listing rules of an Alternative Stock Exchange) (“**Share Scheme Shares/Options**”), unless any grant or issue of Share Scheme Shares/Options (which, but for this provision, would have required adjustment pursuant to this Condition 6 (*Conversion*)) would result in the total number of Shares which may be issued upon exercise of such Share Scheme Shares/Options granted during any 12-month period up to and including the date of such grant representing, in aggregate, over two per cent. of the average number of issued and outstanding Shares during such 12-month period, in which case only such portion of the grant or issue of Share Scheme Shares/Options that exceeds two per cent. of the average number of issued and outstanding Shares during the relevant 12-month period shall be taken into account in determining adjustment of the Conversion Price pursuant to this Condition 6 (*Conversion*).

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(c)(1) (*Consolidation, Subdivision, Redesignation or Reclassification*).

Neither the Trustee nor any of the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require or lead to an adjustment to be made to the Conversion Price or to make any determination or calculation (or any verification thereof) in connection with the Conversion Price and none of them will be liable or responsible to any Bondholder or any other person for any loss or liability arising from any failure by the Trustee or any Agent to do so or for any delay by the Issuer or any Independent Financial Advisor in making a determination or calculation or any erroneous determination or calculation in connection with the Conversion Price. All adjustments to the Conversion Price under Condition 6(c) (*Adjustments to Conversion Price*) shall be determined by the Issuer and, if applicable, the Independent Financial Advisor and neither the Trustee nor the Agents shall be responsible for verifying, or otherwise liable for, such determinations or for verifying any calculation, certification, advice or opinion in connection with such determinations.

(d) *Undertakings*

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its reasonable endeavours (A) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (B) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to obtain or maintain such listing, to use its reasonable endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time select and notify in writing to the Trustee and the Issuer and will forthwith give notice to the Bondholders in accordance with Condition 16 (*Notices*) of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for any Bondholder Duties or other amounts specified in Condition 6(b)(ii) (*Stamp Duty etc.*) as payable by the relevant Bondholder);
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made (and for the avoidance of doubt, shall not restrict the Issuer from repurchasing any Shares on the Hong Kong Stock Exchange in accordance with the Listing Rules and applicable law); and
- (iv) it will use its reasonable endeavours to list and thereafter maintain the listing of the Bonds on the Hong Kong Stock Exchange and if the Issuer is unable to maintain such listing, to use its reasonable endeavours to obtain and maintain a listing on another recognised stock exchange and will forthwith give notice to the Bondholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee and the Principal Agent of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (I) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and

(II) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the nominal value of the Shares of the Issuer,

provided always that the Issuer shall not be prohibited from purchasing its Shares to the full extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(e) *Notice of Change in Conversion Price*

The Issuer shall give notice to the Trustee and the Principal Agent and to the Bondholders in accordance with Condition 16 (*Notices*) of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## 7 Payments

(a) *Payments:* Payment of principal, premium (if any) and interest, and any other amounts due other than on an Interest Payment Date or pursuant to Condition 6 (*Conversion*) will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder.

*So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, such payments will be made to the holder of appearing in the Register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date.*

(b) *Registered Accounts:* For the purposes of this Condition, a Bondholder’s “**registered account**” means the Hong Kong dollar account maintained by or on behalf of such Bondholder, details of which appear on the Register at the close of business on the Interest Record Date, and a Bondholder’s “**registered address**” means its address appearing on the Register at that time.

(c) *Fiscal Laws:* All payments under or in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official

interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto (any such withholding or deduction in this Condition 7(c) (*Fiscal Laws*), a “**FATCA Withholding**”). For avoidance of doubt, neither the Issuer, the Trustee and the Agents nor any other person will be required to pay any additional amounts in respect of FATCA Withholding. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

- (d) *Payment Initiation*: Payment instructions (for value on the due date or, if that is not a business day (as defined below in Condition 7(f) (*Business Day*)), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if that date is not a business day, on the first following day which is a business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.
- (e) *Delay In Payment*: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day or if the Bondholder is late in surrendering its Certificate (if required to do so).
- (f) *Business Day*: In this Condition 7 (*Payments*), “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for business in Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the city in which the specified office of the relevant Paying Agent whom a Certificate is surrendered for payment is located. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.
- (g) *Rounding*: When making payments to Bondholders, fraction of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

## 8 Redemption, Purchase and Cancellation

- (a) *Maturity*: Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on 26 November 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date (but without prejudice to Condition 10 (*Events of Default*)).
- (b) *Redemption at the Option of the Bondholders*: The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder’s Bonds on the 5th Scheduled Trading Day immediately prior to 26 November of each year, beginning on 21 November 2022 (each, a “**Put Option Date**”) at their principal amount, together with interest accrued but unpaid up to but excluding such Put Option Date. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed, not more than 60 days and not less than 30 days prior to each Put Option Date.



A put notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents in writing to such withdrawal) and the Issuer shall redeem the Bonds the subject of the put notices delivered as aforesaid on each Put Option Date.

- (c) *Redemption for a Relevant Event*: Following the occurrence of a Relevant Event (as defined below in this Condition 8(c) (*Redemption for a Relevant Event*)), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date (as defined below in this Condition 8(c) (*Redemption for a Relevant Event*)) at their principal amount, together with interest accrued but unpaid up to but excluding such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred (a "**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16 (*Notices*). The "**Relevant Event Redemption Date**" shall be the 14th day after the expiry of such period of 20 days as referred to above in this Condition 8(c) (*Redemption for a Relevant Event*).

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 16 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by the Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 8(c) (*Redemption for a Relevant Event*) and shall give brief details of the Relevant Event.

Neither the Trustee nor any of the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it have received written notice to the contrary from the Issuer. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with this Condition 8(c) (*Redemption for a Relevant Event*) has occurred. Neither the Trustee nor any of the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8(c) (*Redemption for a Relevant Event*) and none of them will be responsible to the Issuer, any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so. Neither the Trustee nor any of the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(c) (*Redemption for a Relevant Event*) and none of them will be responsible or liable to any Bondholder or any other person for any loss or liability arising from any failure by it to do so.

For the purposes of this Condition 8(c) (*Redemption for a Relevant Event*):

An “**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control of more than 50 per cent. with such specified Person;

“**Bid Price**” means, in respect of any day, the bid price per minimum denomination in principal amount of the Reference Bonds quoted by a Leading Institution for the purchase by that Leading Institution of such amount as at or around 5.00 p.m. (Hong Kong) on such day;

“**Control**” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the possession, directly or indirectly, of the power to nominate or designate more than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contracts or otherwise;

A “**Change of Control**” occurs when:

- (i) COFCO Corporation (“**COFCO**”) ceases to directly or indirectly be interested in not less than 15 per cent. of the issued share capital of the Issuer; or
- (ii) COFCO ceases to be the largest direct or indirect holder of the issued share capital of the Issuer; or
- (iii) any Person or Persons (other than Permitted Holders) acting together acquires Control of the Issuer; or the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control of the Issuer or the successor entity;

“**Leading Institution**” means any bank or financial institution which is a leading, internationally recognised market maker in trading debt securities;

“**Permitted Holders**” means COFCO and any of its Affiliates;

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;

“**Quote**” means, in respect of any Reference Bond and on any Trading day, as determined by any Bondholder:

- (i) the arithmetic average of the Bid Prices in respect of that Trading Day provided to such Bondholder in respect of that Trading Day by three Leading Institutions selected by such Bondholder; or

- (ii) where only two of the three Leading Institutions so selected provide such a Bid Price in respect of that Trading Day, the arithmetic average of the two Bid Prices so provided; or
- (iii) where only one of the three Leading Institutions so selected provides such a Bid Price in respect of that Trading Day, the Bid Price so provided,

provided that in each case if, in the opinion of such Bondholder, one or more of the Bid Prices so provided is materially different from the actual traded prices of the Bonds, such Bid Price shall be disregarded and shall be deemed not to have been so provided, and provided further that where no Bid Price is so provided in respect of that Trading Day, it shall be deemed that no Quote for the Reference Bonds is available in respect of that Trading Day;

**“Rating Agencies”** means (1) Standard & Poor Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (**“S&P”**) and (2) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (**“Moody’s”**);

**“Rating Category”** means (1) with respect to S&P, any of the following categories: “AAA”, “AA”, “A”, “BBB”, “BB”, “B”, “CCC”, “CC”, “C” and “D” (or equivalent successor categories) and (2) with respect to Moody’s, any of the following categories: of “Aaa”, “Aa”, “A”, “Baa”, “Ba”, “B”, “Caa”, “Ca”, “C” and “D” (or equivalent successor categories). In determining whether the rating of the Issuer has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and “1”, “2” and “3” for Moody’s) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB”, as well as from “BB-” to “B+”, will constitute a decrease of one gradation);

**“Rating Decline”** occurs when:

- (i) the rating of the Issuer is or has been decreased by three or more gradations (including gradations within Rating Categories as well as between Rating Categories) from BBB+ by S&P;

- (ii) the rating of the Issuer is or has been decreased by three or more gradations (including gradations within Rating Categories as well as between Rating Categories) from Baa1 by Moody's; or
- (iii) any one of the Rating Agencies publicly announces the withdrawal of its ratings of the Issuer;

“**Reference Bond**” means US\$500,000,000 1.875% bonds due 2025 by the Issuer (ISIN: XS2186093766) as at the Issue Date and any other Replacement Security as determined in accordance with Condition 8(g);

“**Reference Share Price**” means the Closing Price of the Shares on the Issue Date;

a “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a “**Delisting**”);
- (ii) when the Current Market Price of a Share is, on any date of determination, less than 30 per cent. of the Reference Share Price;
- (iii) when the Quote for the Reference Bond is, on any date of determination, less than 60 per cent. of an amount equal to 100 per cent. of the minimum denomination of principal amount of the Reference Bond;
- (iv) when there is a Change of Control; or
- (v) when there is a Rating Decline.

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of a person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, an any such power shall therefore be excluded for the purpose of this definition);

- (d) *Purchase*: Each of the Issuer and any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so purchased, while held by or on behalf of the Issuer and/or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 10 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 13(a) (*Meetings*).
- (e) *Cancellation*: All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

- (f) *Redemption Notices*: If more than one notice of redemption is given (being a notice given by a Bondholder pursuant to this Condition 8 (*Redemption, Purchase and Cancellation*)), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

Neither the Trustee nor the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8 (*Redemption, Purchase and Cancellation*) and none of them will be responsible to Bondholders or any other person for any loss or liability arising from any failure by them to do so. Neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under these Conditions, and none of them will be liable or responsible to any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so.

- (g) *Reference Bond*: If the Reference Bond for the time being has been redeemed, cancelled or otherwise ceases to exist (a “**Reference Bond Extinction Event**”), the Issuer shall notify the Bondholders in accordance with Condition 16 (*Notices*) by the 10th calendar day after the Reference Bond Extinction Event together with details of a replacement security (a “**Replacement Security**”) to substitute the then current Reference Bond, and such Replacement Security shall be approved by way of an Extraordinary Resolution following which references to “Reference Bond” in these Conditions shall be to the Replacement Security on and from the date of such Extraordinary Resolution.

The Replacement Security shall be a publicly traded debt security comparable to the then current Reference Bond, and shall be issued by the Issuer, denominated in US dollars, ranking *pari passu* with the Bonds and accrue interest at a fixed rate.

The Issuer shall convene a meeting of the Bondholders (a “**Replacement Security Meeting**”) as soon as practicable and by no later than the date falling 30 days after the Reference Bond Extinction Event (the end of such period being the “**Meeting Deadline**”) for the purposes of obtaining the approval of the Bondholders to replace the Reference Bond with the Replacement Security.

No Replacement Security Meeting shall be required to be convened if, prior to the expiry of the Meeting Deadline, an Extraordinary Resolution has been passed by the Bondholders to approve a Replacement Security which is acceptable to the Issuer.

## 9 Taxation

All payments of principal and interest made by the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without set-off and counterclaim and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Hong Kong or the PRC or, in any

such case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Where such withholding or deduction is made by the Issuer for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed by or within the PRC up to and including the aggregate rate applicable on 24 January 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding for or on account of any taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected withhold or assessed (a) by or within the PRC in excess of the Applicable Rate, or (b) by or within the Cayman Islands or Hong Kong, the Issuer will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands, Hong Kong or the PRC otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such Additional Tax Amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes of these Conditions, “**relevant date**” means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal, premium (if any), interest and any other amount payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 (*Taxation*) or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, assessment, governmental charge, withholding or other payment referred to in this Condition 9 or in relation to the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Holder or any other person to pay such taxes, duties,

assessments, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

## 10 Events of Default

If any of the following events (each an “**Event of Default**”) occurs the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their principal amount, together with any premium and accrued but unpaid interest (if any) to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6 (*Conversion*)) if:

- (a) *Non-Payment*: there is failure to pay (i) the principal of or any premium on any of the Bonds when due or (ii) any interest on any of the Bonds within 21 days of the due date;
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (c) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds and such failure continues for a period of seven days;
- (d) *Cross-Default*: (A) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due, unless payment is made within the applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that no event described in this Condition 10(d) (*Cross-Default*) shall constitute an Event of Default unless the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(d) (*Cross-Default*) have occurred at any time equals or exceeds (either individually or in aggregate) U.S.\$100,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates);

- (e) *Enforcement Proceedings*: a distress, attachment, execution after final judgment by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (f) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over a substantial part of the assets of the Issuer or the relevant Principal Subsidiaries, as the case may be, becomes enforceable pursuant to a final judgment by a court of competent jurisdiction and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such judgment is not discharged within 45 days, provided that no event described in this Condition 10(f) (*Security Enforced*) shall constitute an Event of Default unless the aggregate amount of the relevant assets in respect of which one or more of the events mentioned above in this Condition 10(f) (*Security Enforced*) have occurred at any time equals or exceeds (either individually or in aggregate) U.S.\$5,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(f) (*Security Enforced*) operates);
- (g) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries;
- (h) *Winding-up*: an order is made by any court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries on a pro rata basis in accordance with such Principal Subsidiary's shareholding;
- (i) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done;



- (j) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its material obligations under any of the Bonds or the Trust Deed; or
- (k) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a) (*Non-Payment of principal or premium*) to 10(j) (*Illegality*) (both inclusive).

Neither the Trustee nor any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and the Trustee and the Agents need not do anything to ascertain or monitor whether a Potential Event of Default or an Event of Default has occurred or is continuing and none of them will be responsible or liable to the Issuer, any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so, and unless the Trustee or such an Agent (as the case may be) has received written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the Issuer and each other person appointed by the Issuer in relation to the Bonds is duly performing its duties and obligations in respect of the same.

For the purposes of this Condition 10 (*Events of Default*), “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for business in Hong Kong.

## **11 Prescription**

Claims in respect of amounts due in respect of the Bonds will become prescribed and void unless made within 10 years (in the case of principal or other sums payable hereunder) and five years (in the case of interest) from the relevant date (as defined in Condition 9 (*Taxation*)) in respect thereof.

## **12 Enforcement**

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

## **13 Meetings of Bondholders, Modification and Waiver**

- (a) *Meetings*: The Trust Deed contains provisions for convening meetings of Bondholders (and for passing resolutions by Electronic Consent (as defined in the Trust Deed)) to consider any matter affecting their interests, including without

limitation the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if it receives a written request from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing the Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the amount of principal, premium or interest or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of interest, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides that (A) a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall, in any such case, be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing will be binding on all Bondholders whether or not they participated in such written resolution.

- (b) *Modification and Waiver*: The Trustee may (but shall not be obliged to) agree to, without the consent of the Bondholders, (i) any modification (except as mentioned in the Trust Deed) to, or any waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed and the Agency Agreement and/or the Bonds, provided that such modification, waiver or authorisation is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders, or (ii) any modification to any of these Conditions or any of the provisions of the Trust Deed and the Agency Agreement that is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of applicable law. The Trustee may (but shall not be obliged to), without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be

materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 16 (*Notices*).

- (c) *Directions from the Bondholders:* Neither the Trustee nor the Agents shall be liable to the Issuer, any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with any instruction, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion, right or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion, right or power, taking or refrain from taking any such action, making any such decision, or giving any such direction, to seek directions or clarification of any direction from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by the Issuer, any Bondholder or any other person as a result of any delay in it exercising such discretion, right or power, taking or refrain from taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that such directions are not being given. The Trustee shall not be under any obligation to monitor compliance of any person with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

#### **14 Replacement of Certificates**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence (including proof of holding and identity to the satisfaction of the Registrar) and such indemnity, security and/or pre-funding as the Issuer and/or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### **15 Further Issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

## **16 Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the second day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by the Conditions.*

## **17 Agents**

The names of the initial Agents and their specified offices are set out below. The Issuer reserves the right, at any time to vary or terminate the appointment of any Agent and to appoint any additional or replacement Agent. The Issuer will at all times maintain (a) a Principal Agent and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of any Agent will be given promptly by the Issuer to the Bondholders.

## **18 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification, of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce repayment and/or its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee is entitled to (a) enter into business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer and to act as trustee, agent, depositary and/or custodian for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and any entity related (directly or indirectly) to the Issuer, (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee and the Agents may rely conclusively and without liability to Bondholders, the Issuer or any other person on any report, information, confirmation, certificate, opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any

other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## **19 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except as contemplated in Condition 12 (*Enforcement*) and to the extent expressly provided for.

## **20 Governing Law and Submission to Jurisdiction**

The Bonds, the Trust Deed and the Agency Agreement, and any non-contractual obligations arising out of any of them, are governed by, and shall be construed in accordance with, the English law.

The Issuer irrevocably agrees that the courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Agency Agreement or the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement or the Bonds, the “**Proceedings**”) and that accordingly submits to the jurisdiction of the Hong Kong courts. The Issuer waives any objection to the courts of Hong Kong on the grounds that they are an inconvenient or inappropriate forum.

The Issuer agrees to receive service of process in any Proceedings in Hong Kong in relation to the Trust Deed, the Agency Agreement and/or the Bonds at its business address in Hong Kong, currently at 32nd Floor, COFCO Tower 262, Gloucester Road, Causeway Bay, Hong Kong. If for any reason the Issuer ceases to have an address in Hong Kong, the Issuer irrevocably agrees to forthwith appoint a substitute agent for service of process in Hong Kong and to deliver to the Trustee a copy of such substitute agent’s acceptance of that appointment within 30 days of such cessation. Nothing in this Trust Deed or any of the Bonds shall affect the right to serve process in any other manner permitted by law.

## **21 Waiver of Immunity**

The Issuer hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

### **Meetings**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each HK\$10,000 in principal amount of Bonds then outstanding.

### **Cancellation**

Cancellation of any Bond represented by the Global Certificate by the Issuer following redemption, conversion or purchase by the Issuer or any of its respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

### **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

### **Conversion**

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System), the Conversion Right attaching to the Bonds in respect of which the Global Certificate is issued may be exercised at any time during the Conversion Period by the presentation to or to the order of the Principal Agent of one or more Conversion Notices (as defined in the Terms and Conditions) duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant conversion notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

### **Payment**

The Issuer, for value received, will pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of

the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

### **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any alternative clearing system, notices to holders of the Bonds may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to accountholders in substitution for notification as required by the Conditions.

### **Redemption at the Option of the Bondholders**

The Bondholder’s redemption options in Condition 8(b) and Condition 8(c) of the Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in the relevant Condition.

### **Exchange of Bonds Represented by Global Certificates**

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, Luxembourg or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar through which the Bonds are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will at its own expense cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

**Transfers**

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.



## PLACEMENT AND SALE

The Issuer has entered into a placing agency agreement with the Placing Agent dated 24 January 2021 (the “**Placing Agency Agreement**”) pursuant to which, and subject to certain conditions contained therein, the Issuer agreed to issue the Bonds, and the Placing Agent has agreed to use its best efforts to procure subscribers to subscribe and pay for, the Bonds in its aggregate principal amount. The Issuer has acknowledged and agreed that the Placing Agency Agreement is not an agreement by the Placing Agent or any of its affiliates to underwrite, subscribe or purchase any securities or otherwise provide any financing, and the Issuer has further acknowledged that the Placing Agent is not underwriting the private placement of the Bonds, and in no circumstances shall the Placing Agent be required to purchase the Bonds as principal. The Placing Agent is not under any obligation to purchase the Bonds if subscribers are not procured for any or all of the Bonds.

The Placing Agency Agreement provides that the Issuer will indemnify the Placing Agent against certain liabilities in connection with the offer and sale of the Bonds, and it also provides that the obligations of the Placing Agent are subject to certain conditions precedent and entitles the Placing Agent to terminate it in certain circumstances prior to payment being made to the Issuer.

The Placing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Placing Agent and its affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

The Placing Agent and its affiliates, or the Issuer’s affiliates, may purchase Bonds or hold Shares converted from such Bonds for their own account (without a view to distributing such Bonds) and enter into transactions, including (i) credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Issuer’s securities or (ii) equity derivatives and stock loan transactions relating to the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such entities may hold or sell such Bonds or purchase further Bonds or convert such Bonds into Shares for their own account in the secondary market or deal in any of the Issuer’s other securities, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds (and any subsequent conversion of these Bonds into Shares) to the offeree and its affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained. Neither the Issuer nor the Placing Agent is under any obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Placing Agent and its affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold

long and short positions in such securities and instruments. Such investment and securities activities may involve the Issuer's securities and instruments, including the Bonds. Typically, the Placing Agent and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Placing Agent and its affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the Issuer's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

1. **United States:** The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Placing Agent has represented that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Placing Agent, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

## 2. **Prohibition of Sales to EEA Retail Investors**

The Placing Agent has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- a. a retail client as defined in point (11) of Article 4(1) of point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- b. a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## 3. **Prohibition of Sales to UK Retail Investors**

The Placing Agent has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation

thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- a. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
- b. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

4. **United Kingdom:** The Placing Agent has represented, warranted and agreed that:

- a. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- b. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

5. **Hong Kong:** The Placing Agent has represented and agreed that:

- a. it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- b. it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

6. **PRC:** The Placing Agent has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

7. **Singapore:** The Placing Agent acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, The Placing Agent has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds and/or Shares may not be circulated or distributed, nor may any Bonds and/or Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;

- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

***Singapore SFA Product Classification:** In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

8. **Japan:** The Bonds have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, the Placing Agent has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.
9. **Cayman Islands:** The Placing Agent has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Bonds.

## TAXATION

*The following summary of certain Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds and Shares is based upon applicable laws, regulations, rulings and decisions as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or the Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any person acquiring, selling or otherwise dealing in the Bonds or the Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds or the Shares. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds or the Shares.*

### **Cayman Islands**

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Bonds.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Bonds will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of the Bonds and gains derived from the sale of the Bonds will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Bonds. However, an instrument of transfer in respect of the Bonds is stampable if executed in or brought into the Cayman Islands.

### **PRC**

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC are treated as the PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside China. If the PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% on its income from sources both within and outside the PRC. Although it is unclear whether the Issuer is a tax resident enterprise for PRC tax purposes, in the event that the Issuer is determined to be a tax resident enterprise by the PRC tax authorities, interest payments and any gains from the sale of the Bonds may be subject to PRC tax as discussed below.

### ***Taxation on Interest***

The EIT Law and its implementation regulations impose withholding tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on PRC-sourced interest income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law and other applicable PRC tax laws and regulations, in the event the Issuer is considered a PRC resident enterprise by the PRC tax authorities, interest paid to non-resident enterprise Bondholders may be treated as income derived from sources within the PRC and be subject to 10% PRC withholding tax, which the Issuer would be obligated to withhold from payments to non-resident enterprise Bondholders. Further, in accordance with the IIT Law and its implementation regulations, if the Issuer is considered a PRC tax resident enterprise, interest payable to non-resident individual Bondholders may be treated as income derived from sources within China and be subject to a 20% individual income tax, which the Issuer would be obliged to withhold from payments to non-resident individual Bondholders.

To the extent that PRC has entered into treaties or arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-resident Bondholders. However, it is unclear whether in practice non-resident Bondholders would be able to obtain the benefits of tax treaties or arrangements between China and their jurisdictions.

### ***Taxation on Capital Gains***

The EIT Law and its implementation regulations impose a tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realized by a “non-resident enterprise” that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant gain is not effectively connected therewith. The IIT Law and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities, and if the capital gains realized by the Bondholders are treated as income derived from sources within China, such gains will be subject to the PRC tax described above.

To the extent that PRC has entered into treaties or arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident Bondholders, if both the Issuer and the Bondholders qualify for benefits under the applicable tax treaty. However, it is unclear whether in practice non-resident Bondholders would be able to obtain the benefits of tax treaties or arrangements between China and their jurisdictions.

### ***Value-added Tax***

The PRC’s value-added tax and surtaxes may be withheld from the interest paid by the Issuer at a rate of 6.72% if the PRC tax authority views such interest as interest income derived from the territory of the PRC. On 23 March 2016, the Ministry of Finance of PRC and the SAT issued the Circular of Taxation on Full Launch of the Pilot Scheme on Levying Value-Added Tax in Place of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (the “SAT Circular 36”), which confirms that business tax will be completely replaced by

value-added tax from 1 May 2016. Since then, the income derived from the provision of financial services which previously attracted business tax will be entirely replaced by, and subject to, value-added tax. According to the SAT Circular 36, the entities and individuals providing services within China are subject to value-added tax. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to value-added tax include the provision of financial services such as the provision of loans. It is further clarified under the SAT Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under the SAT Circular 36, the issuance of the Bonds is likely to be treated as the Bondholders providing loans to the Company, which would be regarded as financial services subject to value-added tax.

### ***Stamp Duty***

No PRC stamp duty will be chargeable upon the issuance or transfer of the Bonds to the extent that the register of Bondholders is maintained outside the PRC and the issuance and the sale of the Bonds is made outside the PRC.

### **Hong Kong**

#### ***Withholding tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

#### ***Profits tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).



Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

### ***Stamp Duty***

No Hong Kong stamp duty will be chargeable upon the issuance or transfer of a Bond.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under the Common Code Number 240782120 and the International Securities Identification Number for the Bonds is XS2407821201.
2. **Authorisations:** The Company has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of their obligations under the Bonds, the Agency Agreement and the Trust Deed. The issue of the Bonds was authorised by a resolution of the Board passed on 25 August 2021.
3. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change since 30 June 2021 in the financial or trading position, prospects or results of operations of the Company or the Group.
4. **Litigation:** None of the Company or any member of the Group is currently involved in any litigation, disputes or arbitration proceedings which are material in the context of the issue of the Bonds or which could have a material and adverse effect on the business, results of operations and financial condition of the Company or the Group. The Company is not aware of any such litigation, disputes or arbitration proceedings that are currently pending or threatened.
5. **Listing of the Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to Professional Investors only and such permission is expected to be effective on or about 29 November 2021.
6. **Listing of the Shares:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds.
7. **Available Documents:** Copies of the annual reports of the Company as at and for the years ended 31 December 2019 and 2020 and the interim report of the Company as at and for the six months ended 30 June 2021 as well as the Articles of Association, the Agency Agreement and the Trust Deed will be available for inspection during normal business hours from the Issue Date at the Company's office at 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, so long as any of the Bonds is outstanding.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

### **Interim Condensed Consolidated Financial Information as at and for the six months ended 30 June 2021**

Independent Review Report .....	F-2
Interim Condensed Consolidated Statement of Profit or Loss .....	F-4
Interim Condensed Consolidated Statement of Comprehensive Income .....	F-5
Interim Condensed Consolidated Statement of Financial Position .....	F-6
Interim Condensed Consolidated Statement of Changes in Equity .....	F-9
Interim Condensed Consolidated Statement of Cash Flows .....	F-11
Notes to Interim Condensed Consolidated Financial Information .....	F-14

### **Audited Consolidated Financial Statements as at and for the year ended 31 December 2020**

Independent Auditor's Report .....	F-73
Consolidated Statement of Profit or Loss .....	F-81
Consolidated Statement of Comprehensive Income .....	F-82
Consolidated Statement of Financial Position .....	F-83
Consolidated Statement of Changes in Equity .....	F-86
Consolidated Statement of Cash Flows .....	F-88
Notes to Financial Statements .....	F-91

### **Audited Consolidated Financial Statements as at and for the year ended 31 December 2019**

Independent Auditor's Report .....	F-295
Consolidated Statement of Profit or Loss .....	F-304
Consolidated Statement of Comprehensive Income .....	F-305
Consolidated Statement of Financial Position .....	F-306
Consolidated Statement of Changes in Equity .....	F-309
Consolidated Statement of Cash Flows .....	F-311
Notes to Financial Statements .....	F-314

Page references included in the audited consolidated financial statements of the Group as at and for each of the years ended 31 December 2019 and 2020 set forth below refer to pages in the Company's annual reports for the years ended 31 December 2019 and 2020, respectively. Page references included in the interim consolidated financial statements of the Group as at and for the six months ended 30 June 2021 set forth below refer to pages in the Company's announcement of the interim results for the six months ended 30 June 2021.



## INDEPENDENT REVIEW REPORT 獨立審閱報告



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

To the board of directors of  
**China Mengniu Dairy Company Limited**  
(Incorporated in the Cayman Islands with limited liability)

致：  
中國蒙牛乳業有限公司董事會  
(在開曼群島註冊成立之有限公司)

### Introduction

We have reviewed the interim financial information set out on pages 52 to 120, which comprises the condensed consolidated statement of financial position of China Mengniu Dairy Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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.

### 緒言

我們已審閱刊於第52頁至120頁的中國蒙牛乳業有限公司(「貴公司」)及其子公司(「貴集團」)的中期財務資料，其中包括於二零二一年六月三十日的簡明綜合財務狀況表以及截至該日止六個月期間的相關簡明綜合損益表、全面收益表、權益變動表、現金流量表以及解釋附註。《香港聯合交易所有限公司證券上市規則》規定，中期財務資料報告的編製必須符合其相關條文及國際會計準則理事會頒佈的國際會計準則第34號「中期財務報告」(「國際會計準則第34號」)的規定。貴公司董事負責根據國際會計準則第34號編製及呈列本中期財務資料。我們的責任是根據我們審閱工作的結果，對本中期財務資料作出審閱結論。根據委聘條款，我們的報告僅向董事會作出。除此之外，不作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔任何責任。

INDEPENDENT REVIEW REPORT  
獨立審閱報告

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### Ernst & Young

*Certified Public Accountants*

Hong Kong  
25 August 2021

### 審閱範圍

我們是按照香港會計師公會頒佈的《香港審閱聘用協定準則》第2410號「由實體的獨立核數師執行的中期財務資料審閱」的規定進行審閱。中期財務資料的審閱主要包括向負責財務會計事宜的人士作出詢問，並採取分析性及其他審閱程序。審閱的範圍遠較根據《香港核數準則》進行的審核範圍小，故我們不能保證我們知悉一切可能於審核中識別的重大事宜。因此，我們不發表審核意見。

### 結論

根據我們的審閱，我們並未察覺任何事宜致使我們相信中期財務資料在一切重大方面並未按照國際會計準則第34號編製。

### 安永會計師事務所

*執業會計師*

香港  
二零二一年八月二十五日





## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS 中期簡明綜合損益表

For the six months ended 30 June 2021

截至二零二一年六月三十日止六個月

		Notes 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Revenue</b>	收入	4	<b>45,905,209</b>	37,533,459
Cost of sales	銷售成本		<b>(28,352,576)</b>	(22,881,073)
<b>Gross profit</b>	毛利		<b>17,552,633</b>	14,652,386
Other income and gains	其他收入及收益		<b>414,935</b>	296,410
Selling and distribution expenses	銷售及經銷費用		<b>(12,888,117)</b>	(11,499,647)
Administrative expenses	行政費用		<b>(1,634,341)</b>	(1,438,981)
Impairment losses on financial and contract assets, net	金融及合約資產減值虧損淨額		<b>(76,625)</b>	(101,731)
Loss on derecognition of financial assets measured at amortised cost	以攤餘成本計量的金融資產取消確認所產生的虧損		<b>(12,655)</b>	(8,253)
Other expenses	其他費用	5	<b>(462,685)</b>	(943,795)
Interest income	利息收入		<b>476,512</b>	564,490
Finance costs	融資成本		<b>(304,958)</b>	(324,449)
Share of profits and losses of:	以下各方應佔損益：			
Joint ventures	合營企業		<b>(34,905)</b>	(14,853)
Associates	聯營公司		<b>367,253</b>	220,759
<b>Profit before tax</b>	稅前利潤	6	<b>3,397,047</b>	1,402,336
Income tax expense	所得稅支出	7	<b>(429,699)</b>	(267,538)
<b>Profit for the period</b>	本期利潤		<b>2,967,348</b>	1,134,798
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		<b>2,946,537</b>	1,211,526
Non-controlling interests	非控股股東權益		<b>20,811</b>	(76,728)
			<b>2,967,348</b>	1,134,798
<b>Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)</b>	本公司普通股擁有人應佔每股盈利 (以每股人民幣元計)	9		
Basic	基本		<b>0.748</b>	0.309
Diluted	攤薄		<b>0.744</b>	0.308

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 中期簡明綜合全面收益表

For the six months ended 30 June 2021

截至二零二一年六月三十日止六個月

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Profit for the period</b>	本期利潤	<b>2,967,348</b>	1,134,798
<b>Other comprehensive income/(loss)</b>	其他全面收益/(虧損)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>	<i>其後期間可能重新分類至損益的其他全面收益/(虧損):</i>		
Exchange differences:	匯兌差額:		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<b>(274,910)</b>	(197,358)
Cash flow hedges:	現金流量對沖:		
Effective portion of changes in fair value of hedging instruments arising during the period	來自本期對沖工具公允值變動的實際部分	<b>(28,225)</b>	8,721
Reclassification adjustments for gains included in the consolidated statement of profit or loss	已計入綜合損益表的收益而作出的重新分類調整	—	(10,814)
		<b>(28,225)</b>	(2,093)
Share of other comprehensive income/(loss) of associates	分佔聯營公司其他全面收益/(虧損)	<b>1,030</b>	(3,632)
<b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b>其後期間可能重新分類至損益的其他全面虧損淨額</b>	<b>(302,105)</b>	(203,083)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>	<i>其後期間不會重新分類至損益的其他全面收益/(虧損):</i>		
Exchange differences:	匯兌差額:		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<b>41,882</b>	—
Equity investments designated at fair value through other comprehensive income:	指定為以公允值計量且其變動計入其他全面收益的股權投資:		
Changes in fair value	公允值變動	<b>(27,038)</b>	27,854
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<b>其後期間不會重新分類至損益的其他全面收益淨額</b>	<b>14,844</b>	27,854
<b>Other comprehensive loss, net of tax</b>	<b>其他全面虧損，扣除稅項</b>	<b>(287,261)</b>	(175,229)
<b>Total comprehensive income for the period</b>	<b>本期其他全面收益總額</b>	<b>2,680,087</b>	959,569
Attributable to:	以下各方應佔:		
Owners of the Company	本公司擁有人	<b>2,689,738</b>	1,054,554
Non-controlling interests	非控股股東權益	<b>(9,651)</b>	(94,985)
		<b>2,680,087</b>	959,569



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 中期簡明綜合財務狀況表

30 June 2021

二零二一年六月三十日

			30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
<b>NON-CURRENT ASSETS</b>				
	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	11	13,077,242	12,546,604
Construction in progress	在建工程	12	3,646,860	2,729,469
Investment properties	投資物業		63,106	63,924
Right-of-use assets	使用權資產		1,984,609	1,847,675
Goodwill	商譽	13	5,258,383	4,883,291
Other intangible assets	其他無形資產		8,420,201	7,717,340
Investments in joint ventures	於合營企業的投資		2,000	103,427
Investments in associates	於聯營公司的投資	14	9,241,189	9,020,464
Deferred tax assets	遞延稅項資產		1,698,388	1,276,625
Other financial assets	其他金融資產	15	11,454,836	7,690,082
Long term prepayments	長期預付款項		860,383	760,762
Total non-current assets	總非流動資產		55,707,197	48,639,663
<b>CURRENT ASSETS</b>				
	<b>流動資產</b>			
Other financial assets	其他金融資產	15	6,391,921	7,752,088
Derivative financial instruments	衍生金融工具		8,766	2,175
Inventories	存貨	16	5,165,525	5,512,450
Trade and bills receivables	應收賬款及票據	17	3,887,854	2,988,362
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		5,819,069	3,604,858
Pledged deposits	保證金存款	18	258,406	249,521
Cash and bank balances	現金及銀行結存	18	8,086,329	11,397,123
Assets of a disposal group classified as held for sale	分類為持有待售的處置組內資產	10	944,893	—
Total current assets	總流動資產		30,562,763	31,506,577



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
中期簡明綜合財務狀況表

			<b>30 June 2021</b> 二零二一年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade and bills payables	應付賬款及票據	19	<b>8,265,865</b>	7,969,321
Other payables and accruals	其他應付款項及預提費用	20	<b>9,977,707</b>	11,465,916
Interest-bearing bank and other borrowings	計息銀行及其他借貸	21	<b>7,122,225</b>	4,924,393
Derivative financial instruments	衍生金融工具		<b>6,958</b>	3,653
Income tax payable	應付所得稅		<b>622,143</b>	181,013
Other financial liabilities	其他金融負債	22	<b>1,601,200</b>	1,600,200
Total current liabilities	總流動負債		<b>27,596,098</b>	26,144,496
<b>NET CURRENT ASSETS</b>	<b>淨流動資產</b>		<b>2,966,665</b>	5,362,081
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>		<b>58,673,862</b>	54,001,744



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
中期簡明綜合財務狀況表

			<b>30 June 2021</b> 二零二一年 六月三十日 <b>RMB'000</b> 人民幣千元 <b>(Unaudited)</b> (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	21	<b>16,240,139</b>	14,019,832
Long term payables	長期應付款項		<b>17,825</b>	—
Deferred income	遞延收入		<b>479,927</b>	420,006
Deferred tax liabilities	遞延稅項負債		<b>2,188,682</b>	2,279,605
Derivative financial instruments	遞延金融負債		<b>70,063</b>	34,742
Other financial liabilities	其他金融負債	22	<b>131,780</b>	—
Total non-current liabilities	總非流動負債		<b>19,128,416</b>	16,754,185
<b>NET ASSETS</b>	<b>淨資產</b>		<b>39,545,446</b>	37,247,559
<b>EQUITY</b>	<b>權益</b>			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	23	<b>359,384</b>	359,359
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份		<b>(29,244)</b>	(56,916)
Other reserves	其他儲備		<b>11,695,470</b>	12,953,689
Retained earnings	保留利潤		<b>22,673,047</b>	19,726,510
Non-controlling interests	非控股股東權益		<b>34,698,657</b>	32,982,642
			<b>4,846,789</b>	4,264,917
<b>TOTAL EQUITY</b>	<b>總權益</b>		<b>39,545,446</b>	37,247,559

**Chen Lang**  
陳朗  
Director  
董事

**Jeffrey, Minfang Lu**  
盧敏放  
Director  
董事

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 中期簡明綜合權益變動表

截至二零二一年六月三十日止六個月

For the six months ended 30 June 2021

	Attributable to owners of the Company 本公司應有人應佔											Total equity 總權益 RMB'000 人民幣千元		
	Treasury shares held under share award scheme 股票獎勵計劃下持有的庫存股份	Share premium 股本溢價	Share award 股份獎勵	Statutory reserves 法定儲備	Foreign currency translation reserve 外幣兌換儲備	Comprehensive income attributable to other shareholders 其他應佔收入	Share option award reserve 股份獎勵儲備	Hedging reserve 對沖儲備	Equity transaction reserve 交易儲備	Putable non-controlling interest reserve 可分派非控股股東儲備	Share of other associates equity 其他聯營公司之權益		Retained earnings 保留溢利	Non-controlling interests 非控股股東
Share capital 股本	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
At 1 January 2021 (audited) 於二零二一年一月一日(經審核)	389,259	8,984,788*	204,677*	3,863,827*	(16,370)*	(20,651)*	333,939*	(59,274)*	99,949*	(1,065,721)*	(6,444)*	19,726,510	4,844,917	37,747,259
Profit for the period 本期利潤	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the period 除其他綜合收益/(虧損)：	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations 換算海外業務收益/虧損	-	-	-	-	(202,700)	-	-	-	-	-	-	-	-	(202,700)
Cash flow hedges, net of tax 現金流對沖，扣除稅項	-	-	-	-	134	-	-	(28,225)	-	-	-	-	-	(28,091)
Share of other comprehensive income/(loss) of associates 分佔聯營公司其他綜合收益/虧損	-	-	-	-	-	-	-	-	-	-	1,000	-	-	1,000
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax 全權收市價權益投資公允價值變動，扣除稅項	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period 本期內全面收益/(虧損)	-	-	-	-	(202,566)	(27,038)	-	(28,225)	-	-	1,000	-	(9,651)	2,680,687
Shares issued under equity-settled share option arrangements 根據以股份支付計劃以權益結算方式發行股份	25	5,753	-	-	-	-	-	-	-	-	-	-	-	5,778
Transfer of share option reserve upon exercise of share options 行使購股權時轉出購股權儲備	-	-	-	-	-	-	11,881	-	-	-	-	-	-	11,881
For value amortisation of share award scheme 股票獎勵計劃的公允價值攤銷	-	1,686	-	-	-	-	1,686	-	-	-	-	-	-	3,372
Shares vested under share award scheme 根據股票獎勵計劃歸屬的股份	-	27,672	138,496	-	-	-	9,267	-	-	-	-	-	-	165,435
Acquisition of non-controlling interests 收購非控股股東權益	-	-	-	-	-	-	(167,168)	-	-	-	-	-	-	(167,168)
Acquisition of subsidiaries 收購子公司	-	-	-	-	-	-	-	-	-	(67,781)	-	-	-	(67,781)
Disposal of equity interests in subsidiaries without loss of control 出售子公司的股權，並未失去控制權	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discretion of puttable non-controlling interests 披上權可分派非控股股東權益	-	-	-	-	-	-	-	-	(28,379)	-	-	-	-	(28,379)
Dividends paid/payable to owners of the Company 已向本公司應有人派付/應付股息	-	-	-	-	-	-	-	-	80,103	-	-	-	-	80,103
Dividends paid/payable to non-controlling interests 向非控股股東派付/應付股息	-	(1,071,002)	-	-	-	-	-	-	-	-	-	-	-	(1,071,002)
At 30 June 2021 (unaudited) 於二零二一年六月三十日(未經審核)	389,284	(23,244)	8,060,731*	204,677*	3,863,827*	(27,038)*	273,233*	(87,039)*	88,059*	(966,619)*	(6,384)*	22,673,047	4,945,738	38,545,416

\* These reserve accounts comprise the consolidated other reserves of RMB11,695,470,000 (31 December 2020: RMB12,963,689,000) in the condensed consolidated statement of financial position.  
該等儲備賬戶包括簡明綜合財務狀況表內的綜合其他儲備  
人民幣11,695,470,000元(二零二零年十二月三十一日：人民幣12,963,689,000元)。





INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
中期簡明綜合權益變動表

截至二零二零年六月三十日止六個月

For the six months ended 30 June 2020

		Attributable to owners of the Company 本公司擁有人應佔															
		Fair value of reserve of financial assets at fair value		Equity currency translation reserve		Statutory reserves		Share premium		Share option reserves		Share of other changes in equity of associates		Non-controlling interests		Total equity	
		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元		RMB'000 人民幣千元	
At 1 January 2020 (audited)	於二零二零年一月一日(經審核)	388,257	(133,671)	9,236,343*	204,617*	3,888,788*	(891,619)*	(891,970)*	333,414*	7,998*	992,294*	(900,339)*	(201,889)*	16,465,353	291,822,284	4,215,033	33,947,237
Profit/(loss) for the period	本期利潤/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	本期其他綜合收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	換算境外業務的匯兌差額	-	-	-	-	-	(178,304)	-	-	-	-	-	-	-	-	-	-
Cash flow hedges, net of tax	現金流對沖，扣除稅項	-	-	-	-	-	(197)	-	-	(2,038)	-	-	-	-	-	-	-
Share of other comprehensive loss of associates	分佔聯營公司其他綜合虧損	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	以公平價值計量且其變動計入其他綜合收益的金融資產公允價值變動，扣除稅項	-	-	-	-	-	-	-	-	-	-	-	6,632	-	(3,632)	-	6,632
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	本期全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued under equity-settled share option arrangements	根據以股份支付計劃發行的股票發行所得	23	-	71,676	-	-	(193,101)	27,354	-	(2,033)	-	-	6,632	-	1,054,334	(94,483)	939,359
Fair value appreciation of equity-settled share option arrangements	以股份支付計劃發行的股票公允價值增值	-	-	-	-	-	-	-	-	-	-	-	-	-	72,202	-	72,202
Transfer of share option reserve upon exercise of share options	行使購股權時由購股權儲備	-	-	-	-	-	-	-	37,323	-	-	-	-	-	37,323	(3,015)	34,308
Fair value appreciation of share award scheme	股票獎勵計劃的公允價值增值	-	-	19,321	-	-	-	-	(19,321)	-	-	-	-	-	-	-	-
Shares issued under share award scheme	根據股票獎勵計劃發行的股份	-	-	64,574	-	-	-	77,846	-	-	-	-	-	-	77,846	-	77,846
Acquisition of non-controlling interests	收購非控股股東權益	-	-	-	-	-	-	(14,239)	-	-	-	-	-	-	-	-	-
Disposal of equity interests in subsidiaries without loss of control	出售子公司的股權(並未失去控制權)	-	-	-	-	-	-	-	-	-	2,886	-	-	2,886	-	-	(11,991)
Recognition of payable non-controlling interests	確認應付非控股股東權益	-	-	-	-	-	-	-	-	-	-	-	-	-	43,794	-	43,794
Dividends payable to owners of the Company	已派本公司股東紅利/應付紅息	-	-	(706,661)	-	-	-	-	-	-	-	(100,878)	-	-	(100,878)	-	206
Dividends payable to non-controlling interests	向非控股股東應付紅利/應付紅息	-	-	-	-	-	-	-	-	-	-	-	-	-	(706,661)	-	(706,661)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(103,576)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2020 (unevaluated)	於二零二零年六月三十日(未經審核)	388,330	(63,916)	8,746,635*	204,617*	3,888,788*	(870,720)*	(834,116)*	289,833*	5,915*	1,038,894*	(1,027,288)*	(23,712)*	17,670,381	293,632,622	4,132,239	33,784,121

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

## 中期簡明綜合現金流量表

For the six months ended 30 June 2021

截至二零二一年六月三十日止六個月

	Notes 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Cash flows from operating activities</b>			
Profit before tax:		<b>3,397,047</b>	1,402,336
Adjustments for:			
Interest income		<b>(476,512)</b>	(564,490)
Finance costs		<b>304,958</b>	324,449
Depreciation of property, plant and equipment	6	<b>915,524</b>	845,372
Depreciation of right-of-use assets	6	<b>165,253</b>	136,400
Depreciation of investment properties	6	<b>1,903</b>	1,765
Amortisation of other intangible assets	6	<b>36,034</b>	49,027
Gains on disposal of items of property, plant and equipment		<b>(2,478)</b>	(6,213)
Impairment of financial and contract assets, net	6	<b>76,625</b>	101,731
Impairment of prepayments, other receivables and other assets	5	<b>—</b>	67,234
Write-down of inventories to net realisable value	5	<b>84,178</b>	54,992
Write-down of assets of a disposal group classified as held for sale	5	<b>—</b>	71,628
Amortisation of deferred income for assets		<b>(44,938)</b>	(23,454)
Share of profits of associates		<b>(367,253)</b>	(220,759)
Share of losses of joint ventures		<b>34,905</b>	14,853
Net fair value gain on as deemed an associate investment		<b>(79,041)</b>	—
Net fair value (gain)/loss on exchangeable bonds		<b>(47,373)</b>	29,672
Loss upon exercising of exchangeable bonds	5	<b>10,584</b>	—
Gains arising from other financial assets at amortised cost		<b>(322)</b>	—
Foreign exchange (gains)/loss, net		<b>(2,706)</b>	5,824
Net fair value loss on a convertible promissory note	5	<b>1,326</b>	—
Net fair value (gain)/loss on other financial assets		<b>(4,985)</b>	7,055
Net fair value loss on forward currency contracts	5	<b>10,635</b>	10,112
Loss on re-measurement of an equity interest in a joint venture upon business acquisition	5	<b>38,092</b>	—
Equity-settled share option arrangements	24	<b>11,891</b>	34,808
Share award scheme	25	<b>96,267</b>	77,846



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
中期簡明綜合現金流量表

	Notes 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
(Increase)/decrease in other financial assets — entrusted loans to certain dairy farmers	其他金融資產(增加)/減少 — 授予若干奶農的委託貸款	4,159,614	2,420,188
Decrease in inventories	存貨減少	(99,621)	11,844
Increase in trade and bills receivables	應收賬款及票據增加	375,839	1,037,188
Increase in pledged deposits	保證金存款增加	(891,216)	(556,197)
Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少	(8,885)	(236,085)
Increase in trade and bills payables	應付賬款及票據增加	1,040,490	722,219
Decrease in other payables and accruals	其他應付款項及預提費用減少	60,667	1,200,770
		(1,123,771)	(1,041,427)
Cash generated from operations	經營業務產生的現金	3,513,117	3,558,500
Interest paid	支付利息	(284,699)	(312,188)
Income taxes paid	支付所得稅	(524,321)	(549,536)
<b>Net cash flows from operating activities</b>	<b>經營業務產生的淨現金流量</b>	<b>2,704,097</b>	<b>2,696,776</b>
<b>Cash flows from investing activities</b>	<b>投資活動產生的現金流量</b>		
Purchase of items of property, plant and equipment	購置物業、廠房及設備	(492,826)	(468,243)
Additions to construction in progress	添置在建工程	(2,033,487)	(1,155,561)
Purchase of land use rights included in right-of-use assets	購置計入使用權資產的土地使用權	(33,714)	(44,415)
Purchase of other intangible assets	購置其他無形資產	(9,404)	(14,222)
Proceeds from disposal of items of property, plant and equipment	處置物業、廠房及設備所得款項	56,892	30,780
Proceeds from disposal of other intangible assets	處置其他無形資產所得款項	3,999	—
Disposal of other financial assets — equity investment	處置其他金融資產 — 股權投資	—	63,388
Purchase of other financial assets — equity investments	購置其他金融資產 — 股權投資	—	(20,026)
Purchase of other financial assets — hybrid financial instrument	購置其他金融資產 — 混合金融工具	—	(457,643)
Purchase of other financial assets — debt investment	購置其他金融資產 — 債權投資	(23,670)	—
Purchase of other financial assets — investment deposits	購置其他金融資產 — 投資存款	(10,518,500)	(12,679,900)
Withdrawal of other financial assets — investment deposits	收回其他金融資產 — 投資存款	11,762,382	11,610,341
Increase in other financial assets — entrusted loans	其他金融資產增加 — 委託貸款	(373,070)	(1,030,000)
Withdrawal of other financial assets — entrusted loans	收回其他金融資產 — 委託貸款	21,372	2,060,000
(Increase)/decrease in time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款(增加)/減少	(3,904,160)	1,274,913
Interest received	收取利息	292,109	600,663
Acquisition of subsidiaries	收購子公司	(179,324)	(10,817)
Prepayment of purchase of an equity investment	購買股權投資的預付款	(3,000,000)	—
Acquisition of an associate	收購聯營公司	(944,141)	(286,601)
Acquisition of joint ventures	收購合營企業	(2,000)	—
Disposal of subsidiaries	出售子公司	65,000	—
Dividends received from associates	收取聯營公司的股息	35,704	—
Receipt of government grants related to purchase of fixed assets	收取購買固定資產相關之政府補助金	80,762	121,896
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>	<b>(9,196,076)</b>	<b>(405,447)</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
中期簡明綜合現金流量表

	Notes 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Cash flows from financing activities</b>	<b>融資活動產生的現金流量</b>		
Issue of corporate bonds	發行公司債券	6,500,000	9,835,602
Repayment of corporate bonds	償還公司債券	(4,000,000)	(1,000,000)
Repayment of exchangeable bonds	償還可交換債券	—	(1,435,055)
New interest-bearing bank loans	新計息銀行貸款	6,681,288	8,616,129
Repayment of interest-bearing bank loans	償還計息銀行貸款	(4,590,234)	(10,109,683)
Decrease in pledged deposits for bank loans	銀行貸款的保證金存款減少	—	23,386
Principle portion of lease payments	租賃付款的本金部分	(154,998)	(102,746)
Repayment of long-term payables	償還長期應付款項	—	(492)
Repayment of other financial liabilities of a subsidiary acquired in 2021	償還於二零二一年收購的子公司之其他金融負債	(315,000)	—
Disposal of equity interests in subsidiaries without loss of control	出售子公司之股權(沒有失去控制權)	4,185	1,291
Acquisition of non-controlling interests	收購非控股股東權益	(6,783)	(11,901)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	5,846	72,202
Dividends paid to owners of the Company	支付本公司擁有人的股息	(1,071,603)	(706,661)
Dividends paid to non-controlling interests	支付非控股股東權益的股息	—	(10,576)
<b>Net cash flows from financing activities</b>	<b>融資活動產生淨現金流量</b>	<b>3,052,701</b>	<b>5,171,496</b>
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(3,439,278)	7,462,825
<b>Cash and cash equivalents at 1 January</b>	<b>於一月一日的現金及現金等價物</b>	<b>9,225,493</b>	<b>3,798,118</b>
Effect of foreign exchange rate changes, net	匯率變動的影響(淨額)	(22,511)	1,230
<b>Cash and cash equivalents at 30 June</b>	<b>於六月三十日的現金及現金等價物</b>	<b>5,763,704</b>	<b>11,262,173</b>
<b>Analysis of balances of cash and cash equivalents</b>	<b>現金及現金等價物結餘分析</b>		
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	於中期簡明綜合財務狀況表中列賬的現金及銀行結存	8,086,329	11,512,173
Time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款	(2,322,625)	(250,000)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	於中期簡明綜合現金流量表中列賬的現金及現金等價物	5,763,704	11,262,173



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 中期簡明綜合財務資料附註

30 June 2021

二零二一年六月三十日

### 1. Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

### 2. Changes In Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂

Amendment to IFRS 16  
國際財務報告準則第16號的修訂

Amendment to IFRS 16

國際財務報告準則第16號的修訂

### 1. 編製基準

截至二零二一年六月三十日止六個月的中期簡明綜合財務報表是按照國際會計準則第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則（「上市規則」）之披露規定編製。本中期簡明綜合財務報表並未載有年度財務報表所需的全部信息及披露，故應與本集團截至二零二零年十二月三十一日止年度的年度綜合財務報表一併閱覽。

### 2. 會計政策變動及披露

編製中期簡明綜合財務報表所採納的會計政策與編製該等截至二零二零年十二月三十一日止年度本集團年度綜合財務報表一致，以下就本期間之財務資料首次採納下列經修訂的國際財務報告準則（「國際財務報告準則」）除外。

*Interest Rate Benchmark Reform – Phase 2*

利率基準改革 – 第二期

*Covid-19-Related Rent Concessions*

新型冠狀病毒疫情相關租金寬免

*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

二零二一年六月三十日後新型冠狀病毒疫情相關租金寬免（提早採納）



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**2. Changes In Accounting Policies and Disclosures (continued)**

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

**2. 會計政策變動及披露 (續)**

經修訂國際財務報告準則的性質及影響如下：

- (a) 國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂旨在解決之前影響財務報告的修訂所未處理的問題，即當現有利率基準改以其他無風險利率取代的問題。第二期修訂提出可行的權宜辦法，倘若變更是直接由於利率基準改革而計算合約現金流的新基準在經濟方面等同變更之前當時的基準，則處理更改金融資產及負債的合約現金流計算基準的會計入賬時，容許更新實際利率但毋須調整金融資產及負債的賬面值。此外，該等修訂亦容許按照利率基準改革所要求變更對沖的命名和對沖文件而毋須中斷對沖關係。由於過渡轉變而導致的收益或虧損，按照國際財務報告準則第9號的一般規定計量和確認對沖失效。該等修訂亦暫時免除公司將無風險利率指定為風險成分而須另行識別的規定，即公司指定一項對沖時，假定已符合另行識別的規定，惟有關公司須合理預期可在未來24個月內對無風險利率的風險成分另行識別。此外，該等修訂規定公司須披露更多資料，讓財務報表的使用者可以了解利率基準改革對公司的財務工具及風險管理策略有何影響。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 2. Changes In Accounting Policies and Disclosures (continued)

- (a) (continued)
- The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.
- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

## 2. 會計政策變動及披露 (續)

- (a) (續)
- 本集團於二零二一年六月三十日有若干計息銀行及其他借貸以港元及外幣定值而基於香港銀行同業拆息及倫敦銀行同業拆息釐定利率。由於期內該等借貸的利息並非以無風險利率取代，因此有關的修訂對本集團的財務狀況及表現並無影響。倘若未來的期間該等借貸的利率以無風險利率取代，本集團會在變更該等借貸時按實際情況斟酌處理，惟須符合「經濟等同」的準則。
- (b) 二零二一年三月發出的國際財務報告準則第16號的修訂為承租人提供一個可行的權宜方法，在十二個月內以可選擇不就新型冠狀病毒疫情的直接後果產生的租金寬免應用租賃修改會計處理。因此，該可行權宜方法適用於涉及原應在二零二二年六月三十日或之前的租賃付款的租金寬免，惟須符合應用該可行權宜方法的其他條件。該修訂對二零二一年四月一日或之後開始的年度期間追溯有效，首次採用該修訂的累計影響確認為現行會計期開始時保留利潤的調整。該修訂允許提前應用。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 2. Changes In Accounting Policies and Disclosures (continued)

(b) (continued)

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. For the six months ended 30 June 2021, no reduction in the lease payments arising from the rent concessions (six months ended 30 June 2020: RMB1,339,000) has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period.

## 3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Liquid milk products segment — manufacture and distribution of ultra-high temperature milk ("UHT milk"), milk beverage, yogurt and fresh milk
- Ice cream products segment — manufacture and distribution of ice cream
- Milk powder products segment — manufacture and distribution of milk powder
- Others segment — principally the Group's cheese business and trading business

## 2. 會計政策變動及披露 (續)

(b) (續)

本集團已於二零二一年一月一日提前採納該修訂，且於截至二零二一年六月三十日止期間僅就原定二零二二年六月三十日或之前到期的付款而出租人由於新型冠狀病毒疫情的直接影響而提供的所有租金寬免採用該可行權宜方法。截至二零二一年六月三十日止六個月，由於期內取消確認部分租賃負債而計入損益的方式處理可變租賃付款，故此並無租金寬免導致租賃付款減少的差額入賬(截至二零二一年六月三十日止六個月：人民幣1,339,000元)。

## 3. 經營分部資料

出於管理需要，本集團按產品及服務構組業務單元，共有下列四個可報告經營分部：

- 液態奶產品分部 — (「UHT奶」)、乳飲料、酸奶及鮮奶
- 冰淇淋產品分部 — 生產及經銷冰淇淋
- 奶粉產品分部 — 生產及經銷奶粉
- 其他分部 — 主要為本集團奶酪業務及貿易業務



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**3. Operating Segment Information (continued)**

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, share of profits/losses of associates and joint ventures, income tax expense, as well as head office and corporate income/expenses are excluded from such measurement.

Segment assets exclude investments in associates and joint ventures, assets of a disposal group classified as held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**3. 經營分部資料(續)**

管理層獨立監察本集團各經營分部的業績，以作出有關資源分配及表現評估的決策。分部表現乃根據可報告分部利潤／虧損（其為對經調整稅前利潤／虧損的一種計量）予以評估。經調整稅前利潤／虧損與本集團的稅前利潤／虧損的計量方式一致，惟利息收入、非租賃相關融資成本、應佔聯營公司及合營企業利潤／虧損、所得稅支出及總部及公司收益／支出不包含於該計量內。

分部資產並不包括於聯營公司及合營企業的投資、分類為持有待售的處置組內資產，以及其他不分部的總部及公司資產，乃由於此等資產按集團層面管理。

分部負債並不包括其他不分部的總部及公司負債，乃由於此等負債按集團層面管理。

分部間銷售及轉讓乃參考以當時市價向第三方銷售所採用的售價進行交易。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**3. Operating Segment Information (continued)**

The following tables present the revenue, profit and certain asset and liability information for the Group's operating segments:

**3. 經營分部資料(續)**

下表呈列本集團經營分部的收入、利潤及部分資產及負債的資料：

Six months ended 30 June 2021 截至二零二一年六月三十日止六個月		Liquid milk products 液態奶產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Ice cream products 冰淇淋產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Milk powder products 奶粉產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Segment revenue (note 4):</b>	<b>分部收入(附註4):</b>					
Sales to external customers	銷售予外部客戶	39,448,116	3,003,898	2,547,324	905,871	45,905,209
Intersegment sales	分部間銷售	298,221	21,231	6,976	494,324	820,752
		39,746,337	3,025,129	2,554,300	1,400,195	46,725,961
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(820,752)
Revenue	收入					45,905,209
<b>Segment results</b>	<b>分部業績</b>	2,415,206	528,089	(130,057)	(72,351)	2,740,887
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					476,512
Finance costs (other than interest on lease liabilities)	融資成本(除租賃負債利息外)					(293,046)
Share of loss of joint ventures	應佔合營企業虧損					(34,905)
Share of profits of associates	應佔聯營公司利潤					367,253
Corporate and other unallocated income	公司及其他不分部的收益					140,346
Profit before tax	稅前利潤					3,397,047
Income tax expense	所得稅支出					(429,699)
Profit for the period	本期利潤					2,967,348
<b>At 30 June 2021</b>	<b>於二零二一年六月三十日</b>					
<b>Segment assets</b>	<b>分部資產</b>	52,362,320	4,689,462	19,041,085	1,077,365	77,170,232
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(29,436,039)
Corporate and other unallocated assets	公司及其他不分部資產					28,347,685
Investments in joint ventures	於合營企業的投資					2,000
Investments in associates	於聯營公司的投資					9,241,189
Assets of a disposal group classified as held for sale	分類為持有待售的處置組之資產					944,893
Total assets	總資產					86,269,960
<b>Segment liabilities</b>	<b>分部負債</b>	23,702,581	3,267,240	11,248,119	1,699,139	39,917,079
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(29,436,039)
Corporate and other unallocated liabilities	公司及其他不分部的負債					36,243,474
Total liabilities	總負債					46,724,514



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**3. Operating Segment Information (continued) 3. 經營分部資料 (續)**

Six months ended 30 June 2020 截至二零二零年六月三十日止六個月		Liquid milk products 液態奶產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Ice cream products 冰淇淋產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Milk powder products 奶粉產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Segment revenue (note 4):</b>	<b>分部收入 (附註4):</b>					
Sales to external customers	銷售予外部客戶	32,565,272	2,229,183	2,281,948	457,056	37,533,459
Intersegment sales	分部間銷售	345,461	32,264	19,853	118,341	515,919
		32,910,733	2,261,447	2,301,801	575,397	38,049,378
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(515,919)
Revenue	收入					37,533,459
<b>Segment results</b>	<b>分部業績</b>	604,961	218,108	86,643	14,602	924,314
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					564,490
Finance costs (other than interest on lease liabilities)	融資成本 (除租賃負債利息外)					(311,340)
Share of loss of a joint venture	應佔合營企業虧損					(14,853)
Share of profits of associates	應佔聯營公司利潤					220,759
Corporate and other unallocated income	公司及其他不分部的收益					18,966
Profit before tax	稅前利潤					1,402,336
Income tax expense	所得稅支出					(267,538)
Profit for the period	本期利潤					1,134,798
<b>At 30 June 2020</b>	<b>於二零二零年六月三十日</b>					
<b>Segment assets</b>	<b>分部資產</b>	50,133,621	2,229,772	18,418,896	1,025,520	71,807,809
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(23,303,442)
Corporate and other unallocated assets	公司及其他不分部資產					28,431,877
Investment in a joint venture	於合營企業的投資					125,987
Investments in associates	於聯營公司的投資					7,912,866
Assets of a disposal group classified as held for sale	分類為持有待售的處置組之資產					60,000
Total assets	總資產					85,035,097
<b>Segment liabilities</b>	<b>分部負債</b>	27,266,430	2,473,778	10,898,727	1,362,420	42,001,355
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(23,303,442)
Corporate and other unallocated liabilities	公司及其他不分部的負債					32,573,063
Total liabilities	總負債					51,270,976

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**4. Revenue**

An analysis of the revenue is as follows:

**4. 收入**

收入的分析如下：

**For the six months ended 30 June**

截至六月三十日止六個月

	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers: 來自客戶合約的收入：		
Sale of goods 銷售商品	45,905,209	37,525,584
Consigned processing services 委託加工服務	—	7,875
	<b>45,905,209</b>	<b>37,533,459</b>



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**4. Revenue (continued)**  
**Disaggregated revenue information for revenue from contracts with customers**  
**For the six months ended 30 June 2021**

**4. 收入(續)**  
**來自客戶合約收入的分部收入資料**  
**截至二零二一年六月三十日止六個月**

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Ice cream products 冰淇淋產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Milk powder products 奶粉產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Type of goods:</b>	<b>商品種類:</b>					
Sale of products	商品銷售	39,448,116	3,003,898	2,547,324	905,871	45,905,209
Total revenue from contracts with customers	來自客戶合約收入總額	39,448,116	3,003,898	2,547,324	905,871	45,905,209
<b>Geographical markets:</b>	<b>地理市場:</b>					
Mainland China	中國大陸	39,444,139	2,624,274	1,954,505	905,871	44,928,789
Overseas	海外	3,977	379,624	592,819	—	976,420
Total revenue from contracts with customers	來自客戶合約收入總額	39,448,116	3,003,898	2,547,324	905,871	45,905,209
<b>Timing of revenue recognition:</b>	<b>確認收入的時間:</b>					
Goods transferred at a point in time	於某一時間點轉移商品	39,448,116	3,003,898	2,547,324	905,871	45,905,209
Total revenue from contracts with customers	來自客戶合約收入總額	39,448,116	3,003,898	2,547,324	905,871	45,905,209



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**4. Revenue (continued)****Disaggregated revenue information for revenue from contracts with customers (continued)**

For the six months ended 30 June 2020

**4. 收入(續)****來自客戶合約收入的分部收入資料(續)**

截至二零二零年六月三十日止六個月

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Ice cream products 冰淇淋產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Milk powder products 奶粉產品 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Types of goods or services:</b>	<b>商品或服務種類：</b>					
Sale of products	商品銷售	32,565,272	2,229,183	2,274,073	457,056	37,525,584
Consigned processing service	委託加工服務	—	—	7,875	—	7,875
Total revenue from contracts with customers	來自客戶合約收入總額	32,565,272	2,229,183	2,281,948	457,056	37,533,459
<b>Geographical markets:</b>	<b>地理市場：</b>					
Mainland China	中國大陸	32,550,709	2,229,183	1,328,967	457,056	36,565,915
Overseas	海外	14,563	—	952,981	—	967,544
Total revenue from contracts with customers	來自客戶合約收入總額	32,565,272	2,229,183	2,281,948	457,056	37,533,459
<b>Timing of revenue recognition:</b>	<b>確認收入的時間：</b>					
Goods transferred at a point in time	於某一時間點轉移商品	32,565,272	2,229,183	2,274,073	457,056	37,525,584
Services transferred at a point in time	於某一時間點轉移服務	—	—	7,875	—	7,875
Total revenue from contracts with customers	來自客戶合約收入總額	32,565,272	2,229,183	2,281,948	457,056	37,533,459

Note: The revenue for the six months ended 30 June 2021 RMB656,076,000 (six months ended 30 June 2020: RMB388,890,000) of "Cheese products" contains in "Others" segment above.

附註：截至二零二一年六月三十日止六個月「奶酪產品」的收入人民幣656,076,000元（截至二零二零年六月三十日止六個月：人民幣388,890,000元）包括在以上的「其他」分部。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

5. Other Expenses

5. 其他費用

For the six months ended 30 June  
截至六月三十日止六個月

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Write-down of inventories to net realisable value	存貨撇減至可變現淨值	84,178	54,992
Write-down of assets of a disposal group classified as held for sale	撇減分類為持有待售的處置組內資產	—	71,628
Impairment of prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減值	—	67,234
Donations	捐贈支出	14,904	445,858
Educational surcharges, city construction tax, and other taxes	教育附加費、城市維護建設稅及其他稅項	250,787	211,938
Net fair value loss on forward currency contracts	遠期外幣合約公允值虧損淨額	10,635	10,112
Loss on partial disposal of equity interests in associates	部分出售聯營公司股權之虧損	10,584	—
Net fair value loss on exchangeable bonds	可交換債券公允值虧損淨額	—	29,672
Net fair value loss on convertible promissory notes	可換股承兌票據之公允值虧損淨額	1,326	1,200
Net fair value loss on warrants	認股權證之公允值虧損淨額	—	11,817
Foreign exchange losses, net	匯兌虧損淨額	—	5,824
Loss on re-measurement of an equity interest in a joint venture upon a business acquisition	收購業務時重新計量合營企業股權的虧損	38,092	—
Others	其他	52,179	33,520
		<b>462,685</b>	943,795

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**6. Profit Before Tax**

The Group's profit before tax is arrived at after charging:

**6. 稅前利潤**

本集團的稅前利潤乃經扣除下列各項後計算所得：

For the six months ended 30 June  
截至六月三十日止六個月

		Notes 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Cost of inventories sold	銷售存貨成本		28,352,576	22,876,292
Cost of consigned processing services	委託加工服務成本		—	4,781
Cost of sales	銷售成本		28,352,576	22,881,073
Impairment of financial and contract assets, net:	金融及合約資產減值淨額：			
Impairment of trade receivables, net	貿易應收款項減值淨額		76,625	100,757
Impairment of financial assets included in prepayments, other receivables and other assets, net	計入預付款項、其他應收款項及其他資產的金融資產減值淨額		—	974
Depreciation of property, plant and equipment	物業、廠房及設備折舊	11	76,625	101,731
Depreciation of right-of-use assets	使用權資產折舊		915,524	845,372
Depreciation of investment properties	投資物業折舊		165,253	136,400
Amortisation of other intangible assets	其他無形資產攤銷		1,903	1,765
Outsourcing expenses	外包費用	(a)	36,034	49,027
Other rental expenses	其他租賃費用		155,764	197,242
Display space fees	陳列空間費用		145,015	140,719
Employee benefit expense (including directors' and senior executive's emoluments)	僱員福利費用(包括董事及高級行政人員薪酬)		1,573,968	1,840,301
			3,525,431	2,949,141

Note:

(a) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amounts paid by the Group for purchasing outsourcing services.

附註：

(a) 為了促進營運效率，本集團外包若干產品的生產。該金額指本集團就購買該等外包服務支付的總額。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**7. Income Tax Expense**

Under the Law of the People's Republic of China on Corporate Income Tax ("PRC CIT Law"), except for certain preferential tax treatment available to certain subsidiaries of the Group, the entities within the Group are subject to PRC corporate income tax ("CIT") at a rate of 25% (2020: 25%) on the taxable income as reported in their statutory accounts which are prepared in accordance with the PRC accounting standards and financial regulations.

**7. 所得稅支出**

根據中華人民共和國企業所得稅法(「中國企業所得稅法」)，除本集團若干子公司獲授若干稅務優惠外，本集團旗下的企業應就其法定賬目所呈報應課稅利潤按25%(二零二零年：25%)之稅率交納中國企業所得稅(「企業所得稅」)，法定賬目乃按照中國會計準則及財務法規編製。

For the six months ended 30 June  
截至六月三十日止六個月

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Current income tax</b>	<b>即期所得稅</b>		
Current income tax charge	即期所得稅支出	871,562	460,381
<b>Deferred income tax</b>	<b>遞延所得稅</b>		
Relating to origination and reversal of tax losses and temporary differences	有關稅項虧損及暫時性差異的產生及回撥	(441,863)	(192,843)
		<b>429,699</b>	267,538

During the period, certain PRC subsidiaries were subject to tax concessions in accordance with (i) the PRC CIT Law; (ii) "The notice of tax policies relating to the implementation of western China development strategy"; and (iii) "The notice of preferential tax policy for preliminary processing of agricultural products".

期內，根據(i)中國企業所得稅法；(ii)《關於深入實施西部大開發戰略有關稅收政策問題的通知》；及(iii)《關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》，若干中國子公司享有稅務優惠。

**8. Dividends**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

During the six months ended 30 June 2021 and 2020, the Company declared and paid a final dividend of RMB0.268 and RMB0.181 per ordinary share as proposed for the year ended 31 December 2020 and 2019, respectively, to the shareholders of the Company.

**8. 股息**

董事並不建議派發截至二零二一年六月三十日止六個月的中期股息(截至二零二零年六月三十日止六個月：無)。

截至二零二一年及二零二零年六月三十日止六個月，本公司按照建議就截至二零二零年及二零一九年十二月三十一日止年度分別向本公司股東宣派及派付期末股息每股普通股人民幣0.268元及人民幣0.181元。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**9. Earnings per Share Attributable to Ordinary Equity Holders of the Company****(a) Basic earnings per share**

The basic earnings per share amounts for the period is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

A reconciliation of the weighted average number of shares used in calculating the basic earnings per share amount is as follows:

**9. 本公司普通股擁有人應佔的每股盈利****(a) 每股基本盈利**

本期的每股基本盈利乃根據期內本公司普通股擁有人應佔利潤除以期內已發行普通股的加權平均數計算。

計算每股基本盈利時所用加權平均股份數目調節如下：

**For the six months ended 30 June**

截至六月三十日止六個月

		2021 二零二一年 Number of shares 股份數目 (in thousand) (千股) (Unaudited) (未經審核)	2020 二零二零年 Number of shares 股份數目 (in thousand) (千股) (Unaudited) (未經審核)
Issued ordinary shares at 1 January	於一月一日已發行普通股	3,948,108	3,935,015
Effect of share options exercised	已行使購股權的影響	116	1,013
Effect of shares purchased under share award scheme	根據股票獎勵計劃回購股份的影響	(8,163)	(14,185)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,940,061	3,921,843



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**9. Earnings per Share Attributable to Ordinary Equity Holders of the Company (continued)**

**(b) Diluted earnings per share**

The diluted earnings per share amounts is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A reconciliation of the weighted average number of shares used in calculating the diluted earnings per share amount is as follows:

**9. 本公司普通股擁有人應佔的每股盈利 (續)**

**(b) 每股攤薄盈利**

每股攤薄盈利乃根據期內本公司普通股擁有人應佔利潤除以用作計算每股基本盈利所採用的期內已發行普通股加權平均數，以及假設所有具攤薄潛力的普通股被視作獲行使或轉換為普通股時按無代價發行的普通股加權平均數計算。

計算每股攤薄盈利時所用加權平均股份數目調節如下：

**For the six months ended 30 June  
截至六月三十日止六個月**

		2021 二零二一年 Number of shares 股份數目 (in thousand) (千股) (Unaudited) (未經審核)	2020 二零二零年 Number of shares 股份數目 (in thousand) (千股) (Unaudited) (未經審核)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,940,061	3,921,843
Effect of dilution — Weighted average number of ordinary shares:	攤薄影響 — 普通股加權平均數：		
Share options	購股權	14,160	5,734
Share awards	股票獎勵	6,049	5,025
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	計算每股攤薄盈利所用的普通股加權平均數	3,960,270	3,932,602

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**10. Assets of a Disposal Group Classified as Held for Sale**

On 22 March 2021, Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”), a subsidiary of the Company, entered into a sale and purchase agreement with China Modern Dairy Holdings Ltd. (“China Modern Dairy”), an associate of the Group, and Inner Mongolia Fuyuan International Industrial (Group) Corporation Limited (“Fuyuan”), a then associate of the Group, pursuant to which Inner Mongolia Mengniu agreed to dispose of its 43.35% equity interest in Fuyuan, excluding Austin Holding Co., Limited (“Austin”), to China Modern Dairy for an aggregate consideration of approximately RMB1,508,670,000. The transaction is expected to be completed within one year. As such, the Group’s investment in associates in Fuyuan was classified as assets of a disposal group classified as held for sale as at 30 June 2021.

**10. 分類為持有待售的處置組內資產**

二零二一年三月二十二日，本公司子公司內蒙古蒙牛乳業(集團)股份有限公司(「內蒙蒙牛」)與本集團聯營公司中國現代牧業控股有限公司(「中國現代牧業」)及本集團當時的聯營公司內蒙古富源國際實業(集團)有限公司(「富源」)簽訂買賣協議。據此，內蒙蒙牛同意將其所持富源(不包括 Austin Holding Co., Limited(「Austin」)) 43.35% 股權售予中國現代牧業，總代價約為人民幣1,508,670,000元。該交易預計將於一年內完成。截至二零二一年六月三十日，本集團對聯營公司富源的投資分類為持有待售的處置組內資產。

**11. Property, Plant and Equipment**

Movements of property, plant and equipment during the period are as follows:

**11. 物業、廠房及設備**

物業、廠房及設備於本期內變動如下：

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Carrying amount at 1 January	於一月一日的賬面值	12,546,604	11,102,702
Additions	增加	51,171	89,025
Transfers from construction in progress (note 12)	轉撥自在建工程(附註12)	903,848	1,241,652
Transfers from investment properties	轉撥自投資物業	—	8,527
Transfers to assets of a disposal group classified as held for sale	轉撥至分類為持有待售的處置組內資產	—	(104,955)
Transfers to construction in progress (note 12)	轉撥至在建工程(附註12)	(1,260)	(16,293)
Transfers to investment properties	轉撥至投資物業	(1,085)	(1,485)
Disposals	處置	(46,135)	(27,977)
Acquisition of subsidiaries	收購子公司	547,631	10,949
Depreciation charge for the period (note 6)	本期折舊費用(附註6)	(915,524)	(845,372)
Exchange realignment	匯兌調整	(8,008)	(22,447)
Carrying amount at 30 June	於六月三十日的賬面值	13,077,242	11,434,326



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 12. Construction in Progress

Movements of construction in progress are as follows:

## 12. 在建工程

在建工程變動如下：

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Carrying amount at 1 January	於一月一日的賬面值	2,729,469	2,231,333
Additions	增加	1,820,869	1,155,561
Transfers from property, plant and equipment (note 11)	轉撥自物業、廠房及設備 (附註11)	1,260	16,293
Transfers to property, plant and equipment (note 11)	轉撥至物業、廠房及設備 (附註11)	(903,848)	(1,241,652)
Transfers to other intangible assets	轉撥至其他無形資產	(7,021)	(21,483)
Acquisition of subsidiaries	收購子公司	6,390	33
Exchange realignment	匯兌調整	(259)	(281)
Carrying amount at 30 June	於六月三十日的賬面值	<b>3,646,860</b>	2,139,804

## 13. Goodwill

## 13. 商譽

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Carrying amount at 1 January	於一月一日的賬面值	4,883,291	4,718,657
Acquisition of subsidiaries	收購子公司	470,227	92,091
Exchange realignment	匯兌調整	(95,135)	(30,510)
Carrying amount at 30 June	於六月三十日的賬面值	<b>5,258,383</b>	4,780,238



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**14. Investments in Associates**

Among the Group's investments in associates, China Modern Dairy is a strategic partner of the Group mainly engaged in the production and sale of raw milk products.

As at 30 June 2021, the Group held 3,653,945,781 shares of China Modern Dairy, representing approximately 51.40% (six months ended 30 June 2020: 58.15%) of the issued share capital.

On 5 June 2020, the Company redeemed the US\$194,800,000 zero coupon exchangeable bonds issued in 2017 (the "Old Exchangeable Bonds"). On 24 June 2020, the Company issued US\$100,000,000 exchangeable bonds due 2023 (the "New Exchangeable Bonds") at the interest rate of 1.50% per annum payable semi-annually, which are exchangeable into 613,877,227 shares of China Modern Dairy at the notional exchange price of HK\$1.2625 per share, representing approximately 9.58% of the issued share capital of China Modern Dairy. In connection with the issuance of the New Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited ("BOCI"), as borrower, 613,877,227 shares of China Modern Dairy in aggregate (the "Loaned Securities"), which represent approximately 9.58% of the issued share capital of China Modern Dairy, in accordance with a securities lending agreement (the "Securities Lending Agreement"). Upon the effectiveness of the Securities Lending Agreement, voting rights in relation to the loaned securities shall pass from the lender to the borrower.

Up to 30 June 2021, the New Exchangeable Bonds holders exercised for 71,823,631 shares of China Modern Dairy. The remaining New Exchangeable Bonds are exchangeable into 542,053,596 shares of China Modern Dairy, representing approximately 7.63% of the issued share capital of China Modern Dairy.

**14. 於聯營公司的投資**

在本集團投資的聯營公司中，中國現代牧業為本集團主要從事原奶產品生產及銷售的策略夥伴。

於二零二一年六月三十日，本集團持有3,653,945,781股中國現代牧業股份，佔已發行股本約51.40%（截至二零二零年六月三十日止六個月：58.15%）。

於二零二零年六月五日，本公司贖回於二零一七年發行的194,800,000美元零息可交換債券（「舊可交換債券」）。於二零二零年六月二十四日，本公司按年每半年支付利率1.50%發行於二零二三年到期的100,000,000美元可交換債券（「新可交換債券」），其按名義交換價每股1.2625港元轉換為中國現代牧業的613,877,227股股份，佔中國現代牧業已發行股本約9.58%。有關發行新可交換債券，本公司（作為貸款方）根據證券借出協議（「證券借出協議」）向中銀國際金融產品有限公司（「中銀國際」）（作為借款方）借出合共613,877,227股中國現代牧業股份（「借出證券」），其佔中國現代牧業已發行股本約9.58%。待證券借出協議生效後，借出證券的投票權須由貸款方轉移至借款方。

截至二零二一年六月三十日，新可交換債券持有人行使兌換71,823,631股中國現代牧業股份。其餘新可交換債券可以兌換542,053,596股中國現代牧業股份，佔中國現代牧業已發行股本約7.63%。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

#### 14. Investments in Associates (continued)

Aggregating the effect of the Group's shareholdings of 51.40% (six months ended 30 June 2020: 58.15%), the potential voting rights of 7.63% shares underlying the remaining New Exchangeable Bonds (six months ended 30 June 2020: 9.58%) when exchanged, management is of the opinion that the Group has less than 50% substantive voting rights over China Modern Dairy.

As at 30 June 2021, when assessing whether the Group has control over China Modern Dairy, management considered all facts and circumstances, including but not limited to the substantive voting rights over China Modern Dairy, the voting rights attached to the loaned securities and their inability to be exercised by the Group, and the Group's representation on the board of directors in China Modern Dairy. Taking into account these factors, management's judgement is that the Group has no control over China Modern Dairy and continues to account for China Modern Dairy as an associate using the equity method.

#### 14. 於聯營公司的投資(續)

經計及本集團所持51.40%股權(截至二零二零年六月三十日止六個月: 58.15%)、其餘新可交換債券轉換後的7.63%(截至二零二零年六月三十日止六個月: 9.58%)股份的潛在投票權之影響, 管理層認為本集團持有的中國現代牧業的實質性投票權少於50%。

於二零二一年六月三十日, 在評估本集團是否控制中國現代牧業時, 管理層審議了所有事實及情況, 包括但不限於於中國現代牧業的實質性投票權、借出證券所附有投票權及其將無法由本集團行使, 及本集團於中國現代牧業董事會的代表。經考慮此等因素, 管理層判定, 本集團對中國現代牧業並無控制權, 且中國現代牧業作為一家聯營公司繼續以權益法入賬。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 15. Other Financial Assets

## 15. 其他金融資產

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>At fair value through other comprehensive income:</b>	以公允值計量且其變動計入其他全面收益：		
Hong Kong listed equity investment	香港上市股權投資	81,707	108,745
Unlisted equity investment	非上市股權投資	20,026	20,026
		<b>101,733</b>	128,771
<b>At fair value through profit or loss:</b>	以公允值計量且其變動計入損益：		
Unlisted equity investments	非上市股權投資	3,926	230,384
Convertible promissory note	可換股承兌票據	—	226,414
Hybrid financial instrument	混合金融工具	472,432	470,076
Short term investment deposits	短期投資存款	5,614,132	6,858,012
		<b>6,090,490</b>	7,784,886
<b>At amortised cost:</b>	按攤餘成本：		
Short term entrusted loans	短期委託貸款	681,795	630,000
Long term entrusted loans	長期委託貸款	1,016,981	775,391
Long term entrusted loans due within one year	於一年內到期之長期委託貸款	95,995	37,662
Long term receivables	長期應收款項	4,029	6,883
Long term time deposits (note 18)	長期定期存款(附註18)	9,831,742	6,078,577
Debt investment	債權投資	23,992	—
		<b>11,654,534</b>	7,528,513
Total other financial assets	其他金融資產總額	<b>17,846,757</b>	15,442,170
Current	流動	<b>6,391,921</b>	7,752,088
Non-current	非流動	<b>11,454,836</b>	7,690,082
		<b>17,846,757</b>	15,442,170



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

16. Inventories

16. 存貨

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	原材料	2,743,225	2,425,018
Finished goods	製成品	2,422,300	3,087,432
Total inventories at the lower of cost and net realisable value		5,165,525	5,512,450

17. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit limit to its customers which is adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. The trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

17. 應收賬款及票據

本集團通常授予客戶特定信貸額度，並可在若干情形下進行調整。本集團密切監控逾期未償還結餘。鑒於上文所述及本集團的應收賬款乃與大量不同類別的客戶有關，故並無重大信貸集中風險。本集團並無就其應收賬款持有任何抵押品或其他信貸提升。應收賬款並無附帶利息。

於報告期末，經扣除虧損撥備的應收賬款及票據按發票日期的賬齡分析如下：

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	3,172,222	2,484,058
4 to 6 months	4至6個月	460,213	380,879
7 to 12 months	7至12個月	158,849	73,089
Over 1 year	1年以上	96,570	50,336
		3,887,854	2,988,362

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

18. Cash and Bank Balances and Other Deposits

18. 現金及銀行結存及其他存款

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Cash and cash equivalents as stated in the consolidated statement of cash flows	列於中期簡明綜合現金流量表的現金及現金等價物	5,763,704	9,225,493
Pledged deposits	保證金存款	258,406	249,521
Time deposits	定期存款	12,154,367	8,250,207
		18,176,477 (258,406)	17,725,221 (249,521)
Less: Pledged deposits	減：保證金存款		
Less: Long term time deposits (note 15)	減：長期定期存款 (附註15)	(9,831,742)	(6,078,577)
Cash and bank balances as stated in the consolidated statement of financial position	列於中期簡明綜合財務狀況表的現金及銀行結存	8,086,329	11,397,123

Note:

附註：

The Group's pledged deposits were as follows:

本集團的保證金存款列示如下：

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Pledged to secure bills payable	抵押以獲得應付票據	258,406	119,521
Pledged to secure letters of credit	抵押以獲得信用證	—	130,000
		258,406	249,521

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**19. TRADE AND BILLS PAYABLES**

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Within 3 months	3個月以內	<b>7,355,458</b>	7,183,665
4 to 6 months	4至6個月	<b>778,556</b>	725,645
7 to 12 months	7至12個月	<b>89,244</b>	40,720
Over 1 year	1年以上	<b>42,607</b>	19,291
		<b>8,265,865</b>	7,969,321

**20. Other Payables and Accruals****19. 應付賬款及票據**

應付賬款及票據按發票日期於報告期末的賬齡分析如下：

**20. 其他應付款項及預提費用**

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Contract liabilities	合約負債	<b>1,144,016</b>	3,470,305
Refund liabilities	退款負債	<b>40,672</b>	34,534
Salary and welfare payables	應付薪金及福利費	<b>1,024,388</b>	1,908,387
Other payables	其他應付款項	<b>7,768,631</b>	6,052,690
		<b>9,977,707</b>	11,465,916

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 21. Interest-Bearing Bank and Other Borrowings

## 21. 計息銀行及其他借貸

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>Current:</b>	<b>即期：</b>		
Short-term bank loans, secured	短期銀行貸款，有抵押	1,072,570	—
Short-term bank loans, unsecured	短期銀行貸款，無抵押	3,857,992	4,767,206
Super short-term commercial papers	超短期融資券	2,000,000	—
Lease liabilities	租賃負債	191,663	157,187
		<b>7,122,225</b>	4,924,393
<b>Non-current:</b>	<b>非即期：</b>		
Long term bank loans, unsecured	長期銀行貸款，無抵押	1,986,298	—
US\$100,000,000 1.50% exchangeable bonds issued in 2020 (note 14)	於二零二零年發行的 100,000,000美元1.50% 可交換債券(附註14)	838,405	1,014,361
US dollar bonds	美元債券	11,572,325	11,681,205
Renminbi corporate bonds	人民幣企業債券	500,000	—
Medium-term notes	中期票據	1,000,000	1,000,000
Lease liabilities	租賃負債	343,111	324,266
		<b>16,240,139</b>	14,019,832
		<b>23,362,364</b>	18,944,225



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

22. Other Financial Liabilities

22. 其他金融負債

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Present value of redemption amount for potential acquisition of puttable non-controlling interests	可能收購可沽售非控股股東權益之贖回金額現值	1,601,200	1,600,200
Convertible bonds	可換股債券	131,780	—
Total	總額	1,732,980	1,600,200
Current portion	即期	1,601,200	1,600,200
Non-current portion	非即期	131,780	—

(a) Under the equity joint venture contract entered into between Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”) and Danone Asia Pte Ltd. (“Danone Asia Pte”) dated 9 August 2013, an option was granted to Danone Asia Pte to terminate the equity joint venture contract and sell the entire stake of Danone Asia Pte to Inner Mongolia Mengniu at the exercise price within a 15-day period at the beginning of each biennial (2-year) period from the seventh (7th) anniversary of the relevant closing date under the amended and restated framework agreement, subject to compliance with the then applicable laws and regulations by the Company, including the then relevant Listing Rules in connection with connected transactions. As at 30 June 2021, the Group derecognized the entire interest held by Danone Asia Pte of RMB526,891,000 (31 December 2020: RMB445,788,000) and recognised a present value of the amount payable upon exercise of the option of RMB1,601,200,000 (31 December 2020: RMB1,600,200,000) as a financial liability and accounted for the difference in equity. As at 30 June 2021, the Group is negotiating with Danone Asia Pte to terminate the equity joint venture contract and buy back the entire interest held by Danone Asia Pte under the equity joint venture contract.

(a) 根據內蒙古蒙牛乳業(集團)股份有限公司(「內蒙蒙牛」)與達能亞洲有限公司(「達能亞洲」)於二零一三年八月九日訂立的合資經營合同，達能亞洲獲授一項選擇權，可在經修訂及重列的框架協議相關交割日滿七(7)週年後，每兩(2)年期間之開始後十五天內終止合資經營合同，並將達能亞洲股權全部按行使價售予內蒙蒙牛，但本公司必須遵守當時的適用法例及法規的規定，包括當時相關上市規則關於關連交易的規定。於二零二一年六月三十日，本集團終止確認達能亞洲持有的全部權益人民幣526,891,000元(二零二零年十二月三十一日：人民幣445,788,000元)及按行使選擇權時應付款項的現值人民幣1,601,200,000元(二零二零年十二月三十一日：人民幣1,600,200,000元)確認為金融負債，並將差額計入權益。截至二零二一年六月三十日，本集團正與達能亞洲協商終止合資經營合同併購回達能亞洲根據合資經營合同持有的全部權益。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 23. Share Capital

## 23. 股本

For the six months ended 30 June (Unaudited)  
截至六月三十日止六個月(未經審核)

	2021 二零二一年		2020 二零二零年	
	Number of ordinary shares 普通股數目 '000 千股	Amount 金額 RMB'000 人民幣千元	Number of ordinary shares 普通股數目 '000 千股	Amount 金額 RMB'000 人民幣千元
Issued and fully paid: At 1 January (Audited)	已發行及繳足： 於一月一日 (經審核)	3,948,108	3,935,015	359,359
Shares issued under equity-settled share option scheme (Unaudited)	根據以股份支付的 購股權計劃發行 股份(未經審核)	308	3,575	25
At 30 June (Unaudited)	於六月三十日 (未經審核)	3,948,416	3,938,590	359,384

During the six months ended 30 June 2021, 307,565 (six months ended 30 June 2020: 3,574,812) share options have been exercised, resulting in the issue of 307,565 (six months ended 30 June 2020: 3,574,812) ordinary shares (equivalent to share capital of RMB25,000 (six months ended 30 June 2020: RMB326,000)) of the Company and share premium of RMB5,753,000 (six months ended 30 June 2020: RMB71,876,000). The weighted average share price at the date of exercise for these options was HK\$46.53 per share (six months ended 30 June 2020: HK\$30.48).

於截至二零二一年六月三十日止六個月，307,565份(截至二零二零年六月三十日止六個月：3,574,812份)購股權獲行使，導致發行307,565股(截至二零二零年六月三十日止六個月：3,574,812股)普通股(相當於本公司股本人民幣25,000元(截至二零二零年六月三十日止六個月：人民幣326,000元)及股份溢價人民幣5,753,000元(截至二零二零年六月三十日止六個月：人民幣71,876,000元))。該等購股權於行使日之加權平均股價為每股46.53港元(截至二零二零年六月三十日止六個月：30.48港元)。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
 中期簡明綜合財務資料附註

**24. Share Option Scheme**  
 Movements of outstanding share options

**24. 購股權計劃**  
 尚未行使購股權變動

Date of grant	授出日期	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed/ forfeited during the period	As at 30 June 2021	Exercisable at 30 June 2021
		於 二零二一年 一月一日	期內授出	期內行使	期內失效/ 沒收	於 二零二一年 六月三十日	於 二零二一年 六月三十日 可行使
13 July 2017	二零一七年七月十三日	2,223,903	—	(94,300)	—	2,129,603	2,129,603
7 May 2018	二零一八年五月七日	3,029,141	—	(209,918)	—	2,819,223	2,819,223
24 December 2018	二零一八年十二月二十四日	23,636,303	—	(3,347)	(109,331)	23,523,625	14,896,685
1 April 2020	二零二零年四月一日	1,016,887	—	—	(13,345)	1,003,542	815,544
<b>Total</b>	<b>總計</b>	<b>29,906,234</b>	<b>—</b>	<b>(307,565)</b>	<b>(122,676)</b>	<b>29,475,993</b>	<b>20,661,055</b>

Date of grant	授出日期	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed/ forfeited during the period	As at 30 June 2020	Exercisable at 30 June 2020
		於 二零二零年 一月一日	期內授出	期內行使	期內失效/ 沒收	於 二零二零年 六月三十日	於 二零二零年 六月三十日 可行使
13 July 2017	二零一七年七月十三日	4,834,032	—	(903,450)	—	3,930,582	3,930,582
7 May 2018	二零一八年五月七日	7,384,194	—	(840,362)	(306,437)	6,237,395	6,237,395
24 December 2018	二零一八年十二月二十四日	33,781,930	—	(1,831,000)	(2,913,473)	29,037,457	12,822,247
1 April 2020	二零二零年四月一日	—	1,016,887	—	—	1,016,887	—
<b>Total</b>	<b>總計</b>	<b>46,000,156</b>	<b>1,016,887</b>	<b>(3,574,812)</b>	<b>(3,219,910)</b>	<b>40,222,321</b>	<b>22,990,224</b>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**24. Share Option Scheme (continued)****Movements of outstanding share options (continued)**

The average fair value of equity settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

		2020 二零二零年 1 April 四月一日	2018 二零一八年 7 May 五月七日	24 December 十二月二十四日	2017 二零一七年 13 July 七月十三日
Dividend yield (%)	股息率(%)	0.69	0.64	0.57	0.65
Expected volatility (%)	預期波動率(%)	32.30	34.00	34.00	32.18
Historical volatility (%)	歷史波動率(%)	32.30	33.90	34.12	32.18
Risk-free interest rate (%)	無風險利率(%)	0.53	2.14	1.96	0.97
Option life (years)	購股權年期(年)	5	5	5	5
Spot price (HK\$ per share)	現貨價(港元/每股)	26.30	26.05	23.80	14.62
Exercise price (HK\$ per share)	行使價(港元/每股)	26.54	26.05	23.93	14.81

The fair value of the share options granted during the six months ended 30 June 2020 was estimated to be RMB6,525,000 (RMB6.42 each) at the grant date.

For the six months ended 30 June 2021, the Group recognised an expense of RMB11,891,000 relating to the fair value amortisation of share options during the period (six months ended 30 June 2020: RMB34,808,000).

**24. 購股權計劃(續)****尚未行使購股權變動(續)**

年內授出以股份支付的購股權之平均公允價值乃於授出日期使用二項計價模式進行估計，並已考慮有關購股權之授出條款及條件。下表載列所用模型之重大輸入數據：

於截至二零二零年六月三十日止六個月，授予購股權的公允價值在授予日期估計為人民幣6,525,000元(每份人民幣6.42元)。

於截至二零二一年六月三十日止六個月，本集團於期內確認有關購股權公允價值攤銷的開支人民幣11,891,000元(截至二零二零年六月三十日止六個月：人民幣34,808,000元)。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**25. Share Award Scheme**

Particulars and movements of share award scheme:

**2021**

Date of grant	授出日期	Notes	Fair value per share 每股公允值 (HK\$) (港元)	As at 1 January 於一月一日 Number of shares 股份數目	Granted during the period 期內授出 Number of shares 股份數目	Vested during the period 期內歸屬 Number of shares 股份數目	Forfeited during the period 期內沒收 Number of shares 股份數目	As at 30 June 於六月三十日 Number of shares 股份數目
5 June 2019	二零一九年六月五日	(b)	28.80	3,045,528	—	(3,004,789)	(40,739)	—
22 May 2020	二零二零年五月二十二日	(c)	27.30	7,552,397	—	(3,648,751)	(308,211)	3,595,435
15 April 2021	二零二一年四月十五日	(d)	44.35	—	4,503,205	—	(138,377)	4,364,828
				10,597,925	4,503,205	(6,653,540)	(487,327)	7,960,263

**25. 股票獎勵計劃**

股票獎勵計劃詳情及變動：

**二零二一年**

**2020**

Date of grant	授出日期	Notes	Fair value per share 每股公允值 (HK\$) (港元)	As at 1 January 於一月一日 Number of shares 股份數目	Granted during the period 期內授出 Number of shares 股份數目	Vested during the period 期內歸屬 Number of shares 股份數目	Forfeited during the period 期內沒收 Number of shares 股份數目	As at 30 June 於六月三十日 Number of shares 股份數目
7 May 2018	二零一八年五月七日	(a)	26.05	2,861,687	—	(2,804,684)	(57,003)	—
5 June 2019	二零一九年六月五日	(b)	28.80	6,622,058	—	(3,245,705)	(176,206)	3,200,147
22 May 2020	二零二零年五月二十二日	(c)	27.30	—	8,199,897	—	(95,932)	8,103,965
				9,483,745	8,199,897	(6,050,389)	(329,141)	11,304,112

**二零二零年**

(a) On 7 May 2018, the Company granted 6,693,084 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.

(a) 於二零一八年五月七日，本公司根據股票獎勵計劃向參與者授出6,693,084股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**25. Share Award Scheme (continued)**

- (b) On 5 June 2019, the Company granted 8,201,104 shares under share award scheme to the Participants, representing approximately 0.23% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (c) On 22 May 2020, the Company granted 8,199,897 shares under share award scheme to the Participants, representing approximately 0.23% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (d) On 15 April 2021, the Company granted 4,503,205 shares under share award scheme to the Participants, representing approximately 0.13% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.

During the period, 487,327 (six months ended 30 June 2020: 329,141) shares lapsed due to the unfulfillment of vesting condition under the share award scheme.

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. During the period, there was an expense of RMB100,654,000 (six months ended 30 June 2020: RMB79,657,000) relating to the share award scheme, and a reversal of expense of RMB4,387,000 (six months ended 30 June 2020: RMB1,811,000) due to the unfulfillment of vesting conditions under the share award scheme. In aggregate, the Group recognised a net expense of RMB96,267,000 (six months ended 30 June 2020: RMB77,846,000) relating to the share award scheme in the interim condensed consolidated statement of profit or loss during the period.

**25. 股票獎勵計劃(續)**

- (b) 於二零一九年六月五日，本公司根據股票獎勵計劃向參與者授出8,201,104股股份，佔本公司於採納日期的已發行股本約0.23%。此等已授出的股份將分為二份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (c) 於二零二零年五月二十二日，本公司根據股票獎勵計劃向參與者授出8,199,897股股份，佔本公司於採納日期的已發行股本約0.23%。此等已授出的股份將分為二份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (d) 於二零二一年四月十五日，本公司根據股票獎勵計劃向參與者授出4,503,205股股份，佔本公司於採納日期的已發行股本約0.13%。此等已授出的股份將分為二份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。

期內，487,327股股份(截至二零二零年六月三十日止六個月：329,141股)因股票獎勵計劃項下的歸屬條件未獲達成而失效。

已授出股份之公允值，乃基於本公司股份於各授出日期之市值計算。期內，股票獎勵計劃相關支出人民幣100,654,000元(截至二零二零年六月三十日止六個月：人民幣79,657,000元)及因股票獎勵計劃項下的歸屬條件未獲達成而撥回支出人民幣4,387,000元(截至二零二零年六月三十日止六個月：人民幣1,811,000元)。期內，本集團已於中期簡明綜合損益表中確認股票獎勵計劃相關支出淨額合共人民幣96,267,000元(截至二零二零年六月三十日止六個月：人民幣77,846,000元)。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 26. Business Combination

During the six months ended 30 June 2021:

### Acquisition of AICE Holdings Limited

On 28 March 2021, Golden Stage Holdings Limited ("Golden Stage", a subsidiary of the Group) acquired an additional 18.91% equity interest in AICE Holdings Limited ("AICE"), in which the Group previously held 11.12% equity interest and classified as the Group's financial assets at fair value through profit or loss under IFRS9. After the acquisition, Golden Stage held a 30.03% equity interest in AICE and obtained control over AICE. AICE is mainly engaged in the manufacture and sale of Ice-cream products of AICE brand. The acquisition was made as part of the Group's strategy to expand its market share of Ice-cream products in Southeast Asia.

The Group has elected to measure the non-controlling interests in the AICE at the non-controlling interests' proportionate share of identifiable net assets.

## 26. 業務合併

截至二零二一年六月三十日止六個月：

### 收購AICE Holdings Limited

於二零二一年三月二十八日，Golden Stage Holdings Limited（「Golden Stage」，本公司的子公司）收購AICE Holdings Limited（「AICE」，本集團之前持有其11.12%權益，根據國際財務報告準則第9號分類為本集團按公允值計入損益的金融資產）額外18.91%股權。收購後，Golden Stage持有AICE 30.03%股權，並且取得對AICE的控制權。AICE主要從事AICE品牌冰淇淋產品的生產及銷售。上述收購是本集團擴大冰淇淋產品在東南亞市場佔有率的策略之一。

本集團選擇按所佔可識別淨資產的非控股股東權益比例計量AICE的非控股股東權益。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2021: (continued)

**Acquisition of AICE Holdings Limited (continued)**

The fair values of the identifiable assets and liabilities of AICE as at the date of acquisition, which are provisional amounts and are subject to the finalisation of the fair value estimation, are as follows:

**26. 業務合併(續)**

截至二零二一年六月三十日止六個月：(續)

**收購AICE Holdings Limited(續)**

於收購日期，AICE可識別資產及負債的公允值(為暫定金額，以公允值的最終估計金額為準)如下：

		Fair value recognised on acquisition 收購時確認之 公允值 RMB'000 人民幣千元 (Unaudited) (未經審核)
Property, plant and equipment	物業、廠房及設備	541,244
Construction in progress	在建工程	6,062
Right-of-use assets	使用權資產	32,091
Other intangible assets	其他無形資產	927,165
Investment in associates	於聯營公司的投資	10,286
Deferred tax assets	遞延稅項資產	22,375
Inventories	存貨	115,004
Trade and bills receivables	應收賬款及票據	76,237
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	124,436
Cash and bank balances	現金及銀行結存	176,684
Trade and bills payables	應付賬款及票據	(200,796)
Other payables and accruals	其他應付款項及預提費用	(68,447)
Interest-bearing bank and other borrowings	計息銀行及其他借貸	(95,850)
Income tax payable	應付所得稅	(93,889)
Other financial liabilities	其他金融負債	(583,100)
Deferred tax liabilities	遞延稅項負債	(338)
Total identifiable net assets at fair value	可識別資產公允值總額	989,164
Non-controlling interests	非控股權益	(692,118)
		297,046
Goodwill arising on acquisition	收購產生的商譽	452,680
		749,726
Purchase consideration satisfied by:	以下列方式支付收購代價：	
Acquisition-date fair value of the Group's initial equity in AICE	本集團初次投資AICE股權在收購日的公允值	229,732
Acquisition-date fair value of the Group's initial convertible promissory note in AICE	本集團初次投資AICE可換股承兌票據在收購日的公允值	94,994
Cash	現金	425,000
		749,726

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2021: (continued)

**Acquisition of AICE Holdings Limited (continued)**

An analysis of the cash flows in respect of the acquisition of the AICE for the six months ended 30 June 2021 was as follows:

**26. 業務合併(續)**

截至二零二一年六月三十日止六個月：(續)

**收購AICE Holdings Limited(續)**

截至二零二一年六月三十日止六個月有關收購AICE的現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	(425,000)
Cash and cash equivalents acquired	購買現金及現金等價物	176,684
Net outflow of cash and cash equivalents included in cash flows from investing activities	包括在投資活動產生的現金流量內的現金及現金等價物淨流出	(248,316)
Transaction costs of the acquisition included in cash flows from operating activities	包括在經營業務產生的現金流量內的收購交易成本	(31,250)
		(279,566)



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2021: (continued)

**Acquisition of Tianxianpei**

During the six months ended 30 June 2021, the Group acquired an additional 50% equity interest in Tianxianpei (Shanghai) Technology Co., Ltd ("Tianxianpei"), in which the Group previously held 50% equity interest and classified as an investment in joint venture. Tianxianpei is engaged in the sale of dairy products. The acquisition was made as part of the Group's strategy to expand its market share of dairy products in Mainland China. The total purchase consideration for this acquisitions was in the form of cash of RMB30,429,000 which had not been paid by 30 June 2021. The fair values of the identifiable assets and liabilities of Tianxianpei as at the date of acquisition, which are provisional amounts and are subject to the finalisation of the fair value estimation, are as follows:

**26. 業務合併(續)**

截至二零二一年六月三十日止六個月：(續)

**收購天鮮配**

截至二零二一年六月三十日止六個月，本集團再收購天鮮配(上海)科技有限公司(「天鮮配」，本集團之前持有50%的股權，被歸類為於合營企業的投資)50%的股權。天鮮配從事奶產品銷售。收購是本集團擴大在中國大陸奶產品市場佔有率的策略之一。收購總代價為現金人民幣30,429,000元，截至二零二一年六月三十日並無支付。天鮮配於收購日期可識別資產及負債公允值(均為暫定金額而有待最終公允值估計作實)如下：

		Fair value recognised on acquisition 收購時確認之 公允值 RMB'000 人民幣千元 (Unaudited) (未經審核)
Property, plant and equipment	物業、廠房及設備	6,202
Construction in progress	在建工程	328
Other intangible assets	其他無形資產	91
Inventories	存貨	224
Trade and bills receivables	應收賬款及票據	351
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	2,787
Cash and bank balances	現金及銀行結存	68,992
Trade and bills payables	應付賬款及票據	(1,707)
Other payables and accruals	其他應付款項及預提費用	(20,947)
<b>Total identifiable net assets at fair value</b>	<b>可識別資產公允值總額</b>	<b>56,321</b>
Goodwill arising on acquisition	收購產生的商譽	4,537
		<b>60,858</b>
Purchase consideration at fair value	收購代價公允值	
Acquisition-date fair value of the Group's initial 50% equity interest in Tianxianpei	本公司原有天鮮配50%股權於 收購日期的公允值	30,429
Cash	現金	30,429
		<b>60,858</b>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2021: (continued)

**Acquisition of Tianxianpei (continued)**

An analysis of the cash flows in respect of the acquisition of the Tianxianpei for the six months ended 30 June 2021 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	—
Cash and cash equivalents acquired	購買現金及現金等價物	68,992
Net inflow of cash and cash equivalents included in cash flows from investing activities	包括在投資活動產生的現金流量內的現金及現金等價物淨流出	68,992
Transaction costs of the acquisition included in cash flows from operating activities	包括在經營業務產生的現金流量內的收購交易成本	(100)
		68,892

**Acquisition of Menglai**

During the six months ended 30 June 2021, the Group acquired an additional 25% equity interest in Hohhot Menglai Trading Co., Ltd ("Menglai"), a then 45% owned associate of the Group. Menglai is engaged in the sale of dairy products. The total purchase consideration for this acquisition was nil. The acquisition was made as part of the Group's strategy to expand its market share of dairy products in Mainland China.

**26. 業務合併(續)**

截至二零二一年六月三十日止六個月：(續)

**收購天鮮配(續)**

截至二零二一年六月三十日止六個月有關收購天鮮配的現金流量分析如下：

**收購蒙萊**

截至二零二一年六月三十日止六個月，本集團再收購呼和浩特市蒙萊商貿有限責任公司(「蒙萊」，當時為本集團持股45%的聯營公司)25%的股權。蒙萊從事奶產品銷售。此項收購總代價為零。收購是本集團擴大在中國大陸奶產品市場佔有率的策略之一。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2021: (continued)

**Acquisition of Menglai (continued)**

The aggregate fair values of the identifiable assets and liabilities of the Menglai as at the date of acquisition were as follows:

**26. 業務合併(續)**

截至二零二一年六月三十日止六個月：(續)

**收購蒙萊(續)**

蒙萊於收購日期可識別資產及負債公允值如下：

		Fair value recognised on acquisition 收購時確認之 公允值 RMB'000 人民幣千元 (Unaudited) (未經審核)
Property, plant and equipment	物業、廠房及設備	185
Right-of-use assets	使用權資產	449
Deferred tax assets	遞延稅項資產	393
Inventories	存貨	1,619
Trade and bills receivables	應收賬款及票據	8,313
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	18,327
Trade and bills payables	應付賬款及票據	(31,201)
Other payables and accruals	其他應付款項及預提費用	(16,671)
Total identifiable net assets at fair value	可識別資產公允值總額	(18,586)
Non-controlling interests	非控股權益	5,576
		(13,010)
Goodwill arising on acquisition	收購產生的商譽	13,010
		—
Purchase consideration at fair value	收購代價公允值	—



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 26. Business Combination (continued)

During the six months ended 30 June 2020:

### Acquisition of three subsidiaries

During the six months ended 30 June 2020, the Group acquired three subsidiaries from third parties. Two subsidiaries are engaged in the sale of dairy products. These three subsidiaries are engaged in the sale of dairy products and research and development. The acquisition was made as part of the Group's strategy to expand its market share of dairy products in Mainland China as well as strengthen research and development capacity. The total purchase considerations for these acquisitions were in the form of cash of RMB10,617,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB92,091,000 in total.

The Group has elected to measure the non-controlling interests in the three subsidiaries at the non-controlling interests' proportionate share of identifiable net assets.

## 26. 業務合併(續)

截至二零二零年六月三十日止六個月：

### 收購三間子公司

截至二零二零年六月三十日止六個月，本集團自第三方收購三間子公司。兩間子公司從事乳產品銷售。該三間子公司從事乳產品銷售以及研究及開發。進行收購乃作為本集團擴充其於中國大陸乳產品市場份額及加強研究及開發能力之策略。該等收購的總收購代價於收購日期以現金形式支付人民幣10,617,000元。該等業務收購產生商譽合共人民幣92,091,000元。

本集團選擇按所佔比例可識別淨資產的非控股股東權益計量三間子公司的非控股股東權益。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2020: (continued)

**Acquisition of three subsidiaries (continued)**

The aggregate fair values of the identifiable assets and liabilities of the three subsidiaries as at the date of acquisition were as follows:

**26. 業務合併(續)**

截至二零二零年六月三十日止六個月：(續)

**收購三間子公司(續)**

於收購日期，三間子公司可識別資產及負債的公允值總額如下：

		Fair value recognised on acquisition 收購時確認之 公允值 RMB'000 人民幣千元 (Unaudited) (未經審核)
Property, plant and equipment	物業、廠房及設備	10,949
Right-of-use assets	使用權資產	216
Construction in progress	在建工程	33
Other intangible assets	其他無形資產	7
Inventories	存貨	1,166
Trade and bills receivables	應收賬款及票據	35,305
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	2,024
Trade and bills payables	應付賬款及票據	(111,941)
Other payables and accruals	其他應付款項及預提費用	(19,233)
Total identifiable net assets at fair value	按公允值計算之可識別淨資產 總額	(81,474)
Trade receivables due from the three subsidiaries	應收三間子公司的應收賬款	(111,941)
Goodwill arising on acquisition	收購產生的商譽	92,091
Effective settlement of trade receivables and other receivables due from the three subsidiaries	應收三間子公司的應收賬款及 其他應收款項的有效結算	111,941
		10,617
Purchase consideration at fair value	以公允值計算的收購代價	10,617

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**26. Business Combination (continued)**

During the six months ended 30 June 2020: (continued)

**Acquisition of three subsidiaries (continued)**

An analysis of the cash flows in respect of the acquisition of the three subsidiaries for the six months ended 30 June 2020 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(10,617)
Net outflow of cash and cash equivalents included in cash flows from investing activities	包括在投資活動產生的現金流量內的現金及現金等價物淨流出	(10,617)
Transaction costs of the acquisition included in cash flows from operating activities	包括在經營業務產生的現金流量內的收購交易成本	(200)
		(10,817)

**27. Commitments**

The Group had the following outstanding capital commitments in respect of the purchase and construction of property, plant and equipment as at the end of the reporting period:

**26. 業務合併(續)**

截至二零二零年六月三十日止六個月：(續)

**收購三間子公司(續)**

截至二零二零年六月三十日止六個月有關收購三間子公司的現金流量分析如下：

**27. 承擔**

於報告期末，本集團有關購置及興建物業、廠房及設備的未償付資本承擔如下：

		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Contracted, but not provided for	已訂約但未撥備	1,910,779	1,286,410

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**27. Commitments (continued)**

Together with the scheduled disposal of equity interest in Fuyuan as detailed in note 10, Easy Reach Investment Company Limited (“Easy Reach”), a subsidiary of the Company, entered into a sale and purchase agreement with Mengao Fuyuan (Hongkong) Co., Limited (“Mengao”) a subsidiary of Fuyuan, pursuant to which Easy Reach agreed to acquire 65% equity interest in Austin and 11% equity interest in Australian Nature Investment Pty Ltd. (“ANI”) both of which were held by Mengao, for an aggregate consideration of approximately RMB319,315,000. The capital commitment of RMB319,315,000 was included above.

**28. Related Party Transactions**

(a) The Group had the following significant transactions with its associates and other related parties.

**27. 承擔 (續)**

連同附註10詳述的預定出售富源股權，本公司的附屬公司盈達實業投資有限公司（「盈達」）與富源附屬公司蒙澳富源（香港）有限公司（「蒙澳」）訂立買賣協議，據此，盈達同意收購蒙澳分別於Austin及Australian Nature Investment Pty Ltd.（「ANI」）持有的65%及11%的股權，代價總額約為人民幣319,315,000元。上述資本承擔為人民幣319,315,000元。

**28. 關連人士交易**

(a) 本集團與其聯營公司及其他關聯人士進行下列重大交易。

For the six months ended 30 June  
截至六月三十日止六個月

	Note 附註	2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
(I) Sale of liquid milk products to associates	向聯營公司銷售液態奶產品 (i)	50,043	138,684
(II) Sale of ice cream products to associates	向聯營公司銷售冰淇淋產品 (i)	23,528	18,442
(III) Sale of other dairy products to associates	向聯營公司銷售其他奶產品 (i)	791	—
(IV) Sale of products to affiliates of a major shareholder of the Company	向本公司一名主要股東的聯屬公司出售產品 (i)	975	781
(V) Sales of products to a joint venture	向合營企業出售產品 (i)	—	7,895
(VI) Purchase of raw materials from affiliates of a major shareholder of the Company	向本公司一名主要股東的聯屬公司購買原材料 (i)	256,013	257,092
(VII) Purchase of raw materials from associates	向聯營公司購買原材料 (i)	4,809,040	3,026,310

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**28. Related Party Transactions (continued)**

(a) The Group had the following significant transactions with its associates and other related parties. (continued)

Note:

- (i) The considerations were determined with reference to the prevailing market prices/rates and the prices charged to third parties.

(b) Compensation of key management personnel of the Group

**28. 關連人士交易 (續)**

(a) 本集團與其聯營公司及其他關聯人士進行下列重大交易。(續)

附註：

- (i) 代價乃經參考當時市場價格／利率及收取第三方的價格釐定。

(b) 本集團主要管理人員的報酬

For the six months ended 30 June  
截至六月三十日止六個月

		2021 二零二一年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 二零二零年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Directors' fees	董事袍金	443	499
Salaries and allowances	薪金及津貼	36,535	17,994
Retirement benefit contributions	退休福利供款	1,058	901

Notes:

- (i) The key management compensation represented remuneration paid or payable to the directors and senior executives of the Company.
- (ii) In addition to the key management compensation shown in the above table, certain directors and senior executives were granted share awards in respect of their services to the Group under the share award scheme of the Company. In accordance with IFRS 2, share-based payments represent the fair value of the shares at the grant date amortised to the interim condensed consolidated statement of profit or loss during the period disregarding whether the shares have been vested/exercised or not. During the period, the share-based payment expenses relating to the shares granted to these directors and senior executives were approximately RMB17,034,000 (six months ended 30 June 2020: RMB14,964,000).

附註：

- (i) 主要管理人員的報酬指已付或應付本公司董事及高級行政人員的酬金。
- (ii) 除上表所示的主要管理人員報酬外，若干董事及高級行政人員就彼等對本集團的服務獲本公司根據股票獎勵計劃授出股票獎勵。根據國際財務報告準則第2號，以股份為基礎的支付指股份於授出日期的公允值，期內已於中期簡明綜合損益表內予以攤銷，而不論該等股票是否已歸屬／行使。期內，有關授予該等董事及高級行政人員股票的以股份為基礎的支付支出為約人民幣17,034,000元(截至二零二零年六月三十日止六個月：人民幣14,964,000元)。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**28. Related Party Transactions (continued)****(b) Compensation of key management personnel of the Group (continued)**

Notes: (continued)

- (iii) In addition to the key management compensation shown in the above table, certain directors and senior executives were granted share options in respect of their services to the Group under the share option scheme of the Company. In accordance with IFRS 2, share-based payment benefits represent the fair value of the share options at the grant date amortised to the interim condensed consolidated statement of profit or loss during the period disregarding whether the options have been vested/exercised or not. During the period, the share-based payment expenses relating to the share options granted to these directors and senior executives were approximately RMB13,642,000 (six months ended 30 June 2020: RMB35,827,000).

- (c) As at 30 June 2021 and 31 December 2020, the balances arising from related party transactions are as follows:

Trade and bills receivables from:

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Associates	聯營公司	<b>18,366</b>	28,364
A joint venture	合資企業	—	1,835
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	<b>1,765</b>	481
		<b>20,131</b>	30,680

**28. 關連人士交易 (續)****(b) 本集團主要管理人員的報酬 (續)**

附註：(續)

- (iii) 除上表所示的主要管理人員報酬外，若干董事及高級行政人員就彼等對本集團的服務獲本公司根據購股權計劃授出購股權。根據國際財務報告準則第2號，以股份為基礎的支付指購股權於授出日期的公允值，期內已於中期簡明綜合損益表內予以攤銷，而不論該等購股權是否已歸屬/行使。期內，有關授予該等董事及高級行政人員購股權的以股份為基礎的支付支出為約人民幣13,642,000元(截至二零二零年六月三十日止六個月：人民幣35,827,000元)。

- (c) 於二零二一年六月三十日及二零二零年十二月三十一日，關聯人士交易產生的結餘如下：

應收下列各方的賬款及票據：





NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**28. Related Party Transactions (continued)**

(c) As at 30 June 2021 and 31 December 2020, the balances arising from related party transactions are as follows: (continued)

Prepayments, other receivables and other assets from:

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Associates	聯營公司	<b>3,004,600</b>	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	<b>604</b>	648
		<b>3,005,204</b>	648

Trade and bills payables to:

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Associates	聯營公司	<b>746,027</b>	797,604
A joint venture	合資企業	—	107
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	<b>101,733</b>	85,102
		<b>847,760</b>	882,813

**28. 關連人士交易 (續)**

(c) 於二零二一年六月三十日及二零二零年十二月三十一日，關聯人士交易產生的結餘如下：(續)

應付下列各方的賬款及票據：

應付下列各方的賬款及票據：

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**28. Related Party Transactions (continued)**

(c) As at 30 June 2021 and 31 December 2020, the balances arising from related party transactions are as follows: (continued)

Other payables and accruals to:

		<b>30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)</b>	<b>31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)</b>
Associates	聯營公司	<b>3,263</b>	—
A joint venture	合資企業	—	215
		<b>3,263</b>	215

The above balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to or by independent third parties.

**28. 關連人士交易 (續)**

(c) 於二零二一年六月三十日及二零二零年十二月三十一日，關聯人士交易產生的結餘如下：(續)

應付下列各方的其他應付款項及預提費用：

上述結餘為無抵押及免息，償還信貸期與給予或獲自獨立第三方者相若。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**28. Related Party Transactions (continued)**

**(d) Other outstanding balances with associates**

As at 30 June 2021 the Group had entrusted loans of RMB970,000 (31 December 2020: RMB11,029,000) due to certain associates included in "Interest-bearing bank and other borrowings". The Group obtained those loans from certain associates via banks. The balances are unsecured and interest-free.

As at 30 June 2021, entrusted loans of RMB700,000,000 (31 December 2020: RMB700,000,000) was lent out via COFCO Trust Company Limited, an affiliate of a major shareholder of the Group. Annual interest rate of the entrusted loans is 6.05% (31 December 2020: 6.05%).

**(e) Purchase of 0.51% equity interest in AICE from a director**

As disclosed in note 26, the Group acquired an additional 18.91% equity interest in AICE on March 2021. Included in the transaction amount, RMB13,084,000, representing the cash consideration of 0.51% equity interest of AICE was purchased from a director of the Company.

**28. 關連人士交易 (續)**

**(d) 與聯營公司其他結餘**

於二零二一年六月三十日，本集團擁有應付若干聯營公司委託貸款人民幣970,000元(二零二零年十二月三十一日：人民幣11,029,000元)，已計入「計息銀行及其他借貸」。本集團透過銀行從若干聯營公司取得該等貸款。結餘為無抵押及免息。

於二零二一年六月三十日，我們通過本集團一名主要股東的聯屬公司中糧信託有限責任公司借出委託貸款人民幣700,000,000元(二零二零年十二月三十一日：人民幣700,000,000元)。該委託貸款的年利率為6.05%(二零二零年十二月三十一日：6.05%)。

**(e) 自一名董事收購AICE 0.51%股權**

按附註26所披露，本集團於2021年3月收購AICE額外18.91%股權。交易金額中的人民幣13,084,000元為自本公司一名董事收購AICE 0.51%股權的現金代價。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**29. Financial Instruments by Category**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2021

Financial assets:

**29. 按類別劃分的金融工具**

於報告期末，各個分類的金融工具的賬面價值如下：

於二零二一年六月三十日

金融資產：

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤餘成本	按公允值計量且其變動計入損益	按公允值計量且其變動計入全面收益	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
Trade and bills receivables	應收賬款及票據	3,815,542	—	72,312	3,887,854
Financial assets included in prepayments, other receivables and other assets	包括於預付款項、其他應收款項及其他資產的金融資產	928,931	—	—	928,931
Other financial assets	其他金融資產	11,654,534	6,090,490	101,733	17,846,757
Equity investments	股權投資	—	3,926	101,733	105,659
Hybrid financial instrument	混合金融工具	—	472,432	—	472,432
Entrusted loans	委託貸款	1,794,771	—	—	1,794,771
Debt investments	債權投資	23,992	—	—	23,992
Investment deposits	投資存款	—	5,614,132	—	5,614,132
Long term receivables	長期應收款項	4,029	—	—	4,029
Long term time deposit	長期定期存款	9,831,742	—	—	9,831,742
Derivative financial instruments	衍生金融工具	—	8,766	—	8,766
Pledged deposits	保證金存款	258,406	—	—	258,406
Cash and bank balances	現金及銀行結存	8,086,329	—	—	8,086,329
Cash and cash equivalents	現金及現金等價物	5,763,704	—	—	5,763,704
Time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款	2,322,625	—	—	2,322,625
		24,743,742	6,099,256	174,045	31,017,043



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**29. Financial Instruments by Category**

(continued)

As at 30 June 2021 (continued)

Financial liabilities:

**29. 按類別劃分的金融工具 (續)**

於二零二一年六月三十日 (續)

金融負債：

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤餘成本	按公允價值 計量且其變動 計入損益	按公允價值 計量且其變動 計入全面收益	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
Trade and bills payables	應付賬款及票據	8,265,865	—	—	8,265,865
Financial liabilities included in other payables and accruals	包括於其他應付款項及預提費用之金融負債	7,768,631	—	—	7,768,631
Interest-bearing bank and other borrowings excluding exchangeable bonds	計息銀行及其他借貸 (不包括可交換債券)	22,523,959	—	—	22,523,959
Exchangeable bonds	可交換債券	—	838,405	—	838,405
Derivative financial instruments	衍生金融工具	—	6,958	70,063	77,021
Other financial liabilities	其他金融負債	1,601,200	131,780	—	1,732,980
		40,159,655	977,143	70,063	41,206,861

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

## 29. Financial Instruments by Category

(continued)

As at 31 December 2020

## Financial assets:

## 29. 按類別劃分的金融工具(續)

於二零二零年十二月三十一日

## 金融資產：

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤餘成本	按公允值計量 且其變動 計入損益	按公允值計量 且其變動計入 其他全面收益	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
Trade and bills receivables	應收賬款及票據	2,926,832	—	61,530	2,988,362
Financial assets included in prepayments, other receivables and other assets	包括於預付款項、 其他應收款項及 其他資產的金融資產	639,854	—	—	639,854
Other financial assets	其他金融資產	7,528,513	7,784,886	128,771	15,442,170
Equity investments	股權投資	—	230,384	128,771	359,155
Hybrid financial instrument	混合金融工具	—	470,076	—	470,076
Convertible promissory note	可換股承兌票據	—	226,414	—	226,414
Entrusted loans	委託貸款	1,443,053	—	—	1,443,053
Long term time deposits	長期定期存款	6,078,577	—	—	6,078,577
Investment deposits	投資存款	—	6,858,012	—	6,858,012
Long term receivables	長期應收款項	6,883	—	—	6,883
Derivative financial instruments	衍生金融工具	—	2,175	—	2,175
Pledged deposits	保證金存款	249,521	—	—	249,521
Cash and bank balances	現金及銀行結存	11,397,123	—	—	11,397,123
Cash and cash equivalents	現金及現金等價物	9,225,493	—	—	9,225,493
Time deposits with original maturity more than three months	原到期日為三個月 以上的定期存款	2,171,630	—	—	2,171,630
		22,741,843	7,787,061	190,301	30,719,205



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**29. Financial Instruments by Category**

(continued)

As at 31 December 2020 (continued)

**Financial liabilities:**

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤餘成本	按公允值計量 且其變動 計入損益	按公允值計量 且其變動計入 其他全面收益	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
Trade and bills payables	應付賬款及票據	7,969,321	—	—	7,969,321
Financial liabilities included in other payables and accruals	包括於其他應付款項及預提費用之金融負債	6,052,690	—	—	6,052,690
Interest-bearing bank and other borrowings excluding exchangeable bonds	計息銀行及其他借貸 (不包括可交換債券)	17,929,864	—	—	17,929,864
Exchangeable bonds	可交換債券	—	1,014,361	—	1,014,361
Derivative financial instruments	衍生金融工具	—	3,653	34,742	38,395
Other financial liabilities	其他金融負債	1,600,200	—	—	1,600,200
		33,552,075	1,018,014	34,742	34,604,831

**29. 按類別劃分的金融工具 (續)**

於二零二零年十二月三十一日 (續)

**金融負債：**

**30. Fair Value and Fair Value Hierarchy of Financial Instruments**

**Fair value**

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

**30. 金融工具之公允值及公允值層級**

**公允值**

金融資產及負債的公允值為市場參與者於現時進行的交易(強迫或清算銷售除外)中可出售資產及轉讓負債的金額。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

### 30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

#### Fair value (continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, short term pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, current interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other financial assets, long term pledged deposits, long term time deposits, long term receivables, the non-current portion of interest-bearing bank loans, long term payables and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of financial instruments traded in an active market are determined at the quoted market prices; and the fair values of those not traded in an active market are determined by the Group using market comparable corporate model. The inputs of the market comparable corporate model include price/book ratio of companies in same category and unit price of comparable property.

### 30. 金融工具之公允值及公允值層級 (續)

#### 公允值 (續)

下文載列用於估計公允值的方法及假設：

現金及現金等價物、短期保證金存款、應收賬款及票據、應付賬款及票據、包括於預付款項、按金及其他應收款項的金融資產、包括於其他應付款項及預提費用的金融負債、流動計息銀行貸款及其他貸款等工具的公允值因短期內到期而與彼等之賬面值相若。

其他金融資產的非流動部分、長期保證金存款、長期定期存款、長期應收款項、計息銀行貸款、長期應付款項的非流動部分以及其他非流動金融負債的公允值乃採用類似條款、信貸風險及餘下到期日的工具現時可獲得的利率折現預期未來現金流量的方式計算。

於活躍市場進行交易的金融工具之公允值按市場報價釐定；並非於活躍市場進行交易的金融工具之公允值則採用市場可資比較企業模型釐定。市場可資比較企業模型輸入數據包括相同類別公司的市賬率及可資比較物業之單價。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

**Fair value (continued)**

The following table shows the valuation techniques used in the determination of fair values of investment deposits and hybrid financial instrument, which fall within Level 3 of the fair value hierarchy, as well as the significant unobservable inputs used in the valuation.

	Valuation technique 估值技術	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 輸入數據對公允值的影響
Investment deposits 投資存款	Discounted cash flow method 折現現金流量法	Expected yield 預期收益率	1.54% to 5.21%	10% increase (decrease) in expected yield would result in increase (decrease) in fair value by RMB16,988,000 預期收益率增加(減少)10%將導致公允值增加(減少)人民幣16,988,000元
		Discount rate 折現率	1.54% to 5.21%	10% increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB17,033,000 折現率增加(減少)10%將導致公允值減少(增加)人民幣17,033,000元
Hybrid financial instrument 混合金融工具	Discounted cash flow method 折現現金流量法	Discount rate 折現率	5.96%	10% increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB30,343 折現率增加(減少)10%將導致公允值減少(增加)人民幣30,343元

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts, interest rate swaps, forward currency contracts and interest rate forward contracts, are measured using quoted prices from financial institutions with which the interest rate swaps, forward currency contracts and interest rate forward contracts are entered into. The carrying amounts of commodity futures contracts, interest rate swaps, forward currency contracts and interest rate forward contracts are the same as their fair values.

**30. 金融工具之公允值及公允值層級 (續)**

**公允值 (續)**

下表顯示釐定投資存款及混合金融工具公允值所用的估值技術(屬於公允值層級的第三級)及估值所用的重大不可觀察輸入數據。

本集團與多名對手方訂立衍生金融工具，主要為已成立的商品貿易交易所或信貸評級良好的金融機構。商品期貨合約、利率互換、遠期外幣合約及利率遠期合約等衍生金融工具，乃使用與其訂立有關利率互換、遠期外幣合約及利率遠期合約的金融機構的報價計量。商品期貨合約、利率互換、遠期外幣合約及利率遠期合約的賬面值與其公允值相同。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)****Fair value (continued)**

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

**30. 金融工具之公允值及公允值層級 (續)****公允值 (續)**

本集團之金融工具(除賬面值與公允值合理地相若之金融工具外)之賬面值及公允值如下:

		Carrying amounts 賬面值		Fair values 公允值	
		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)	30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>Financial assets</b>	<b>金融資產</b>				
Long term entrusted loans	長期委託貸款	1,016,981	775,391	1,007,061	765,680
Long term receivables	長期應收款項	4,029	6,883	3,296	6,060
Long term time deposits	長期定期存款	9,831,742	6,078,577	9,841,584	6,071,628
Debt investments	債權投資	23,993	—	23,772	—
		<b>10,876,745</b>	6,860,851	<b>10,875,713</b>	6,843,368

		Carrying amounts 賬面值		Fair values 公允值	
		30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)	30 June 2021 二零二一年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>Financial liabilities</b>	<b>金融負債</b>				
Interest-bearing bank and other borrowings — non-current portion excluding exchangeable bonds and lease liabilities	計息銀行及其他借貸 — 非流動部分不包括可交換債券及租賃負債	15,058,623	12,681,205	13,664,539	11,673,652
		<b>15,058,623</b>	12,681,205	<b>13,664,539</b>	11,673,652



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

*Assets measured at fair value:*

As at 30 June 2021

**30. 金融工具之公允值及公允值層級 (續)**

**公允值層級**

本集團採用以下層級以釐定及披露金融工具的公允值：

- 第一級：根據相同資產或負債於活躍市場的報價(未經調整)計量公允值
- 第二級：公允值基於估值技術計量，且全部對所記錄的公允值有可觀察重大影響的輸入數據(不論直接或間接)
- 第三級：公允值基於估值技術計量，且任何對所記錄的公允值有重大影響的輸入數據是並非基於可觀察的市場數據(不可觀察輸入數據)

*按公允值計量的資產：*

於二零二一年六月三十日

		Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Listed equity investments	上市股權投資	81,707	—	20,026	101,733
Unlisted equity investments	非上市股權投資	—	—	3,926	3,926
Hybrid financial instrument	混合金融工具	—	—	472,432	472,432
Investment deposits	投資存款	—	—	5,614,132	5,614,132
Derivative financial instruments	衍生金融工具	—	8,766	—	8,766
Bills receivable	應收票據	—	72,312	—	72,312
		81,707	81,078	6,110,516	6,273,301

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2020

**30. 金融工具之公允值及公允值層級 (續)**

公允值層級 (續)

按公允值計量的資產：(續)

於二零二零年十二月三十一日

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Audited) (經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Audited) (經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Audited) (經審核)	Total 總計 RMB'000 人民幣千元 (Audited) (經審核)
Listed equity investments 上市股權投資	108,745	—	20,026	128,771
Unlisted equity investments 非上市股權投資	—	—	230,384	230,384
Hybrid financial instrument 混合金融工具	—	—	470,076	470,076
Convertible promissory note 可換股承兌票據	—	—	226,414	226,414
Investment deposits 投資存款	—	—	6,858,012	6,858,012
Derivative financial instruments 衍生金融工具	—	2,175	—	2,175
Bills receivable 應收票據	—	61,530	—	61,530
	108,745	63,705	7,804,912	7,977,362



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

*Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:*

**30. 金融工具之公允值及公允值層級 (續)**

**公允值層級 (續)**

*分類為公允值層級的第三級內經常性公允值計量之對賬：*

		Listed equity investments 上市股權投資 RMB'000 人民幣千元 (Unaudited) (未經審核)	Unlisted equity investments 非上市股權投資 RMB'000 人民幣千元 (Unaudited) (未經審核)	Hybrid financial instrument 混合金融工具 RMB'000 人民幣千元 (Unaudited) (未經審核)	Convertible promissory note 可換股承兌票據 RMB'000 人民幣千元 (Unaudited) (未經審核)	Investment deposits 投資存款 RMB'000 人民幣千元 (Unaudited) (未經審核)
As at 1 January 2021	於二零二一年一月一日	20,026	230,384	470,076	226,414	6,858,012
Purchases	購買	—	—	—	—	10,518,500
Withdrawal	收回	—	—	—	—	—
Disposal	出售	—	—	—	—	(11,762,381)
Business combination	業務合併	—	(225,132)	—	(229,043)	—
Net unrealised gain recognised in statement of profit or loss	損益表中已確認未變現收益淨額	—	—	2,356	—	—
Changes in fair value	公允值變動	—	(1,326)	—	2,629	—
Exchange alignment	匯兌調整	—	—	—	—	—
As at 30 June 2021	於二零二一年六月三十日	20,026	3,926	472,432	—	5,614,131
As at 1 January 2020	於二零二零年一月一日	—	166,408	—	102,550	16,214,445
Purchases	購買	20,026	—	457,643	—	12,679,900
Withdrawal	收回	—	—	—	—	(11,610,341)
Disposal	出售	—	(63,388)	—	—	—
Net unrealised gain recognised in statement of profit or loss	損益表中已確認未變現收益淨額	—	(1,200)	5,332	—	—
Exchange alignment	匯兌調整	—	1,204	—	1,519	—
As at 30 June 2020	於二零二零年六月三十日	20,026	103,024	462,975	104,069	17,284,004

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2021

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Derivative financial instruments 衍生金融工具	—	77,021	—	77,021
Exchangeable bonds 可交換債券	—	838,405	—	838,405
	—	915,426	—	915,426

**30. 金融工具之公允值及公允值層級 (續)**

公允值層級(續)

按公允值計量的負債：

於二零二一年六月三十日

As at 31 December 2020

於二零二零年十二月三十一日

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Audited) (經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Audited) (經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Audited) (經審核)	Total 總計 RMB'000 人民幣千元 (Audited) (經審核)
Derivative financial instruments 衍生金融工具	—	38,395	—	38,395
Exchangeable bonds 可交換債券	—	1,014,361	—	1,014,361
	—	1,052,756	—	1,052,756



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

Assets for which fair values are disclosed:

As at 30 June 2021

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Long term entrusted loans 長期委託貸款	—	1,007,061	—	1,007,061
Long term receivables 長期應收款項	—	3,296	—	3,296
Long term time deposits 長期定期存款	—	9,841,584	—	9,841,584
	—	10,851,941	—	10,851,941

**30. 金融工具之公允值及公允值層級 (續)**

**公允值層級 (續)**

有披露公允值的資產：

於二零二一年六月三十日

As at 31 December 2020

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Audited) (經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Audited) (經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Audited) (經審核)	Total 總計 RMB'000 人民幣千元 (Audited) (經審核)
Long term entrusted loans 長期委託貸款	—	765,680	—	765,680
Long term receivables 長期應收款項	—	6,060	—	6,060
Long term time deposits 長期定期存款	—	6,071,628	—	6,071,628
	—	6,843,368	—	6,843,368



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註**30. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)**

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2021

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest-bearing bank and other borrowings – non-current portion excluding exchangeable bonds and lease liabilities				
計息銀行及其他借貸 – 非流動部分不包括可交換債券及租賃負債	–	13,664,539	–	13,664,539
	–	13,664,539	–	13,664,539

As at 31 December 2020

於二零二零年十二月三十一日

	Quoted prices in active markets Level 1 於活躍市場 的報價 第一級 RMB'000 人民幣千元 (Audited) (經審核)	Significant observable inputs Level 2 重大可觀察 輸入數據 第二級 RMB'000 人民幣千元 (Audited) (經審核)	Significant unobservable inputs Level 3 重大不可觀察 輸入數據 第三級 RMB'000 人民幣千元 (Audited) (經審核)	Total 總計 RMB'000 人民幣千元 (Audited) (經審核)
Interest-bearing bank and other borrowings – non-current portion excluding exchangeable bonds and lease liabilities				
計息銀行及其他借貸 – 非流動部分不包括可交換債券及租賃負債	–	11,673,652	–	11,673,652
	–	11,673,652	–	11,673,652



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
中期簡明綜合財務資料附註

### 31. Events after the Reporting Period

On 6 July 2021, the Group acquired an aggregate of 1,045,985,065 ordinary shares of China Shengmu Organic Milk Limited (“China Shengmu”, an existing associate of the Group). Upon the completion of the transaction, the Group held in aggregate 2,513,178,555 ordinary shares of China Shengmu, representing approximately 29.99% of the total number of shares issued by China Shengmu.

On 9 July 2021, the Group acquired an aggregate of 100,976,102 ordinary shares of Shanghai Milkground Food Tech Co.,Ltd (“MilkGround”, an existing associate of the Group) through private placement at cash consideration of approximately RMB3,000,000,000 (RMB29.71 per share). After the private placement, the Group held 146,954,255 shares of MilkGround, representing approximately 28.46% of the issued share capital. The transaction has been completed on 9 July 2021.

Together with the private placement, Inner Mongolia Mengniu and Ms. Chai, the then controlling shareholder of MilkGround, entered into a cooperation agreement, which also took effect on 9 July 2021. Please refer to the Company’s announcement dated 15 December 2020 for details of the terms and conditions of the cooperation agreement.

### 32. Approval of the Interim Financial Information

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2021.

### 31. 報告期後事項

於二零二一年七月六日，本集團收購合共1,045,985,065股中國聖牧有機奶業有限公司（「中國聖牧」，本集團的現有聯營公司）普通股。交易完成時，本集團持有合共2,513,178,555股中國聖牧普通股，佔中國聖牧已發行股份總數約29.99%。

於二零二一年七月九日，本集團通過私人配售方式，以現金代價約人民幣3,000,000,000元（每股人民幣29.71元）收購合共100,976,102股上海妙可藍多食品科技股份有限公司（「妙可藍多」，本集團的現有聯營公司）普通股。私人配售後，本集團持有合共146,954,255股妙可藍多股份，佔妙可藍多已發行股本約28.46%。該交易已於二零二一年七月九日完成。

連同私人配售，內蒙蒙牛與妙可藍多當時的控股股東柴女士簽訂合作協議。該合作協議於二零二一年七月九日生效。有關合作協議的條款及條件之詳情，請參閱本公司日期為二零二零年十二月十五日的公告。

### 32. 批准中期財務資料

董事會已於二零二一年八月二十五日批准及授權刊發未經審核中期簡明綜合財務資料。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



### Independent auditor's report

To the shareholders of China Mengniu Dairy Company Limited  
(Incorporated in the Cayman Islands with limited liability)

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

安永會計師事務所  
香港中環添美道1號  
中信大廈22樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

### 獨立核數師報告

致：中國蒙牛乳業有限公司全體股東  
(於開曼群島註冊成立的有限公司)

### OPINION

We have audited the consolidated financial statements of China Mengniu Dairy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 342, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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.

### 意見

吾等已完成審計中國蒙牛乳業有限公司(「貴公司」)及其子公司(「貴集團」)載於第129頁至第342頁的綜合財務報表，包括於二零二零年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括重大會計政策概要。

吾等認為，該等綜合財務報表已根據國際會計準則理事會頒佈的國際財務報告準則真實而公平地反映 貴集團在二零二零年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

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

### 意見基礎

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

### 關鍵審計事項

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

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

## KEY AUDIT MATTERS (continued)

## 關鍵審計事項 (續)

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

Goodwill and trademarks with indefinite useful lives amounted to RMB12,078,729,000, representing 15% of the Group's total assets as at 31 December 2020. The impairment tests performed by management with the assistance from an external valuer regarding various groups of cash-generating units ("CGU groups") involved significant estimates for the determination of the recoverable amounts of the CGU groups. This is a key audit matter due to the magnitude, the complexity, and the management's estimates involved in the impairment testing.

二零二零年十二月三十一日，商譽及無限使用年期商標達人民幣12,078,729,000元，佔貴集團總資產15%。管理層在外聘估值師協助下就不同現金產生單位組別（「現金產生單位組別」）進行的減值測試涉及有關釐定現金產生單位組別可收回金額的重大估計。由於減值測試涉及管理層估計的規模及估計的複雜程度，故此乃關鍵審計事項。

The accounting policies and related disclosures are included in note 2.4 "Business combinations and goodwill" and "Intangible assets (other than goodwill)", note 3 "Impairment of goodwill and trademarks with indefinite useful lives" and note 20 "Impairment testing of goodwill and trademarks with indefinite useful lives", to the financial statements.

會計政策及相關的披露已列入財務報表附註2.4「業務合併及商譽」及「無形資產（商譽除外）」、附註3「商譽減值及無限使用年期商標」及附註20「無限使用年期商譽及商標減值測試」。

We assessed the objectivity, independence and competence of the external valuer who assisted management to perform the impairment testing of goodwill and trademarks with indefinite lives of the Yashili CGU group and Bellamy CGU group. We also assessed the 2021 budget and the five-year financial projection for the following 5 years used to determine the recoverable amounts of various CGU groups, by comparing key assumptions with historical or external data, and a reconciliation of the inputs. Furthermore, we involved internal valuation specialists to assist us in evaluating the model and the inputs used including the weighted average costs of capital and expected perpetual rates. We also assessed the adequacy of the disclosures concerning those key assumptions included in note 20 "Impairment testing of goodwill and trademarks with indefinite useful lives" to the consolidated financial statements.

吾等評估協助管理層進行雅士利現金產生單位組別及貝拉米現金產生單位組別商譽及無限使用年期商標進行減值測試的外部估值師客觀程度、獨立性及能力。吾等亦評估釐定不同現金產生單位組別的可收回金額所用的二零二一年預算及五年財務預測，對主要假設中的歷史及外部數據進行比較以及評估所用數據的對帳。此外，吾等由內部估值專家協助評估已用模式及數據，包括加權平均資本成本、預期長遠增長率。吾等亦衡量就綜合財務報表附註20「商譽及無限使用年期商標的減值測試」所載主要假設所作披露是否充足。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### KEY AUDIT MATTERS (continued)

### 關鍵審計事項 (續)

#### Key audit matter 關鍵審計事項

#### How our audit addressed the key audit matter 審計關鍵審計事項時的處理方法

#### *Impairment testing of an investment in a material associate*

#### 於重大聯營公司的投資的減值測試

The Group's investment in China Modern Dairy Holdings Ltd. ("China Modern Dairy"), a material associate of the Group, amounted to RMB6,575,281,000, representing 8% of the Group's total assets as at 31 December 2020. The impairment test of the investment in China Modern Dairy performed by management with the assistance from an external valuer involved significant estimates for the determination of the value in use of China Modern Dairy. This is a key audit matter due to the magnitude and the complexity of the estimates, and the uncertainty on future market circumstances.

二零二零年十二月三十一日，貴集團於中國現代牧業控股有限公司（「中國現代牧業」）（貴集團的重大聯營公司）的投資達人民幣6,575,281,000元，佔貴集團總資產8%。外部估值師協助管理層對於中國現代牧業的投資進行減值測試，當中涉及釐定中國現代牧業的使用價值的重大估計。由於其規模、估計的複雜程度及未來市場情況的不確定性，故此乃關鍵審計事項。

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

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

We assessed the objectivity, independence and competence of the external valuer. We also assessed the 2021 budget and the five-year financial projection of China Modern Dairy and a reconciliation of the inputs used to evaluate the value in use calculations. Furthermore, we involved internal valuation specialists to assist us in evaluating the models and the inputs used, including the weighted average costs of capital and the expected perpetual rates. We also assessed the adequacy of the disclosures concerning those key assumptions included in note 22 "Investments in associates" to the consolidated financial statements.

吾等審計程序包括評估外部估值師的客觀程度、獨立性及能力。吾等已評估中國現代牧業二零二一年預算及五年財務預測，以及評估計算價值所用數據的對賬。此外，吾等由內部估值專家協助評估所用模式及數據，包括加權平均資本成本及預期長遠增長率。吾等亦衡量貴公司就綜合財務報表附註22「於聯營公司的投資」所載主要假設所作披露是否充足。

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## 年報所載其他資料

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

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

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

## 董事對綜合財務報表的責任

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

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

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

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

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

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

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

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

### 核數師就審計綜合財務報表須承擔的 責任

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

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

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

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



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

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

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

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

## 核數師就審計綜合財務報表須承擔的 責任 (續)

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

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

吾等亦向審核委員會提交聲明，說明吾等已遵守有關獨立性的相關道德要求，並就所有被合理認為可能影響吾等的獨立性的關係及其他事宜以及為消除威脅而採取的行動或已採取防範措施(如適用)與審核委員會溝通。

**INDEPENDENT AUDITOR'S REPORT**  
**獨立核數師報告****AUDITOR'S RESPONSIBILITIES FOR THE  
AUDIT OF THE CONSOLIDATED FINANCIAL  
STATEMENTS** (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

**Ernst & Young***Certified Public Accountants*

Hong Kong

24 March 2021

**核數師就審計綜合財務報表須承擔的  
責任** (續)

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

出具本獨立核數師報告的審計項目合夥人為吳紹祺。

**安永會計師事務所***執業會計師*

香港

二零二一年三月二十四日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>REVENUE</b>	<b>收入</b>	5	<b>76,034,844</b>	79,029,856
Cost of sales	銷售成本		<b>(47,405,564)</b>	(49,351,242)
<b>GROSS PROFIT</b>	<b>毛利</b>		<b>28,629,280</b>	29,678,614
Other income and gains	其他收入及收益	5	<b>1,204,786</b>	4,100,888
Selling and distribution expenses	銷售及經銷費用		<b>(21,540,925)</b>	(21,536,054)
Administrative expenses	行政費用		<b>(3,132,947)</b>	(3,319,414)
Impairment losses on financial and contract assets, net	金融及合約資產減值虧損淨額		<b>(156,876)</b>	(248,355)
Loss on disposal of financial assets measured at amortised cost	按攤餘成本計量的金融資產出售虧損		<b>(22,385)</b>	(14,008)
Other expenses	其他費用	6	<b>(1,764,510)</b>	(3,691,877)
Interest income	利息收入		<b>1,084,613</b>	1,104,791
Finance costs	融資成本	8	<b>(572,255)</b>	(644,202)
Share of profits and losses of:	以下各方應佔損益：			
A joint venture	合營企業	21	<b>(37,413)</b>	(9,160)
Associates	聯營公司	22	<b>463,418</b>	184,224
<b>PROFIT BEFORE TAX</b>	<b>稅前利潤</b>	7	<b>4,154,786</b>	5,605,447
Income tax expense	所得稅支出	11	<b>(653,193)</b>	(1,309,532)
<b>PROFIT FOR THE YEAR</b>	<b>本年利潤</b>		<b>3,501,593</b>	4,295,915
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		<b>3,525,044</b>	4,105,437
Non-controlling interests	非控股股東權益		<b>(23,451)</b>	190,478
			<b>3,501,593</b>	4,295,915
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (EXPRESSED IN RMB PER SHARE)</b>	本公司普通股擁有人應佔每股盈利(以每股人民幣元計)			
Basic	基本	13	<b>0.897</b>	1.049
Diluted	攤薄		<b>0.892</b>	1.046

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>PROFIT FOR THE YEAR</b>	本年利潤	<b>3,501,593</b>	4,295,915
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>	其他全面收益/(虧損)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	其後期間可能重新分類至損益的其他全面收益/(虧損):		
Exchange differences:	匯兌差額:		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<b>392,078</b>	184,390
Cash flow hedges:	現金流量對沖:		
Effective portion of changes in fair value of hedging instruments arising during the year	來自本年對沖工具公允值變動的有效部分	<b>(56,058)</b>	(18,423)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	已計入綜合損益表的收益而作出的重新分類調整	<b>(10,814)</b>	—
		<b>(66,872)</b>	(18,423)
Share of other comprehensive income of associates	分佔聯營公司其他全面收益	<b>10,666</b>	4,832
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	其後期間可能重新分類至損益的其他全面收益淨額	<b>335,872</b>	170,799
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:	其後期間不會重新分類至損益的其他全面收益/(虧損):		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<b>246,072</b>	—
Equity investments designated at fair value through other comprehensive income:	指定為以公允值計量且其變動計入其他全面收益的股本投資:		
Changes in fair value	公允值變動	<b>101,289</b>	(3,191)
	24(a)/(b)		
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>	其後期間不會重新分類至損益的其他全面收益/(虧損)淨額	<b>347,361</b>	(3,191)
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	其他全面收益，扣除稅項	<b>683,233</b>	167,608
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	年度全面收益總額	<b>4,184,826</b>	4,463,523
Attributable to:	以下各方應佔:		
Owners of the Company	本公司擁有人	<b>4,243,176</b>	4,251,525
Non-controlling interests	非控股股東權益	<b>(58,350)</b>	211,998
		<b>4,184,826</b>	4,463,523

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

31 December 2020 於二零二零年十二月三十一日

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	14	12,546,604	11,102,702
Construction in progress	在建工程	15	2,729,469	2,231,333
Investment properties	投資物業	16	63,924	73,548
Right-of-use assets	使用權資產	17	1,847,675	1,697,808
Goodwill	商譽	18	4,883,291	4,718,657
Other intangible assets	其他無形資產	19	7,717,340	7,583,415
Investment in a joint venture	於合營企業的投資	21	103,427	140,840
Investments in associates	於聯營公司的投資	22	9,020,464	7,351,265
Deferred tax assets	遞延稅項資產	23	1,276,625	1,056,099
Derivative financial instruments	衍生金融工具	32	—	34,009
Other financial assets	其他金融資產	24	7,690,082	4,845,997
Long term prepayments	長期預付款	27	760,762	215,966
Total non-current assets	總非流動資產		48,639,663	41,051,639
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Other financial assets	其他金融資產	24	7,752,088	19,220,584
Derivative financial instruments	衍生金融工具	32	2,175	10,814
Inventories	存貨	25	5,512,450	5,089,944
Trade and bills receivables	應收賬款及票據	26	2,988,362	3,586,866
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	27	3,604,858	3,027,185
Pledged deposits	保證金存款	28	249,521	74,186
Cash and bank balances	現金及銀行結存	28	11,397,123	6,476,187
Total current assets	總流動資產		31,506,577	37,485,766

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**  
**綜合財務狀況表**

31 December 2020 於二零二零年十二月三十一日

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade and bills payables	應付賬款及票據	29	<b>7,969,321</b>	6,738,626
Other payables and accruals	其他應付款項及預提費用	30	<b>11,465,916</b>	10,807,574
Interest-bearing bank and other borrowings	計息銀行及其他借貸	31	<b>4,924,393</b>	13,838,201
Derivative financial instruments	衍生金融工具	32	<b>3,653</b>	4,346
Deferred income	遞延收入	33	<b>—</b>	50,493
Income tax payable	應付所得稅		<b>181,013</b>	294,617
Other financial liabilities	其他金融負債	34	<b>1,600,200</b>	—
Total current liabilities	總流動負債		<b>26,144,496</b>	31,733,857
<b>NET CURRENT ASSETS</b>	<b>淨流動資產</b>		<b>5,362,081</b>	5,751,909
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>		<b>54,001,744</b>	46,803,548
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	31	<b>14,019,832</b>	9,634,609
Deferred income	遞延收入	33	<b>420,006</b>	279,494
Deferred tax liabilities	遞延稅項負債	23	<b>2,279,605</b>	1,941,902
Derivative financial instruments	衍生金融工具	32	<b>34,742</b>	—
Other financial liabilities	其他金融負債	34	<b>—</b>	1,600,206
Total non-current liabilities	總非流動負債		<b>16,754,185</b>	13,456,211
<b>NET ASSETS</b>	<b>淨資產</b>		<b>37,247,559</b>	33,347,337

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**  
綜合財務狀況表

31 December 2020 於二零二零年十二月三十一日

		Notes	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
		附註		
<b>EQUITY</b>	<b>權益</b>			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	35	<b>359,359</b>	358,257
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	39	<b>(56,916)</b>	(133,671)
Other reserves	其他儲備	36	<b>12,953,689</b>	12,442,343
Retained earnings	保留利潤		<b>19,726,510</b>	16,465,355
			<b>32,982,642</b>	29,132,284
Non-controlling interests	非控股股東權益		<b>4,264,917</b>	4,215,053
<b>TOTAL EQUITY</b>	<b>總權益</b>		<b>37,247,559</b>	33,347,337

**Chen Lang**  
陳朗  
Director  
董事

**Jeffrey, Minfang Lu**  
盧敏放  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

Year ended 31 December 2020 截至二零二零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	Treasury shares held under share award scheme	Share premium	Contributed surplus	Statutory reserves	Foreign currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Share option award reserve	Hedging reserve	Equity transaction reserve	Puttable non-controlling interest reserve	Share of other changes in equity of associates	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	357,702	(2,677)	9,775,224	234,677	3,333,457	(85,468)	(888,779)	182,787	28,421	1,018,371	(911,106)	(2,412)	12,822,549	252,72,294	5,251,915	30,694,279
Profit for the year	-	-	-	-	-	-	688,779	-	-	-	-	-	4,105,437	4,105,437	194,478	4,299,915
Other comprehensive income/loss for the year	-	-	-	-	-	-	(3,191)	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	182,221	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	639	(3,191)	-	-	-	-	-	-	-	-	(3,191)
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(18,420)	-	-	-	-	-	-	(17,794)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	4,832	-	-	-	-	-	4,832
Total comprehensive income/loss for the year	-	-	-	-	-	-	(3,191)	-	(18,420)	-	-	4,832	4,105,437	4,251,925	211,936	4,463,223
Shares issued under equity-settled share option arrangements	655	-	123,700	-	-	-	-	-	-	-	-	-	-	124,435	-	124,435
Fair value amortisation of equity-settled share option arrangements	-	-	-	-	-	-	-	153,739	-	-	-	-	-	153,739	7,912	166,651
Transfer of share option reserve upon exercise of share options	-	-	-	-	-	-	-	(3,363)	-	-	-	-	-	(3,363)	-	(3,363)
Fair value amortisation of share award scheme	-	-	-	-	-	-	-	(101,000)	-	-	-	-	-	(101,000)	-	(101,000)
Shares issued under share award scheme	-	-	-	-	-	-	-	-	-	(41,272)	-	-	-	(41,272)	24,358	(16,914)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(888,177)	(888,177)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under the common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity interests in subsidiaries without loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,137	140,137
Recognition of puttable non-controlling interests	-	-	-	-	-	-	-	-	-	16,105	-	-	-	16,105	(11,551)	3,554
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(9,226)	-	-	-	(9,226)	19,967	10,741
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(708,988)	-	(708,988)
Transfer to statutory reserves	-	-	-	-	262,031	-	-	-	-	-	-	-	-	-	(888,001)	(888,001)
At 31 December 2019	368,257	(133,671)	9,285,345	234,677	3,359,738	(69,519)	(861,970)	335,744	7,939	982,234	(603,530)	(21,080)	16,465,355	24,132,294	4,215,153	33,347,237



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

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Attributable to owners of the Company 本公司歸入者法											Total equity 總權益
	Treasury shares held under share capital award scheme 根據獎勵計劃下之庫藏股份	Share premium 股份溢價	Contributed surplus 實收溢利	Statutory reserves 法定儲備	Foreign currency translation reserve 外幣兌換儲備	Share option award reserve 購股權獎勵儲備	Hedging reserve 對沖儲備	Equity transaction reserve 權益交易儲備	Putable non-interest bearing associates 可沽非利息儲備	Share of other changes in equity of associates 聯營公司之其他權益變動	Retained earnings 保留利潤	
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2020 2020年一月一日	339,257	(103,071)	9,296,240*	3,529,708*	(89,619)*	(89,170)*	33,544*	7,299*	992,204*	(900,329)*	16,465,353	4,215,033
Profit for the year 本年利潤	-	-	-	-	-	-	-	-	-	-	23,102,294	5,325,044
Other comprehensive income/(loss) for the year 本年其他全面收益/(虧損):	-	-	-	-	-	-	-	-	-	-	(24,451)	(24,451)
Exchange differences on translation of foreign operations 換算外幣業務之匯兌差額	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity investments as at fair value through other comprehensive income, net of tax 按公允值計量且其變動計入其他全面收益之權益投資之公允價值變動，扣除稅項	-	-	-	-	674,463	-	-	-	-	-	-	(4,489)
Cash flow hedges, net of tax 現金流量對沖，扣除稅項	-	-	-	-	(1,514)	-	-	(66,872)	-	-	10,229	-
Share of other comprehensive income of associates 分佔聯營公司其他全面收益	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/loss for the year 年度全面收益/(虧損)總額	-	-	-	-	673,949	10,319	-	(66,872)	-	10,656	4,245,176	(53,330)
Shares issued under equity-linked share option arrangements 根據以股份支付之購股權安排發行股份	1,102	-	252,411	-	-	-	-	-	-	-	258,513	-
Fair value amortisation of equity-settled share option arrangements 以股份支付之購股權安排之公允價值攤銷	-	-	-	-	-	-	48,592	-	-	-	48,592	2,825
Transfer of share option reserve upon exercise of share options 行使購股權時由購股權儲備轉入	-	-	-	-	-	-	-	-	-	-	-	-
Fair value amortisation of share award scheme 股份獎勵計劃之公允價值攤銷	-	-	75,121	-	-	-	(75,121)	-	-	-	-	-
Shares vested under share award scheme 根據股份獎勵計劃歸屬之股份	-	-	64,574	-	-	-	(64,229)	-	-	-	-	-
Acquisition of non-controlling interests 收購非控股股東權益	-	-	-	-	-	-	-	(55,149)	-	-	-	-
Capital injection from non-controlling interests 非控股股東注資	-	-	-	-	-	-	-	-	-	-	28,798	(28,351)
Disposal of equity interests in subsidiaries without loss of control 出售子公司之股權(並未失去控制權)	-	-	-	-	-	-	-	-	-	-	59,000	59,000
Disposition of puttable non-controlling interests 出售可沽非控股股東權益	-	-	-	-	-	-	-	-	43,794	-	43,794	(41,833)
Dividends paid to owners of the Company 已向本公司擁有人派發股息	-	-	(706,661)	-	-	-	-	-	(46,320)	-	(46,320)	6
Dividends payable to non-controlling interests 應付非控股股東之股息	-	-	-	-	-	-	-	-	-	-	(706,661)	-
Transfer to statutory reserves 轉撥至法定儲備	-	-	-	263,859	-	-	-	-	-	-	-	-
At 31 December 2020 2020年十二月三十一日	339,359	(56,916)	8,994,789*	204,677*	(18,370)*	(18,370)*	33,979*	(58,874)*	990,849*	(1,066,722)*	19,729,510	4,245,917

\* These reserve accounts comprise the consolidated other reserves of RMB12,953,689,000 (2019: RMB12,442,343,000) in the consolidated statement of financial position.  
\* 該等儲備賬戶包括綜合財務狀況表內綜合其他儲備人民幣12,953,689,000元(二零一九年:人民幣12,442,343,000元)。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Cash flows from operating activities</b>	<b>經營業務產生的現金流量</b>		
Profit before tax:	稅前利潤：	<b>4,154,786</b>	5,605,447
Adjustments for:	就下列各項調整：		
Interest income	利息收入	<b>(1,084,613)</b>	(1,104,791)
Finance costs	融資成本	<b>572,255</b>	644,202
Depreciation of property, plant and equipment	物業、廠房及設備折舊	<b>1,789,244</b>	1,945,804
Depreciation of right-of-use assets	使用權資產折舊	<b>256,477</b>	220,068
Depreciation of investment properties	投資物業折舊	<b>3,882</b>	4,037
Amortisation of other intangible assets	其他無形資產攤銷	<b>87,265</b>	89,998
Loss on disposal of items of property, plant and equipment	處置物業、廠房及設備之虧損	<b>13,585</b>	78,618
Impairment of financial and contract assets, net	金融及合約資產減值淨額	<b>156,876</b>	248,355
Impairment of property, plant and equipment	物業、廠房及設備減值	<b>49,031</b>	41,754
Impairment of construction in progress	在建工程減值	<b>—</b>	1,653
Impairment of other intangible assets	其他無形資產減值	<b>3,831</b>	196,035
Impairment of right of use assets	使用權資產減值	<b>22,778</b>	—
Impairment of goodwill	商譽減值	<b>—</b>	2,363,909
Write-down of inventories to net realisable value	存貨撇減至可變現淨值	<b>95,929</b>	74,482
Amortisation of deferred income for assets other than biological assets	生物資產以外的資產的遞延收入攤銷	<b>(49,700)</b>	(103,570)
Covid-19-related rent concessions from lessors	新型冠狀病毒疫情相關之出租人租金寬免	<b>3,089</b>	—
Share of profits of associates	應佔聯營公司利潤	<b>(463,418)</b>	(184,224)
Share of losses of a joint venture	應佔合營企業虧損	<b>37,413</b>	9,160
Gains on disposal of subsidiaries	處置子公司的收益	<b>(18,669)</b>	(3,418,082)
Fair value change of biological assets	生物資產公允價值變動	<b>—</b>	171,902
Net fair value loss on exchangeable bonds	可交換債券公允價值虧損淨額	<b>401,942</b>	77,988
Foreign exchange gains, net	匯兌收益淨額	<b>(299,946)</b>	(42,575)
Net fair value gain on an equity investment	股權投資公允價值收益淨額	<b>(138,622)</b>	(1,194)
Net fair value loss on warrants and subscription right of warrants	認股權證及認股權證之認購權的公允價值虧損淨額	<b>11,187</b>	61,500
Net fair value loss/(gain) on forward currency contracts	遠期外幣合約公允價值虧損/(收益)淨額	<b>9,825</b>	(23,308)
Negative goodwill arising from acquisition of an associate	收購聯營公司產生的負商譽	<b>(106,491)</b>	—
Net fair value gain on investments on unlisted companies	投資予非上市公司的公允價值收益淨額	<b>(12,433)</b>	(39,876)
Equity-settled share option arrangements	以股份支付的購股權安排	<b>52,217</b>	166,651
Share award scheme	股票獎勵計劃	<b>165,423</b>	129,582
		<b>5,713,143</b>	7,213,525
Decrease in other financial assets — entrusted loans to dairy farms	其他金融資產減少 — 授予奶農的委託貸款	<b>13,672</b>	31,165
Increase in inventories	存貨增加	<b>(515,099)</b>	(1,808,622)
Decrease/(increase) in trade and bills receivables	應收賬款及票據減少/(增加)	<b>478,442</b>	(1,180,364)
Decrease/(increase) in pledged deposits	保證金存款減少/(增加)	<b>(222,121)</b>	116,719
Increase in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產增加	<b>(1,033,053)</b>	(1,033,602)
Increase in trade and bills payables	應付賬款及票據增加	<b>1,126,136</b>	1,240,131
Increase in other payables and accruals	其他應付款項及預提費用增加	<b>1,119,324</b>	3,234,686
Cash generated from operations	經營業務產生的現金	<b>6,680,444</b>	7,813,638
Interest paid	支付利息	<b>(580,171)</b>	(516,634)
Income taxes paid	支付所得稅	<b>(752,595)</b>	(989,845)
<b>Net cash flows from operating activities</b>	<b>經營業務產生的淨現金流量</b>	<b>5,347,678</b>	6,307,159

**CONSOLIDATED STATEMENT OF  
CASH FLOWS**  
**綜合現金流量表**

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Cash flows from investing activities</b>	<b>投資活動產生的現金流量</b>		
Purchase of items of property, plant and equipment	購置物業、廠房及設備	(611,330)	(1,111,527)
Additions to construction in progress	添置在建工程	(3,531,636)	(2,968,177)
Purchase of land use rights included in right-of-use assets	購置計入使用權資產的土地使用權	(214,512)	(179,158)
Purchase of other intangible assets	購置其他無形資產	(56,812)	(59,449)
Purchase of biological assets	購置生物資產	—	(527,917)
Proceeds from disposal of items of property, plant and equipment	處置物業、廠房及設備所得款項	126,239	70,499
Proceeds from disposal of biological assets	處置生物資產所得款項	—	163,935
Disposal of other financial assets — equity investment	處置其他金融資產 — 權益投資	63,388	—
Purchase of other financial assets — equity investment	購置其他金融資產 — 權益投資	(20,026)	—
Purchase of other financial assets — unlisted equity investment in Guangze with put options	購置其他金融資產 — 附帶認沽期權的投入廣澤的非上市權益投資	(457,643)	—
Purchase of a convertible promissory note	購置可換股承兌票據	(130,498)	—
Purchase of other financial assets — investment deposits	購置其他金融資產 — 投資存款	(18,074,512)	(16,654,445)
Withdrawal of other financial assets — investment deposits	收回其他金融資產 — 投資存款	27,430,945	9,281,963
Increase in other financial assets — entrusted loans	其他金融資產增加 — 委託貸款	(3,313,008)	(3,205,172)
Withdrawal of other financial assets — entrusted loans	收回其他金融資產 — 委託貸款	4,740,000	2,571,000
Increase in time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款增加	(1,002,365)	(2,398,930)
Interest received	收取利息	946,857	1,179,824
Acquisition of subsidiaries	收購子公司	(25,617)	(6,579,672)
Increase in investments in associates	於聯營公司的投資增加	(1,198,581)	(6,390)
Capital injection to a jointly controlled entity	於一間共同控制實體注資	—	(100,000)
Disposal of subsidiaries	出售子公司	15,000	2,884,820
Dividends received from associates	收取聯營公司股息	—	3,349
Receipt of government grants for property, plant and equipment and biological assets	收取物業、廠房及設備及生物資產的政府補助金	135,882	105,714
<b>Net cash flows from/(used in) investing activities</b>	<b>投資活動所得/(所用)淨現金流量</b>	<b>4,821,771</b>	<b>(17,529,733)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### 綜合現金流量表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Cash flows from financing activities</b>	<b>融資活動產生的現金流量</b>		
Issue of corporate bonds	發行公司債券	9,130,052	6,427,433
Issue of exchangeable bonds	發行可交換債券	705,550	—
Repayment of corporate bonds	償還公司債券	(4,500,000)	(1,000,000)
Repayment of exchangeable bonds	償還可交換債券	(1,435,055)	—
New interest-bearing bank loans	新計息銀行貸款	9,215,370	14,031,107
Repayment of interest-bearing bank loans	償還計息銀行貸款	(17,041,817)	(7,667,240)
Decrease in pledged deposits for bank loans	銀行貸款的保證金存款減少	46,786	314,870
Principal portion of lease payments	租賃付款的本金部分	(188,198)	(263,627)
Repayment of long term payables	償還長期應付款項	(947)	(70,179)
Disposal of equity interests in subsidiaries without loss of control	出售子公司之股權(並未失去控制權)	2,161	3,554
Acquisition of non-controlling interests	收購非控股股東權益	(26,351)	(16,914)
Capital injection from non-controlling interests	非控股股東權益注資	50,600	105,045
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	256,513	124,435
Dividends paid to owners of the Company	支付本公司擁有人的股息	(706,661)	(708,968)
Dividends paid to non-controlling interests	支付非控股股東權益的股息	(78,512)	(665,224)
<b>Net cash flows from/(used in) financing activities</b>	<b>融資活動產生/(所用)淨現金流量</b>	<b>(4,570,509)</b>	10,614,292
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	5,598,940	(608,282)
<b>Cash and cash equivalents at beginning of year</b>	<b>年初現金及現金等價物</b>	<b>3,798,118</b>	4,370,494
Effect of foreign exchange rate changes, net	匯率變動的影響(淨額)	(171,565)	35,906
<b>Cash and cash equivalents at end of year</b>	<b>年終現金及現金等價物</b>	<b>9,225,493</b>	3,798,118
<b>Analysis of balances of cash and cash equivalents</b>	<b>現金及現金等價物結餘分析</b>		
Cash and bank balances as stated in the consolidated statement of financial position	於綜合財務狀況表中列賬的現金及銀行結存	11,397,123	6,476,187
Time deposits with original maturity more than three months	原到期日為三個月以上的定期存款	(2,171,630)	(2,678,069)
Cash and cash equivalents as stated in the consolidated statement of cash flows	於綜合現金流量表中列賬的現金及現金等價物	9,225,493	3,798,118

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 1. CORPORATE AND GROUP INFORMATION

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

#### Information about subsidiaries

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

### 1. 公司及集團資料

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

#### 有關子公司的資料

本公司主要子公司詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
China Dairy Holdings	Cayman Islands 開曼群島	US\$214 214美元	100%	—	Investment holding 投資控股
China Dairy (Mauritius) Limited	Mauritius 毛里裘斯	US\$100 100美元	—	100%	Investment holding 投資控股
Start Great Holdings Limited	British Virgin Islands 英屬處女群島	US\$1,000 1,000美元	100%	—	Investment holding 投資控股
Colour Vantage Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
Future Discovery Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
Golden Stage Holdings Limited ("Golden Stage")	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
Vision Clear Limited	Hong Kong 香港	US\$9,247,208 9,247,208美元	100%	—	Investment holding 投資控股
Bright Rainbow Limited	Singapore 新加坡	US\$1 1美元	—	100%	Investment holding 投資控股
Bright Treasure Pty Ltd.	Australia 澳大利亞	AU\$1 1澳元	—	100%	Investment holding 投資控股
Wise Journey Pty Ltd.	Australia 澳大利亞	AU\$1 1澳元	—	100%	Investment holding 投資控股

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

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

(continued)

### Information about subsidiaries (continued)

### 有關子公司的資料 (續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
China Mengniu International Co., Ltd. (中國蒙牛國際有限公司)	British Virgin Islands 英屬處女群島	HK\$8,448,802,973 8,448,802,973港元	99.95%	—	Investment holding 投資控股
Plant Base Limited (植朴磨坊有限公司)	Hong Kong 香港	HK\$1 1港元	—	100%	Investment holding 投資控股
Easy Reach Investment Co., Ltd. (盈達實業投資有限公司)	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100%	—	Investment holding 投資控股
Tianjin New Value Supply Chain Co., Ltd. (iii) (天津通瑞供應鏈有限公司) (iii)	Mainland China 中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Sale of dairy products 出售乳製品
Inner Mongolia Mengniu Danone Dairy Co., Ltd. (ii) (內蒙古蒙牛達能乳製品有限公司) (ii)	Mainland China 中國大陸	RMB250,000,000 人民幣250,000,000元	—	80%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Hi-tech Dairy Product (Beijing) Co., Ltd. (ii) (蒙牛高科乳製品(北京)有限責任公司) (ii)	Mainland China 中國大陸	RMB87,500,000 人民幣87,500,000元	21.36%	58.64%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Dairy (Group) Company Limited ("Inner Mongolia Mengniu") (ii) (內蒙古蒙牛乳業(集團)股份有限公司) (「內蒙古蒙牛」) (ii)	Mainland China 中國大陸	RMB1,504,290,870 人民幣1,504,290,870元	8.99%	91.01%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Dairy Baotou Co., Ltd. (ii) (內蒙古蒙牛乳業包頭有限責任公司) (ii)	Mainland China 中國大陸	RMB30,000,000 人民幣30,000,000元	26.40%	73.60%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Luannan) Co., Ltd. (ii) (蒙牛乳業(瀋南)有限責任公司) (ii)	Mainland China 中國大陸	RMB56,000,000 人民幣56,000,000元	26.06%	73.94%	Manufacture and sale of dairy products 生產及出售乳製品

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

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

(continued)

Information about subsidiaries (continued)

有關子公司的資料 (續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Mengniu Dairy (Tangshan) Co., Ltd. (ii) (蒙牛乳業(唐山)有限責任公司) (ii)	Mainland China 中國大陸	RMB70,000,000 人民幣70,000,000元	26.05%	73.95%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Tai'an Co., Ltd. (ii) (蒙牛乳業泰安有限責任公司) (ii)	Mainland China 中國大陸	RMB60,000,000 人民幣60,000,000元	26.03%	73.97%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Jiaozuo Co., Ltd. (i) (蒙牛乳業焦作有限責任公司) (i)	Mainland China 中國大陸	RMB450,000,000 人民幣450,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Ma'anshan) Co., Ltd. (i) (蒙牛乳業(馬鞍山)有限公司) (i)	Mainland China 中國大陸	RMB275,000,000 人民幣275,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Hi-tech Dairy Co., Ltd. (i) (內蒙古蒙牛高科乳業有限公司) (i)	Mainland China 中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Saibei Dairy Co., Ltd. (ii) (蒙牛塞北乳業有限公司) (ii)	Mainland China 中國大陸	US\$8,994,700 8,994,700美元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Qiqiha'er) Co., Ltd. (ii) (蒙牛乳業(齊齊哈爾)有限公司) (ii)	Mainland China 中國大陸	RMB75,000,000 人民幣75,000,000元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Hengshui) Co., Ltd. (ii) (蒙牛乳業(衡水)有限公司) (ii)	Mainland China 中國大陸	RMB150,000,000 人民幣150,000,000元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Baoding Mengniu Beverage Co., Ltd. (ii) (保定蒙牛飲料有限公司) (ii)	Mainland China 中國大陸	RMB142,000,000 人民幣142,000,000元	14.65%	85.35%	Manufacture and sale of dairy products 生產及出售乳製品

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

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

(continued)

#### Information about subsidiaries (continued)

有關子公司的資料 (續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Inner Mongolia Mengniu Shengmu High-tech Dairy Co., Ltd. (i) (內蒙古蒙牛聖牧高科奶業有限公司) (i)	Mainland China 中國大陸	RMB2,490,000,000 人民幣2,490,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Danone Dairy (Shanghai) Co., Ltd. (ii) (達能乳業(上海)有限公司)	Mainland China 中國大陸	RMB381,000,000 人民幣381,000,000元	—	80%	Manufacture and sale of dairy products 生產及出售乳製品
Yashili International Holdings Ltd. ("Yashili") (雅士利國際控股有限公司)(「雅士利」)	Cayman Islands 開曼群島	HK\$474,556,000 474,556,000港元	—	51.01%	Investment holding 投資控股
Yashili International Group Limited (雅士利國際集團有限公司)	Hong Kong 香港	HK\$1 1港元	—	51.01%	Investment holding 投資控股
Yashili International Group Ltd. ("Yashili International") (iii) (雅士利國際集團有限公司) (「雅士利國際」) (iii)	Mainland China 中國大陸	RMB1,126,105,300 人民幣1,126,105,300元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili New Zealand Dairy Co., Ltd. ("Yashili New Zealand") (新西蘭雅士利乳業國際控股有限公司) (「新西蘭雅士利」)	New Zealand 新西蘭	NZ\$287,032,059 287,032,059新西蘭元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili International Baby Nourishment Co., Ltd. (i) (雅士利國際嬰幼兒營養品有限公司) (i)	Mainland China 中國大陸	RMB531,815,600 人民幣531,815,600元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Dumex Baby Food Co., Ltd. ("Dumex China") (i) (多美滋嬰幼兒食品有限公司) (「多美滋中國」) (i)	Mainland China 中國大陸	RMB2,226,000,000 人民幣2,226,000,000元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Plant Base (China) Limited (iii) (植朴磨坊(中國)有限公司) (iii)	Mainland China 中國大陸	RMB600,000,000 人民幣600,000,000元	—	51%	Investment holding 投資控股
Bellamy's Australia Limited ("Bellamy") (「貝拉米」)	Australia 澳大利亞	AU\$156,651,385.27 156,651,385.27澳元	—	100%	Production and sale of organic food and formula products for babies and toddlers 生產及出售有機食品及嬰幼兒配方奶粉



## 1. CORPORATE AND GROUP INFORMATION

(continued)

### Information about subsidiaries (continued)

- (i) The subsidiaries are registered as companies with limited liability under PRC law.
- (ii) The subsidiaries are registered as Sino-foreign equity joint ventures under PRC law.
- (iii) The subsidiaries are wholly-foreign-owned enterprises established in the PRC.

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretation) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for share options, certain financial assets, derivative financial instruments and certain other borrowings which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## 1. 公司及集團資料 (續)

### 有關子公司的資料 (續)

- (i) 該等子公司均根據中國法律註冊為有限責任公司。
- (ii) 該等子公司均根據中國法律註冊為中外合資公司。
- (iii) 該等子公司均為於中國註冊的全資外資企業。

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

## 2.1 編製基準

此等財務報表按照國際會計準則委員會（「國際會計準則委員會」）頒佈的國際財務報告準則（「國際財務報告準則」）（其包括所有國際財務報告準則、國際會計準則（「國際會計準則」）及詮釋）及香港公司條例披露規定編製。財務報表以歷史成本法編製，惟購股權、若干金融資產、衍生金融工具及若干其他借貸以公允值計量。財務報表以人民幣（「人民幣」）呈列，除另有指明外，所有數值均調整至最接近的千位。

### 綜合基準

綜合財務報表包括本公司及其子公司（統稱「本集團」）截至二零二零年十二月三十一日止年度的財務報表。子公司為本公司直接或間接控制的實體（包括結構性實體）。當本集團通過參與被投資方的相關活動而承擔可變回報的風險或享有可變回報，並且有能力運用對被投資方的權力（即本集團目前有能力主導被投資方的相關活動的現時權利）影響該等回報時，即取得控制權。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.1 BASIS OF PREPARATION (continued)

#### Basis of consolidation (continued)

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

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

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

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

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

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

### 2.1 編製基準 (續)

#### 綜合基準 (續)

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

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

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

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

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

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

31 December 2020 於二零二零年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

## 2.2 會計政策變動及披露

本集團已於本年度的財務報表首次採納二零一八年財務報告概念框架及以下經修訂國際財務報告準則。

國際財務報告準則	<i>業務之定義</i>
第3號的修訂	
國際財務報告準則	<i>利率基準改革</i>
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	
國際財務報告準則	<i>新型冠狀病毒疫情 第16號的修訂</i>
國際會計準則第1 號及國際會計準 則第8號的修訂	<i>相關租金寬免 重大之定義</i>

二零一八年財務報告概念框架及經修訂國際財務報告準則的性質及影響如下：

- (a) 二零一八年財務報告概念框架(「概念框架」)就財務報告和準則制定一整套概念，並為財務報表編製者制定一致的會計政策提供指引，協助各方理解和解讀準則。概念框架包括有關計量和報告財務績效的新章節、有關資產及負債終止確認的新指引，以及更新資產及負債定義和確認標準。該等框架亦闡明管理、審慎及衡量不確定性在財務報告中的作用。概念框架並非準則，其中包含的任何概念都不會凌駕於任何準則中的概念或要求之上。概念框架對本集團的財務狀況及表現不會有任何重大影響。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any material impact on the financial position and performance of the Group.

### 2.2 會計政策變動及披露 (續)

(b) 國際財務報告準則第3號修訂本明確並提供有關業務定義的進一步指引。修訂本闡明，對於一系列被視為業務的綜合活動及資產，其必須至少包括一項投入及有助於創造產出的能力的實質性過程。一項業務可以不包括創建輸出所需的所有輸入及所需程序。修訂本取消了對市場參與者是否有能力獲得業務並繼續產生產出的評估。相反，重點為獲得的投入及獲得的實質性過程是否共同明顯有助於對創造產出的能力。修訂本亦縮小產出的定義，重點關注向客戶提供的貨品或服務、投資收入或普通活動的其他收入。此外，修訂本提供了指導以評估所獲得的流程是否具有實質性，並引入可選的公允值集中測試，以便簡化評估所獲得的一系列活動及資產是否並非業務。本集團已於二零二零年一月一日或之後的交易或其他事項提前採納該修訂本。該修訂本對本集團的財務狀況及表現不會有任何影響。

(c) 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號之修訂解決以其他無風險利率（「無風險利率」）取代現有利率基準對財務報告之影響。該等修訂提供引入其他無風險利率之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該等修訂對本集團的財務狀況及表現不會有任何重大影響。

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's buildings and structures, motor vehicles have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB3,089,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

## 2.2 會計政策變動及披露 (續)

- (d) 國際財務報告準則第16號的修訂為承租人提供一個實際可行的權宜方法，以選擇不就疫情的直接後果產生的租金寬免應用租賃修改會計處理。該實際可行權宜方法僅適用於疫情的直接後果產生的租金寬免，且僅適用於(i)租賃付款的變動使租賃代價有所修改，而經修改的代價與緊接變動前租賃代價大致相同，或少於緊接變動前的租賃代價；(ii)租賃付款的任何減幅僅影響原到期日為二零二一年六月三十日或之前的付款；及(iii)租賃的其他條款及條件並無實質變動。修訂對二零二零年六月一日或之後開始的年度有效，允許提前應用及將追溯採用。

截至二零二零年十二月三十一日止年度，本集團租賃大樓及建築物以及汽車的若干每月租賃付款已因應疫情而獲出租人減少或豁免，惟概無作出租賃條款其他變更。本集團已於二零二零年一月一日提前採納該修訂，並選擇不就於截至二零二零年十二月三十一日止年度出租人因疫情而授出的所有租金寬免應用租賃修改會計處理。因此，租金寬免產生人民幣3,089,000元的租賃付款已在終止確認部分租賃負債後作為浮動租賃付款入賬，並計入截至二零二零年十二月三十一日止年度損益。

- (e) 國際會計準則第1號及國際會計準則第8號的修訂為重大一詞提供新定義。根據新定義，倘漏報、錯報或掩蓋個別資料可合理地預期會對使用財務報表作一般目的的主要使用者就該等財務報表作出的決定產生影響，則該資料為重大。該等修訂指明，重大性取決於資料的性質或牽涉範圍或取決於兩者。該等修訂對本集團的財務狀況及表現不會有任何重大影響。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework<sup>2</sup></i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
IFRS 17	<i>Insurance Contracts<sup>3, 5</sup></i>
Amendments to IFRS 17	<i>Insurance Contracts<sup>3, 5</sup></i>
Amendments to IAS 1	<i>Classification of liabilities as Current or Non-current<sup>3</sup></i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>2</sup></i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract<sup>2</sup></i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>3</sup></i>
Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>3</sup></i>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2021
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>4</sup> No mandatory effective date yet determined but available for adoption
- <sup>5</sup> As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

### 2.3 已頒佈但尚未生效的國際財務報告準則

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

國際財務報告準則第3號的修訂	對概念框架之提述 <sup>2</sup>
國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂	利率基準改革 – 第2階段 <sup>1</sup>
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 <sup>4</sup>
國際財務報告準則第17號的修訂	保險合約 <sup>3, 5</sup>
國際會計準則第1號的修訂	分類為流動或非流動負債 <sup>3</sup>
國際會計準則第16號的修訂	物業、廠房及設備：擬定用途前之所得款項 <sup>2</sup>
國際會計準則第37號的修訂	虧損合約 – 履行合約之成本 <sup>2</sup>
二零一八年至二零二零年國際財務報告準則之年度改進	國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附範例及國際會計準則第41號的修訂 <sup>2</sup>
國際會計準則第1號及國際財務報告準則實務公告第2號的修訂	會計政策的披露 <sup>3</sup>
國際會計準則第8號的修訂	會計估計的定義 <sup>3</sup>

- <sup>1</sup> 於二零二一年一月一日或之後開始的年度期間生效
- <sup>2</sup> 於二零二二年一月一日或之後開始的年度期間生效
- <sup>3</sup> 於二零二三年一月一日或之後開始的年度期間生效
- <sup>4</sup> 尚未確定強制生效日期但可供採納
- <sup>5</sup> 由於二零二零年六月發佈的國際財務報告準則第17號的修訂，國際財務報告準則第4號亦相應修訂，以授出臨時豁免，允許保險公司於二零二三年一月一日前開始的年度期間採用國際會計準則第39號而非國際財務報告準則第9號。

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

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

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

## 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

本集團預期應用的國際財務報告準則的詳情如下。

國際財務報告準則第3號的修訂旨在以二零一八年三月發佈的*財務報告概念框架的提述*取代先前編製及呈列財務報表的框架提述，而無需重大改變其要求。該等修訂亦為國際財務報告準則第3號增加確認原則的例外情況，實體可參考概念框架釐定資產或負債的構成要素。該例外情況規定，對於單獨而非於業務合併中承擔且屬於國際會計準則第37號或國際財務報告詮釋第21號的負債及或然負債，採用國際財務報告準則第3號的實體應分別提述國際會計準則第37號或國際財務報告詮釋第21號，而非概念框架。此外，該等修訂澄清或然資產於收購日期不符合確認資格。本集團預期自二零二二年一月一日起前瞻採用有關修訂。由於該等修訂可能對收購日期為首次採納日期或之後的業務合併前瞻性應用，本集團於過渡日期將不會受到該等修訂的影響。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

**2.3 已頒佈但尚未生效的國際財務報  
告準則** (續)

當現有利率基準以其他無風險利率替代會影響財務報告時，國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂解決先前修訂中未涉及的問題。第2階段修訂提供實際權宜方法，於入賬釐定金融資產及負債合約現金流的基準變動時，倘變動因利率基準改革直接引致，且釐定合約現金流量的新基準經濟上相當於緊接變動前的先前基準，在不調整賬面值的情況下更新實際利率。此外，該等修訂允許利率基準改革要求就對沖名稱及對沖文件作出的變動，而不中斷對沖關係。過渡期間可能產生的任何損益均透過國際財務報告準則第9號的正常要求進行處理，以衡量及確認對沖無效性。當無風險利率被指定為風險組成部分時，該等修訂亦暫時寬免實體須符合可單獨識別的規定。寬免允許實體於指定對沖時假設符合可單獨識別的規定，前提是實體合理預期無風險利率風險成分於未來24個月內將可單獨識別。此外，該等修訂亦要求實體披露其他資料，以使財務報表的使用者能夠了解利率基準改革對實體金融工具及風險管理策略的影響。該等修訂自二零二一年一月一日或之後開始的年度期間生效，並應追溯應用，惟實體毋須重列比較資料。



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

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the “economically equivalent” criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity’s right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

### 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

本集團於二零二零年十二月三十一日持有根據香港銀行同業拆息及倫敦銀行同業拆息（「倫敦銀行同業拆息」）以港元及外幣計值的若干計息銀行及其他借貸。倘該等借貸的利率於未來期間由無風險利率代替，本集團將於滿足「經濟上相當」標準修改有關借貸時採用此實際權宜方法，並預計不會因採用該等變動修訂而產生重大修改損益。

國際財務報告準則第10號及國際會計準則第28號的修訂解決國際財務報告準則第10號與國際會計準則第28號之間對於處理投資者與其聯營公司或合營企業之間資產出售或注資的規定的不一致性。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，確認全部收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂將於未來期間應用。國際會計準則理事會於二零一五年十二月決定推後有關修訂的生效日期，直至就權益法研究項目作出的任何修訂完成為止。然而，該等修訂允許提早採納。

國際會計準則第1號的修訂澄清劃分負債為流動或非流動的規定。該等修訂載明，倘實體推遲清償負債的權利受限於該實體須符合特定條件，則倘該實體符合當日之條件，其有權於報告期末推遲清償負債。負債的分類不受實體行使其權利延遲清償負債的可能性的影響。該等修訂亦澄清被認為清償負債的情況。該等修訂自二零二三年一月一日或之後開始的年度期間生效，並將追溯應用。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

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

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

### 2.3 已頒佈但尚未生效的國際財務報 告準則 (續)

國際會計準則第16號的修訂禁止實體從物業、廠房及設備成本中扣除資產達到管理層預定的可使用狀態(包括位置與條件)過程中產生的全部出售所得。相反，實體須將出售任何有關項目的所得款項及成本計入損益。該等修訂自二零二二年一月一日或之後開始的年度期間生效，並僅對實體首次應用有關修訂的財務報表呈列的最早期間開始時或之後可供使用的物業、廠房及設備項目追溯應用。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。

國際會計準則第37號的修訂澄清，就根據國際會計準則第37號評估合約是否屬虧損性而言，履行合約的成本包括與合約直接相關的成本。與合約直接相關的成本包括履行該合約的增量成本(例如直接勞工及材料)及與履行合約直接相關的其他成本分配(例如分配履行合約所用物業、廠房及設備項目的折舊開支以及合約管理與監督成本)。一般及行政費用與合約並無直接關係，除非合約明確向對手方收費，否則將其排除在外。該等修訂自二零二二年一月一日或之後開始的年度期間生效，並適用於實體首次應用有關修訂的年度報告期間開始時實體尚未履行其全部責任的合約。允許提早採納。初步應用修訂的任何累積影響應於初始應用日期確認為期初權益的調整，且毋須重列比較資料。預期該等修訂不會對本集團的財務報表產生任何重大影響。

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

*Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

二零一八年至二零二零年國際財務報告準則之年度改進載列國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附範例及國際會計準則第41號的修訂。預計適用於本集團的該等修訂詳情如下：

- 國際財務報告準則第9號 *金融工具*：澄清於實體評估是否新訂或經修改金融負債的條款與原金融負債的條款存在實質差異時所包含的費用。該等費用僅包括借款人與貸款人之間已支付或收取的費用，包括借款人或貸款人代表其他方支付或收取的費用。實體將有關修訂應用於實體首次應用有關修訂的年度報告期間開始或之後修改或交換的金融負債。該等修訂自二零二零年一月一日或之後開始的年度期間生效。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。
- 國際財務報告準則第16號 *租賃*：刪除國際財務報告準則第16號隨附範例13中有關租賃物業裝修的出租人付款說明。此舉消除於採用國際財務報告準則第16號有關租賃激勵措施處理方面的潛在困惑。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

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

Amendments to IAS 1 require an entity to disclose its material accounting policy information rather than its significant accounting policies. To help entities to apply the amendments to IAS 1, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to illustrate how an entity can judge whether accounting policy information is material to its financial statements. The IASB added guidance and examples to IFRS Practice Statement 2 to help an entity apply the four-step materiality process to accounting policy information. An entity shall apply the amendments to IAS 1 for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 introduce a new definition of accounting estimates. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted and the amendments are not expected to have any significant impact on the Group's financial statements.

### 2.3 已頒佈但尚未生效的國際財務報 告準則 *(續)*

國際會計準則第1號的修訂要求實體披露其重要會計政策資料，而非重要會計政策。為協助實體應用國際會計準則第1號的修訂，國際會計準則理事會亦修訂國際財務報告準則實務公告第2號「作出重要判斷」，以說明實體如何判斷會計政策資料對其財務報表是否重要。國際會計準則理事會在國際財務報告準則實務公告第2號增加指引及範例，以協助實體將四級重要性流程應用於會計政策資料。實體須於二零二三年一月一日或之後開始的年度報告期間應用國際會計準則第1號的修訂。允許提早採納。預期該等修訂不會對本集團的財務報表產生任何重大影響。

國際會計準則第8號的修訂引入會計估計的新定義。該等修訂旨在釐清會計估計變動與會計政策變動之間的區別以及糾正錯誤。該等修訂於二零二三年一月一日或之後開始的年度報告期間生效，並適用於在實體首次應用該等修訂的年度報告期間開始或之後發生的會計估計變動及會計政策變動。允許提早採納，且預期該等修訂不會對本集團的財務報表產生任何重大影響。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Investments in associates and joint ventures

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

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

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

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

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

## 2.4 重大會計政策概要

### 投資聯營公司及合營企業

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

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

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

任何可能存在的相異會計政策已相應作出調整，以使之貫徹一致。

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

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments in associates and joint ventures

(continued)

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

#### Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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

### 2.4 重大會計政策概要 (續)

#### 投資聯營公司及合營企業 (續)

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

#### 業務合併及商譽

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

當所收購的一組活動及資產包括一項資源投入及一項實質過程，而兩者對創造產出的能力有重大貢獻，本集團認為其已收購一項業務。

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations and goodwill (continued)

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

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

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

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

## 2.4 重大會計政策概要 (續)

### 業務合併及商譽 (續)

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Business combinations and goodwill (continued)

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

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

#### Fair value measurement

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

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.

### 2.4 重大會計政策概要 (續)

#### 業務合併及商譽 (續)

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

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

#### 公允值計量

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

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



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fair value measurement (continued)

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

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

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

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

## 2.4 重大會計政策概要 (續)

### 公允值計量 (續)

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

### 2.4 重大會計政策概要 (續)

#### 非金融資產減值

當有跡象顯示出現減值，或當須進行資產年度減值測試（存貨、合約資產、遞延所得稅資產、金融資產、投資物業及分類為持有待售的非流動資產／處置組除外），則估計資產的可收回金額。資產的可收回金額乃選取資產或現金產生單位的使用價值及其公允值減銷售成本的較高者，並就個別資產釐定，惟倘資產並無產生大致獨立於其他資產或資產組別的現金流入，則可收回金額在該資產所屬的現金產生單位基礎上確定。

減值損失僅於資產賬面值超出其可收回金額時確認。評估使用價值時，估計未來現金流量乃按稅前折現率折現至現值。所用稅前折現率反映當前市場對貨幣時值及該資產特定風險的評估。減值損失於產生期間自綜合損益表中與減值資產功能一致的支出類別扣除。

於各報告期末，本集團評估是否有跡象顯示先前確認的減值損失可能不再存在或已經減少。如有該等跡象，本集團會估計可收回金額。僅若用以釐定商譽以外資產的可收回金額的估計有變動，方會撥回先前確認該資產的減值損失，惟金額不得超過假使該資產在過往年度並無確認減值損失時，原應釐定的賬面值（扣減任何折舊／攤銷後）。減值損失撥回計入產生期間的綜合損益表中，惟該資產按重估金額列賬時，則該減值虧損撥回根據與該重估資產相關的會計政策列賬。

**2.4 SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** (continued)**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

**2.4 重大會計政策概要** (續)**關聯人士**

一方被視為與本集團有關聯，倘

- (a) 該方為該名人士家族的人士或直系親屬，而該名人士
- (i) 控制或共同控制本集團；
- (ii) 對本集團施加重大影響；或
- (iii) 為本集團或本集團母公司主要管理人員的成員；

或

- (b) 該方為符合下列任何條件的實體：
- (i) 該實體與本集團屬同一集團的成員公司；
- (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體的母公司、子公司或同系子公司的旗下）；
- (iii) 該實體及本集團均為同一第三方的合營企業；
- (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
- (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關實體的僱員；
- (vi) 該實體由(a)項所述人士控制或共同控制；
- (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體（或該實體的母公司）主要管理人員的成員；及

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Related parties (continued)

- (b) (continued)
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

### 2.4 重大會計政策概要 (續)

#### 關聯人士 (續)

- (b) (續)
- (viii) 向本集團或本集團母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

#### 物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值損失後列賬。倘物業、廠房及設備項目分類為持有待售或當其為分類為持有待售的處置組的一部分時,其不予折舊並根據國際財務報告準則第5號入賬,進一步闡釋見會計政策「持有待售的非流動資產及處置組」。物業、廠房及設備項目的成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。

成本亦可包括自權益轉撥以外幣購買物業、廠房及設備的合資格現金流量對沖所產生的任何收益或虧損。

物業、廠房及設備項目投入運作後產生的支出(例如維修及保養),一般於其產生期間於損益表扣除。而大修支出在符合確認條件時,計入資產的賬面值作為更換成本。當物業、廠房及設備的重要部件須定期更換,本集團將該等部件確認為獨立的資產,並在特定可使用年期下單獨計提折舊。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment and depreciation

(continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The depreciation rates of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings and structures	2% to 7%
Plant and machinery	10% to 32%
Office equipment	10% to 32%
Motor vehicles	10% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Construction in progress

Construction in progress represents plant and property under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2.4 重大會計政策概要 (續)

### 物業、廠房及設備及折舊 (續)

折舊乃按物業、廠房及設備的各個項目於其估計可使用年期以直線法撇減其成本至剩餘價值。物業、廠房及設備的折舊率如下：

永久業權土地	不折舊
房屋及建築物	2%至7%
廠房及機器	10%至32%
辦公設備	10%至32%
運輸設備	10%至32%

倘一項物業、廠房及設備的各部分具有不同可使用年期，則有關項目的成本以合理基準分配至各部分，而每部分將作獨立折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度結算日審閱及調整（如適用）一次。

物業、廠房及設備項目（包括經初步確認的任何重要部件）乃於出售時或在預計未來不可從其使用或出售中獲得經濟利益時終止確認。於終止確認資產年度的綜合損益表中確認的出售或廢棄而產生的任何收益或虧損乃銷售所得款項淨額與相關資產賬面值之間的差額。

### 在建工程

在建工程是指正在興建的廠房及物業，乃以成本減任何減值損失列賬。在建工程不計提折舊。成本包括在建期間的直接建築成本及已借相關資金所屬已撥充資本的借貸費用。當在建工程竣工、隨時可供使用時，在建工程將予重新分類歸入物業、廠房及設備內的適當類別。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use assets which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 50 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (or group of cash-generating units) level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

### 2.4 重大會計政策概要 (續)

#### 投資物業

投資物業指持作賺取租金收入及／或資本增值用途，而非用於生產或供應貨品或服務或作行政用途；或作日常業務過程中出售用途的土地及房屋（包括計入使用權資產的租賃物業並以其他方式符合投資物業的定義）權益。該等物業初步按成本（包括交易成本）計量。初步確認後，投資物業按成本減累計折舊及減值虧損計量。

折舊乃按資產之成本減其剩餘價值計量。折舊按直線法於投資物業之估計可使用年期內於損益確認。估計可使用年期為50年。折舊方法、可使用年期及剩餘價值於各報告日期重估。

投資物業報廢或出售產生的任何收益或虧損於其報廢或出售年度於損益表確認。

#### 無形資產（商譽除外）

單獨收購的無形資產於初步確認時按成本計量。於業務合併時所收購無形資產的成本相等於收購日期的公允值。無形資產的可使用年期可評估為有限或無限。年期有限的無形資產其後於可使用經濟年期內攤銷，並於有跡象顯示該無形資產可能出現減值時評估減值。可使用年期有限的無形資產的攤銷期間及攤銷方法至少於各財政年度結算日審閱一次。

可使用年期無限的無形資產每年按個別或現金產生單位或現金產生單位組別作減值測試，且不予攤銷。年期無限的無形資產須每年審閱其使用年期，以釐定無限年期的評估是否持續可靠。否則，可使用年期評估按預期法自此由無限年期更改為有限年期。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Intangible assets (other than goodwill) (continued)

#### Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 20 years.

#### Trademarks

Trademarks acquired separately are measured at cost. Trademarks acquired as part of a business combination are measured at fair value based on the royalty relief method.

Trademarks with finite useful lives are amortised on the straight-line basis over their estimated useful lives of 10 years. Trademarks with indefinite useful lives are tested for impairment annually.

#### Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

#### Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

## 2.4 重大會計政策概要 (續)

### 無形資產(商譽除外)(續)

#### 專利及特許權

所購買專利及特許權乃按成本減任何減值損失列賬，且按估計可使用年期2年至20年以直線法攤銷。

#### 商標

所收購商標按成本單獨計量。作為業務合併一部分所收購的商標根據特許權費減免法按公允值計量。

可使用年期有限的商標按估計可使用年期10年以直線法攤銷。可使用年期無限的商標每年測試減值。

#### 電腦軟件

購入的電腦軟件根據購買及使用該特定軟件所引起的成本進行資本化。有關成本按估計可使用年期3年至10年以直線法攤銷。

#### 研究開發費用

所有研究費用在產生時於綜合損益表支銷。

開發新產品的項目產生的支出，僅當本集團可顯示下列各項，方予資本化及遞延：完成該項無形資產使其可供使用或出售在技術上的可行性、其完成意向，及使用或出售該項資產的能力、該資產日後如何產生經濟利益、是否有資源可以完成該項目，以及在開發過程中是否可以可靠計量該項支出。不符合該等條件的產品開發支出在產生時支銷。

遞延開發費用按成本減任何減值損失列賬並以直線法按相關產品自其投產日期起計的商業年期攤銷。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings and structures	1 to 30 years
Plant and machinery	1 to 6 years
Office equipment	1 to 6 years
Motor vehicles	2 to 4 years
Land use rights	2 to 50 years

### 2.4 重大會計政策概要 (續)

#### 租賃

本集團於合約開始時評估合約是否或是否包含租賃。倘合約為換取代價而授予在一段時間內可識別資產的使用權，則該合約為租賃或包含租賃。

#### 本集團作為承租人

除短期租賃及低價值資產租賃外，本集團應用單一確認及計量方式於所有租賃。本集團確認租賃負債表示支付租賃費用的義務，以及確認使用權資產表示對相關資產所擁有的使用權。

#### (a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用日期)確認。使用權資產按成本減任何累計折舊及減值虧損計量，並就任何租賃負債重新計量作出調整。使用權資產成本包括已確認租賃負債金額、已產生初始直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃優惠。使用權資產亦包括拆除及移除相關資產及還原相關資產或其所在地的估計成本(倘適用)。使用權資產按估計可使用年限和租賃期較短者以直線法折舊如下：

房屋及建築物	1至30年
廠房及機器	1至6年
辦公室設備	1至6年
運輸設備	2至4年
土地使用權	2至50年



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (continued)

#### *Group as a lessee (continued)*

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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 amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

## 2.4 重大會計政策概要 (續)

### 租賃 (續)

#### *本集團作為承租人 (續)*

##### (b) 租賃負債

租賃負債於租賃開始日期按租賃期內作出的租賃付款現值確認。租賃付款包括固定付款額(含實質定額款項)減任何租賃優惠應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。若租賃期反映出本集團將行使終止租賃選擇權，租賃付款額亦包括本集團合理確定將行使的購買選擇權的行使價格及支付終止租賃的罰款。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

於計算租賃付款的現值時，由於租賃內含利率不易釐定，故本集團於租賃開始日期使用增量借款利率計算。於租賃開始日期後，租賃負債金額的增加反映了利息的增長，且減少為所支付的租賃款。此外，倘存在租期的修改及變動、租賃付款的變動(例如：由指數或利率變動導致未來租賃付款變動)或評估購買相關資產的選擇權變動，則重新計量租賃負債的賬面值。

本集團的租賃負債包括於計息銀行及其他借貸。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases (continued)

##### Group as a lessee (continued)

##### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases 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 leases of low-value assets to leases of plant and machinery and office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

### 2.4 重大會計政策概要 (續)

#### 租賃 (續)

##### 本集團作為承租人 (續)

##### (c) *短期租賃及低價值資產租賃*

本集團就機器及設備的短期租賃(該等租賃由開始日期起計的租賃期為12個月或更短,且並不包含購買選擇權)應用短期租賃確認豁免。其亦就被視為低價值的廠房及機器以及辦公室設備的租賃應用低價值資產租賃確認豁免。

短期租賃付款及低價值資產租賃按租賃期以直線法確認為支出。

##### 本集團作為出租人

當本集團為出租人,其於租賃開始時(或租賃修改時)將各項租賃分類為經營租賃或融資租賃。

所有本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃歸類為經營租賃。當租賃包含租賃或非租賃部分,本集團將合約代價按單獨售價之基準分配至各部份。由於其經營性質,故租金收入於租期內按直線法列賬並計入損益表之收入。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值,並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

轉讓所有相關資產擁有權所附帶的絕大部分風險及回報予承租人的租賃則以融資租賃入賬。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## 2.4 重大會計政策概要 (續)

### 投資及其他金融資產

#### *初步確認及計量*

金融資產於初步確認時分類為其後按攤餘成本計量、以公允值計量且其變動計入全面收益，以及以公允值計量且其變動計入損益。

初始確認金融資產分類取決於金融資產的合約現金流特徵，以及本集團管理金融資產的業務模式。除並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施不作調整重大融資組成部分影響的應收賬款外，本集團最初按其公允值計量金融資產，加上金融資產不以公允值計量且其變動計入損益的交易費用。並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施的應收賬款按照下文「收入確認」所載政策根據國際財務報告準則第15號釐定的交易價計量。

金融資產需要滿足現金流量僅為償還本金及未償還本金利息，方可分類為按攤餘成本計量或按公允值計入其他全面收益的金融資產。不論業務模式，現金流量非僅為償還本金及利息的金融資產則分類及按公允值計入損益。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments and other financial assets (continued)

##### Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### 初步確認及計量 (續)

本集團管理金融資產的業務模式指本集團如何管理其金融資產以產生現金流量。業務模式釐定現金流量是否因收取合約現金流量、出售金融資產或因前述兩者而引起。已分類及按攤餘成本計量的金融資產為以持有金融資產以收回合約現金流量為目的之業務模式內持有，而已分類及按公允值計量計入其他全面收益的金融資產為以持作收回合約現金流量及出售為目的之業務模式內持有。並非以上述業務模式內持有之金融資產則分類及按公允值計量計入損益。

所有以常規方式購買及出售的金融資產於交易日(即本集團承諾購買或出售該資產當日)確認。以常規方式購買或出售指需要於一般按規例或市場慣例設定的期限內交付資金的金融資產購買或出售。

##### 後續計量

金融資產的後續計量取決於其分類如下：

##### *按攤餘成本計量的金融資產(債務工具)*

按攤餘成本計量的金融資產其後使用實際利率法計量，並可予減值。倘資產終止確認、修訂或減值，則收益及虧損會於損益表確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### *Subsequent measurement* (continued)

#### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

#### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

## 2.4 重大會計政策概要 (續)

### 投資及其他金融資產 (續)

#### 後續計量 (續)

#### 按公允值計入其他全面收益的金融資產 (債務工具)

就按公允值計入其他全面收益的債務工具而言，利息收入、外匯重估及減值虧損或撥回於損益表內確認，計算方式與計算按攤餘成本計量的金融資產者相同。餘下公允值變動於其他全面收益確認。於終止確認後，於其他全面收益確認的累計公允值變動回流至損益表。

#### 按公允值計入其他全面收益的金融資產 (股權投資)

於初始確認後，倘股權投資符合國際會計準則第32號金融工具：呈列項下的股權定義，且並非持作買賣，本集團可選擇不可撤回地將該股權投資分類為指定按公允值計入其他全面收益的股權投資。分類按個別工具基準而定。

該等金融資產的收益及虧損永不回流至損益表。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，則股息會於損益表確認為其他收入，惟倘本集團受惠於該等所得款項作為收回部分金融資產成本則作別論，在此情況下，有關收益會入賬為其他全面收益。指定按公允值計入其他全面收益的股權投資無須進行減值評估。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments and other financial assets (continued)

##### Subsequent measurement (continued)

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### 後續計量 (續)

##### *按公允價值計入損益的金融資產*

按公允價值計入損益的金融資產乃於財務狀況表按公允價值列賬，而公允價值變動淨額則於損益表確認。

該類別包括本集團並無不可撤回地選擇分類為按公允價值計入其他全面收益的衍生工具及股權投資。分類為按公允價值計入損益的股權投資股息亦於付款權確立時在損益表內確認為其他收入。有關股息的經濟利益可能會流向本集團，而股息的金額則可可靠計量。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟利特徵及風險；具備與嵌入式衍生工具與相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公允價值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允價值計量，且其變動計於損益表內確認。

僅當合約條款出現變動，以致大幅改變其他情況下所需現金流量時或當原分類至按公允價值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公允價值計入損益的金融資產。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2.4 重大會計政策概要 (續)

### 終止確認金融資產

金融資產(或,如適用,一項金融資產的一部分或一組類似金融資產的一部分)主要於下列情況下將終止確認(即從本集團綜合財務狀況表移除):

- 收取該項資產所得現金流量的權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量的權利,或根據「轉手」安排承擔在無重大延誤下向第三方全數支付已收取現金流量的責任;及(a)本集團已轉讓資產絕大部分風險及回報,或(b)本集團並無轉讓或保留資產的絕大部分風險及回報,但已轉讓資產控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排,則將評估其是否已保留資產所有權的風險及回報並評估其程度。倘並無轉讓或保留資產絕大部分風險及回報,亦無轉讓資產的控制權,則按本集團持續參與程度持續確認該轉讓資產。在此情況下,本集團亦將確認相應的負債。已轉讓資產及相關負債以反映本集團保留的權利與義務的基礎進行計量。

以經轉讓資產擔保的方式持續參與按資產原始賬面值與本集團可能被要求償還的對價的最高金額之間的較低者計量。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

### 2.4 重大會計政策概要 (續)

#### 金融資產減值

本集團就所有並非按公允值計入損益持有的債務工具確認預期信貸虧損(「預期信貸虧損」)。預期信貸虧損乃以根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額為基準，按原有實際利率相近的差額貼現。預期現金流量將包括來自銷售所持有抵押品或其他信用增級的現金流量，此乃合約條不可或缺的部分。

#### *一般方法*

預期信貸虧損於兩個階段進行確認。對於自初始確認後並無顯著增加的信貸風險，預期信貸虧損就可能於未來12個月內出現的違約事件計提撥備(12個月預期信貸虧損)。對於自初始確認後有顯著增加的信貸風險，須在信貸虧損預期的剩餘年期計提虧損撥備，不論違約事件於何時發生(存續期預期信貸虧損)。

於各報告日期，本集團評估自初始確認後金融工具的信貸風險是否顯著增加。本集團作出評估時會對於報告日期金融工具發生的違約風險及於初始確認日期起金融工具發生的違約風險進行比較，並考慮無需付出不必要成本或努力而可得到的合理及可支持資料，包括歷史及前瞻性資料。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2.4 重大會計政策概要 (續)

### 金融資產減值 (續)

#### 一般方法 (續)

以公允值計入其他全面收益的債務投資及按攤餘成本計量的金融資產，在一般方法下可能會發生減值，並且在以下階段分類用於預期信貸虧損計量，惟採用下文詳述的簡化方法的應收賬款及合約資產除外。

- 第一階段 — 金融工具自初始確認以來並無顯著增加信貸風險，且其虧損撥備按相等於12個月預期信貸虧損的金額計量。
- 第二階段 — 金融工具自初始確認以來顯著增加信貸風險，但並不屬信貸減值金融資產，且其虧損撥備按相等於存續期預期信貸虧損的金額計量。
- 第三階段 — 於報告日期信貸減值的金融資產（但不是購買或原始信貸減值），其虧損撥備按相等於存續期預期信貸虧損的金額計量。

#### 簡化方法

對於不包括重大融資成分的應收賬款，或本集團採用實際權宜措施不就重大融資成分的影響作出調整時，本集團採用簡化方法進行預期信貸虧損計量。根據簡化方法，本集團不會追蹤信貸風險的變化，而是於各報告日期根據存續期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境的前瞻性因素作出調整。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

### 2.4 重大會計政策概要 (續)

#### 金融負債

##### *初始確認及其後計量*

金融負債於初始確認時分類為以公允價值計量且其變動計入損益的金融負債，貸款及借貸，或指定為有效對沖的對沖工具的衍生工具（如適用）。

所有金融負債初始時均按公允價值確認，而貸款及借貸則須在此基礎上扣除直接應佔交易成本。

本集團的金融負債包括應付賬款及其他款項、衍生金融工具及計息銀行及其他借貸。

##### *後續計量*

金融負債的後續計量取決於其分類如下：

##### *按公允價值計入損益的金融負債*

按公允價值計入損益的金融負債包括持作交易用途的金融負債及於初始確認時指定為按公允價值入損益的金融負債。

倘產生金融負債的目的為於近期購回，則該金融負債應分類為持作交易用途。此分類包括本集團根據國際會計準則第9號界定的對沖關係不被指定為對沖工具的衍生金融工具。獨立嵌入式衍生工具亦分類為持作交易用途，除非其被指定為有效的對沖工具則另作別論，持作交易用途的負債損益於損益表內確認。於損益表確認的公允價值收益或虧損淨額並不包括任何向該等金融負債所扣除的任何利息。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial liabilities (continued)

#### *Subsequent measurement* (continued)

#### *Financial liabilities at fair value through profit or loss* (continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

#### *Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

## 2.4 重大會計政策概要 (續)

### 金融負債 (續)

#### 後續計量 (續)

#### 按公允值計入損益的金融負債 (續)

於初始確認後指定按公允值計入損益的金融負債，僅會於符合國際財務報告準則第9號的標準時於初始確認日期指定。指定按公允值計入損益的金融負債收益或虧損於損益表內確認，惟本集團擁有於其他全面收入內呈報且其後不會重新分類至損益表的信貸風險所產生的收益及虧損除外。於損益表內確認的公允值收益或虧損淨額並不包括該等金融負債收取的任何利息。

#### 按攤餘成本計量的金融負債 (貸款及借貸)

於初始確認後，計息貸款及借貸其後採用實際利率法以攤餘成本計量，除非折現影響並不重大，在此情況下，則按成本列賬。當負債終止確認並透過以實際利率法攤銷時，收益及虧損於損益表確認。

攤餘成本乃經考慮收購的任何折價或溢價及屬實際利率組成部分的費用或成本後計算。實際利率攤銷金額列入損益表的融資成本中。

### 終止確認金融負債

當負債項下的責任解除、註銷或屆滿，即終止確認金融負債。

倘現有的金融負債被另一項從同一貸款人按相當不同的條款訂定的金融負債取代，或現有負債的條款有相當修改，該項交換或修改乃被視作終止確認原負債並確認新負債，而各賬面值的差額乃於綜合損益表中確認。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Derivative financial instruments and hedge accounting

##### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

### 2.4 重大會計政策概要 (續)

#### 抵銷金融工具

僅倘目前有可強制執行的法律權力抵銷已確認的金額，且有意按照淨額結清，或同時有意變現資產及結清負債，則可抵銷金融資產及金融負債及按淨值列報於財務狀況表中。

#### 衍生金融工具及對沖會計處理

##### *初始確認及其後計量*

本集團利用衍生金融工具，如外幣合約及利率掉期，以分別對沖其外幣風險及利率風險。該等衍生金融工具乃按訂立衍生工具合約當日的公允值初步確認，其後按公允值重新計量。當公允值為正數時，該等衍生工具入賬列為資產，當公允值為負數時，則列為負債。

商品購買合約凡符合國際財務報告準則第9號界定的衍生工具定義，其公允值會於損益表內確認為銷售成本。根據本集團預期採購、銷售或使用規定就收取或交付非金融項目而訂立及繼續持有的商品合約按成本值持有。

衍生工具公允值變動所產生的任何收益或虧損，直接列入損益表內，惟現金流量對沖的有效部分則於其他全面收益內確認，且於之後該對沖項目影響損益時重新分類至損益。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

#### *Initial recognition and subsequent measurement (continued)*

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

#### *初始確認及其後計量 (續)*

就對沖會計而言，對沖分類為：

- 公允值對沖，即對沖某項已確認資產或負債的公允值變動風險或某項未確認已承諾承擔；或
- 現金流量對沖，即對沖現金流量變動風險，該風險屬某項已確認資產或負債或某項很可能發生的預計交易相關特定風險，或未確認的已承諾承擔的外匯風險；或
- 對沖於海外業務的投資淨額。

對沖關係開始時，本集團正式指定及以文件記錄本集團有意採用對沖會計處理的對沖關係、風險管理目標及其進行對沖的策略。

記錄文件應包含對沖工具、對沖項目的識別、被對沖風險的性質及實體如何評估對沖關係是否符合對沖有效性規定（包括其對沖無效性來源的分析及對沖比率如何釐定）。對沖關係於達成以下全部有效性規定時，方可合資格採用對沖會計處理：

- 對沖項目與對沖工具之間有「經濟關係」。
- 信貸風險的影響不會「主導」經濟關係引致的「價值變動」。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Derivative financial instruments and hedge accounting (continued)

##### *Initial recognition and subsequent measurement (continued)*

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

##### ***Cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

### 2.4 重大會計政策概要 (續)

#### 衍生金融工具及對沖會計處理 (續)

##### *初始確認及其後計量 (續)*

- 對沖關係的對沖比率與本集團實際對沖對沖項目的數量及實體實際使用以對沖對沖項目數量的對沖項目數量所引致者相同。

符合所有對沖會計處理標準的對沖如下：

##### ***現金流量對沖***

對沖工具收益或虧損的有效部份在其他全面收益的現金流量對沖儲備內直接確認，而任何非有效部份即時在損益表內確認。現金流量對沖儲備調整至對沖工具累計收益或虧損與對沖項目公允值累計變動之間的較低者。

在其他全面收益內累積的金額視乎相關對沖交易的性質入賬。倘對沖交易其後導致確認非金融項目，於股權累積的金額則自股權的獨立構成部分移除，並計入對沖資產或負債的初始成本或其他賬面值。這並非為重新分類作出的調整，且不會於期內的其他全面收入內確認。倘一項非金融資產或非金融負債的對沖預測交易其後變成採用公允值對沖會計處理的堅定承諾，則亦可應用此做法。

任何其他現金流量對沖在其他全面收益累積的金額於對沖現金流量影響損益的同一期間或多個期間內重新分類至損益表為重新分類調整。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

#### *Cash flow hedges* (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

#### *Fair value hedges*

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

#### *現金流量對沖* (續)

終止現金流量對沖會計處理時，倘預期仍會出現對沖未來現金流量，則在其他全面收益內累積的金額必須保留在累積其他全面收益內。否則，有關金額會即時在損益表內重新分類為重新分類調整。終止會計處理後，倘出現對沖現金流量，任何保留在累積其他全面收益的金額會視乎上述相關交易性質入賬。

#### *公允值對沖*

對沖工具的公允值變動於損益表內確認為其他費用。與對沖風險相關的對沖項目公允值變動記錄為對沖项目的部分賬面值，並於損益表內確認為其他費用。

就與按攤餘成本列賬的項目相關的公允值對沖而言，賬面值調整會透過損益表在剩餘期間以有效利率法攤銷。有效利率攤銷可能於調整出現時立即開始，且不得遲於對沖項目不再調整與對沖風險相關的公允值變動時。倘對沖項目獲解除確認，未攤銷公允值會即時於損益表確認。

當未確認的堅定承諾被指定為對沖項目時，其後將與對沖風險相關的堅定承諾的公允值累計變動確認為資產或負債，而相關收益或虧損於損益表內確認。對沖工具的公允值變動亦於損益表內確認。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Derivative financial instruments and hedge accounting (continued)

##### *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

##### *Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

### 2.4 重大會計政策概要 (續)

#### 衍生金融工具及對沖會計處理 (續)

##### *對沖投資淨額*

對沖對海外業務的投資淨額(包括入賬為投資淨額部分的貨幣項目)按類似現金流量對沖的方式入賬。有關對沖有效部分的對沖工具收益或虧損於其他全面收益內確認，而任何有關無效部分的收益或虧損則於損益表內確認。出售海外業務時，任何於股權內記錄的該等收益或虧損累計值轉撥至損益表。

##### *流動與非流動分類*

並無指定為有效對沖工具的衍生工具乃根據對事實及情況的評估(即相關合約現金流量)分類為流動或非流動，或單獨列為流動及非流動部分。

- 當本集團預期持有衍生工具作為經濟對沖(而並無應用對沖會計處理方法)至超過報告期結束後十二個月期間，該衍生工具乃與相關項目的分類一致分類為非流動(或拆分列為流動及非流動部分)。
- 與主合約並非密切聯繫的嵌入式衍生工具乃與主合約的現金流量一致分類。
- 指定為及為有效對沖工具的衍生工具乃與相關對沖項目的分類一致分類。衍生工具僅於可作出可靠分配時拆分列為流動部分及非流動部分。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### Biological assets

#### Dairy cows

Dairy cows, including milkable cows, heifers and calves, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of dairy cows is determined based on their present location and condition and is determined independently by a professional valuer.

The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for the raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

### Agricultural produce

#### Raw milk

Agricultural produce represents raw milk. Raw milk is recognised at the point of harvest at its fair value less costs to sell. The fair value of raw milk is determined based on market prices in the local area.

## 2.4 重大會計政策概要 (續)

### 庫存股份

重新購入並由本公司或本集團持有的本身股本工具(庫存股份)按成本直接在權益中確認。概無就購買、銷售、發行或註銷本集團本身股本工具而於綜合損益表內確認收益或虧損。

### 生物資產

#### 乳牛

乳牛(包括奶牛、小母牛及小牛)於初步確認時及報告期末按公允價值減銷售成本計量, 所得收益或虧損於產生年度在綜合損益表內確認。銷售成本為出售資產直接應佔的增量成本(主要為運輸成本, 融資成本及所得稅除外)。乳牛的公允價值由專業估值師按其目前所處位置及狀況獨立釐定。

飼養成本及其他相關成本(包括飼養小母牛及小牛以所產生的折舊開支、水電成本及消耗品)乃撥充資本, 直至小母牛及小牛開始產奶為止。

### 農產品

#### 原奶

農產品指原奶。原奶於出產時按公允價值減銷售成本確認。原奶的公允價值按當地市價釐定。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- |                |   |   |
|----------------|---|---|
| Raw materials  | — | cost on a weighted average basis;   |
| Finished goods | — | cost of direct materials and labour and a proportion of overheads based on the normal operating capacity on a weighted average basis. |

Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

### 2.4 重大會計政策概要 (續)

#### 存貨

存貨以其成本值與可變現淨值兩者中的較低數額列賬。

將各產品運至現址並達致現狀產生的成本的會計處理方法如下：

- |     |   |   |
|-----|---|---|
| 原材料 | — | 成本(按加權平均法計算)；                               |
| 成品  | — | 直接材料及直接人工成本，以及根據正常運作量比例計算的生產經常費用(按加權平均法計算)。 |

可變現淨值按估計售價減去完工及銷售所需的任何估計成本釐定。

#### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金、價值變動風險極微及一般自購入後三個月內到期的短期高流動性投資，扣減須應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括用途不受限制的手頭現金及銀行存款(包括定期存款)及與現金性質相似的資產。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

## 2.4 重大會計政策概要 (續)

### 撥備

若因過往事項而令現時存在法定或推定債務，而且可能需要有資源外流以償付這些債務，且惟須能對債務數額作出可靠估計，則確認撥備。

倘折現影響重大，則確認的撥備額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而增加的折現現值，列作融資成本計入綜合損益表。

於業務合併中確認的或然負債按其公允值初步計量。其後以(i)根據上述計提準備的一般政策確認的金額；及(ii)初始確認金額扣減按照收入確認政策確認的收入金額(如適用)中較高者計量。

### 所得稅

所得稅包括即期及遞延稅項。損益賬外確認的相關所得稅項目，計入損益賬外的其他全面收益或直接計入權益。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income tax (continued)

##### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

##### Deferred income tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

### 2.4 重大會計政策概要 (續)

#### 所得稅 (續)

##### 即期所得稅

即期稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)按預期可收回的數額或支付予稅務機關的數額計算，並考慮本集團經營所在國家的現行詮釋及慣例。

##### 遞延所得稅

於報告期末的資產及負債的稅基與其就財務報告而言的賬面值之間的所有暫時性差異，須按債務法計提遞延稅項撥備。

所有應課稅暫時性差異均會確認遞延稅項負債，惟下列各項除外：

- 倘遞延稅項負債產生自於商譽或非業務合併交易中資產或負債的初始確認，且於交易時對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的應課稅暫時性差異，倘可以控制撥回暫時性差異的時間，且該暫時性差異在可預見的將來將很可能不會撥回。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

#### Deferred income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## 2.4 重大會計政策概要 (續)

### 所得稅 (續)

#### 遞延所得稅 (續)

對於所有可扣減暫時性差異及結轉的未用稅項抵免及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異、結轉的未用稅項抵免及未用稅項虧損，則遞延稅項資產一律確認入賬，惟下列各項除外：

- 倘若有關可扣減暫時性差異的遞延稅項資產的起因，是產生於非業務合併交易中資產或負債的初始確認，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的可扣減暫時性差異，只有在暫時性差異有可能在可預見將來撥回，而且日後有可能出現應課稅利潤，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在各自報告期末予以審閱。若不再可能有足夠應課稅利潤用以抵扣遞延稅項資產的全部或部分金額，則扣減遞延稅項資產賬面值。並無確認的遞延稅項資產，在各自報告期末重新評估，若可能有足夠應課稅利潤可供應回全部或部分遞延稅項資產，則予確認。

變現資產或清償負債的期間預期適用的稅率，會用作計量遞延稅項資產及負債，並以報告期末已經頒佈或實質上已經頒佈的稅率（及稅法）為基準。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income tax (continued)

##### Deferred income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Government grants

##### Grants relating to biological assets

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in the consolidated statement of profit or loss when, and only when, the government grant becomes receivable. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, the Group recognises the government grant in the consolidated statement of profit or loss when, and only when, the conditions attaching to the government grant are met.

##### Other grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

### 2.4 重大會計政策概要 (續)

#### 所得稅 (續)

##### 遞延所得稅 (續)

倘若(及只有在)本集團擁有法律上可強制執行的權利以抵銷即期稅項資產及即期稅項負債,且遞延稅項資產及遞延稅項負債與同一徵稅機關就同一應課稅實體或有意按淨額基準清償即期稅項負債及資產,或能在預期清償或收回大額遞延稅項負債或資產的每個未來期間內同時變現資產並清償負債的不同應課稅實體徵收之所得稅有關時,方能抵銷遞延稅項資產及遞延稅項負債。

#### 政府補助金

##### 與生物資產有關的補助金

與按公允價值減銷售成本計量的生物資產有關的無條件政府補助金於(及只會於)預期可收到時在綜合損益表確認。倘與按公允價值減銷售成本計量的生物資產有關的政府補助金為有條件,本集團則於(及只會於)符合該政府補助金的附帶條件時在綜合損益表確認該政府補助金。

##### 其他補助金

倘有相當把握將會收到補助金及將符合所有附帶條件時,政府補助金即按公允價值確認入賬。若補助金與支出項目有關,即於所擬補償的成本的支銷期間內有系統地確認為收入。

倘補助金與資產有關,即將其公允價值計入遞延收益賬戶,並於有關資產的預計可使用年內,以等額年金調撥往綜合損益表或從資產賬面值中扣減並以經扣減折舊開支調撥往綜合損益表。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Government grants (continued)

#### Other grants (continued)

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## 2.4 重大會計政策概要 (續)

### 政府補助金 (續)

#### 其他補助金 (續)

倘本集團收取非貨幣資產補助，此補助按非貨幣資產的公允值入賬，並於有關資產的預計可使用年期內，以等額年金調撥往綜合損益表。

當本集團因興建合資格資產而收取免息或低於市場利率的政府貸款，則政府貸款的初步賬面值採用實際利率法釐定（上文有關「金融負債」的會計政策中有進一步解釋）。所授出免息或低於市場利率的政府貸款的利益（即貸款的初步賬面值與所收取款項的差額）視為政府補助金並於有關資產的預計可使用年期內，以等額年金調撥往綜合損益表。

### 收入確認

#### 來自客戶合約的收入

來自客戶合約的收入於商品或服務的控制權轉讓予客戶時確認，該金額能反映本集團預期就交換該等商品或服務有權獲得的代價。

當合約中的代價包含可變金額時，代價金額於本集團向客戶轉讓商品或服務而有權進行交換時估計。可變代價於合約開始時估計並受到約束，直至與可變代價相關的不確定因素其後得到解決時，確認的累積收入金額極有可能不會發生重大收入撥回。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

##### *Revenue from contracts with customers* (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

- *Sale of goods*  
Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with rights of return. The rights of return give rise to variable consideration.

### 2.4 重大會計政策概要 (續)

#### 收入確認 (續)

##### *來自客戶合約的收入* (續)

當合約中包含融資成分，該融資成分為客戶提供超過一年的商品或服務轉讓融資的重大利益時，收入按應收款項的現值計量，並使用貼現率折現，而該貼現率將反映在本集團與客戶在合約開始時的單獨交易中。當合約中包含融資部分，該融資部分為在本集團提供了一年以上的重大財務利益時，合約項下確認的收入包括按實際利息法在合約負債上加算的利息開支。就客戶付款至轉讓承諾商品或者服務的期限為一年或者更短的合約而言，交易價格採用國際財務報告準則第15號中實際權宜措施，不會對重大融資部分的影響作出調整。

- *銷售商品*  
銷售商品的收入於資產控制權轉讓至客戶的時間點確認，一般為交付產品時。

部分銷售產品的合約訂明客戶有權退貨，退貨權利產生可變代價。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### Revenue from contracts with customers (continued)

- Sale of goods (continued)*

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.
- Consigned processing services*

Revenue from the consigned processing services is recognised when products is delivered.

#### Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

## 2.4 重大會計政策概要 (續)

### 收入確認 (續)

#### 來自客戶合約的收入 (續)

- 銷售商品 (續)*

退貨權利

就訂明客戶有權於指定期間內退貨的合約，使用預期價值法估計不會被退回的商品，原因是此方法最能預計本集團有權收取的可變代價金額。國際財務報告準則第15號有關限制可變代價估計的規定已應用於釐定計入交易成本內的可變代價金額。預期會被退回的商品會確認有關退款負債，而非收入。退貨權資產(及對銷售成本作出的相應調整)亦就向客戶收回產品的權利予以確認。
- 委託加工服務*

委託加工服務收入於交付產品時確認。

#### 來自其他來源的收入

租金收入按租期時間比例確認。並非依賴一項指數或比率的可變租賃付款於產生的會計期間確認為收益。

#### 其他收入

在利息產生時確認採用實際利率法計算的利息收入，所使用比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間(如適用)折現至金融資產賬面淨值的折現率。

股息收入於股東收取付款的權利確立，與股息相關的經濟利益很可能會流向本集團，以及股息金額可可靠地計量時確認。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

#### Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### Employee benefits

##### *Retirement benefits*

The Group's subsidiaries operating in the People's Republic of China except for Hong Kong and Macau ("Mainland China") participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

### 2.4 重大會計政策概要 (續)

#### 合約負債

合約負債於本集團轉讓相關貨品或服務前收取或付款予客戶到期時(以較早者為準)確認為合約負債。合約負債於本集團履行合約時(即轉讓相關貨品及服務予客戶)確認為收益。

#### 退貨權資產

退貨權資產確認為有權收回客戶退回的貨品。資產按退回商品的前賬面值計量，減去任何收回商品的預期成本及退回商品的潛在價值減幅。本集團就其預期退貨水平的任何修改及退貨價值額外減幅更新所記錄資產的計量。

#### 退款負債

退款負債確認為向客戶退回部分或全部已收(或應收)代價的責任，按本集團最終預期須向客戶退款的金額計量。本集團於各報告期末更新有關退款負債(及交易價格相應變動)的估計。

#### 僱員福利

##### *退休福利*

本集團在中華人民共和國(香港及澳門除外)(「中國大陸」)營運的子公司，參與其營業所在地的地方政府管理的中央界定供款退休福利計劃，有關供款乃根據公司薪金費用的某百分比計算，並根據中央界定供款退休福利計劃的規則，在其應付時在綜合損益表內支銷。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Employee benefits (continued)

#### Retirement benefits (continued)

The Company also participates in the defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

#### Share-based payments

The Company operates share option scheme and share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in notes 38 and 39 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

## 2.4 重大會計政策概要 (續)

### 僱員福利 (續)

#### 退休福利 (續)

本公司亦根據強制性公積金計劃條例就其僱員參與香港一項界定供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的某個百分比計算，並根據強積金計劃的規則，於應付時在綜合損益表內支銷。強積金計劃的資產乃以獨立於本集團的一項獨立管理基金持有。本集團就強積金計劃作出僱主供款時，供款全數歸屬僱員。

#### 以股份為基礎的支付

本公司採納一項購股權計劃及股票獎勵計劃，藉此對本集團業務有貢獻的合資格參與者作出鼓勵及獎賞。本集團僱員(包括董事)會收取以股份為基礎的支付形式的酬金，而僱員會提供服務作為換取股本工具的代價(「股權結算交易」)。

與僱員進行的股權結算交易的成本乃參考授出權利當日的公允值計算。公允值乃由外部估值師採用二項計價模式釐定，進一步詳情已於財務報表附註38及39載列。

股權結算交易的成本連同權益的相應增加會於業績及服務條件達成的期間內於僱員福利費用內確認。歸屬日之前的各報告期末就股權結算交易確認的累計支出反映歸屬期屆滿的部分以及本集團對最終將歸屬的股本工具數目的最佳估計。期間內於綜合損益表扣除或計入的數額指於該期間期初及期終已確認累計支出的變動。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Employee benefits (continued)

##### Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### 2.4 重大會計政策概要 (續)

#### 僱員福利 (續)

##### 以股份為基礎的支付 (續)

釐定獎勵的授出日期公允值時並不計及服務和非市況表現條件，但將評估條件獲達成的機會率，作為本集團對最終將歸屬的股權工具數目的最佳估計一部分。市況表現條件在授出日期公允值內反映。在一項獎勵上附加但不設相關服務要求的任何其他條件被視為非歸屬條件。非歸屬條件在一項獎勵的公允值內反映，並導致一項獎勵的即時支銷，除非同時存在其他服務及／或表現條件。

對因非市場表現及／或服務條件未達成而最終未有歸屬的獎勵而言，將不會確認開支。如獎勵附帶市況或非歸屬條件，則在該情況下，不論是否達到該市況或非歸屬條件，該交易均會視作歸屬處理，惟所有其他業績及／或服務條件必須獲達成。

股權結算報酬條款修訂時，倘符合報酬的原有條款，需按條款並無進行修訂的情形確認最少的支出。此外，倘任何修訂導致於修訂日期所計量的以股份為基礎的支付的總公允值增加或以其他方式令僱員受惠，則所產生的任何額外支出予以確認。

股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未導致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

## 2.4 重大會計政策概要 (續)

### 借貸成本

若借貸成本直接屬於購買、興建或生產合資格資產(即需要相當長時間才可擬定用途或出售的資產),即撥充資本作為該等資產成本的一部分,而當相關資產大致達到擬定用途或出售時,即不再把該等借貸成本撥充資本。用以支付合資格資產的特定借款的臨時投資所賺取的投資收益從撥充資本的借貸成本中扣除。所有其他借貸成本皆於產生期間支銷。借貸成本包括利息及實體因資金借貸而產生的其他成本。

倘資金屬一般借貸並用於取得合資格資產,則個別資產開支將按比率撥作資本。

### 股息

期末股息於獲股東於股東大會上批准後確認為負債。擬派期末股息於財務報表附註中披露。

由於本公司的組織章程大綱及細則授權董事宣派中期股息,故中期股息同時建議及宣派。因此,中期股息在建議及宣派時即時確認為負債。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currencies

Each entity in the Group determines its own functional currency based on the assessment of its specific facts and circumstances. The Company, established in the Cayman Islands, uses the Hong Kong dollar as its functional currency. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

### 2.4 重大會計政策概要 (續)

#### 外幣

本集團各實體按其特定實況及情況釐定其功能貨幣。本公司於開曼群島成立，功能貨幣為港元。由於本集團主要於中國大陸營業，故使用人民幣為本集團的呈列貨幣。由本集團實體記錄的外幣交易最初以交易當日各通行功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於綜合損益表確認。

貨幣項目結算或換算產生的差額於綜合損益表確認，惟指定對沖本集團海外業務投資淨額一部分的貨幣項目除外。該等貨幣項目於其他全面收益確認，直至投資淨額獲出售，屆時累計金額重新分類至綜合損益表。就該等貨幣項目匯兌差額應佔稅項支出及抵免亦計入其他全面收益。

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公允值計量的非貨幣項目，須按計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理（即已於其他全面收益或損益確認的項目的公允值收益或虧損，其換算差額亦分別於其他全面收益或損益確認）。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain entities comprising the Group are currencies other than RMB. As at the reporting date, the assets and liabilities of companies whose functional currency differs from the presentation currency are translated into RMB at the rates of exchange prevailing at the end of the reporting period and their statements of profit or loss are translated at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## 2.4 重大會計政策概要 (續)

### 外幣 (續)

於終止確認涉及預付代價的非貨幣資產或非貨幣負債時，為了確定相關資產、開支或收入於初始確認時的匯率，初始交易日期為本集團初始確認因預付代價產生的非貨幣性資產或非貨幣性負債的日期。倘支付或收受多項預付代價，則本集團就支付或收受每項預付代價確定交易日期。

本集團旗下若干實體的功能貨幣為人民幣以外的貨幣。於本年度，倘公司的功能貨幣與呈列貨幣不同，其資產及負債乃按報告期末通行的匯率換算為人民幣，而損益表則按該報告期間的加權平均匯率換算。

因此產生的匯兌差額乃於其他全面收益內確認並於權益的一個獨立組成部分內累計。出售外國業務時，與該特定外國業務有關的其他全面收益的組成部分於綜合損益表內確認。

任何由收購海外業務所產生的商譽及任何由收購所產生對資產及負債的賬面值進行公允值調值乃作為海外業務資產及負責處理及按收市匯率進行匯兌。

就綜合現金流量表而言，海外子公司的現金流量按產生現金流量當日的適用匯率換算為人民幣。海外子公司全年經常產生的現金流量則按當年的加權平均匯率換算為人民幣。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Determining the method to estimate variable consideration and assessing the constraint for the sale of dairy products when recognising revenue from contracts with customers**

Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### 3. 重大會計判斷及估計

管理層於編製本集團的財務報表時，須作出影響收入、開支、資產及負債報告金額及其隨附披露事項，以及或然負債的披露的判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致須於未來對受影響的資產或負債的賬面值作出重大調整。

#### 判斷

在應用本集團的會計政策的過程中，管理層已作出以下判斷(除涉及估值的項目外)，乃對財務報表內已確認金額構成最重大影響：

**於確認來自客戶合約收入時，釐定估計可變代價的方法及評估出售乳製品的限制**

若干出售商品的合約包括退貨權利引發可變代價。於估計可變代價時，本集團須根據何種方法可更好地預測其有權收取的代價金額來使用預期價值法或最可能金額法。

本集團確認，鑑於有大量特徵類似的客戶合約，預期價值法為估計出售有退貨權商品的可變代價時使用的適當方法。

於任何可變代價金額計入交易價格前，本集團會考慮可變代價金額是否受到限制。本集團根據其過經濟、業務預測及當前經濟狀況釐定可變代價的估計是否受到限制。此外，可變代價的不確定因素將於短時間內解決。



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries whose equity interests are directly held by overseas parent companies according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether those overseas parent companies will be determined to be Chinese resident enterprises by the PRC governing tax authorities in the future. Except for certain subsidiaries with an equity interest directly held by overseas third party shareholders, which distributed dividends required by those overseas third party shareholders, management considered that it is not probable that those PRC subsidiaries will distribute profits earned from 1 January 2008 to 31 December 2020 in the foreseeable future. For those subsidiaries with an equity interest directly held by overseas third party shareholders, withholding tax amounting to RMB3,623,000 was provided during 2020 based on the expected dividend distribution from retained profit in the foreseeable future. Where the final outcome of these matters is different from the amounts originally determined, the difference will impact the deferred tax provision in the period in which the differences realise.

##### Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

### 3. 重大會計判斷及估計 (續)

#### 判斷 (續)

##### 分派股息產生的預扣稅

本集團根據相關稅務機關的規定計提從若干子公司(其股權由海外母公司直接持有)分派股息所產生的預扣稅, 是否計提取決於股息支付的時間或該等海外母公司在未來期間是否被中國政府稅務當局認定為中國居民企業納稅人。除若干由海外第三方股東直接持有股權的子公司應海外第三方股東要求分派股息外, 管理層認為在可預見的未來, 其他中國子公司將不大可能分派於二零零八年一月一日至二零二零年十二月三十一日所賺取的利潤。就該等由海外第三方股東直接持有股權的子公司而言, 將根據在可預見的未來預期從保留利潤中分派的股息於二零二零年計提人民幣3,623,000元的額外預扣稅。倘該事件的最終結果有別於當初釐定的金額, 差異將影響差異產生的期間所計提的遞延稅項。

##### 經營租賃承擔 – 本集團作為出租人

本集團已就投資物業組合訂立商業物業租賃。根據安排條款及條件進行評估, 例如不構成商業物業經濟年期的主要部份及最低租賃付款現值幾乎不等於所有商業物業的公允值, 本集團決定其保留該等物業擁有權所附帶的大部份風險及回報, 其將租出及將合約歸類為經營租賃。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

#### ***Non-consolidation of an entity in which the Group holds more than a 50% equity interest***

The Group considers that it has no control over China Modern Dairy Holdings Ltd. ("China Modern Dairy"), even though it held a 57.69% (2019: 58.15%) equity interest as at 31 December 2020. This is because the Group held less than 50% of the voting rights. Further details are contained in note 22 to the financial statements.

#### ***Equity-accounted investments with less than 20% of the voting power***

The Group held approximately 17.51% of the total number of shares issued by China Shengmu Organic Milk Limited ("China Shengmu"), a company listed on Hong Kong Exchanges and Clearing Limited. Notwithstanding that the Group's interest in China Shengmu is less than 20%, based on the reasons that the Group is the largest shareholder of China Shengmu and that it has appointed two members to China Shengmu's 9-member board of directors, the Group has determined that it has significant influence in China Shengmu.

The Group held approximately 7.15% of the total number of shares issued by Shanghai MilkGround Food Tech Co., Ltd. ("MilkGround"), a company listed on Shanghai Stock Exchange. Notwithstanding that the Group's interest in MilkGround is less than 20%, based on the reasons that the Group is the second largest shareholder of MilkGround and that it has appointed one member to MilkGround's 9-member board of directors, the Group has determined that it has significant influence in MilkGround.

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### 3. 重大會計判斷及估計 (續)

#### 判斷 (續)

#### **未合併一間本集團持有超過50%股權的實體**

儘管其於二零二零年十二月三十一日持有中國現代牧業控股有限公司(「中國現代牧業」)的57.69%(二零一九年: 58.15%)股權, 本集團認為其對該公司並無控制權。此乃由於本集團持有少於50%的投票權。進一步詳情載於財務報表附註22。

#### **投票權不足20%而以權益入賬的投資**

本集團持有在香港交易及結算所有限公司上市的中國聖牧有機奶業有限公司(「中國聖牧」)已發行股份總數約17.51%。雖然本集團所持中國聖牧的股權不足20%, 但由於本集團是中國聖牧的最大股東, 且已委任中國聖牧的9名董事會成員中的兩名董事, 故本集團確定對中國聖牧有相當影響力。

本集團持有在上海證券交易所上市的上海妙可藍多食品科技股份有限公司(「妙可藍多」)已發行股份總數約7.15%。雖然本集團所持妙可藍多的股權不足20%, 但由於本集團是妙可藍多的第二大股東, 且已委任妙可藍多的9名董事會成員中的一名董事, 故本集團確定對妙可藍多有相當影響力。

#### **估計的不確定性**

對未來事項的主要假設及於報告期末估計的不確定性的其他主要來源(存有重大風險可能導致資產及負債賬面值須於下一財政年度內作出重大調整者)於下文論述。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Variable consideration for sales returns

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns semi-annually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns entitlements may not be representative of customers' actual returns entitlements in the future. As at 31 December 2020, the amount recognised as refund liabilities was RMB34,534,000 (2019: RMB40,246,000) for the expected returns.

##### Impairment of goodwill and trademarks with indefinite useful lives

The Group determines whether goodwill and trademarks with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) or the fair value of a trademark. Estimating the value in use and fair value requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) or a trademark and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of impairment testing of goodwill and trademarks with indefinite useful lives are given in note 20 to the financial statements.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 銷售退貨的可變代價

本集團就出售有退貨權商品計入交易價的可變代價作出估計。

本集團為預測銷售退貨製訂統計模式。該模式利用每項產品過往的退貨數據得出預期退貨百分比，再應用有關百分比於釐定可變代價的預期價值。經驗與過往退貨模式之間如有重大變動，均價對本集團估計的預期退貨百分比構成影響。

本集團每半年更新一次有關預期退貨的評估，並據此調整退款負債。預期退貨的估計數字對環境變化相當敏感，本集團過去有關退貨權利的經驗或不能代表客戶未來的實際退貨權利。於二零二零年十二月三十一日，就預期退貨確認為退款負債的金額為人民幣34,534,000元（二零一九年：人民幣40,246,000元）。

##### 商譽及無限使用年期商標減值

本集團每年最少一次釐定商譽及無限使用年期商標是否減值。釐定商譽及無限使用年期商標是否減值須估計現金產生單位或現金產生單位組別的使用價值或商標的公允值。估計使用價值及公允值時，本集團須估計預期來自現金產生單位或現金產生單位組別或商標之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。商譽及無限使用年期商標減值測試詳情請參閱財務報表附註20。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 26 to the financial statements.

##### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 應收賬款預期信貸虧損的撥備

本集團採用撥備矩陣計算應收賬款的預期信貸虧損。撥備矩陣最初根據本集團過往觀察所得的欠款比率。本集團按前瞻性資料校正有關矩陣，以調整過往的信貸虧損經驗。例如，倘預期經濟環境預測（即國民生產總值）於下一年度轉差，以致行業的欠款數目增加，便會對過往的欠款比率作出調整。於各報告期末，過往觀察所得的欠款比率均會更新，並分析前瞻性估計的變動。

過往觀察所得的欠款比率、經濟環境預測與預期信貸虧損之間的相互關係評估是一項重要估計。預期信貸虧損的金額對環境變化及經濟環境預測相當敏感。本集團過去的信貸虧損經驗及經濟環境預測或不能代表客戶未來的實際欠款情況。有關本集團應收賬款預期信貸虧損的資料披露於財務報表附註26。

##### 租賃 – 估計增量借貸利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借貸利率（「增量借貸利率」）計量租賃負債。增量借貸利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而於類似期間以類似抵押品借入所需資金應支付之利率。因此，增量借貸利率反映了本集團「應支付」利率，當無可觀察利率時（如就並無訂立融資交易之子公司而言），或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以子公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據可用時，本集團使用可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計（例如子公司獨立的信貸評級）。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Impairment of non-financial assets (other than goodwill and trademarks with indefinite useful lives)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### Business combinations and goodwill

When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Management estimation is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. The fair values of the identifiable assets acquired and the liabilities assumed are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Management must estimate the expected future cash flows and discount rate in order to calculate the fair values.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 非金融資產 (商譽及無限使用年期商標除外) 減值

於每個報告期末，本集團評估所有非金融資產 (包括使用權資產) 是否存在任何減值跡象。倘有跡象顯示非金融資產的賬面值可能無法收回時，將對該等資產進行減值測試。減值存在於當某一資產或某一現金產生單位的賬面值超過其可收回金額時，即其公允值減其銷售成本與其使用價值的較高者。公允值減銷售成本的計算基於在相似資產公平交易中，可獲得的具約束性銷售交易信息或可觀察市場價格減處置該資產的增量成本。計算使用價值時，管理層須估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的折現率，以計算現金流量的現值。

##### 業務合併及商譽

倘本集團完成業務合併，則所收購的可識別資產及所承擔的負債按其公允值確認。管理層於釐定所收購資產、所承擔負債、購買代價的公允值，以及分配可識別資產及負債的購買代價時須作出估計。所收購的可識別資產及所承擔的負債的公允值運用估值技術 (包括貼現現金流模式) 釐定。此等模式所用數據在可能情況下從可觀察市場取得，惟在不可行情況下，則須作出判斷及估計以釐定公允值。管理層須估計未來現金流量及折現率以計算公允值。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and all unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, which affects the probability of utilisation and the tax rate to be used in the calculations. Details of deferred tax assets are contained in note 23 to the financial statements.

##### Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Details of share-based payments are contained in notes 38 and 39 to the financial statements.

##### Fair value of dairy cows

The Group's dairy cows are valued at fair value less costs to sell. The fair value of dairy cows is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of the dairy cows; or the present value of expected net cash flows from the dairy cows discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the dairy cows significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of dairy cows.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 遞延稅項資產

遞延稅項資產就所有可扣減暫時性差異及所有未用稅項虧損加以確認，惟僅限於日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異及未用稅項虧損的情況。釐定可予確認的遞延稅項資產金額時，須就會影響可用作扣減的可能性及用於計算的稅率之日後應稅利潤的大致時間及水平，作出重要的管理層判斷。遞延稅項資產的詳情請參閱財務報表附註23。

##### 以股份為基礎的支付

本集團計量與僱員的股權結算交易的成本時乃參考權益工具授出當日的公允值。估算公允值須釐定授出權益工具(視乎授出的條款及條件)的最合適估值模式，亦須釐定估值模式最適合的輸入數據，包括購股權的預計年期、波動率及股息率，以及就此作出假設。以股份為基礎的支付的詳情列於財務報表附註38及39。

##### 乳牛的公允值

本集團的乳牛乃按公允值減銷售成本估值。乳牛的公允值乃按報告期末的市場定價釐定，並參考品種、年齡、生長狀況、所招致成本及預期產奶量作出調整，以反映乳牛的不同特點及/或生長階段；或如沒有市場定價，則以來自乳牛的按現行市場利率貼現的預期現金流量淨額的現值；或在適當情況下按成本釐定。任何估計變動均可能顯著影響乳牛的公允值。獨立合資格專業估值師及管理層定期複核各項假設及估計，以識別乳牛公允值的任何重大變動。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

#### Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a discounted cashflow method or a market-based valuation technique as detailed in note 47 to the financial statements. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2020 was RMB720,486,000 (2019: RMB166,408,000). Further details are included in note 24 to the financial statements.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Liquid milk products segment — manufacture and distribution of ultra-high temperature milk (“UHT milk”), milk beverage, yogurt and fresh milk;
- Ice cream products segment — manufacture and distribution of ice cream;
- Milk powder products segment — manufacture and distribution of milk powder; and
- Others segment — principally the Group’s cheese, plant-based nutrition products and trading business.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

#### 非上市股權投資的公允值

非上市股權投資乃根據貼現現金流量法或基於市場的估值技術估值，詳情載於財務報表附註47。本集團將該等投資的公允值分類為第三級。二零二零年十二月三十一日非上市股權投資的公允值為人民幣720,486,000元(二零一九年：人民幣166,408,000元)。詳情載於財務報表附註24。

### 4. 經營分部資料

出於管理需要，本集團按產品及服務構組業務單元，共有下列四個可報告經營分部：

- 液態奶產品分部 — 生產及經銷超高溫滅菌奶(「UHT奶」)、乳飲料、酸奶及鮮奶；
- 冰淇淋產品分部 — 生產及經銷冰淇淋；
- 奶粉產品分部 — 生產及經銷奶粉；及
- 其他分部 — 主要為本集團奶酪、植物基營養品及貿易業務。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION***(continued)*

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, share of profits/losses of associates and a joint venture, income tax expense, as well as head office and corporate income/expenses are excluded from such measurement.

Segment assets exclude investments in associates and a joint venture, assets of a disposal group classified as held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**4. 經營分部資料 (續)**

管理層獨立監察本集團各經營分部的業績，以作出有關資源分配及表現評估的決策。分部表現乃根據可報告分部利潤／虧損（其為對經調整稅前利潤／虧損的一種計量）予以評估。經調整稅前利潤／虧損與本集團的稅前利潤／虧損計量方式一致，惟利息收入、非租賃相關融資成本、應佔聯營公司及一間合營企業利潤／虧損、所得稅支出及總部及公司收益／支出不包含於該計量內。

分部資產並不包括於聯營公司及合營企業的投資、分類為持有待售的處置組內資產，以及其他未分配的總部及公司資產，乃由於此等資產按集團層面管理。

分部負債並不包括其他未分配的總部及公司負債，因為此等負債按集團層面管理。

分部間銷售及轉讓乃參考以當時市價向第三者銷售所採用的售價進行交易。



**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2020

**4. 經營分部資料 (續)**

截至二零二零年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Segment revenue (note 5)</b>	<b>分部收入 (附註5)</b>					
Sales to external customers	銷售予外部客戶	67,750,993	2,633,731	4,572,975	1,077,145	76,034,844
Intersegment sales	分部間銷售	648,537	69,917	16,327	845,294	1,580,075
		68,399,530	2,703,648	4,589,302	1,922,439	77,614,919
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,580,075)
Revenue	收入					76,034,844
<b>Segment results</b>	<b>分部業績</b>	3,193,020	23,956	16,638	39,861	3,273,475
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					1,084,613
Finance costs (other than interest on lease liabilities)	融資成本 (除租賃負債利息外)					(550,475)
Share of loss of a joint venture	應佔一間合營企業虧損					(37,413)
Share of profits of associates	應佔聯營公司利潤					463,418
Corporate and other unallocated expenses	公司及其他不分部支出					(78,832)
Profit before tax	稅前利潤					4,154,786
Income tax expense	所得稅支出					(653,193)
Profit for the year	本年利潤					3,501,593
<b>Segment assets</b>	<b>分部資產</b>	50,221,395	1,949,172	18,826,292	733,919	71,730,778
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(24,887,942)
Corporate and other unallocated assets	公司及其他不分部的資產					24,179,513
Investment in a joint venture	於一間合營企業的投資					103,427
Investments in associates	於聯營公司的投資					9,020,464
Total assets	總資產					80,146,240
<b>Segment liabilities</b>	<b>分部負債</b>	23,245,274	2,640,811	10,999,767	1,482,354	38,368,206
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(24,970,639)
Corporate and other unallocated liabilities	公司及其他不分部的負債					29,501,114
Total liabilities	總負債					42,898,681

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2020

**4. 經營分部資料 (續)**

截至二零二零年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Other segment information:</b>	<b>其他分部資料：</b>					
Depreciation and amortisation	折舊及攤銷	1,651,331	186,310	174,841	29,418	2,041,900
Unallocated amounts	不分部金額					94,968
Total depreciation and amortisation	總折舊及攤銷					2,136,868
Capital expenditure	資本支出	4,485,830	123,154	169,155	1,247,393	6,025,532
Unallocated amounts	不分部金額					90,625
Total capital expenditure*	總資本支出*					6,116,157
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	150,480	117,623	107,515	1,661	377,279
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(41,828)	(4,862)	(2,144)	—	(48,834)
Impairment losses recognised in the consolidated statement of profit or loss, net	於綜合損益表確認的減值虧損淨額	108,652	112,761	105,371	1,661	328,445
Expense relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的開支	67,177	6,016	6,903	17,364	97,460
Unallocated amounts	不分部金額					120,180
Total non-cash expenses relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的非現金支出總額					217,640

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2019

**4. 經營分部資料 (續)**

截至二零一九年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (note 5)	分部收入(附註5)					
Sales to external customers	銷售予外部客戶	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Intersegment sales	分部間銷售	740,894	87,256	—	291,836	1,119,986
		68,618,701	2,648,662	7,869,685	1,012,794	80,149,842
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,119,986)
Revenue	收入					79,029,856
Segment results	分部業績	3,854,437	(245,748)	(1,875,528)	(154,128)	1,579,033
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					1,104,791
Finance costs (other than interest on lease liabilities)	融資成本(除租賃負債利息外)					(625,049)
Share of loss of a joint venture	應佔一間合營企業虧損					(9,160)
Share of profits of associates	應佔聯營公司利潤					184,224
Gains on disposal of subsidiaries	出售子公司收益					3,418,082
Corporate and other unallocated expenses	公司及其他不分部支出					(46,474)
Profit before tax	稅前利潤					5,605,447
Income tax expense	所得稅支出					(1,309,532)
Profit for the year	本年利潤					4,295,915
Segment assets	分部資產	48,535,451	2,130,507	18,482,392	996,003	70,144,353
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(21,812,835)
Corporate and other unallocated assets	公司及其他不分部的資產					22,713,782
Investment in a joint venture	於一間合營企業的投資					140,840
Investments in associates	於聯營公司的投資					7,351,265
Total assets	總資產					78,537,405
Segment liabilities	分部負債	26,976,478	2,815,865	10,915,889	1,366,737	42,074,969
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(21,812,835)
Corporate and other unallocated liabilities	公司及其他不分部的負債					24,927,934
Total liabilities	總負債					45,190,068

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2019

**4. 經營分部資料 (續)**

截至二零一九年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other segment information:	其他分部資料：					
Depreciation and amortisation	折舊及攤銷	1,661,955	198,827	131,415	31,943	2,024,140
Unallocated amounts	不分部金額					235,767
<b>Total depreciation and amortisation</b>	<b>總折舊及攤銷</b>					<b>2,259,907</b>
Capital expenditure	資本支出	2,191,159	40,906	9,021,047	11,481	11,264,593
Unallocated amounts	不分部金額					267,697
<b>Total capital expenditure*</b>	<b>總資本支出*</b>					<b>11,532,290</b>
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	341,662	19,230	2,589,741	—	2,950,633
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(24,141)	(12)	(292)	—	(24,445)
Impairment losses recognised in the consolidated statement of profit or loss, net	於綜合損益表確認的減值虧損淨額	317,521	19,218	2,589,449	—	2,926,188
Expense relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的開支	49,965	870	18,307	1,947	71,089
Unallocated amounts	不分部金額					225,144
<b>Total non-cash expenses relating to share option scheme and share award scheme</b>	<b>涉及購股權計劃及股票獎勵計劃的非現金支出總額</b>					<b>296,233</b>

\* Capital expenditure consists of cash paid for the purchase of property, plant and equipment, construction in progress, intangible assets, land use rights, equity interests in subsidiaries, associates and other equity investments.

\* 資本支出包括購買物業、廠房及設備、在建工程、無形資產、土地使用權以及子公司、聯營公司及其他股本投資的股權所支付的現金。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

**Geographical information****a. Revenue from external customers**

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Mainland China	中國大陸	<b>74,205,440</b>	78,318,808
Overseas	海外地區	<b>1,829,404</b>	711,048
		<b>76,034,844</b>	79,029,856

The revenue information above is based on the locations of the customers.

上述收入資料乃根據客戶的地點劃分。

**b. Non-current assets**

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Mainland China	中國大陸	<b>31,480,912</b>	27,430,485
Overseas	海外地區	<b>8,192,044</b>	7,685,049
		<b>39,672,956</b>	35,115,534

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

上述非流動資產的資料乃根據資產的地點劃分，不包括金融工具及遞延稅項資產。

**Information about major customers**

There was no sales to a single customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

**主要客戶資料**

截至二零二零年及二零一九年十二月三十一日止年度，並無向單一客戶的銷售佔本集團收入10%或以上。

**4. 經營分部資料 (續)****地區****a. 來自外部客戶的收入**

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Mainland China	中國大陸	<b>74,205,440</b>	78,318,808
Overseas	海外地區	<b>1,829,404</b>	711,048
		<b>76,034,844</b>	79,029,856

上述收入資料乃根據客戶的地點劃分。

**b. 非流動資產**

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Mainland China	中國大陸	<b>31,480,912</b>	27,430,485
Overseas	海外地區	<b>8,192,044</b>	7,685,049
		<b>39,672,956</b>	35,115,534

上述非流動資產的資料乃根據資產的地點劃分，不包括金融工具及遞延稅項資產。

**主要客戶資料**

截至二零二零年及二零一九年十二月三十一日止年度，並無向單一客戶的銷售佔本集團收入10%或以上。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of the revenue is as follows:

**5. 收入、其他收入及收益**

收入的分析如下：

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Revenue from contracts with customers: 來自客戶合約的收入：		
Sale of goods 銷售貨物	76,025,108	78,980,627
Consigned processing services 委託加工服務	9,736	49,229
	<b>76,034,844</b>	79,029,856

**Revenue from contracts with customers****(i) Disaggregated revenue information**

For the year ended 31 December 2020

**來自客戶合約的收入****(i) 分類收入信息**

截至二零二零年十二月三十一日止年度

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Types of goods or services:</b>	<b>商品或服務種類：</b>					
Sales of goods	銷售貨物	67,750,993	2,633,731	4,563,239	1,077,145	76,025,108
Consigned processing services	委託加工服務	-	-	9,736	-	9,736
Total revenue from contracts with customers	來自客戶合約的總收入	67,750,993	2,633,731	4,572,975	1,077,145	76,034,844

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

Revenue from contracts with customers (continued)

(i) *Disaggregated revenue information* (continued)

For the year ended 31 December 2020

**5. 收入、其他收入及收益 (續)**

來自客戶合約的收入 (續)

(i) *分類收入信息* (續)

截至二零二零年十二月三十一日止年度

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Geographical markets:</b>	<b>地區市場：</b>					
Mainland China	中國大陸	67,750,993	2,633,731	2,743,571	1,077,145	74,205,440
Overseas	海外地區	—	—	1,829,404	—	1,829,404
Total revenue from contracts with customers	來自客戶合約的總收入	67,750,993	2,633,731	4,572,975	1,077,145	76,034,844
<b>Timing of revenue recognition:</b>	<b>確認收入的時間：</b>					
Goods transferred at a point in time	於某一時間點轉讓的商品	67,750,993	2,633,731	4,563,239	1,077,145	76,025,108
Services transferred at a point in time	於某一時間點轉讓的服務	—	—	9,736	—	9,736
Total revenue from contracts with customers	來自客戶合約的總收入	67,750,993	2,633,731	4,572,975	1,077,145	76,034,844

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Revenue from contracts with customers** (continued)**(i) Disaggregated revenue information** (continued)

For the year ended 31 December 2019

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Types of goods or services:	商品或服務種類：					
Sales of goods	銷售貨物	67,848,806	2,561,406	7,849,457	720,958	78,980,627
Consigned processing services	委託加工服務	29,001	—	20,228	—	49,229
Total revenue from contracts with customers	來自客戶合約的總收入	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Geographical markets:	地區市場：					
Mainland China	中國大陸	67,838,380	2,561,406	7,198,064	720,958	78,318,808
Overseas	海外地區	39,427	—	671,621	—	711,048
Total revenue from contracts with customers	來自客戶合約的總收入	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Timing of revenue recognition:	確認收入的時間：					
Goods transferred at a point in time	於某一時間點轉讓的商品	67,848,806	2,561,406	7,849,457	720,958	78,980,627
Services transferred at a point in time	於某一時間點轉讓的服務	29,001	—	20,228	—	49,229
Total revenue from contracts with customers	來自客戶合約的總收入	67,877,807	2,561,406	7,869,685	720,958	79,029,856

**5. 收入、其他收入及收益** (續)

## 來自客戶合約的收入 (續)

**(i) 分類收入信息** (續)

截至二零一九年十二月三十一日止年度



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Revenue from contracts with customers (continued)****(i) Disaggregated revenue information (continued)**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	來自客戶合約的收入					
External customers	外部客戶	67,750,993	2,633,731	4,572,975	1,077,145	76,034,844
Intersegment sales	分部間銷售	648,537	69,917	16,327	845,294	1,580,075
		<b>68,399,530</b>	<b>2,703,648</b>	<b>4,589,302</b>	<b>1,922,439</b>	<b>77,614,919</b>
Intersegment adjustments and eliminations	分部間調整及對銷	(648,537)	(69,917)	(16,327)	(845,294)	(1,580,075)
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,750,993</b>	<b>2,633,731</b>	<b>4,572,975</b>	<b>1,077,145</b>	<b>76,034,844</b>

For the year ended 31 December 2019

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	來自客戶合約的收入					
External customers	外部客戶	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Intersegment sales	分部間銷售	740,894	87,256	—	291,836	1,119,986
		<b>68,618,701</b>	<b>2,648,662</b>	<b>7,869,685</b>	<b>1,012,794</b>	<b>80,149,842</b>
Intersegment adjustments and eliminations	分部間調整及對銷	(740,894)	(87,256)	—	(291,836)	(1,119,986)
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,877,807</b>	<b>2,561,406</b>	<b>7,869,685</b>	<b>720,958</b>	<b>79,029,856</b>

**5. 收入、其他收入及收益 (續)**

## 來自客戶合約的收入 (續)

**(i) 分類收入信息 (續)**

來自客戶合約的收入與分部資料披露金額的對賬如下：

截至二零二零年十二月三十一日止年度

截至二零一九年十二月三十一日止年度

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 5. REVENUE, OTHER INCOME AND GAINS

(continued)

### Revenue from contracts with customers (continued)

#### (i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	於報告期初計入合約負債之收入確認：		
Sale of goods	銷售商品	3,299,226	3,332,929
Revenue recognised from performance obligation satisfied in previous periods:	於過往期間達成的履約責任之收入確認：		
Sale of goods not previously recognised due to constraints on variable consideration	由於代價限制過往尚未確認之商品銷售	40,246	29,365

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is paid in advance or due within a credit limit which is adjustable in certain circumstances. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

##### Consigned processing services

The performance obligation is satisfied upon completion of the consigned processing services and delivery of the processed products, and payment is generally due within 90 days from delivery.

## 5. 收入、其他收入及收益 (續)

### 來自客戶合約的收入 (續)

#### (i) 分類收入信息 (續)

下表顯示於本報告期間收入確認之金額，其於報告期初計入合約負債及於過往期間達成的履約責任確認：

#### (ii) 履行責任

有關本集團履行責任的資料概述如下：

##### 銷售貨物

履行責任於交付貨品及於可予調整的信貸期限內預先或到期支付款項時達成。個別合約訂明客戶有權退貨，產生須受限制的可變代價。

##### 委託加工服務

履行責任於完成委託加工服務完成及交付加工產品後達成，款項一般於送貨後90日內到期。

NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 5. REVENUE, OTHER INCOME AND GAINS

(continued)

## Other income and gains

## 5. 收入、其他收入及收益(續)

## 其他收入及收益

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Other income and gains	其他收入及收益		
Government grants related to	政府補助金：		
— Recognition of deferred income (note 33)	— 與確認遞延收入有關(附註33)	50,689	174,895
— Income	— 與收益有關	313,945	249,284
— Biological assets	— 與生物資產有關	—	16,334
Gains on disposal of subsidiaries (note 42)	出售子公司收益(附註42)	18,669	3,418,082
Gross rental income (note 17)	租金總收入(附註17)	66,214	43,666
Foreign exchange gains, net	匯兌收益淨額	299,946	42,575
Net fair value gain on forward currency contracts (note 32)	遠期外幣合約公允值收益淨額(附註32)	—	23,308
Net fair value gain on unlisted equity investment at fair value through profit or loss (note 24(c))	以公允值計量且其變動計入損益的非上市股權投資公允值收益淨額(附註24(c))	138,622	—
Net fair value gain on unlisted equity investment in Guangze with put options (note 24(d))	附帶認沽期權的投入廣澤的非上市股權投資之公允值收益淨額(附註24(d))	12,433	42,479
Negative goodwill arising from acquisition of an associate (a)	收購一間聯營公司產生的負商譽(a)	106,491	—
Others	其他	197,777	90,265
		<b>1,204,786</b>	<b>4,100,888</b>

Notes:

- (a) On 31 July 2020, the Group increased its shared holdings in China Shengmu and recognised China Shengmu as an associate (note 24(b)). Based on the purchase price allocation on initial recognition of investments in associates, a negative goodwill of RMB106,491,000 was recognised as other income and gains.

註：

- (a) 於二零二零年七月三十一日，本集團增加在中國聖牧的股權，並且將中國聖牧確認為聯營公司(附註24(b))。基於初始確認於聯營公司投資的購買價格分攤，因此在其他收入及收益確認負商譽人民幣106,491,000元。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**6. OTHER EXPENSES****6. 其他費用**

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Donations	捐贈支出	<b>480,367</b>	20,286
Fair value change of biological assets	生物資產公允值變動	—	171,902
Loss on disposal of items of property, plant and equipment	處置物業、廠房及設備虧損	<b>13,585</b>	78,618
Impairment of goodwill (note 18)	商譽減值(附註18)	—	2,363,909
Impairment of other intangible assets (note 19)	其他無形資產減值(附註19)	<b>3,831</b>	196,035
Impairment of construction in progress (note 15)	在建工程減值(附註15)	—	1,653
Impairment of property, plant and equipment (note 14)	物業、廠房及設備減值(附註14)	<b>49,031</b>	41,754
Impairment of right-of-use assets (note 17)	使用權資產減值(附註17)	<b>22,778</b>	—
Write-down of inventories to net realisable value (note 25)	存貨撇減至可變現淨值(附註25)	<b>95,929</b>	74,482
Educational surcharges, city construction tax, and other taxes	教育附加費、城市維護建設稅及其他稅項	<b>473,262</b>	477,679
Net fair value loss on forward currency contracts (note 32)	遠期外幣合約公允值虧損淨額(附註32)	<b>9,825</b>	—
Net fair value loss on a convertible promissory note (note 24(c))	可換股承兌票據之公允值虧損淨額(附註24(c))	—	1,409
Net fair value loss on exchangeable bonds (note 31)	可交換債券公允值虧損淨額(附註31)	<b>401,942</b>	77,988
Net fair value loss on warrants and subscription rights of warrants (note 24(b))	認股權證及認股權證認購權之公允值虧損淨額(附註24(b))	<b>11,187</b>	61,500
Others	其他	<b>202,773</b>	124,662
		<b>1,764,510</b>	3,691,877

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**7. PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/  
(crediting):

**7. 稅前利潤**

本集團的稅前利潤乃經扣除／(計入)下列  
各項後計算所得：

		<b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Cost of inventories sold	銷售存貨成本	<b>47,393,841</b>	49,310,312
Realised and unrealised fair value losses of commodity futures contracts, net (note 32)	變現及未變現商品期貨合約公允價值虧損淨額 (附註32)	<b>4,568</b>	—
Cost of consigned processing services	委託加工服務成本	<b>7,155</b>	40,930
<b>Cost of sales</b>	<b>銷售成本</b>	<b>47,405,564</b>	49,351,242
Employee benefit expense (including directors' and chief executive's remuneration as disclosed in note 9)	僱員福利費用 (包括附註9所披露的董事及主要行政人員薪酬)		
— Wages, salaries, housing benefits and other allowances	— 工資、薪金、住房福利及其他津貼	<b>5,924,474</b>	6,254,984
— Retirement benefit contributions	— 退休福利供款	<b>147,957</b>	530,600
— Share option scheme expense (note 38)	— 購股權計劃開支 (附註38)	<b>52,217</b>	166,651
— Share award scheme expense (note 39)	— 股票獎勵計劃開支 (附註39)	<b>165,423</b>	129,582
		<b>6,290,071</b>	7,081,817
Impairment of financial and contract assets, net:	金融及合約資產減值淨額：		
Impairment of trade receivables, net (note 26)	貿易應收款項減值淨額 (附註26)	<b>155,397</b>	233,856
Impairment of financial assets included in prepayments, other receivables and other assets, net	計入預付款項、其他應收款項及其他資產的金融資產減值淨額	<b>1,479</b>	1,524
Impairment of financial assets included in other financial assets, net	計入其他金融資產的金融資產減值淨額	<b>—</b>	12,975
		<b>156,876</b>	248,355

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**7. PROFIT BEFORE TAX** (continued)

The Group's profit before tax is arrived at after charging/  
(crediting): (continued)

**7. 稅前利潤** (續)

本集團的稅前利潤乃經扣除／(計入)下列  
各項後計算所得：(續)

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Impairment of goodwill (note 18/20)	商譽減值(附註18/20)	—	2,363,909
Impairment of other intangible assets (note 19)	其他無形資產減值 (附註19)	<b>3,831</b>	196,035
Impairment of construction in progress (note 15)	在建工程減值(附註15)	—	1,653
Impairment of right-of-use assets (note 17)	使用權資產減值(附註17)	<b>22,778</b>	—
Impairment of property, plant and equipment (note 14)	物業、廠房及設備減值 (附註14)	<b>49,031</b>	41,754
Depreciation of items of property, plant and equipment (note 14)	物業、廠房及設備折舊 (附註14)	<b>1,789,244</b>	1,945,804
Depreciation of right-of-use assets (note 17)	使用權資產折舊(附註17)	<b>256,477</b>	220,068
Depreciation of investment properties (note 16)	投資物業折舊(附註16)	<b>3,882</b>	4,037
Amortisation of other intangible assets (note 19)	其他無形資產攤銷 (附註19)	<b>87,265</b>	89,998
Research and development costs — current year expenditure	本年研究開發費用	<b>318,398</b>	205,041
Outsourcing expense (note a)	外包費用(附註a)	<b>256,777</b>	181,993
Lease payments not included in the measurement of lease liabilities (note b)	不計入租賃負債計量的租 賃付款(附註b)	<b>141,846</b>	264,333
Auditor's remuneration (note c)	核數師酬金(附註c)	<b>13,580</b>	17,055

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 7. PROFIT BEFORE TAX (continued)

Notes:

- (a) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amount paid by the Group for purchasing outsourcing services.
- (b) The Group recognised rental expenses from short-term leases of RMB111,878,000 (2019: RMB201,200,000), leases of low-value assets of RMB4,645,000 (2019: RMB25,002,000) and variable lease payments not based on index or rates of RMB25,323,000 (2019: RMB38,131,000) for the year ended 31 December 2020. Further details are given in note 17(c) to the financial statements.
- (c) In addition to the above fees paid or payable to the auditors, Yashili, a subsidiary of the Company listed on the Main Board of the Stock Exchange of Hong Kong Limited, had an amount of RMB2,923,000 (2019: RMB2,944,000) paid/payable as auditor's remuneration during the year.

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

## 7. 稅前利潤(續)

附註：

- (a) 為了促進營運效率，本集團外包若干產品的生產。該金額指本集團就購買外包服務支付的總額。
- (b) 本集團截至二零二零年十二月三十一日止年度確認短期租賃支出人民幣111,878,000元(二零一九年：人民幣201,200,000元)、低價值資產租賃支出人民幣4,645,000元(二零一九年：人民幣25,002,000元)及並非根據某一指數或比率的可變租賃付款人民幣25,323,000元(二零一九年：人民幣38,131,000元)。詳情請參閱財務報表附註17(c)。
- (c) 除上述已付或應付核數師費用外，本公司於香港聯合交易所有限公司主板上市的子公司雅士利本年已付／應付核數師酬金人民幣2,923,000元(二零一九年：人民幣2,944,000元)。

## 8. 融資成本

融資成本的分析如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Interest on bank loans	銀行貸款利息	162,132	370,238
Interest on other borrowings (excluding lease liabilities)	其他借貸利息(不包括租賃負債)	388,343	238,716
Interest on lease liabilities (note 17 (b))	租賃負債利息(附註17(b))	21,780	19,153
Interest on long term payables	長期應付款項利息	—	400
Net fair value loss on interest rate forward contracts	利率遠期合約的公允值虧損淨額	—	15,695
		<b>572,255</b>	644,202

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**9. DIRECTORS' AND CHIEF EXECUTIVE'S  
REMUNERATION**

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

**9. 董事及主要行政人員薪酬**

根據香港聯合交易所有限公司證券上市規則(「上市規則」)、香港公司條例第383(1)(a)、(b)、(c)及(f)條，以及公司(披露董事利益資料)規例第2部分披露的本年度董事及主要行政人員薪酬如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Fees	袍金	972	976
Other emoluments	其他酬金		
— Basic salaries, housing benefits, other allowances and benefits in kind	— 基本薪金、住房福利、其他津貼及實物利益	9,202	8,614
— Performance related bonuses	— 與業績有關的獎金	13,404	4,368
— Retirement benefit contributions	— 退休福利供款	141	192
		<b>23,719</b>	14,150



**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**9. DIRECTORS' AND CHIEF EXECUTIVE'S  
REMUNERATION** (continued)

**9. 董事及主要行政人員薪酬** (續)

			Basic salaries, housing benefits, other allowances and benefits in kind	Performance related bonuses	Retirement benefit contributions	Total remuneration	
		Notes 附註	Fees 袍金 RMB'000 人民幣千元	in kind 基本薪金、 住房福利、 其他津貼及 實物利益 RMB'000 人民幣千元	與業績有關 的獎金 RMB'000 人民幣千元	退休福利供款 RMB'000 人民幣千元	總薪酬 RMB'000 人民幣千元
<b>2020</b>	<b>二零二零年</b>						
Executive directors	執行董事						
– Mr. Jeffrey, Minfang Lu	– 盧敏放先生	(b)/(c)/(d)	–	7,023	13,404	67	20,494
– Mr. Meng Fanjie	– 孟凡傑先生	(a)/(b)	–	2,179	–	74	2,253
Non-executive directors	非執行董事						
– Mr. Chen Lang	– 陳朗先生	(a)/(b)	–	–	–	–	–
– Mr. Niu Gensheng	– 牛根生先生		150	–	–	–	150
– Mr. Tim Ørting Jørgensen	– Tim Ørting Jørgensen先生		150	–	–	–	150
– Mr. Pascal De Petrini	– Pascal De Petrini先生		150	–	–	–	150
Independent non-executive directors	獨立非執行董事						
– Mr. Jiao Shuge	– 焦樹閣先生	(b)	–	–	–	–	–
– Mr. Julian Juul Wolhardt	– Julian Juul Wolhardt先生	(b)	–	–	–	–	–
– Mr. Zhang Xiaoya	– 張曉亞先生		261	–	–	–	261
– Mr. Yau Ka Chi	– 邱家賜先生		261	–	–	–	261
			972	9,202	13,404	141	23,719

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## 9. 董事及主要行政人員薪酬(續)

		Notes	Fees	Basic salaries, housing benefits, other allowances and benefits in kind	Performance related bonuses	Retirement benefit contributions	Total remuneration
		附註	袍金 RMB'000 人民幣千元	基本薪金、住房福利、其他津貼及實物利益 RMB'000 人民幣千元	與業績有關的獎金 RMB'000 人民幣千元	退休福利供款 RMB'000 人民幣千元	總薪酬 RMB'000 人民幣千元
<b>2019</b>	<b>二零一九年</b>						
<b>Executive directors</b>	<b>執行董事</b>						
– Mr. Jeffrey, Minfang Lu	– 盧敏放先生	(b)/(c)/(d)	–	7,038	4,368	105	11,511
– Mr. Meng Fanjie	– 孟凡傑先生	(a)/(b)	–	776	–	72	848
– Ms. Wu Wenting	– 吳文婷女士	(a)/(b)	–	800	–	15	815
<b>Non-executive directors</b>	<b>非執行董事</b>						
– Mr. Chen Lang	– 陳朗先生	(a)/(b)	–	–	–	–	–
– Mr. Yu Xubo	– 于旭波先生	(a)/(b)	–	–	–	–	–
– Mr. Ma Jianping	– 馬建平先生	(a)/(b)	–	–	–	–	–
– Mr. Niu Gensheng	– 牛根生先生		150	–	–	–	150
– Mr. Tim Ørting Jørgensen	– Tim Ørting Jørgensen 先生		150	–	–	–	150
– Mr. Pascal De Petrini	– Pascal De Petrini 先生		150	–	–	–	150
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>						
– Mr. Jiao Shuge	– 焦樹閣先生	(b)	–	–	–	–	–
– Mr. Julian Juul Wolhardt	– Julian Juul Wolhardt 先生	(b)	–	–	–	–	–
– Mr. Zhang Xiaoya	– 張曉亞先生		263	–	–	–	263
– Mr. Yau Ka Chi	– 邱家賜先生		263	–	–	–	263
			976	8,614	4,368	192	14,150

Notes:

附註:

(a) Mr. Ma Jianping resigned as a director on 7 January 2019. Mr. Yu Xubo was appointed as a director on 7 January 2019 and resigned as a director on 29 April 2019. Mr. Chen Lang was appointed as a director on 29 April 2019. Ms. Wu Wenting resigned as a director on 14 June 2019. Mr. Meng Fanjie was appointed as a director on 14 June 2019.

(a) 馬建平先生於二零一九年一月七日辭任董事一職。于旭波先生二零一九年一月七日獲委任為董事並於二零一九年四月二十九日辭任董事一職。陳朗先生於二零一九年四月二十九日獲委任為董事。吳文婷女士於二零一九年六月十四日辭任董事一職。孟凡傑先生於二零一九年六月十四日獲委任為董事。

31 December 2020 於二零二零年十二月三十一日

**9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (continued)

Notes: (continued)

- (b) During 2020, the five (2019: eight) directors agreed to waive their entitlements to directors' fees totaling RMB731,000 (2019: RMB736,000) for the year. Other than the aforementioned, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.
- (c) As of 31 December 2020, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 38 to the financial statements. In accordance with IFRS 2, share option benefits represent the fair value at the grant date of the share options issued under the share option scheme of the Company amortised to the consolidated statement of profit or loss during the year, disregarding whether the options have been vested/exercised or not. During the year, the share option benefits relating to the share options granted to Mr. Jeffrey, Minfang Lu were approximately RMB17,005,000 (2019: RMB39,126,000). During 2019, due to the unfulfilment of vesting conditions under share option scheme, the reversed share option benefits relating to the share options granted to Ms. Wu Wenting were approximately RMB378,000. The share option benefits relating to the share options granted to these directors are not included in the above remuneration analysis.
- (d) As of 31 December 2020, Mr. Jeffrey, Minfang Lu was granted shares in respect of his services to the Group under the share award scheme of the Company, further details of which are set out in note 39 to the financial statements. In accordance with IFRS 2, share-based payment benefits represent the fair value at the grant date of the shares amortised to the consolidated statement of profit or loss during the year, disregarding whether the shares have been vested/exercised or not. During the year, the fair value recognised in the consolidated statement of profit or loss relating to the shares granted to Mr. Jeffrey, Minfang Lu was approximately RMB5,801,000 (2019: RMB3,593,000). During 2019, due to the unfulfilment of vesting conditions under share award scheme, there was a reversal of RMB371,000 of the share-based payment expenses relating to the shares granted to Ms. Wu Wenting. The share award benefits relating to the share award granted to these directors are not included in the above remuneration analysis.

**9. 董事及主要行政人員薪酬** (續)

附註：(續)

- (b) 二零二零年內，五位(二零一九年：八位)董事同意放棄其董事袍金，金額合共人民幣731,000元(二零一九年：人民幣736,000元)。除前述者外，本年度並無任何有關董事放棄或同意放棄任何酬金的安排。
- (c) 截至二零二零年十二月三十一日，若干董事就其向本集團提供的服務獲本公司根據購股權計劃授予購股權，詳情載於財務報表附註38。根據國際財務報告準則第2號，購股權福利指按本公司購股權計劃所發行的購股權於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等購股權是否已歸屬/行使。年內，授予盧敏放先生的購股權涉及的購股權福利約為人民幣17,005,000元(二零一九年：人民幣39,126,000元)。二零一九年度，由於購股權計劃項下的歸屬條件未獲達成，有關向吳文婷女士授出的購股權涉及的撥回購股權福利約人民幣378,000元。有關授予該等董事購股權的購股權福利並無計入以上薪酬分析。
- (d) 截至二零二零年十二月三十一日，盧敏放先生就其對本集團提供的服務獲本公司根據股票獎勵計劃授出股份，詳情載於財務報表附註39。根據國際財務報告準則第2號，以股份為基礎的支付福利指股份於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等股份是否已歸屬/行使。年內，有關授予盧敏放先生的股份於綜合損益表確認之公允值約為人民幣5,801,000元(二零一九年：人民幣3,593,000元)。二零一九年度，由於股票獎勵計劃下的歸屬條件未能實現，有關向吳文婷女士授出股份的以股份為基礎的付款費用撥回金額為人民幣371,000元。有關授予的該等董事股票獎勵之股票獎勵福利並無計入以上薪酬分析。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**10. FIVE HIGHEST PAID EMPLOYEES**

One (2019: One) of the five highest paid employees was a director whose emoluments have been shown above. Details of emoluments paid to the remaining four (2019: four) non-director, highest paid employees, who are neither a director nor chief executive of the Company, are as follows:

**10. 五位最高薪僱員**

五位最高薪僱員包括一位(二零一九年：一位)董事，有關彼等的酬金資料已於上文披露。本年度支付予本公司其餘四位(二零一九年：四位)非董事、最高薪僱員(非本公司董事或總裁)的酬金如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、住房福利、其他津貼及實物利益	<b>18,058</b>	11,009
Performance related bonuses	與業績有關的獎金	<b>14,557</b>	11,369
Retirement scheme contributions	退休福利計劃供款	<b>259</b>	506
		<b>32,874</b>	22,884

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**10. FIVE HIGHEST PAID EMPLOYEES** (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

**10. 五位最高薪僱員** (續)

酬金列入以下組別的最高薪非董事僱員的數目如下：

		Number of employees 僱員數目	
		2020 二零二零年	2019 二零一九年
HK\$4,000,001 to HK\$4,500,000	4,000,001港元至4,500,000港元	—	—
HK\$4,500,001 to HK\$5,000,000	4,500,001港元至5,000,000港元	—	1
HK\$5,000,001 to HK\$5,500,000	5,000,001港元至5,500,000港元	—	2
HK\$5,500,001 to HK\$6,000,000	5,500,001港元至6,000,000港元	—	—
HK\$6,000,001 to HK\$6,500,000	6,000,001港元至6,500,000港元	—	—
HK\$6,500,001 to HK\$7,000,000	6,500,001港元至7,000,000港元	—	—
HK\$7,000,001 to HK\$7,500,000	7,000,001港元至7,500,000港元	—	—
HK\$7,500,001 to HK\$8,000,000	7,500,001港元至8,000,000港元	1	—
HK\$8,000,001 to HK\$8,500,000	8,000,001港元至8,500,000港元	1	—
HK\$8,500,001 to HK\$9,000,000	8,500,001港元至9,000,000港元	—	—
HK\$9,000,001 to HK\$9,500,000	9,000,001港元至9,500,000港元	1	—
HK\$9,500,001 to HK\$10,000,000	9,500,001港元至10,000,000港元	—	—
HK\$10,000,001 to HK\$10,500,000	10,000,001港元至10,500,000港元	—	—
HK\$10,500,001 to HK\$11,000,000	10,500,001港元至11,000,000港元	—	1
HK\$11,000,001 to HK\$11,500,000	11,000,001港元至11,500,000港元	—	—
HK\$11,500,001 to HK\$12,000,000	11,500,001港元至12,000,000港元	—	—
HK\$12,000,001 to HK\$12,500,000	12,000,001港元至12,500,000港元	—	—
HK\$12,500,001 to HK\$13,000,000	12,500,001港元至13,000,000港元	—	—
HK\$13,000,001 to HK\$13,500,000	13,000,001港元至13,500,000港元	1	—
		<b>4</b>	<b>4</b>

During the year, share options were granted to four (2019: four) non-director, highest paid employees in respect of their services to the Group, further details of which are set out in note 38 to the financial statements. During the year, the share option benefits relating to the share options granted to the non-director, highest paid employees were approximately RMB17,440,000 (2019: RMB30,005,000) in aggregate. The share option benefits relating to the share options granted to these non-director, highest paid employees are not included in the above analysis.

年內，四名(二零一九年：四名)最高薪非董事僱員就其對本集團的服務獲授購股權(有關詳情在財務報表附註38中披露)。年內，有關向該等最高薪非董事僱員授出購股權的購股權福利合共約為人民幣17,440,000元(二零一九年：人民幣30,005,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出購股權的購股權福利。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 10. FIVE HIGHEST PAID EMPLOYEES (continued)

During the year, shares were granted to three (2019: four) non-director, highest paid employees in respect of their services under the share award scheme of the Company, further details of which are set out in note 39 to the financial statements. During the year, the share-based payment expenses relating to the shares granted to non-director, highest paid employees were approximately RMB8,470,000 (2019: RMB6,301,000) in aggregate. The share-based payments relating to the shares granted to these non-director, highest paid employees are not included in the above analysis.

### 11. INCOME TAX EXPENSE

Under the Law of the People's Republic of China on Corporate Income Tax ("PRC CIT Law"), except for certain preferential tax treatment available to certain subsidiaries of the Group, the entities within the Group are subject to PRC corporate income tax ("CIT") at a rate of 25% (2019: 25%) on the taxable income as reported in their statutory accounts which are prepared in accordance with the PRC accounting standards and financial regulations.

### 10. 五位最高薪僱員(續)

年內，三名(二零一九年：四名)最高薪非董事僱員就其服務根據本公司的股票獎勵計劃獲授股份(有關詳情在財務報表附註39中披露)。年內，有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款費用共計約人民幣8,470,000元(二零一九年：人民幣6,301,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款。

### 11. 所得稅支出

根據中華人民共和國企業所得稅法(「中國企業所得稅法」)，除本集團若干子公司獲授若干稅務優惠外，本集團旗下的企業應就其法定賬目所呈報應課稅利潤按25%(二零一九年：25%)之稅率交納中國企業所得稅(「企業所得稅」)，法定賬目乃按照中國會計準則及財務法規編製。

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Current income tax</b>	<b>即期所得稅</b>		
Current charge for the year	即期所得稅支出	651,767	1,486,936
Adjustments recognised in the year for current tax of prior years	年內就往年當期所得稅確認的調整	(12,776)	14,924
<b>Deferred income tax (note 23)</b>	<b>遞延所得稅(附註23)</b>	<b>14,202</b>	<b>(192,328)</b>
		<b>653,193</b>	<b>1,309,532</b>

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**11. INCOME TAX EXPENSE** (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the year is as follows:

**11. 所得稅支出** (續)

在年度內，就稅前利潤按法定所得稅稅率計算的所得稅支出，與按照本集團實際所得稅稅率計算的所得稅支出調節如下：

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Profit before tax	稅前利潤	<b>4,154,786</b>	5,605,447
At CIT rate of 25% (2019: 25%)	按25% (二零一九年： 25%) 企業所得稅稅率 計算	<b>1,038,697</b>	1,401,362
Non-deductible items and others, net	不可抵扣的項目及其他 (淨額)	<b>5,084</b>	213,660
Impairment of goodwill and trademarks with indefinite useful lives	商譽及無限使用年期商標	—	638,769
Adjustment recognised in the year for current tax of prior years	年內就往年當期所得稅確 認的調整	<b>(12,776)</b>	14,924
Effect of lower tax rates	低稅率的影響	<b>(228,534)</b>	(749,023)
Effect of tax exemptions	稅務豁免的影響	<b>(371,163)</b>	(394,255)
Losses/(gains) attributable to a joint venture and associates	一間合營企業及聯營公司 應佔虧損/(收益)	<b>(106,501)</b>	(43,766)
Tax losses utilised from previous periods	使用以往期間稅務虧損	<b>(60,468)</b>	(107,686)
Tax losses not recognised	未確認稅務虧損	<b>386,639</b>	329,126
Effect of withholding tax at 10% on the distributable profits of the Group's certain PRC subsidiaries	按本集團中國子公司可供 分派利潤10%計算的預 扣稅影響	<b>2,215</b>	6,421
At the effective income tax rate of 15.72% (2019: 23.36%)	按15.72% (二零一九年： 23.36%) 實際所得稅稅 率計算	<b>653,193</b>	1,309,532

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 11. INCOME TAX EXPENSE (continued)

Notes:

- (a) Fifteen (2019: Fifteen) subsidiaries were granted lower tax rates by the state tax bureau in accordance with the PRC CIT law and the corresponding transitional tax concession policy and "The notice of tax policies relating to the implementation of the western China development strategy."

Thirty-three (2019: Thirty) subsidiaries were granted tax exemptions in accordance with the policy of "The notice of preferential tax policy for preliminary processing of agriculture products".

The total taxable profits of the subsidiaries that are subject to tax concessions amounted to approximately RMB2,514,491,000 (2019: RMB6,684,910,000) in aggregate.

- (b) The share of tax attributable to a joint venture and associates amounting to approximately RMB3,338,000 (2019: RMB4,568,000) is included in "Share of profits and losses of a joint venture and associates" in the consolidated statement of profit or loss.

## 11. 所得稅支出 (續)

附註：

- (a) 十五間(二零一九年：十五間)子公司獲國家稅務局根據中國企業所得稅法、有關稅收優惠過渡政策及《關於深入實施西部大開發戰略有關稅收政策問題的通知》授予低稅率優惠。

三十三間(二零一九年：三十間)子公司獲根據《關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》的政策豁免稅務。

獲授稅務優惠的子公司的應課稅利潤總額合共約人民幣2,514,491,000元(二零一九年：人民幣6,684,910,000元)。

- (b) 一間合營企業及聯營公司應佔稅項約人民幣3,338,000元(二零一九年：人民幣4,568,000元)，已計入綜合損益表的「應佔合營企業及聯營公司收益及虧損」。

## 12. DIVIDENDS

## 12. 股息

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Declared and paid during the year Equity dividends on ordinary shares	本年度宣派及支付 普通股股息	706,661	708,968
Proposed for approval at the AGM Equity dividends on ordinary shares: Proposed final — RMB0.268 (2019: RMB0.181) per ordinary share	提呈於股東週年大會批准 普通股股息： 擬派期末股息 — 每股 普通股人民幣0.268元 (二零一九年：人民幣 0.181元)	(a)/(b) 1,058,093	712,238



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**12. DIVIDENDS (continued)**

Notes:

- (a) The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting (the "AGM").
- (b) This dividend was not recognised as a liability in the consolidated financial statements for the year ended 31 December 2020 but will be reflected as an appropriation of the share premium account for the year ending 31 December 2021.

**13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY****(a) Basic earnings per share**

The basic earnings per share for the year is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

A reconciliation of the weighted average number of shares used in calculating the basic earnings per share amount is as follows:

**12. 股息 (續)**

附註：

- (a) 擬派年度期末股息須由本公司股東在下一屆股東週年大會(「股東週年大會」)批准。
- (b) 該股息並無於截至二零二零年十二月三十一日止年度的綜合財務報表確認為負債，但將反映為截至二零二一年十二月三十一日止年度的股份溢價分配。

**13. 本公司普通股擁有人應佔每股盈利****(a) 每股基本盈利**

本年度每股基本盈利乃根據年內本公司普通股擁有人應佔利潤除以年內已發行普通股的加權平均數計算。

計算每股基本盈利時所用加權平均股份數目調節如下：

		2020 二零二零年 Number of shares 股份數目 '000 千股	2019 二零一九年 Number of shares 股份數目 '000 千股
Issued ordinary shares at 1 January	於一月一日已發行普通股	3,935,015	3,927,708
Effect of share options exercised	已行使購股權的影響	6,053	3,496
Effect of shares purchased under share award scheme	根據股票獎勵計劃回購股份的影響	(11,803)	(18,053)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,929,265	3,913,151

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**13. EARNINGS PER SHARE ATTRIBUTABLE  
TO ORDINARY EQUITY HOLDERS OF  
THE COMPANY** (continued)

**(b) Diluted earnings per share**

The diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A reconciliation of the weighted average number of shares used in calculating the diluted earnings per share amount is as follows:

**13. 本公司普通股擁有人應佔每股盈  
利** (續)

**(b) 每股攤薄盈利**

每股攤薄盈利乃根據年內本公司普通股擁有人應佔利潤除以用作計算每股基本盈利所採用的年內已發行普通股加權平均數，以及假設所有具攤薄潛力的普通股被視作獲行使或轉換為普通股時按無代價發行的普通股加權平均數計算。

計算每股攤薄盈利時所用加權平均股份數目調節如下：

		2020 二零二零年 Number of shares 股份數目 '000 千股	2019 二零一九年 Number of shares 股份數目 '000 千股
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	3,929,265	3,913,151
Weighted average number of ordinary shares, assuming issued at no consideration on the deemed exercise of all share options during the year	假設年內所有購股權被視作獲行使時按無代價發行之普通股加權平均數	8,306	8,125
Adjustments for share award scheme	就股票獎勵計劃作出的調整	13,763	2,605
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	計算每股攤薄盈利所用的普通股加權平均數	3,951,334	3,923,881

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**14. PROPERTY, PLANT AND EQUIPMENT****14. 物業、廠房及設備**

		Freehold	Buildings	Plant and	Office	Motor	Total
		land	and	machinery	equipment	vehicles	
		structures					
		房屋及	廠房及機器	辦公設備	運輸設備		
		土地	建築物	廠房及機器	辦公設備	運輸設備	總計
		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
<b>At 1 January 2020</b>	於二零二零年一月一日						
Cost	成本	53,021	6,077,187	15,981,711	1,412,369	92,593	23,616,881
Accumulated depreciation and impairment	累計折舊及減值	—	(2,407,817)	(9,260,113)	(769,976)	(76,273)	(12,514,179)
Net carrying amount	賬面淨值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702
At 1 January 2020, net of accumulated depreciation and impairment	於二零二零年一月一日，扣減累計折舊及減值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702
Additions	添置	—	30,671	239,873	170,401	1,249	442,194
Transfers from construction in progress (note 15)	轉撥自在建工程(附註15)	—	205,792	2,755,926	48,934	22	3,010,674
Transfers to construction in progress (note 15)	轉撥至在建工程(附註15)	—	(1,178)	(20,373)	—	—	(21,551)
Transfers from investment properties (note 16)	轉撥自投資物業(附註16)	—	5,742	—	—	—	5,742
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	—	—	10,796	153	—	10,949
Disposal of subsidiaries	出售子公司	—	(7,611)	(4,799)	(164)	(14)	(12,588)
Disposals	出售	—	(6,953)	(112,364)	(13,707)	(1,141)	(134,165)
Impairment (note 6)	減值(附註6)	—	(27,840)	(20,494)	(644)	(53)	(49,031)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	—	(321,111)	(1,240,204)	(223,360)	(4,569)	(1,789,244)
Exchange realignment	匯兌調整	87	(3,385)	(14,761)	(970)	(49)	(19,078)
At 31 December 2020, net of accumulated depreciation and impairment	於二零二零年十二月三十一日，扣減累計折舊及減值	53,108	3,543,497	8,315,198	623,036	11,765	12,546,604
At 31 December 2020	於二零二零年十二月三十一日						
Cost	成本	53,108	6,298,160	18,723,146	1,566,089	86,908	26,727,411
Accumulated depreciation and impairment	累計折舊及減值	—	(2,754,663)	(10,407,948)	(943,053)	(75,143)	(14,180,807)
Net carrying amount	賬面淨值	53,108	3,543,497	8,315,198	623,036	11,765	12,546,604

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 14. PROPERTY, PLANT AND EQUIPMENT

(continued)

## 14. 物業、廠房及設備 (續)

		Freehold land 永久業權 土地	Buildings and structures 房屋及建築物	Plant and machinery 廠房及機器	Office equipment 辦公設備	Motor vehicles 運輸設備	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>At 1 January 2019</b>	<b>於二零一九年一月一日</b>						
Cost	成本	51,871	8,538,763	16,957,138	1,438,503	154,467	27,140,742
Accumulated depreciation and impairment	累計折舊及減值	—	(2,434,394)	(9,134,906)	(722,679)	(114,839)	(12,406,818)
Net carrying amount	賬面淨值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
At 1 January 2019, net of accumulated depreciation and impairment	於二零一九年一月一日，扣減累計折舊及減值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
Additions	添置	—	153,393	246,155	214,123	2,706	616,377
Transfers from construction in progress (note 15)	轉撥自在建工程(附註15)	—	260,841	1,565,299	56,423	2,998	1,885,561
Transfers to construction in progress (note 15)	轉撥至在建工程(附註15)	—	(2,691)	(27,117)	—	—	(29,808)
Transfers from investment properties (note 16)	轉撥自投資物業(附註16)	—	38,670	—	—	—	38,670
Transfers to investment properties (note 16)	轉撥至投資物業(附註16)	—	(42,470)	—	—	—	(42,470)
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	—	222,677	413,662	11,160	489	647,988
Disposal of subsidiaries	出售子公司	—	(2,589,814)	(1,956,542)	(109,922)	(16,998)	(4,673,276)
Disposals	出售	—	(40,169)	(62,570)	(9,266)	(1,062)	(113,067)
Impairment (note 6)	減值(附註6)	—	(3,779)	(37,435)	(540)	—	(41,754)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	—	(438,774)	(1,260,071)	(235,518)	(11,441)	(1,945,804)
Exchange realignment	匯兌調整	1,150	7,117	17,985	109	—	26,361
At 31 December 2019, net of accumulated depreciation and impairment	於二零一九年十二月三十一日，扣減累計折舊及減值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702
At 31 December 2019	於二零一九年十二月三十一日						
Cost	成本	53,021	6,077,187	15,981,711	1,412,369	92,593	23,616,881
Accumulated depreciation and impairment	累計折舊及減值	—	(2,407,817)	(9,260,113)	(769,976)	(76,273)	(12,514,179)
Net carrying amount	賬面淨值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702

(a) Certain property, plant and equipment of the Group with a net book value of approximately RMB75,957,000 as at 31 December 2019 have been pledged to secure the short term bank loans (note 31).

(b) The Group leases certain property, plant and equipment with a net book value of approximately RMB213,791,000 (2019: RMB19,299,000) to independent third parties under operating lease arrangements, with lease terms ranging from one to three years (2019: one to three years) (note 17).

(a) 本集團若干於二零一九年十二月三十一日賬面淨值約人民幣75,957,000元的物業、廠房及設備已經用作短期銀行貸款(附註31)的抵押品。

(b) 本集團根據經營租賃安排向若干獨立第三方租賃其列入物業、廠房及設備的賬面淨值約人民幣213,791,000元(二零一九年：人民幣19,299,000元)，租賃為期一年至三年(二零一九年：一年至三年)(附註17)。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**15. CONSTRUCTION IN PROGRESS**

Movements of construction in progress are as follows:

**15. 在建工程**

本集團的在建工程變動如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面值	<b>2,231,333</b>	2,203,125
Additions during the year	年內添置	<b>3,531,636</b>	2,889,639
Transfers from property, plant and equipment (note 14)	轉撥自物業、廠房及設備 (附註14)	<b>21,551</b>	29,808
Transfers to property, plant and equipment (note 14)	轉撥至物業、廠房及設備 (附註14)	<b>(3,010,674)</b>	(1,885,561)
Transfers to other intangible assets (note 19)	轉撥至其他無形資產 (附註19)	<b>(44,342)</b>	(98,311)
Impairment (note 6)	減值(附註6)	—	(1,653)
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	<b>33</b>	21,822
Disposal of subsidiaries	出售子公司	—	(927,720)
Exchange realignment	匯兌調整	<b>(68)</b>	184
Carrying amount at end of year	年終賬面值	<b>2,729,469</b>	2,231,333

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**16. INVESTMENT PROPERTIES****16. 投資物業**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At 1 January, net of accumulated depreciation	於一月一日，扣減累計折舊	<b>73,548</b>	73,785
Transfers from property, plant and equipment (note 14)	轉撥自物業、廠房及設備(附註14)	—	42,470
Transfers to property, plant and equipment (note 14)	轉撥至物業、廠房及設備(附註14)	<b>(5,742)</b>	(38,670)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	<b>(3,882)</b>	(4,037)
At 31 December, net of accumulated depreciation	於十二月三十一日，扣減累計折舊	<b>63,924</b>	73,548
At 31 December Cost	於十二月三十一日 成本	<b>72,266</b>	95,337
Accumulated depreciation	減累計折舊	<b>(8,342)</b>	(21,789)
Net carrying amount	賬面淨值	<b>63,924</b>	73,548

The fair value of the investment properties, as determined by the directors of the Company, based on the market approach with reference to market transaction prices of similar properties, taking into account other factors, i.e., characteristics of the properties and locations, was estimated to be approximately RMB171,950,000 as at 31 December 2020 (2019: RMB167,074,000).

投資物業公允值於二零二零年十二月三十一日估計約為人民幣171,950,000元(二零一九年：人民幣167,074,000元)，該公允值由本公司董事根據市場法及參考類似物業的市場交易價格釐定，並已計及其他因素，即物業特質及地點等。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**16. INVESTMENT PROPERTIES** (continued)**Fair value hierarchy**

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

**16. 投資物業** (續)**公允價值層級**

下表載列有關本集團投資物業的公允價值計量等級：

		Fair value measurements as at 31 December 2020 using 於二零二零年十二月三十一日使用的公允價值計量			
		Quoted prices in active markets (Level 1) 活躍市場的 報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允價值計量：				
Commercial properties	商用物業	—	171,950	—	171,950

		Fair value measurements as at 31 December 2019 using 於二零一九年十二月三十一日使用的公允價值計量			
		Quoted prices in active markets (Level 1) 活躍市場的 報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允價值計量：				
Commercial properties	商用物業	—	167,074	—	167,074

During the year, there were no transfers into or out of Level 3 (2019: Nil).

年內，概無轉入第三級或自第三級轉出(二零一九年：無)。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 17. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of buildings and structures, plant and machinery, motor vehicles, office equipment and land use rights used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of approximately 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and structures generally have lease terms between 1 and 30 years; plant and machinery and office equipment generally have lease terms between 1 and 6 years; while motor vehicles generally have lease terms between 2 and 4 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amount of right-of-use assets of the Group and the movements during the year are as follows:

### 17. 租賃

#### 本集團作為承租人

本集團擁有用於營運的房屋及建築物、廠房及機器、運輸設備、辦公設備及土地使用權中多個項目的租賃合約。已預先作出一次性付款以向業主收購租賃土地，租期為約50年，且根據該等土地租賃的條款，將不會繼續支付任何款項。房屋及建築物的租期一般介乎一至三十年，廠房及機器及辦公設備的租期一般介乎一至六年，而運輸設備的租期一般介乎二至四年。其他設備的租賃期限通常為12個月或以下及／或個別為低價值。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

#### (a) 使用權資產

本集團年內使用權資產的賬面值及變動如下：

		Right-of-use assets 使用權資產					
		Buildings and structures 房屋及 建築物	Plant and machinery 廠房及機器	Office equipment 辦公設備	Motor vehicles 運輸設備	Land use rights 土地使用權	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>As at 1 January 2020</b>	於二零二零年一月一日	138,244	400,167	436	1,454	1,157,507	1,697,808
Additions	添置	57,943	174,607	—	—	214,512	447,062
Additions as a result of acquisition of subsidiaries (note 41)	收購子公司導致的增加 (附註41)	216	—	—	—	—	216
Depreciation charge (note 7)	折舊開支(附註7)	(75,746)	(153,441)	(364)	(789)	(26,137)	(256,477)
Disposal of subsidiaries	出售子公司	—	—	—	—	(288)	(288)
Impairment (note 6)	減值(附註6)	—	—	—	—	(22,778)	(22,778)
Early termination	提前終止	(18,386)	—	—	—	—	(18,386)
Exchange realignment	匯兌調整	488	2	—	28	—	518
<b>As at 31 December 2020</b>	於二零二零年 十二月三十一日	102,759	421,335	72	693	1,322,816	1,847,675



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**17. LEASES** (continued)

The Group as a lessee (continued)

(a) *Right-of-use assets* (continued)

		Right-of-use assets 使用權資產					
		Buildings and structures 房屋及 建築物	Plant and machinery 廠房及機器	Office equipment 辦公設備	Motor vehicles 運輸設備	Land use rights 土地使用權	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 1 January 2019	於二零一九年一月一日	59,319	273,032	15,771	462	1,335,685	1,684,269
Additions	添置	116,940	246,992	809	1,224	263,462	629,427
Additions as a result of acquisition of subsidiaries (note 41)	收購子公司導致的增加 (附註41)	14,567	—	—	106	67,036	81,709
Depreciation charge (note 7)	折舊開支(附註7)	(62,616)	(119,272)	(7,955)	(348)	(39,877)	(220,068)
Disposal of subsidiaries	出售子公司	—	(628)	(8,189)	—	(468,799)	(477,616)
Exchange realignment	匯兌調整	34	43	—	10	—	87
As at 31 December 2019	於二零一九年 十二月三十一日	138,244	400,167	436	1,454	1,157,507	1,697,808

**17. 租賃** (續)

本集團作為承租人(續)

(a) *使用權資產* (續)

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**17. LEASES** (continued)

**The Group as a lessee** (continued)

**(b) Lease liabilities**

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) of the Group and the movements during the year are as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	499,402	388,525
New leases	新租賃	171,485	416,967
Additions as a result of acquisition of subsidiaries	收購子公司導致的增加	—	15,117
Accretion of interest recognised during the year (note 8)	期內已確認利息(附註8)	21,780	19,153
Reductions as a result of disposal of subsidiaries	出售子公司導致的減少	—	(76,733)
Exchange realignment	滙兌調整	279	—
Covid-19-related rent concessions from lessors	新型冠狀病毒疫情相關租金寬免	(3,089)	—
Payments	付款	(188,198)	(263,627)
Early termination	提前終止	(20,206)	—
Carrying amount at 31 December (note 31)	於十二月三十一日的賬面值(附註31)	481,453	499,402
Analysed into:	分析為:		
Current portion	流動部分	157,187	174,942
Non-current portion	非流動部分	324,266	324,460

The maturity analysis of lease liabilities is disclosed in note 31 to the financial statements.

**17. 租賃** (續)

**本集團作為承租人** (續)

**(b) 租賃負債**

本集團年內租賃負債(計入計息銀行及其他借貸)的賬面值及變動如下:

租賃負債的到期分析於財務報表附註31披露。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**17. LEASES** (continued)**The Group as a lessee** (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Interest on lease liabilities (note 8)	租賃負債利息(附註8)	21,780	19,153
Depreciation charge of right-of-use assets (note 7)	使用權資產折舊(附註7)	256,477	220,068
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2020 (note 7(b))	與短期租賃及餘下租期於二零二零十二月三十一日或之前屆滿的其他租賃有關的開支(附註7(b))	111,878	201,200
Expense relating to leases of low-value assets (note 7(b))	與低價值資產的租賃有關的開支(附註7(b))	4,645	25,002
Variable lease payments not included in the measurement of lease liabilities (note 7(b))	未計入租賃負債計量的可變租賃款項(附註7(b))	25,323	38,131
Covid-19-related rent concessions from lessors	新型冠狀病毒疫情相關租金寬免	(3,089)	—
Total amount recognised in profit or loss	於損益確認的款項總額	417,014	503,554

**(d) Variable lease payments**

The Group leased a number of the warehouses which contain variable lease payment terms that are based on the Group's actual usage area in the warehouses. There are also minimum annual base rental arrangements for these leases. The Group has recognised certain right-of-use assets for the fixed lease payments. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

**17. 租賃** (續)**本集團作為承租人** (續)

(c) 於損益中確認的租賃相關款項如下：

**(d) 可變租賃款項**

本集團租賃多個倉庫，該等租賃包含以本集團於該等倉庫的實際使用面積為基礎的可變租賃款項條款。該等租賃亦設有最低年度基本租金安排。本集團已就固定租賃款項確認若干使用權資產。並不依賴指數或利率的可變租賃款項將於導致付款的事件或條件發生的期間確認為支出。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 17. LEASES (continued)

#### The Group as a lessee (continued)

(e) Certain land use rights in right-of-use assets of the Group with a net book value of approximately RMB9,439,000 as at 31 December 2019 have been pledged to secure short term bank loans (note 31).

#### The Group as a lessor

The Group leases its property, plant and equipment and investment properties under operating lease arrangements. Rental income recognised by the Group during the year was RMB66,214,000 (2019: RMB43,666,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

### 17. 租賃 (續)

#### 本集團作為承租人 (續)

(e) 本集團若干於二零一九年十二月三十一日賬面淨值約人民幣9,439,000元的使用權資產中的土地使用權已經用作短期銀行貸款(附註31)的抵押品。

#### 本集團作為出租人

本集團根據經營租賃安排出租其物業、廠房及機器及投資物業。年內本集團確認的租金收入為人民幣66,214,000元(二零一九年：人民幣43,666,000元)，有關詳情載於財務報表附註5。

於二零二零年十二月三十一日，根據不可撤銷經營租賃，本集團日後應收其租戶的未貼現租賃款項如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within one year	一年內	26,691	22,675
After one year but within two years	一年後但兩年內	30,529	27,492
After two years but within three years	兩年後但三年內	17,442	5,861
After three years but within four years	三年後但四年內	3,197	1,341
After four years but within five years	四年後但五年內	2,654	1,309
After five years	五年後	2,436	3,810
		<b>82,949</b>	62,488

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**18. GOODWILL****18. 商譽**

		<b>2020</b> 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	<b>4,718,657</b>	4,681,492
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	<b>92,091</b>	2,688,283
Disposal of subsidiaries	出售子公司	—	(356,349)
Impairment during the year (notes 6 & 20)	年內減值(附註6及20)	—	(2,363,909)
Exchange realignment	匯兌調整	<b>72,543</b>	69,140
Carrying amount at 31 December	於十二月三十一日的 賬面值	<b>4,883,291</b>	4,718,657
At 31 December	於十二月三十一日		
Cost	成本	<b>9,500,994</b>	9,336,360
Accumulated impairment	累計減值	<b>(4,617,703)</b>	(4,617,703)
Carrying amount at 31 December	於十二月三十一日的 賬面值	<b>4,883,291</b>	4,718,657

During 2020, the Group acquired three subsidiaries from third parties. The total purchase consideration for these acquisitions was in the form of cash of RMB10,617,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB92,091,000 in total.

During 2019, the Group acquired a 100% equity interest in Bellamy at a cash consideration of RMB6,934,372,000. The business acquisition gave rise to goodwill of RMB2,615,250,000. The Group also acquired seven other companies engaging in the sale of dairy products activities during 2019. The total purchase consideration for these acquisitions was in the form of cash of RMB27,837,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB73,033,000 in total. Further details of the acquisition are included in note 41 to the financial statements.

During 2019, the Group disposed of Shijiazhuang Junlebao Dairy Co., Ltd ("Junlebao") for an aggregate cash consideration of approximately RMB4,011,319,000.

As at 31 December 2020 and 2019, the goodwill was tested for impairment (note 20).

本集團於二零二零年自第三方收購三家子公司。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣10,617,000元。該等業務收購合共產生商譽人民幣92,091,000元。

於二零一九年，本集團以人民幣6,934,372,000元的現金代價收購貝拉米的全部股權。該業務收購產生商譽人民幣2,615,250,000元。本集團亦於二零一九年收購其他七家公司，主要從事銷售乳產品。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣27,837,000元。該等業務收購合共產生商譽人民幣73,033,000元。有關收購的進一步詳情載於財務報表附註41。

於二零一九年，本集團以現金代價總額約人民幣4,011,319,000元出售石家莊君樂寶乳業有限公司(「君樂寶」)。

於二零二零年及二零一九年十二月三十一日，商譽已進行減值測試(附註20)。

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 19. OTHER INTANGIBLE ASSETS

Movements of other intangible assets are as follows:

## 19. 其他無形資產

其他無形資產變動如下：

		Patents and licences	Trademarks	Computer software	Distribution channels and customer relationships	Total
		專利及特許權	商標	電腦軟件	分銷渠道及客戶關係	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note a		Note b	
			附註 a		附註 b	
Cost at 1 January 2020, net of accumulated amortisation	於二零二零年一月一日，按成本值，扣減累計攤銷	—	7,046,014	401,928	135,473	7,583,415
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	—	—	7	—	7
Additions	添置	—	—	29,570	—	29,570
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	—	—	44,342	—	44,342
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	—	—	(68,222)	(19,043)	(87,265)
Disposal of subsidiaries	出售子公司	—	—	(4,687)	—	(4,687)
Impairment during the year (note 6)	年內減值(附註6)	—	—	—	(3,831)	(3,831)
Exchange realignment	匯兌調整	—	149,424	123	6,242	155,789
At 31 December 2020	於二零二零年十二月三十一日	—	7,195,438	403,061	118,841	7,717,340
At 31 December 2020	於二零二零年十二月三十一日					
Cost	成本	—	7,384,095	666,218	173,278	8,223,591
Accumulated amortisation and impairment	累計攤銷及減值	—	(188,657)	(263,157)	(54,437)	(506,251)
Net carrying amount	賬面淨值	—	7,195,438	403,061	118,841	7,717,340
Cost at 1 January 2019, net of accumulated amortisation	於二零一九年一月一日，按成本值，扣減累計攤銷	111	1,841,374	333,854	122,736	2,298,075
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	—	5,427,781	13,393	26,172	5,467,346
Additions	添置	—	—	68,172	—	68,172
Transfer from construction in progress (note 15)	轉撥自在建工程(附註15)	—	—	98,311	—	98,311
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(111)	—	(75,760)	(14,127)	(89,998)
Disposal of subsidiaries	出售子公司	—	(174,219)	(31,492)	—	(205,711)
Impairment during the year (note 6)	年內減值(附註6)	—	(191,165)	(4,870)	—	(196,035)
Exchange realignment	匯兌調整	—	142,243	320	692	143,255
At 31 December 2019	於二零一九年十二月三十一日	—	7,046,014	401,928	135,473	7,583,415
At 31 December 2019	於二零一九年十二月三十一日					
Cost	成本	5,480	7,252,869	622,837	172,487	8,053,673
Accumulated amortisation and impairment	累計攤銷及減值	(5,480)	(206,855)	(220,909)	(37,014)	(470,258)
Net carrying amount	賬面淨值	—	7,046,014	401,928	135,473	7,583,415

31 December 2020 於二零二零年十二月三十一日

**19. OTHER INTANGIBLE ASSETS (continued)**

Notes:

- (a) As at 31 December 2020, there were five trademarks: one trademark acquired in 2007 at a cost of RMB15,690,000, which was stated at cost less any impairment losses and was amortised on the straight-line basis over its estimated useful life of 10 years; and four trademarks acquired as part of business combination; one was acquired in 2013 at RMB1,366,000,000, and one was acquired in 2016 at RMB283,047,000, and the remaining two were acquired in 2019 at RMB5,678,452,000 and RMB40,996,000, respectively, which were regarded as having indefinite useful lives because the trademarked products are expected to generate net cash inflows indefinitely. As at 31 December 2020, trademarks with indefinite useful lives were tested for impairment (note 20).
- (b) The exclusive right of distribution channels and customer relationships acquired in business combination were stated at cost less any impairment losses and were amortised on the straight-line basis over their estimated useful lives ranging from 5 to 15 years.

**20. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES**

Goodwill and trademarks with indefinite useful lives acquired through business combinations have been allocated to the following cash-generating units (the “CGUs”) or groups of cash-generating units (the “CGU Groups”) for impairment testing:

- liquid milk products CGU Group
- ice cream products CGU Group
- low temperature products CGU Group
- Yashili CGU
- Bellamy CGU

**19. 其他無形資產 (續)**

附註：

- (a) 截至二零二零年十二月三十一日，商標共有五個：一個分別於二零零七年按成本人民幣15,690,000元收購，已按成本減去任何減值損失列賬及以直線法按其估計可使用年期十年攤銷；另外四個則為業務合併一部分，一個於二零一三年以人民幣1,366,000,000元收購、一個於二零一六年以人民幣283,047,000元收購、剩餘兩個於二零一九年分別以人民幣5,678,452,000元及人民幣40,996,000元收購，並因商標產品預期可以無限期產生淨現金流入而被視為擁有無限可使用年期。於二零二零年十二月三十一日，無限使用年期的商標已進行減值測試(附註20)。
- (b) 業務合併取得的分銷渠道專營權及客戶關係按成本減任何減值虧損列賬並就其介乎5至15年的估計可使用年期按直線基準攤銷。

**20. 商譽及無限使用年期商標的減值測試**

透過業務合併取得的商譽及無限使用年期商標已分配至下列現金產生單位(「現金產生單位」)或現金產生單位組別(「現金產生單位組別」)作減值測試：

- 液態奶產品現金產生單位組別
- 冰淇淋產品現金產生單位組別
- 低溫產品現金產生單位組別
- 雅士利現金產生單位組別
- 貝拉米現金產生單位組別

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 20. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

Goodwill and trademarks with indefinite useful lives included in other intangible assets allocated to each of the CGUs or CGU Groups are as follows:

### 20. 商譽及無限使用年期商標的減值測試 (續)

分配至各現金產生單位或現金產生單位組別並計入商譽及其他無形資產的無限可使用年期商標的總額如下：

		Liquid milk products 液態奶產品		Ice cream products 冰淇淋產品		Yashili 雅士利		Low temperature products 低溫產品		Bellamy 貝拉米		Others 其他		Total 總計	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Goodwill	商譽	349,890	349,890	72,317	72,317	1,385,903	3,685,029	318,248	226,157	2,756,933	2,684,390	-	64,783	4,883,291	7,082,566
Impairment	減值	-	-	-	-	-	(2,299,126)	-	-	-	-	-	(64,783)	-	(2,363,909)
		349,890	349,890	72,317	72,317	1,385,903	1,385,903	318,248	226,157	2,756,933	2,684,390	-	-	4,883,291	4,718,657
Trademarks	商標	40,996	40,996	-	18,108	1,475,990	1,649,047	-	-	5,678,452	5,529,028	-	-	7,195,438	7,237,179
Impairment	減值	-	-	-	(18,108)	-	(173,057)	-	-	-	-	-	-	-	(191,165)
		40,996	40,996	-	-	1,475,990	1,475,990	-	-	5,678,452	5,529,028	-	-	7,195,438	7,046,014
		390,886	390,886	72,317	72,317	2,861,893	2,861,893	318,248	226,157	8,435,385	8,213,418	-	-	12,078,729	11,764,671

The recoverable amount of each CGU or CGU Group has been determined based on value-in-use calculation using cash flow projections based on financial budgets or forecasts approved by senior management covering a five-year period.

Assumptions were used in the value-in-use calculation of each CGU or CGU Group for 31 December 2020 and 2019. The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing:

- Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the three years immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- Raw materials' price fluctuation — Reference is made to the actual data of the past year of countries from where the raw materials are sourced.
- Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant CGUs or CGU Groups.

各現金產生單位或現金產生單位組別的可收回金額已經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。

計算二零二零年及二零一九年十二月三十一日各現金產生單位或現金產生單位組別的使用價值時採用若干假設。管理層按現金流量預測進行減值測試所依據的各項主要假設詳述如下：

- 預算毛利率 — 用於釐定預算毛利率價值的基準乃緊接預算年度前三年達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- 原材料價格變動 — 參考原料採購國家往年實際數據。
- 折現率 — 所用折現率乃稅前並反映有關現金產生單位或現金產生單位組別的特定風險。



## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 20. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

- d) Growth rates — The growth rates used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate of each unit, taking into account the industry growth rate, past experience and the medium or long term growth target of each CGU or CGU Group.

The discount rates applied to cash flow projections and the growth rates used to extrapolate cash flows beyond the period are as follows:

		Discount rate 折現率		Growth rate 增長率	
		2020 二零二零年	2019 二零一九年	2020 二零二零年	2019 二零一九年
Liquid milk products CGU Group	液態奶產品現金產生單位組別	11.31%	13.72%	4.0%	4.0%
Ice cream products CGU Group	冰淇淋產品現金產生單位組別	11.47%	13.69%	3.0%	3.0%
Low temperature products CGU Group	低溫產品現金產生單位組別	13.33%	13.33%	3.0%	3.0%
Yashili CGU	雅士利現金產生單位組別	13.85%	13.45%	3.0%	3.0%
Bellamy CGU	貝拉米現金產生單位組別	11.40%	12.20%	2.0%	2.0%

The values assigned to key assumptions are consistent with external information sources.

During 2019, due to the deterioration of the performance of the Yashili CGU, the directors have consequently determined to recognise an impairment loss of the goodwill directly related to the Yashili CGU amounting to RMB2,299,126,000 (note 6).

During 2019, the Group resolved to discontinue the production and sale of a branded product of ice cream products CGU Group and milk powder products CGU Group, respectively, in the foreseeable future. Therefore, the related trademarks amounting to RMB18,108,000 and RMB173,057,000, respectively, had been fully impaired.

In the opinion of Company's directors, as at 31 December 2020, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the CGU's or CGU Group's carrying amount to exceed its recoverable amount.

## 20. 商譽及無限使用年期商標的減值測試(續)

- d) 增長率 — 用於推算期五年期以後現金流量的增長率，乃以各單位的估計增長率為基準，並考慮行業增長率、過往經驗及各現金產生單位或現金產生單位組別的中長期增長目標計算所得。

用於現金流量預測的折現率及用於五年期以後現金流量推斷的增長率如下：

主要假設的價值與外部數據來源一致。

二零一九年內，由於雅士利現金產生單位業績下降，故董事決定確認與雅士利現金產生單位直接相關的減值虧損人民幣2,299,126,000元(附註6)。

二零一九年內，本集團決定在可預見未來分別終止生產及銷售冰淇淋產品現金產生單位組別及奶粉產品現金產生單位組別的品牌產品。因此，相關商標人民幣18,108,000元及人民幣173,057,000元已分別悉數減值。

本公司董事認為，於二零二零年十二月三十一日，可收回金額所基於的主要假設的任何可能發生的合理變動均不會導致現金產生單位或現金產生單位組別的賬面值超出其可收回金額。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**21. INVESTMENT IN A JOINT VENTURE**

**21. 於一家合營企業的投資**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	60,065	97,478
Goodwill on acquisition	收購獲得的商譽	43,362	43,362
		<b>103,427</b>	140,840

The Group's trade receivable and payable balances with the joint venture are disclosed in note 45 to the financial statements.

本集團與合營企業之間的應收賬款及應付賬款結餘於財務報表附註45中披露。

**22. INVESTMENTS IN ASSOCIATES**

**22. 於聯營公司的投資**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	6,539,732	5,398,985
Goodwill on acquisition	收購獲得的商譽	2,480,732	1,952,280
		<b>9,020,464</b>	7,351,265

The Group's trade receivable and payable balances with associates are disclosed in note 45 to the financial statements.

本集團與聯營公司之間的應收賬款及應付賬款結餘於財務報表附註45中披露。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**22. INVESTMENTS IN ASSOCIATES** (continued)

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of equity interest attributable to the Group		Principal activity
			(indirect)	2019	
名稱	持有已發行股份詳情	註冊成立地點	本集團應佔的股權百分比 (間接)	二零一九年	主要業務
			<b>2020</b> 二零二零年	2019 二零一九年	
China Modern Dairy Holdings Ltd. (i) (中國現代牧業控股有限公司)(i)	Ordinary shares of HK\$0.1 each 每股面值0.1港元 的普通股	Cayman Islands 開曼群島	<b>57.69%</b>	58.15%	Production and sale of milk 生產及銷售牛奶

(i) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

China Modern Dairy, which is considered a material associate of the Group, is a strategic partner of the Group mainly engaged in the manufacture and distribution of raw milk and liquid milk products.

As at 31 December 2016, the Group held 1,347,903,000 shares of China Modern Dairy, representing approximately 25.41% of the issued share capital and accounted for China Modern Dairy as an associate using the equity method.

**22. 於聯營公司的投資** (續)

重要聯營公司的詳情如下：

Name	Particulars of issued shares held	Place of incorporation	Percentage of equity interest attributable to the Group		Principal activity
			(indirect)	2019	
名稱	持有已發行股份詳情	註冊成立地點	本集團應佔的股權百分比 (間接)	二零一九年	主要業務
			<b>2020</b> 二零二零年	2019 二零一九年	
China Modern Dairy Holdings Ltd. (i) (中國現代牧業控股有限公司)(i)	Ordinary shares of HK\$0.1 each 每股面值0.1港元 的普通股	Cayman Islands 開曼群島	<b>57.69%</b>	58.15%	Production and sale of milk 生產及銷售牛奶

(i) 未經香港安永會計師事務所或安永全球網絡的其他成員公司審核。

中國現代牧業被視為本集團重要聯營公司，為本集團主要從事原奶和液態奶產品生產及經銷業務的策略夥伴。

於二零一六年十二月三十一日，本集團持有1,347,903,000股中國現代牧業股份，佔已發行股本約25.41%，並已將中國現代牧業作為一家聯營公司以權益法入賬。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**22. INVESTMENTS IN ASSOCIATES** (continued)

On 7 February 2017, the Group acquired additional 965,465,750 shares in China Modern Dairy at a cash consideration of HK\$1,873,003,555 (equivalent to RMB1,662,834,000), which is equivalent to HK\$1.94 per share. As such, up to 7 February 2017, the Group owned an aggregate of 2,313,368,750 shares of China Modern Dairy, representing approximately 37.73% of the issued share capital. Accordingly, pursuant to the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong, the Group was required to make a conditional mandatory cash offer (i) for all the issued shares in China Modern Dairy (other than those already owned or agreed to be acquired by the Group) (the "Share Offer"), and (ii) for the cancellation of all outstanding share options of China Modern Dairy (the "Option Offer", together with the Share Offer referred to as the "Cash Offer") on 14 February 2017. On the final closing date of the Cash Offer on 21 March 2017, valid acceptances of the Share Offer have been received in respect of 1,442,400,662 shares and valid acceptances of the Option Offer have been received in respect of 264,320,873 options, with a total cash consideration of HK\$2,846,376,965 (equivalent to RMB2,526,985,000). Accordingly, after the completion of the Cash Offer, the Group held an aggregate of 3,755,769,412 shares of China Modern Dairy, representing approximately 61.25% of the issued share capital. Upon completion of the Cash Offer, two additional directors representing the Company were appointed to the board of directors of China Modern Dairy. As a result, three out of a total of nine directors of China Modern Dairy represented the Company.

**22. 於聯營公司的投資** (續)

於二零一七年二月七日，本集團收購中國現代牧業額外965,465,750股股份，現金代價為1,873,003,555港元（相當於人民幣1,662,834,000元），相當於每股股份1.94港元。因此，直至二零一七年二月七日，本集團擁有合共2,313,368,750股中國現代牧業股份，佔已發行股本約37.73%。因此，根據香港證券及期貨事務監察委員會頒佈的《公司收購及合併守則》，本集團須於二零一七年二月十四日就(i)收購全部已發行中國現代牧業股份（本集團已擁有或同意收購的股份除外）（「股份要約」），及(ii)註銷所有尚未行使的中國現代牧業購股權（「購股權要約」，連同股份要約合稱為「現金要約」）提出有條件強制性現金要約。於現金要約最後截止日期，即二零一七年三月二十一日，涉及1,442,400,662股股份之股份要約接獲有效接納，以及涉及264,320,873份購股權之購股權要約接獲有效接納，總現金代價為2,846,376,965港元（相當於人民幣2,526,985,000元）。因此，於現金要約完成後，本集團持有合共3,755,769,412股中國現代牧業股份，佔已發行股本約61.25%。於完成現金要約後，額外兩名代表本公司的董事獲委任加入中國現代牧業的董事會。因此，在合共九名中國現代牧業董事中的其中三名代表本公司。

**22. INVESTMENTS IN ASSOCIATES** (continued)

On 6 June 2017, the Company issued US\$194,800,000 exchangeable bonds due 2022 (the “2017 Exchangeable Bonds”), which are exchangeable into 689,438,782 shares of China Modern Dairy at the notional exchange price of HK\$2.1995 per share, representing approximately 11.24% of the issued share capital, together with adjustment for all cash dividends or distribution paid by China Modern Dairy from 6 June 2017 to the exchange date. In connection with the issuance of the Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited, as borrower, 689,438,782 shares of China Modern Dairy in aggregate (the “Loaned Securities”), which represented approximately 11.24% of the issued share capital, of China Modern Dairy in accordance with a securities lending agreement (the “Securities Lending Agreement”). Upon the effectiveness of the Securities Lending Agreement, voting rights in relation to the loaned securities pass from the lender to the borrower.

On 29 August 2017, the Group disposed of 30,000,000 shares of China Modern Dairy, representing approximately 0.49% of the issued share capital, for a cash consideration of HK\$41,400,000 (equivalent to RMB35,082,000), resulting in a loss of RMB18,204,000 recognised in profit or loss. Consequently, the Group held an aggregate of 3,725,769,412 shares of China Modern Dairy, representing approximately 60.77% of the issued share capital.

On 20 September 2019, China Modern Dairy entered into a subscription agreement to conditionally agreed to allot and issue for 276,228,409 subscription shares to a third party. Upon completion of the relevant agreement, the Group held approximately 58.15% of the issued share capital of China Modern Dairy.

**22. 於聯營公司的投資** (續)

於二零一七年六月六日，本公司發行194,800,000美元的可於二零二二年到期的可交換債券（「二零一七年可交換債券」），其可按照名義交換價（每股股份2.1995港元）轉換為689,438,782股中國現代牧業股份（佔已發行股本約11.24%），連同就由二零一七年六月六日至轉換日期間中國現代牧業的所有已付現金股息或分派作出調整。就發行可交換債券，根據一份借股協議（「借股協議」），本公司（作為出借方）向中銀國際金融產品有限公司（作為借方）出借合共689,438,782股中國現代牧業股份（「借出證券」），佔中國現代牧業已發行股本約11.24%。自借股協議生效起，借出證券的投票權應由出借方轉讓予借方。

於二零一七年八月二十九日，本集團出售30,000,000股中國現代牧業股份（佔已發行股本約0.49%），現金代價為41,400,000港元（相當於人民幣35,082,000元）。導致人民幣18,204,000元虧損於損益確認。因此，本集團持有合共3,725,769,412股中國現代牧業股份（佔已發行股本約60.77%）。

於二零一九年九月二十日，中國現代牧業與第三方訂立認購協議，並有條件同意配發及發行276,228,409股認購股份。於相關協議完成後，本集團持有約58.15%中國現代牧業已發行股本。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 22. INVESTMENTS IN ASSOCIATES (continued)

On 5 June 2020, the Company redeemed 2017 Exchangeable Bonds. On 24 June 2020, the Company issued US\$100,000,000 exchangeable bonds due 2023 (the "2020 Exchangeable Bonds") at the interest rate of 1.50% per annum payable semi-annually, which are exchangeable into 613,877,227 shares of China Modern Dairy at the notional exchange price of HK\$1.2625 per share, representing approximately 9.58% of the issued share capital of China Modern Dairy. In connection with the issuance of the 2020 Exchangeable Bonds, the Company, as lender, lent to BOCI, as borrower, 613,877,227 shares of China Modern Dairy in aggregate (the "Loaned Securities"), which represent approximately 9.58% of the issued share capital of China Modern Dairy, in accordance with a securities lending agreement (the "Securities Lending Agreement"). Upon the effectiveness of the Securities Lending Agreement, voting rights in relation to the loaned securities pass from the lender to the borrower.

On 27 August 2020, China Modern Dairy issued 50,930,832 shares with the exercise of its management option scheme. Upon completion of the issuance, the Group held approximately 57.69% of the issued share capital of China Modern Dairy.

Considering the effect of the Group's shareholdings of 57.69% (2019: 58.15%), and the potential voting rights of 9.58% (2019: 10.76%) shares underlying the 2020 Exchangeable Bonds when exchanged, management is of the opinion that the Group has less than 50% substantive voting rights over China Modern Dairy.

When assessing whether the Group controls China Modern Dairy, management considered all facts and circumstances, including, but not limited to, the substantive voting rights over China Modern Dairy, the voting rights attached to the Loaned Securities and their inability to be exercised by the Group, and the Group's representation on the board of directors in China Modern Dairy. Taking into account these factors, management's judgement is that the Group has no control over China Modern Dairy. Accordingly, China Modern Dairy continues to be accounted for as an associate using the equity method.

### 22. 於聯營公司的投資(續)

於二零二零年六月五日，本公司贖回二零一七年可交換債券。於二零二零年六月二十四日，本公司按年每半年支付利率1.50%發行於二零二三年到期的100,000,000美元可交換債券（「二零二零年可交換債券」），其可按名義交換價每股1.2625港元轉換為中國現代牧業的613,877,227股股份，佔中國現代牧業已發行股本約9.58%。有關發行二零二零年可交換債券，本公司（作為貸款方）根據證券借出協議（「證券借出協議」）向BOCI（作為借款方）借出合共613,877,227股中國現代牧業股份（「借出證券」），其佔中國現代牧業已發行股本約9.58%。待證券借出協議生效後，借出證券的投票權由貸款方轉移至借款方。

於二零二零年八月二十七日，中國現代牧業行使其管理購股權計劃，發行50,930,832股股份。發行完成後，本集團持有中國現代牧業已發行股本約57.69%。

經計及本集團所持57.69%股權（二零一九年：58.15%）、二零二零年可交換債券轉換後的9.58%股份的潛在投票權（二零一九年：10.76%）之影響，管理層判定本集團持有的中國現代牧業的實質性投票權少於50%。

在評估本集團是否控制中國現代牧業時，管理層審議了所有事實及情況，包括但不限於中國現代牧業的實質性投票權、借出證券所附有投票權及其將無法由本集團行使，及本集團於中國現代牧業董事會的代表。經考慮此等因素，管理層判定本集團對中國現代牧業並無控制權。因此，中國現代牧業繼續作為一家聯營公司以權益法入賬。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**22. INVESTMENTS IN ASSOCIATES** (continued)

The following table illustrates the summarised financial information of China Modern Dairy extracted from its financial statements, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements.

**22. 於聯營公司的投資** (續)

下表列示中國現代牧業的財務資料概要(摘錄自其財務報表, 並按會計政策之任何差別作調整)及與綜合財務報表賬面值的對賬。

		<b>2020</b> 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Current assets	流動資產	<b>3,084,660</b>	2,898,988
Non-current assets	非流動資產	<b>12,483,551</b>	12,825,205
Current liabilities	流動負債	<b>(4,965,851)</b>	(6,436,874)
Non-current liabilities	非流動負債	<b>(2,563,916)</b>	(2,079,618)
Net assets	淨資產	<b>8,038,444</b>	7,207,701
Less: Non-controlling interests	減: 非控股股東權益	<b>(141,521)</b>	(126,184)
Attributable to owners of China Modern Dairy	中國現代牧業擁有人應佔	<b>7,896,923</b>	7,081,517

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**22. INVESTMENTS IN ASSOCIATES** (continued)

Reconciliation to the Group's interest in the associate:

**22. 於聯營公司的投資** (續)

本集團於聯營公司的權益調整如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Proportion of the Group's ownership	本集團擁有權所佔比例	<b>57.69%</b>	58.15%
Group's share of net assets attributable to owners of the associate, excluding goodwill	本集團分佔聯營公司擁有人應佔資產淨值，不包括商譽	<b>4,555,518</b>	4,077,631
Group's share of net assets of an unlisted subsidiary of the associate, excluding goodwill	本集團分佔聯營公司一間非上市子公司的資產淨值，不包括商譽	<b>127,547</b>	112,684
Goodwill on acquisition	收購獲得的商譽	<b>1,896,920</b>	1,912,136
Effect of fair value adjustments at acquisition	收購時的公允值調整影響	<b>(41,449)</b>	(24,354)
Exchange realignment	匯兌調整	<b>13,754</b>	224,053
Less: Equity-settled share-based payment transactions not shared by the Group	減：本集團未分佔的以權益結算的股份支付交易	<b>22,991</b>	27,224
Carrying amount of the investment	投資賬面值	<b>6,575,281</b>	6,329,374
Revenue	收入	<b>6,020,247</b>	5,514,210
Profit for the year	本年利潤	<b>783,765</b>	349,857
Other comprehensive income for the year	年度其他全面收益	<b>1,121</b>	1,451
Total comprehensive income for the year	年度全面收益總額	<b>784,886</b>	351,308

A significant shortfall in the share price of China Modern Dairy compared to the average purchase price paid by the Group for its shareholding had constituted an indication of impairment. Accordingly, the carrying amount of the investment in China Modern Dairy was subject to an impairment test based on the estimated future cash flows.

The assumptions used for the discount rate and perpetual growth rate were 11.60% (2019: 11.50%) and 3.00% (2019: 3.00%), respectively. In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the value in use is based would not cause the impairment of the Group's investment in China Modern Dairy.

中國現代牧業的股價較本集團就其股權所支付的平均購買價顯著下跌。因此，於中國現代牧業的投資賬面值根據估計未來現金流量進行減值測試。

折現率及永續增長率分別假設為11.60% (二零一九年：11.50%) 及3.00% (二零一九年：3.00%)。本公司董事認為，根據所使用數值的主要假設中出現任何合理可能變動將不會造成本集團於中國現代牧業的投資減值。



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**22. INVESTMENTS IN ASSOCIATES** (continued)

The following table illustrates the aggregate financial information of the Group's all other associates, extracted from their unaudited management accounts, that are not individually material:

**22. 於聯營公司的投資** (續)

下表顯示本集團所有其他聯營公司(個別而言並不重大)的財務資料總述(摘錄自其未經審核管理賬目):

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司投資的賬面值總額	<b>2,445,183</b>	1,021,891
Share of the associates' revenues and profits:	分佔聯營公司收入及利潤:		
Revenues	收入	<b>2,151,182</b>	1,666,303
Profit for the year	本年利潤	<b>41,289</b>	61,481
Other comprehensive income for the year	本年其他全面收益	<b>10,031</b>	4,003
Total comprehensive income for the year	年度全面收益總額	<b>51,320</b>	65,484

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 23. DEFERRED TAX

The movements in the deferred tax assets during the year are as follows:

### 23. 遞延稅項

年內遞延稅項資產變動如下：

Deferred tax arising from:	遞延稅項來自：	Tax losses	Write-down	Provision for	Impairment	Un-invoiced	Deferred	Share award	Unrealised	Others	Total
		available for offsetting future taxable profits	of inventories to net realisable value	trade receivables and other receivables	of property, plant and equipment						
		可抵銷後應課稅利潤的稅項虧損	撇減存貨至可變現淨值	其他應收款項及應收賬款及撥備	物業、廠房及設備減值	未獲得發票的預提費用	遞延收入	股票獎勵計劃	集團內交易未變現利潤	其他	總計
		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
At 1 January 2020	於二零二零年一月一日	311,180	27,184	19,899	1,302	507,077	58,921	78,439	20,483	31,614	1,056,099
Credited/(charged) to profit or loss	損益內認賬/(支賬)	222,551	(14,367)	(5,704)	—	(87,205)	18,936	1,525	49,648	31,654	217,038
Exchange alignment	匯兌調整	880	228	22	11	219	—	1,111	—	1,017	3,488
At 31 December 2020	於二零二零年十二月三十一日	534,611	13,045	14,217	1,313	420,091	77,857	81,075	70,131	64,285	1,276,625
At 1 January 2019	於二零一九年一月一日	342,297	13,689	21,741	942	458,786	151,730	22,826	28,902	713	1,041,626
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	1,680	11,661	1,566	351	12,879	—	45,620	—	29,983	103,740
Credited/(charged) to profit or loss	損益內認賬/(支賬)	(4,157)	1,526	(3,042)	—	295,426	33,178	8,787	(8,419)	124	323,423
Disposal of subsidiaries	出售子公司	(29,754)	—	(407)	—	(260,355)	(125,987)	—	—	—	(416,503)
Exchange alignment	匯兌調整	1,114	308	41	9	341	—	1,206	—	794	3,813
At 31 December 2019	二零一九年十二月三十一日	311,180	27,184	19,899	1,302	507,077	58,921	78,439	20,483	31,614	1,056,099

Management expects it is probable that taxable profits will be available against which the above tax losses and deductible temporary differences can be utilised in the coming years.

管理層預期未來年度有可能出現應課稅利潤，可用以抵扣上述稅項虧損及可扣減暫時性差異。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**23. DEFERRED TAX** (continued)

Deferred tax assets have not been recognised in respect of the following items:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Tax losses arising in Mainland China (i)	於中國大陸產生的稅項虧損(i)	3,558,320	2,990,013
Deductible temporary differences	可扣減暫時性差異	390,748	625,522
		<b>3,949,068</b>	<b>3,615,535</b>

(i) The above tax losses are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that tax profits will be available against which the above items can be utilised. The approval of tax authorities would also be required to utilise the above deductible temporary differences of the Group.

The movements in the deferred tax liabilities during the year are as follows:

**23. 遞延稅項** (續)

遞延稅項資產並未就下列項目確認：

(i) 上述稅項虧損可用以抵銷公司產生虧損日後應課稅利潤最多五年。

遞延稅項資產並無就上述各項而予以確認，因認為可能沒有可供上述各項動用的稅項利潤。本集團動用上述可扣減暫時性差異時，亦需取得稅務機關的批准。

年內遞延所得稅負債變動如下：

Deferred liabilities arising from:	遞延負債來自：	Fair value adjustments arising from acquisition of subsidiaries	Fair value adjustments of financial instruments	Withholding tax	Accelerated depreciation for tax purpose	Others	Total
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2020	於二零二零年一月一日	1,711,239	8,258	6,421	215,984	-	1,941,902
Charged/(credited) to profit or loss	損益內記賬/(支賬)	(2,203)	2,408	(2,798)	233,833	-	231,240
Charged to other comprehensive income	其他全面收益內記賬	-	-	-	-	60,540	60,540
Exchange alignment	匯兌調整	45,923	-	-	-	-	45,923
At 31 December 2020	於二零二零年十二月三十一日	1,754,959	10,666	3,623	449,817	60,540	2,279,605

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 23. DEFERRED TAX (continued)

### 23. 遞延稅項 (續)

Deferred liabilities arising from:	遞延負債來自：	Fair value adjustments arising from acquisition of subsidiaries 收購子公司產生的公允價值調整 RMB'000 人民幣千元	Fair value adjustments of financial instruments 金融工具的公允價值調整 RMB'000 人民幣千元	Withholding tax 預扣稅 RMB'000 人民幣千元	Accelerated depreciation for tax purpose 按稅法調整之加速折舊差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	74,247	9,994	—	121,881	206,122
Acquisition of subsidiaries (note 41)	收購子公司(附註41)	1,627,132	—	—	—	1,627,132
Charged/(credited) to profit or loss	損益內記賬/(支賬)	(7,018)	(1,736)	6,421	133,428	131,095
Disposal of subsidiaries	出售子公司	(26,138)	—	—	(39,325)	(65,463)
Exchange alignment	匯兌調整	43,016	—	—	—	43,016
At 31 December 2019	於二零一九年十二月三十一日	1,711,239	8,258	6,421	215,984	1,941,902

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China whose equity interests are directly held by overseas parent companies in respect of earnings generated from 1 January 2008.

At 31 December 2020, except for deferred tax liabilities of RMB3,623,000 (2019: RMB6,421,000) relating to the earnings earned after 31 December 2007 by certain subsidiaries with equity interests directly held by overseas non-controlling shareholders, no deferred tax liabilities relating to the earnings earned after 31 December 2007 have been recognised for withholding taxes that would be payable. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB28,531,426,000 at 31 December 2020 (2019: RMB25,295,849,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

根據中國企業所得稅法，於中國大陸成立的外資企業向外國投資者宣派的股息須徵收10%預扣稅。有關規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後所產生的盈利。倘中國與外國投資者所屬司法權區之間訂有稅務協定，則可按較低預扣稅率徵收。本集團的適用稅率為5%或10%。因此，本集團須就該等於中國大陸成立的子公司(由海外母公司直接持有其股權)就二零零八年一月一日起產生的盈利所分派的股息計繳預扣稅。

二零二零年十二月三十一日，除有關於二零零七年十二月三十一日後由海外非控股股東持有股權的若干子公司所賺取的盈利人民幣3,623,000元(二零一九年：人民幣6,421,000元)的遞延稅項負債，並未就應付預扣稅而確認於二零零七年十二月三十一日後子公司賺取的盈利有關的遞延稅項負債。董事認為，該等子公司於可見將來分派盈利的可能性很低。二零二零年十二月三十一日，尚未就與於中國大陸子公司的投資相關的臨時性差異總額確認遞延稅項負債合共約人民幣28,531,426,000元(二零一九年：人民幣25,295,849,000元)。

概無因本公司向其股東支付股息而附帶的所得稅後果。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**24. OTHER FINANCIAL ASSETS****24. 其他金融資產**

			2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At fair value through other comprehensive income:	以公允值計量且其變動計入其他全面收益：			
Hong Kong listed equity investment — YuanShentai	香港上市股權投資 — 原生態	(a)	108,745	45,524
Hong Kong listed equity investment — China Shengmu	香港上市股權投資 — 中國聖牧	(b)	—	60,433
Unlisted equity investment — Ningxia Shangling	非上市股權投資 — 寧夏上陵		20,026	—
			<b>128,771</b>	105,957
At fair value through profit or loss:	以公允值計量且其變動計入損益：			
Unlisted equity investments in AICE	投入AICE的非上市股權投資	(c)	226,458	99,094
Convertible promissory note in AICE	AICE的可換股承兌票據	(c)	226,414	102,550
Unlisted equity investment in Guangze	投入廣澤的非上市股權	(d)	470,076	—
Other unlisted equity investments	其他非上市股權投資		3,926	67,314
Short term investment deposits	短期投資存款	(e)	6,858,012	16,160,803
Long term investment deposits	長期投資存款	(e)	—	53,642
Warrants and subscription right of warrants	認股權證及認股權證認購權	(b)	—	11,187
			<b>7,784,886</b>	16,494,590
At amortised cost:	按攤餘成本：			
Short term entrusted loans	短期委託貸款	(d)/(f)	630,000	2,880,772
Long term entrusted loans	長期委託貸款	(d)/(f)	775,391	1,063
Long term entrusted loans due within one year	於一年內到期的長期委託貸款	(d)/(f)	37,662	1,884
Long term receivables	長期應收款項		6,883	12,542
Long term time deposits	長期定期存款	(g)/28	6,078,577	4,569,773
			<b>7,528,513</b>	7,466,034
Total other financial assets	其他金融資產總額		<b>15,442,170</b>	24,066,581
Current	流動		<b>7,752,088</b>	19,220,584
Non-current	非流動		<b>7,690,082</b>	4,845,997
			<b>15,442,170</b>	24,066,581

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 24. OTHER FINANCIAL ASSETS (continued)

Notes:

(a) On 25 November 2013, the Company acquired 172,275,000 shares, representing a 4.41% equity interest, in YuanShengTai Dairy Farm Limited ("YuanShengTai"), a Hong Kong listed dairy company, with approximately HK\$469,831,000, equivalent to RMB369,396,000. In January 2017, the Company's shareholding in YuanShengTai was diluted to 3.67% due to new share placement by YuanShengTai. Management designated the equity investment as a financial asset at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run. The fair value of the listed equity securities was determined by reference to published quotations. An increase in fair value for the year ended 31 December 2020 and an accumulated decrease in fair value as of 31 December 2020 with amounts of RMB63,221,000 (2019: RMB20,316,000) and RMB260,651,000 (2019: RMB323,872,000), respectively, had been recognised in other comprehensive income.

(b) As of 31 December 2019, the Company held 269,865,600 shares, representing approximately 4.25% equity interest in China Shengmu. The Company designated the equity investment as a financial assets at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run.

On 23 December 2018, Inner Mongolia Mengniu, a subsidiary of the Company, and Inner Mongolia Shengmu High-tech Farming Co., Ltd. ("Shengmu High-tech"), a subsidiary of China Shengmu, entered into two entrusted loan agreements, (the "Loan Facilities"). Under the Loan Facilities as at 31 December 2019, RMB1,370,000,000 were lent out to Shengmu High-tech, which were all repaid before 31 December 2020.

### 24. 其他金融資產 (續)

附註：

(a) 二零一三年十一月二十五日，本公司以約 469,831,000 港元（相等於人民幣 369,396,000 元），收購一間香港上市乳業公司原生態牧業有限公司（「原生態」）172,275,000 股股份，佔其 4.41% 股權。於二零一七年一月，由於原生態配售新股份，本公司於原生態的控股權被攤薄至 3.67%。於二零一四年一月一日首次應用國際財務報告準則第 9 號（二零零九年）時，管理層將該項股權投資指定為以公允價值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。該等上市股權證券的公允價值乃經參考所公佈報價釐定。截至二零二零年十二月三十一日止年度公允值增加人民幣 63,221,000 元（二零一九年：人民幣 20,316,000 元）及於二零二零年十二月三十一日公允值累計減少人民幣 260,651,000 元（二零一九年：人民幣 323,872,000 元），已於其他全面收益確認。

(b) 於二零一九年十二月三十一日，本公司持有 269,865,600 股股份，相當於中國聖牧約 4.25% 股權。當國際財務報告準則第 9 號於二零一四年一月一日首次採用之後，本公司將該項股權投資定為按公允價值計入其他全面收益的金融資產，因為管理層認為這是策略投資，保證長遠優質原奶供應。

於二零一八年十二月二十三日，本公司的子公司內蒙古蒙牛及中國聖牧的子公司內蒙古聖牧高科技牧業有限公司（「聖牧高科」）訂立兩項委託貸款協議（「貸款融資」）。根據該貸款融資，於二零一九年十二月三十一日，人民幣 1,370,000,000 被借予聖牧高科。相關貸款已於二零二零年十二月三十一日前悉數償還。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 24. OTHER FINANCIAL ASSETS (continued)

Notes: (continued)

(b) (continued)

In consideration of Inner Mongolia Mengniu granting the above favourable Loan Facilities to Shengmu High-tech, China Shengmu has agreed to conditionally issue to Start Great Holdings Limited, a subsidiary of the Company, a total of 1,197,327,890 warrants ("Warrants") subject to the terms and conditions set out in the warrant subscription agreement dated 23 December 2018. Upon exercise, each warrant entitles the warrant holder to subscribe for one new share of China Shengmu at HK\$0.33, subject to adjustment. During the year of 2019, the Group had been granted 1,080,248,000 warrants exercised at the discretion of the Group at any time during the eighteen-month period commencing from the date of issuance of warrants and 117,079,890 subscription rights of warrants were still subjected to be granted upon fulfilling all the conditions of warrant subscription agreement. During the year of 2020, the Group had been granted 117,079,890 warrants upon the completion of the pre-determined conditions. As of 31 July 2020, the Group recognised a fair value loss of RMB11,870,000 (2019: RMB61,500,000) of the Warrants and subscription right of Warrants in other expense (note 6).

On 31 July 2020, the Group completed the exercise of 1,197,327,890 warrants for the equivalent ordinary shares of China Shengmu at the exercise price of HK\$0.33 per share with an aggregate amount of HK\$395,118,204 (approximately RMB356,966,000). Upon exercise, the Group held in aggregate 1,467,193,490 ordinary shares of China Shengmu, representing approximately 17.51% of the total number of shares issued by China Shengmu at that time. Notwithstanding that the Group's interest in China Shengmu is less than 20%, based on the reasons that the Group is the largest shareholder of China Shengmu and that it has appointed two members to China Shengmu's 9-member board of directors, the Group has determined that it has significant influence in China Shengmu. As such, The Group reclassified its equity investments in China Shengmu as investments in associates. Accordingly, an increase in fair value for the period from 1 January 2020 to 31 July 2020 and an accumulated decrease in fair value as of 31 July 2020 with amounts of RMB38,068,000 (2019: RMB23,507,000) and RMB30,000 (2019: RMB38,098,000), respectively, had been recognised in other comprehensive income. Subsequently, the accumulated decrease in fair value with an amount of RMB30,000 was reclassified to retained earnings directly upon the recognition of the Group's equity investment in China Shengmu as investments in associates.

### 24. 其他金融資產(續)

附註：(續)

(b) (續)

由於內蒙古蒙牛向聖牧高科授予上述優惠貸款融資，故中國聖牧同意有條件向本公司子公司Start Great Holdings Limited發行合共1,197,327,890股認股權證(「認股權證」)，受限於訂立日期為二零一八年十二月二十三日認股權證認購協議的條款及條件。待行使後，每股認股權證持有者有權以0.33港元(可予調整)認購中國聖牧一股新股份。於二零一九年內，本集團已授出1,080,248,000股認股權證(由本集團自發行認股權證日期開始後十八個月期間內，酌情於任何時間行使)，並且仍需根據認股權證協議的所有條件授出117,079,890股的認股權證。於二零二零年，當先決條件達成時，本集團獲授117,079,890份認股權證。於二零二零年七月三十一日，本集團在其他開支確認認股權證及認股權證認購權公允值虧損人民幣11,870,000元(二零一九年：人民幣61,500,000元)(附註6)。

於二零二零年七月三十一日，本集團完成行使1,197,327,890份認股權證，以每股0.33港元行使價認購相同數額的中國聖牧普通股，總額395,118,204港元(約人民幣356,966,000元)。當行使後，本集團合共持有1,467,193,490股中國聖牧普通股，佔當時中國聖牧已發行股份總數約17.51%。雖然本集團所持中國聖牧的股權不足20%，但由於本集團是中國聖牧的最大股東，且已委任中國聖牧的9名董事會成員中的兩名董事，故本集團確定對中國聖牧有重大影響力。因此，本集團將對中國聖牧的股權投資改列為對聯營公司的投資。因此，二零二零年一月一日至二零二零年七月三十一日期間公允值增加及截至二零二零年七月三十一日公允值累計減少分別為人民幣38,068,000元(二零一九年：人民幣23,507,000元)及人民幣30,000元(二零一九年：人民幣38,098,000元)，已其他全面收益確認。其後，公允值累計減少人民幣30,000元已在本集團對中國聖牧股權投資確認為對聯營公司投資時直接改列為保留盈利。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 24. OTHER FINANCIAL ASSETS (continued)

Notes: (continued)

(b) (continued)

In connection with the above Loan Facilities and Warrants agreements, on 23 December 2018, the Group and China Shengmu also entered into a share purchase agreement, pursuant to which the Group agreed to purchase 51% of the equity interests in Inner Mongolia Mengniu Shengmu High-tech Dairy Co., Ltd. ("Shengmu High-tech Dairy"), being the liquid milk processing business segment of China Shengmu. The Group completed the business acquisition of Shengmu High-tech Dairy in April 2019. Further details of the acquisition are included in note 41 to the financial statements.

(c) As at 31 December 2019, the Group held 14,750,000 ordinary shares of AICE Holdings Limited ("AICE"), representing approximately 9.9% shares of AICE issued then. In addition, the Group also held convertible promissory note (the "2017 convertible promissory note") in the original principal amount of US\$14,000,000, with an option to convert into the ordinary shares or to receive the principal amount together with all interests at the annual rate of 5%.

During the year of 2020, the Group purchased additional convertible promissory note (the "2020 convertible promissory note", together with the 2017 convertible promissory note, the "convertible promissory notes") in the original principal amount of US\$20,000,000, with an option to convert into the ordinary shares or to receive the principal amount together with all interest at the annual rate of 4.235%.

The Group classified the investments both in ordinary shares and convertible promissory notes as financial assets at fair value through profit or loss. As of 31 December 2020, the ordinary shares and the convertible promissory notes were fair valued at RMB226,458,000 and RMB226,414,000, respectively, with fair value changes of RMB138,622,000 in total charged to profit or loss.

(d) During the year of 2020, the Group acquired 29,247,903 shares of MilkGround, at cash consideration of approximately RMB734,642,000, representing approximately 7.15% shareholdings of MilkGround. Although the Group holds less than 20% of the voting power, the Group has a representation in the board of directors of MilkGround and participates in decisions over the relevant activities of MilkGround. Accordingly, the equity investment in MilkGround is classified as investments in associates.

### 24. 其他金融資產 (續)

附註：(續)

(b) (續)

根據上述貸款融資及認股權證協議，於二零一八年十二月二十三日，本集團與中國聖牧訂立股份購買協議，據此，本集團同意購買中國聖牧的液態奶加工業務板塊內蒙古蒙牛聖牧高科乳業有限公司（「聖牧高科乳業」）51%股權。本集團已於二零一九年四月完成收購聖牧高科乳業的業務。進一步收購詳情載於財務報表附註41。

(c) 於二零一九年十二月三十一日，本集團持有AICE Holdings Limited（「AICE」）14,750,000股普通股，佔當時AICE已發行股份約9.9%。此外，本集團亦持有原本金14,000,000美元的可換股承兌票據（「二零一七年年可換股承兌票據」），可選擇轉換為普通股或按年利率5%收取本金及所有利息。

於二零二零年期間，本集團購買原本金20,000,000美元的其他可換股承兌票據（「二零二零年年可換股承兌票據」，連同二零一七年年可換股承兌票據，統稱「可換股承兌票據」），可選擇轉換為普通股或按年利率4.235%收取本金及所有利息。

本集團將普通股及可換股承兌票據的投資分類為按公允值計入損益的金融資產。於二零二零年十二月三十一日，普通股及可換股承兌票據公允值分別為人民幣226,458,000元及人民幣226,414,000元，公允值變動合共人民幣138,622,000元計入損益。

(d) 於二零二零年期間，本集團以現金代價人民幣734,642,000元收購妙可藍多的29,247,903股股份，佔妙可藍多約7.15%股權。雖然本集團持有少於20%的投票權，但本集團在妙可藍多董事會有一名代表並參與妙可藍多相關活動的決策。因此，於妙可藍多的股權投資分類為於聯營公司投資。



## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 24. OTHER FINANCIAL ASSETS (continued)

Notes: (continued)

(d) (continued)

Together with the above equity investments in MilkGround, the Group also acquired a 42.88% equity interest with put options in Jilin Province Guangze Dairy Technology Co., Ltd. (吉林省廣澤乳品科技有限公司, hereafter "Guangze"), a subsidiary of MilkGround, with cash consideration of approximately RMB457,643,000. The equity investment with put options in Guangze is classified as a hybrid financial asset measured at fair value through profit or loss. As of 31 December 2020, the hybrid financial asset was fair valued at RMB470,076,000, with fair value change of RMB12,433,000 charged to profit or loss.

(e) The Group from time to time purchases various investment deposits from commercial banks for treasury management purpose. As at 31 December 2020, the Group held investment deposits of RMB6,858,012,000 (31 December 2019: RMB16,214,445,000) with principal guaranteed.

As at 31 December 2020, the investment deposits amounting to RMB100,000,000 (2019: RMB26,722,000) were pledged to interest-bearing bank and other borrowings.

(f) The Group granted entrusted loans to certain dairy farms and other third parties. As at 31 December 2020, included in these entrusted loans, RMB700,000,000 was lent out via COFCO Trust Company Limited, a connected party and also a related party of the Group, while other entrusted loans were lent out via banks. Annual interest rates of the above entrusted loans ranged from 3.85% to 6.565% as at 31 December 2020 (2019: 4.79% to 8.96%).

(g) The effective interest rates of long term time deposits as at 31 December 2020 varied from 3.14% to 4.18% (2019: 4.13% to 4.18%) per annum and would mature in two to three years. As at 31 December 2020, the long term deposits amounting to RMB9,108,000 were pledged to secure letters of credit (2019: RMB90,000,000).

As at 31 December 2020, the long term time deposits amounting to RMB146,000,000 (2019: Nil) were pledged to interest-bearing bank and other borrowings.

As at 31 December 2020, the long term time deposits amounting to RMB44,892,000 (2019: Nil) were pledged to banking facilities.

### 24. 其他金融資產 (續)

附註：(續)

(d) (續)

除上述妙可藍多的股權投資外，本集團亦以現金代價約人民幣457,643,000元收購妙可藍多的子公司吉林省廣澤乳品科技有限公司(下文稱「廣澤」)附帶認沽期權的42.88%股權。附帶認沽期權的投入廣澤的股權投資分類為按公允值計入損益的混合金融資產。於二零二零年十二月三十一日，混合金融資產公允值人民幣470,076,000元，公允值變動人民幣12,433,000元計入損益。

(e) 本集團不時為庫務管理目的向商業銀行購入多項投資存款。於二零二零年十二月三十一日，本集團持有人民幣6,858,012,000元(二零一九年十二月三十一日：人民幣16,214,445,000元)設有本金保證的投資存款。

於二零二零年十二月三十一日，投資存款金額人民幣100,000,000元(二零一九年：人民幣26,722,000元)已抵押以獲取計息銀行及其他借貸。

(f) 本集團向若干牧場及第三方授出委託貸款。其中，於二零二零年十二月三十一日，人民幣700,000,000元為通過中糧信托有限責任公司(本集團一家關連方同時也是一家關聯方)借出，其餘均通過銀行借出。截至二零二零年十二月三十一日，上述委託貸款的年利率介乎3.85%至6.565%(二零一九年：4.79%至8.96%)。

(g) 於二零二零年十二月三十一日，長期定期存款的實際年利率介乎3.14%至4.18%(二零一九年：4.13%至4.18%)，並將於兩至三年內到期。於二零二零年十二月三十一日，人民幣9,108,000元(二零一九年：人民幣90,000,000元)長期存款已抵押以獲取信用證。

於二零二零年十二月三十一日，人民幣146,000,000元(二零一九年：零)長期定期存款已抵押以獲取計息銀行及其他借貸。

於二零二零年十二月三十一日，人民幣44,892,000元(二零一九年：零)長期定期存款已抵押以獲取銀行授信。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 25. INVENTORIES

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Raw materials	原材料	2,425,018	2,499,232
Finished goods	產成品	3,087,432	2,590,712
Total inventories at the lower of cost and net realisable value	按成本與可變現淨值的較低者計價的存貨總額	5,512,450	5,089,944

The amount of write-down of inventories recognised as an expense was RMB95,929,000 (2019: RMB74,482,000), which was recognised in other expenses (note 6).

### 25. 存貨

確認為開支的存貨撇減金額為人民幣95,929,000元(二零一九年:人民幣74,482,000元),並於其他費用(附註6)中確認。

### 26. TRADE AND BILLS RECEIVABLES

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Bills receivable	應收票據	61,530	109,968
Trade receivables	應收賬款	3,023,354	3,587,559
Impairment	減值	(96,522)	(110,661)
		2,988,362	3,586,866

The Group normally allows a credit limit to its customers which is adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. The trade receivables are non-interest-bearing.

Based on the Group's accounting policy of financial assets, the Group measured bills receivable at fair value through other comprehensive income as at 31 December 2020.

### 26. 應收賬款及票據

本集團通常授予客戶特定信貸額度,並可在若干情況下調整。本集團密切監控逾期未償還結餘。鑒於上文所述及本集團的應收賬款與大量不同類別的客戶有關,故並無重大信貸集中風險。本集團並無就其應收賬款持有任何抵押品或其他信貸提升。應收賬款並無附帶利息。

根據本集團的金融資產會計政策,本集團於二零二零年十二月三十一日按以公允值計量且其變動計入其他全面收益計量應收票據。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**26. TRADE AND BILLS RECEIVABLES** (continued)

Certain trade and bills receivables of the Group with a net book value of approximately RMB12,313,000 as at 31 December 2019 have been pledged to secure the short term bank loans (note 31).

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within 3 months	3個月內	2,484,058	2,990,016
4 to 6 months	4至6個月	380,879	484,937
7 to 12 months	7至12個月	73,089	95,371
Over 1 year	1年以上	50,336	16,542
		<b>2,988,362</b>	3,586,866

The movements in the loss allowance for impairment of trade receivables are as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At beginning of year	年初	110,661	149,292
Impairment losses recognised (note 7)	已確認減值虧損(附註7)	204,231	258,301
Amount written off as uncollectible	列為不可收回而撇銷的金額	(169,536)	(272,487)
Impairment losses reversed (note 7)	減值虧損撥回(附註7)	(48,834)	(24,445)
At end of year	於年末	<b>96,522</b>	110,661

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**26. 應收賬款及票據** (續)

本集團若干應收賬款及票據連同賬面淨值於二零一九年十二月三十一日約人民幣12,313,000元已抵押用於擔保短期銀行貸款(附註31)。

於報告期末，經扣除虧損撥備的應收賬款及票據按發票日期的賬齡分析如下：

應收賬款減值撥備變動如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At beginning of year	年初	110,661	149,292
Impairment losses recognised (note 7)	已確認減值虧損(附註7)	204,231	258,301
Amount written off as uncollectible	列為不可收回而撇銷的金額	(169,536)	(272,487)
Impairment losses reversed (note 7)	減值虧損撥回(附註7)	(48,834)	(24,445)
At end of year	於年末	<b>96,522</b>	110,661

於各報告日期，減值分析採用撥備矩陣進行，以計量預期信貸虧損。撥備比率根據本集團過往的信貸虧損經驗得出，經債務人特定的前瞻性因素及經濟環境校正。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**26. TRADE AND BILLS RECEIVABLES** (continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using the provision matrix:

As at 31 December 2020

		Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
Expect credit loss rate	預期信貸虧損率	0.85%	55.05%	85.93%	100%	3.12%
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	2,963,221	109,850	6,816	4,997	3,084,884
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	(25,195)	(60,473)	(5,857)	(4,997)	(96,522)

**26. 應收賬款及票據** (續)

下列是採用撥備矩陣計量本集團應收賬款及票據的信貸風險資料：

於二零二零年十二月三十一日

As at 31 December 2019

於二零一九年十二月三十一日

		Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
Expect credit loss rate	預期信貸虧損率	1.00%	55.02%	93.64%	100%	2.99%
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	3,606,552	35,562	8,605	46,808	3,697,527
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	(36,228)	(19,567)	(8,058)	(46,808)	(110,661)

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**27. PREPAYMENTS, OTHER RECEIVABLES  
AND OTHER ASSETS**
**27. 預付款、其他應收款項及其他資  
產**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Deposits	按金	10,187	13,684
Prepayments	預付款	1,550,984	1,521,282
Other receivables	其他應收款項	643,175	752,150
Value-added tax recoverable	可抵扣增值稅	522,997	425,085
Corporate income tax recoverable	可退企業所得稅	201,450	33,087
Long term prepayments (note a)	長期預付款(附註a)	1,418,949	499,271
Right of return assets	退貨權資產	21,199	23,511
Total prepayments, other receivables and other assets	預付款、其他應收款項及其他資產總額	4,368,941	3,268,070
Less: Long term prepayments — non-current portion (note a)	減：長期預付款 — 非即期部分(附註a)	(760,762)	(215,966)
Impairment allowance	減值撥備	3,608,179 (3,321)	3,052,104 (24,919)
		<b>3,604,858</b>	3,027,185

Note:

- (a) The Group has entered into long term raw milk supply contracts with certain milking cow raising companies. In accordance with these contracts, the Group prepaid for raw milk supplies for the next two to five years.

附註：

- (a) 本集團已與若干飼養乳牛公司訂立長期原料鮮奶供貨合約。根據該等合約，本集團就未來兩至五年原料鮮奶供貨預付款項。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**28. CASH AND BANK BALANCES AND  
OTHER DEPOSITS**

**28. 現金及銀行結存及其他存款**

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Cash and cash equivalents as stated in the consolidated statement of cash flows	列於綜合現金流量表的現金及現金等價物		<b>9,225,493</b>	3,798,118
Pledged deposits	保證金存款	(a)	<b>249,521</b>	74,186
Time deposits	定期存款		<b>8,250,207</b>	7,247,842
			<b>17,725,221</b>	11,120,146
Less: Pledged deposits for banking facilities	減：銀行融資的保證金存款	29	<b>(249,521)</b>	(74,186)
Less: Long term time deposits	減：長期定期存款	24	<b>(6,078,577)</b>	(4,569,773)
Cash and bank balances as stated in the consolidated statement of financial position	列於綜合財務狀況表的現金及銀行結存		<b>11,397,123</b>	6,476,187

Note:

(a) As at 31 December 2020, the Group's pledged deposits were for the following bank facilities:

附註：

(a) 於二零二零年十二月三十一日，本集團的保證金存款就以下銀行融資作出：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Pledged to secure bills payable (note 29)	抵押以獲得應付票據 (附註29)	<b>119,521</b>	5,861
Pledged to secure interest-bearing bank and other borrowings	抵押以獲得計息銀行及其他借貸	—	46,787
Pledged to secure letters of credit	抵押以獲得信用證	<b>130,000</b>	21,538
		<b>249,521</b>	74,186

31 December 2020 於二零二零年十二月三十一日

**28. CASH AND BANK BALANCES AND OTHER DEPOSITS (continued)**

Note: (continued)

(a) (continued)

At the end of the reporting period, cash and bank balances of the Group denominated in RMB amounted to approximately RMB8,649,620,000 (2019: RMB4,305,894,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at the prevailing market interest rates. Time deposits are made for varying periods of between fifty-six days and three years depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

**29. TRADE AND BILLS PAYABLES**

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, is as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within 3 months	3個月內	7,183,665	5,510,608
4 to 6 months	4至6個月	725,645	870,994
7 to 12 months	7至12個月	40,720	333,937
Over 1 year	1年以上	19,291	23,087
		<b>7,969,321</b>	<b>6,738,626</b>

The Group's trade and bills payable are unsecured, non-interest-bearing and payable on demand.

Included in the above balances, bills payable with an aggregate balance of approximately RMB231,000,000 (2019: RMB22,000,000) were secured by the pledge of certain of the Group's deposits amounting to approximately RMB119,521,000 (2019: RMB5,861,000) (note 28). Except for the above, bills payable were unsecured, non-interest-bearing and payable when due ranging from 3 to 6 months.

**28. 現金及銀行結存及其他存款 (續)**

註：(續)

(a) (續)

於報告期末，本集團以人民幣為單位的現金及銀行結存金額為約人民幣8,649,620,000元(二零一九年：人民幣4,305,894,000元)。人民幣並非可自由兌換為其他貨幣。然而，根據中國大陸的外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行，將人民幣匯兌為其他貨幣。

銀行存款根據市場利率計息。定期存款乃視乎本集團的即時現金需求而按介乎56日至三年的不同存款期存放，以及根據定期存款利率計息。銀行結存及保證金存款乃存放於信譽良好且無近期拖欠記錄的銀行。

**29. 應付賬款及票據**

本集團應付賬款及票據按發票日期的賬齡分析如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within 3 months	3個月內	7,183,665	5,510,608
4 to 6 months	4至6個月	725,645	870,994
7 to 12 months	7至12個月	40,720	333,937
Over 1 year	1年以上	19,291	23,087
		<b>7,969,321</b>	<b>6,738,626</b>

本集團的應付賬款及票據為無抵押、免息及須應要求隨時償還。

在上述金額中，結餘總額約人民幣231,000,000元(二零一九年：人民幣22,000,000元)的應付票據以本集團若干存款為數約人民幣119,521,000元(二零一九年：人民幣5,861,000元)(附註28)作抵押。除上述者外，應付票據為無抵押及免息，並將於三至六個月內到期。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**30. OTHER PAYABLES AND ACCRUALS**

**30. 其他應付款項及預提費用**

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Contract liabilities 合約負債	(a)	<b>3,470,305</b>	3,299,226
Refund liabilities 退款負債		<b>34,534</b>	40,246
Salary and welfare payables 應付薪金及福利費		<b>1,908,387</b>	1,512,926
Other payables 其他應付款項	(b)	<b>6,052,690</b>	5,955,176
		<b>11,465,916</b>	10,807,574

Notes:

附註：

(a) Details of contract liabilities are as follows:

(a) 合約負債詳情如下：

	31 December 2020 二零二零年 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	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元
Short-term advances received from customers 自客戶收取的短期墊款			
Sale of goods 商品銷售	<b>3,470,305</b>	3,299,226	3,332,929

Contract liabilities are short-term advances received to deliver dairy products.

合約負債為就運送奶製品收取的短期墊款。

(b) Other payables are non-interest-bearing and payable on demand.

(b) 其他應付款項為免息及須應要求償還。



**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**31. INTEREST-BEARING BANK AND OTHER BORROWINGS**      **31. 計息銀行及其他借貸**

		2020 二零二零年			2019 二零一九年		
		Maturity	Fixed	Floating	Maturity	Fixed	Floating
		到期日	rate	rate	到期日	rate	rate
			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
<b>Current</b>	<b>流動</b>						
Short term bank loans, secured	短期銀行貸款：有抵押	—	—	—	2020	230,680	—
Short term bank loans, unsecured	短期銀行貸款：無抵押	<b>2021</b>	<b>3,349,677</b>	<b>1,417,529</b>	2020	9,295,529	360,070
Current portion of long term bank loans — unsecured	長期銀行貸款即期部分 — 無抵押	—	—	—	2020	—	2,776,980
Super short-term commercial papers	超短期融資券	—	—	—	2020	1,000,000	—
Lease liabilities (note 17(b))	租賃負債(附註17(b))	<b>2021</b>	<b>157,187</b>	—	2020	174,942	—
			<b>3,506,864</b>	<b>1,417,529</b>		10,701,151	3,137,050
<b>Non-current</b>	<b>非流動</b>						
US\$194,800,000 2017 exchangeable bonds (note (d))	於二零一七年發行的194,800,000美元可交換債券(附註(d))	—	—	—	2022	1,374,780	—
US\$100,000,000 1.50% 2020 exchangeable bonds (note (e))	於二零二零年發行的100,000,000美元票息率1.50%的可交換債券(附註(e))	<b>2023</b>	<b>1,014,361</b>	—	—	—	—
US dollar bonds (note (f))	美元債券(附註(f))	<b>2023-2030</b>	<b>11,681,205</b>	—	2023-2024	6,935,369	—
Medium-term notes	中期票據	<b>2022</b>	<b>1,000,000</b>	—	2022	1,000,000	—
Lease liabilities (note 17(b))	租賃負債(附註17(b))	<b>2022-2052</b>	<b>324,266</b>	—	2021-2052	324,460	—
			<b>14,019,832</b>	—		9,634,609	—
			<b>17,526,696</b>	<b>1,417,529</b>		20,335,760	3,137,050

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**31. INTEREST-BEARING BANK AND OTHER BORROWINGS** (continued)

The repayment schedule of the interest-bearing bank and other borrowings is as follows:

**31. 計息銀行及其他借貸** (續)

計息銀行及其他借貸的還款期如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within 1 year	一年內	4,924,393	13,838,201
1 to 2 years	一至兩年	1,125,805	137,421
2 to 5 years	兩至五年	10,928,045	9,475,564
Over 5 years	五年以上	1,965,982	21,624
Total interest-bearing bank and other borrowings	計息銀行及其他借貸總額	18,944,225	23,472,810
Less: Amount due within one year included in current liabilities	減：計入流動負債的一年內到期款項	(4,924,393)	(13,838,201)
		14,019,832	9,634,609

Notes:

(a) As at 31 December 2020 and 2019, the Group's interest-bearing bank and other borrowings were secured as follows:

附註：

(a) 於二零二零年及二零一九年十二月三十一日，本集團的計息銀行及其他借貸抵押情況如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Secured by invest deposits and long term time deposits	以投資存款及長期定期存款抵押	326,664	26,831
Secured by property, plant, equipment and right-of-use assets	以物業、廠房、設備及使用權資產抵押	—	602,275
Secured by trade and bills receivables	以應收賬款及票據抵押	—	4,000
Secured by all assets of certain subsidiaries	以子公司全部資產抵押	116,252	96,976
Unsecured	無抵押	18,501,309	22,742,728
		18,944,225	23,472,810

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**31. INTEREST-BEARING BANK AND OTHER  
BORROWINGS** (continued)

Notes: (continued)

- (b) The carrying amounts of the Group's interest-bearing bank and other borrowings were denominated in the following currencies:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Hong Kong dollars	港元	1,346,624	2,776,980
United States dollars	美元	12,849,846	15,387,609
Australian dollars	澳元	116,620	96,976
Indonesia Rupiah	印尼盾	227,989	106,928
RMB	人民幣	4,403,146	5,104,317
		<b>18,944,225</b>	23,472,810

- (c) The floating annual interest rates of the short term bank loans were determined based on the interest rates announced by the People's Bank of China, Hong Kong Interbank Offered Rate and the London Interbank Offered Rate.

The fixed annual interest rates of the short term bank loans varied from 1.20% to 5.50% (2019: from 1.15% to 12.00%).

- (d) On 6 June 2017, the Company issued US\$194,800,000 2017 exchangeable bonds due 2022, which are exchangeable into 689,438,782 shares of China Modern Dairy at the initial notional exchange price of HK\$2.1995 per share. The Group classified the exchangeable bonds as financial liabilities at fair value through profit or loss. On 5 June 2020, the Company redeemed the US\$194,800,000 2017 exchangeable bonds, and a loss of repayment RMB28,219,000 was recognised in other expenses (2019: RMB77,988,000) (note 6).

**31. 計息銀行及其他借貸** (續)

附註：(續)

- (b) 本集團以下列貨幣計值的計息銀行及其他借貸的賬面值如下：

- (c) 短期銀行貸款的浮動年利率按中國人民銀行公佈的利率、香港銀行同業拆息及倫敦銀行同業拆息釐定。

短期銀行貸款的固定年利率介乎1.20%至5.50%(二零一九年：1.15%至12.00%)。

- (d) 於二零一七年六月六日，本公司發行194,800,000美元的於二零二二年到期的二零一七年可交換債券，其可按照初步名義交換價(每股股份2.1995港元)轉換為中國現代奶業689,438,782股股份。本集團分類可交換債券為以公允值計量且其變動計入損益的金融負債。於二零二零年六月五日，本公司贖回194,800,000美元二零一七年可交換債券，於其他費用確信償還虧損人民幣28,219,000元(二零一九年：人民幣77,988,000元)(附註6)。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 31. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(e) On 24 June 2020, the Company issued US\$100,000,000 exchangeable bonds due 2023, which are exchangeable into 613,877,227 shares of China Modern Dairy at the initial notional exchange price of HK\$1.2625 per share. The Group classified the exchangeable bonds as financial liabilities at fair value through profit or loss. In 2020, a net fair value loss of RMB373,723,000 was recognised in other expenses (note 6). The exchangeable bonds bear interest at the rate of 1.50% per annum, payable semi-annually in arrears.

(f) On 18 July 2019, the Company issued five-year bonds due 2024 with an aggregate principal amount of US\$500,000,000 at 99.572% of the face value to refinance the Company's existing loans. The bonds bear interest at the rate of 3.000% per annum, payable semi-annually in arrears.

On 17 June 2020, the Company issued five-year bonds due 2025 with an aggregate principal amount of US\$500,000,000 at 99.526% of the face value to refinance the Company's existing loans. The bonds bear interest at the rate of 1.875% per annum, payable semi-annually in arrears.

On 17 June 2020, the Company issued ten-year bonds due 2030 with an aggregate principal amount of US\$300,000,000 at 99.587% of the face value to refinance the Company's existing loans. The bonds bear interest at the rate of 2.500% per annum, payable semi-annually in arrears.

(g) As at 31 December 2020, the interest-bearing bank and other borrowings of RMB116,252,000 (2019: RMB96,976,000) were secured by the all assets of certain subsidiaries of the Group with carrying amount of approximately RMB1,116,994,000 (2019: RMB883,039,000) in total.

As at 31 December 2020, all assets exclude cash and cash equivalents of a subsidiary of the Group with carrying amount of approximately RMB1,271,040,000 (2019: RMB1,319,937,000) were secured for a credit line.

### 31. 計息銀行及其他借貸(續)

附註：(續)

(e) 於二零二零年六月二十四日，本公司發行100,000,000美元的於二零二三年到期的可交換債券，其可按照初步名義交換價（每股股份1.2625港元）轉換為中國現代奶業613,877,227股股份。本集團分類可交換債券為以公允值計量且其變動計入損益的金融負債。於二零二零年，公允值虧損淨額人民幣373,723,000元於其他費用確認（附註6）。可交換債券按年利率1.50%計息，每半年派息一次。

(f) 於二零一九年七月十八日，本公司發行於二零二四年到期的五年債券，本金總額為99.572%面值的500,000,000美元，以對本公司現有貸款重新融資。債券按年利率3.000%計息，每半年派息一次。

於二零二零年六月十七日，本公司發行於二零二五年到期的五年債券，本金總額為99.526%面值的500,000,000美元，以對本公司現有貸款重新融資。債券按年利率1.875%計息，每半年派息一次。

於二零二零年六月十七日，本公司發行於二零三零年到期的十年債券，本金總額為99.587%面值的300,000,000美元，以對本公司現有貸款重新融資。債券按年利率2.500%計息，每半年派息一次。

(g) 於二零二零年十二月三十一日，計息銀行及其他借貸人民幣116,252,000元（二零一九年：人民幣96,976,000元）以本集團若干子公司全部資產賬面總值約人民幣1,116,994,000元（二零一九年：人民幣883,039,000元）之物業作抵押。

於二零二零年十二月三十一日，本集團一家子公司以其除現金及現金等價物之外的全部資產賬面總值約人民幣1,271,040,000元（二零一九年：人民幣1,319,937,000元）之物業作抵押獲取信用額度。

NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 32. DERIVATIVE FINANCIAL INSTRUMENTS 32. 衍生金融工具

		Notes 附註	2020 二零二零年		2019 二零一九年	
			Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元	Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元
Interest rate swaps	利率互換合約	(a)	—	—	10,814	—
Foreign currency forward contracts	遠期外幣合約	(b)	2,175	38,395	34,009	4,346
			2,175	38,395	44,823	4,346
Portion classified as non-current:	分類為非流動部分：					
Foreign currency forward swaps	外幣遠期互換合約		—	34,742	34,009	—
Current portion	流動部分		2,175	3,653	10,814	4,346

Notes:

(a) Interest rate swaps — cash flow hedge:

As at 31 December 2019, the Group has interest rate swaps with financial institutions with an aggregate notional amount of HK\$3,100,000,000 whereby it receives a floating rate of interest on the notional amount at the Hong Kong Interbank Offered Rate ("Hibor") monthly and pays a fixed rate of interest on the notional amount. The interest rate swaps are being used to hedge the interest rate risk in relation to an HK\$ denominated floating rate bank borrowing with a principal of HK\$3,100,000,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the interest payments and the principal payments of the bank loan agreements. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the interest rate swaps are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

附註：

(a) 利率互換合約 — 現金流量對沖：

於二零一九年十二月三十一日，本集團於金融機構擁有利率互換合約，總名義金額為3,100,000,000港元，據此，其每月按香港銀行同業拆息（「Hibor」）收取名義金額的浮動利率利息，並按固定利率支付名義金額的利息。利率互換合約用於對沖有關本金額為3,100,000,000港元以港元計值的浮動利率銀行借款的利率風險。

已對沖項目與對沖工具存在經濟關係，原因為利率互換合約的條款與利息付款及銀行貸款協議的本金付款相匹配。本集團為對沖關係設定1:1的對沖比率，原因為利率互換合約的相關風險與已對沖風險成分相同。為計量對沖有效性，本集團採用假設衍生工具法，並將已對沖風險產生的對沖工具公允值變動與已對沖項目公允值變動進行比較。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 32. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

## (a) Interest rate swaps — cash flow hedge: (continued)

Hedge ineffectiveness can arise from:

- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The impacts of the hedging instruments on the statement of financial position are as follows:

### 32. 衍生金融工具 (續)

附註：(續)

## (a) 利率互換合約 — 現金流量對沖：(續)

對沖無效可由下列各項產生：

- 應用於貼現已對沖項目的不同利率曲線及對沖工具
- 交易對手的信貸風險對對沖工具及已對沖項目的公允價值變動構成不同影響
- 已對沖項目及對沖工具的預測現金流量變動

對沖工具對財務狀況表的影響如下：

		Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year 年內用於計量對沖無效的公允價值變動 RMB'000 人民幣千元
		名義值 HK\$'000 港幣千元	賬面值 RMB'000 人民幣千元	財務狀況表項目	
As at 31 December 2020	於二零二零年十二月三十一日				
Interest rate swaps	利率互換合約	—	—	—	(7,998)
As at 31 December 2019	於二零一九年十二月三十一日				
Interest rate swaps	利率互換合約	3,100,000	10,814	Derivative financial instruments (assets) 衍生金融工具(資產)	(18,423)

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**32. DERIVATIVE FINANCIAL INSTRUMENTS**

(continued)

Notes: (continued)

## (a) Interest rate swaps — cash flow hedge: (continued)

The impacts of the hedged items on the statement of financial position are as follows:

		Change in fair value used for measuring hedge ineffectiveness for the year 年內用於計量對沖 無效的公允值變動 RMB'000 人民幣千元	Cash flow hedge reserve 現金流量對沖儲備 RMB'000 人民幣千元
As at 31 December 2020 Interest rate swaps	於二零二零年十二月三十一日 利率互換合約	<b>(7,998)</b>	—
As at 31 December 2019 Interest rate swaps	於二零一九年十二月三十一日 利率互換合約	(18,423)	7,998

The effect of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

現金流量對沖對損益表及全面收益表的影響如下：

		Total hedging gain/(loss) recognised in other comprehensive income 於其他全面收益確認的對沖收益/(虧損)總額			Hedge ineffectiveness recognised in profit or loss 對沖無效於損益確認的	Line item in the statement of profit or loss 損益表項目	Amount reclassified from other comprehensive income to profit or loss 自其他全面收益重新分類至損益的金額			Line item (gross amount) in the statement of profit or loss 損益表項目(總額)
		Gross amount	Tax effect	Total			Gross amount	Tax effect	Total	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元			RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Year ended 31 December 2020	截至二零二零年十二月三十一日止年度					N/A 不適用				N/A 不適用
Interest rate swaps	利率互換合約	(7,998)	—	(7,998)	—					
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度					N/A 不適用				N/A 不適用
Interest rate swaps	利率互換合約	(17,784)	—	(17,784)	—					

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 32. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

(b) Foreign currency swaps — cash flow hedge:

At 31 December 2020, the Group had the following foreign currency swap agreements in place:

- 1) A foreign currency swap agreement with notional amounts of US\$450,000,000 and HK\$3,487,500,000 whereby the Group receives a fixed rate of interest on US\$ notional amount at 3.00% p.a. and pays a fixed rate of interest on the HK\$ notional amount at 3.18% p.a. The swap is being used to hedge the foreign currency exposure of a 3% fixed rate bonds with a face value of US\$450,000,000.
- 2) A foreign currency swap agreement with notional amounts of US\$200,000,000 and HK\$1,569,800,000 whereby the Group receives a fixed rate of interest on US\$ notional amount at 4.25% p.a. and pays a fixed rate of interest on the HK\$ notional amount at 3.925% p.a. A foreign currency swap agreement in place with notional amounts of US\$100,000,000 and HK\$784,900,000 whereby the Group receives a fixed rate of interest on US\$ notional amount at 4.25% p.a. and pays a fixed rate of interest on the HK\$ notional amount at 3.94% p.a. These swaps are being used to hedge the foreign currency exposure of a 4.25% fixed rate bonds with a face value of US\$500,000,000.

There is an economic relationship between the hedged items and the hedging instrument as the terms of the foreign currency swaps contracts match the terms of the bonds. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the swap contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

### 32. 衍生金融工具 (續)

附註：(續)

(b) 外幣互換合約 — 現金流量對沖：

於二零二零年十二月三十一日，本集團有以下外幣互換協議：

- 1) 名義金額為450,000,000美元、3,487,500,000港元的外幣互換協議，據此，本集團按年利率3.00%收取美元名義金額的固定利率利息，並按年利率3.18%支付港元名義金額的固定利率利息。互換合約用於對沖面值為450,000,000美元的3%固定利率債券的外幣風險。
- 2) 名義金額為200,000,000美元、1,569,800,000港元的外幣互換協議，據此，本集團按年利率4.25%收取美元名義金額的固定利率利息，並按年利率3.925%支付港元名義金額的固定利率利息。名義金額為100,000,000美元、784,900,000港元的外幣互換協議，據此，本集團按年利率4.25%收取美元名義金額的固定利率利息，並按年利率3.94%支付港元名義金額的固定利率利息。該等互換合約用於對沖面值為500,000,000美元的4.25%固定利率債券的外幣風險。

已對沖項目與對沖工具存在經濟關係，原因為外幣互換合約的條款與債券的條款相匹配。本集團為對沖關係設定1:1的對沖比率，原因為互換合約的相關風險與已對沖風險成分相同。為計量對沖有效性，本集團採用假設衍生工具法，並將已對沖風險產生的對沖工具公允值變動與已對沖項目公允值變動進行比較。



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**32. DERIVATIVE FINANCIAL INSTRUMENTS**

(continued)

Notes: (continued)

(b) Foreign currency swaps — cash flow hedge: (continued)

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and purchases and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items

The impacts of the hedging instruments on the statement of financial position are as follows:

**32. 衍生金融工具 (續)**

附註：(續)

(b) 外幣互換合約 — 現金流量對沖：(續)

對沖無效可由下列各項產生：

- 預測銷售與購買的現金流量時間及對沖工具不同
- 應用於貼現已對沖項目的不同利率曲線及對沖工具
- 交易對手的信貸風險對對沖工具及已對沖項目的公允值變動構成不同影響

對沖工具對財務狀況表的影響如下：

		Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
		名義值 US\$'000 千美元	賬面值 RMB'000 人民幣千元	財務狀況表項目	年內用於計量對沖無效的公允值變動 RMB'000 人民幣千元
As at 31 December 2020	於二零二零年十二月三十一日				
Foreign currency swaps	外幣互換合約	950,000	(34,742)	Derivative financial instruments (liabilities) 衍生金融工具(負債)	(58,874)

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 32. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

(b) Foreign currency swaps — cash flow hedge: (continued)

The impacts of the hedged items on the statement of financial position are as follows:

### 32. 衍生金融工具 (續)

附註：(續)

(b) 外幣互換合約 — 現金流量對沖：(續)

已對沖項目對財務狀況表的影響如下：

		Change in fair value used for measuring hedge ineffectiveness for the year 年內用於計量對沖 無效的公允值變動 RMB'000 人民幣千元	Cash flow hedge reserve 現金流量對沖儲備 RMB'000 人民幣千元
As at 31 December 2020	於二零二零年十二月三十一日		
Foreign currency swaps	外幣互換合約	(58,874)	(58,874)

The effect of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

現金流量對沖對損益表及全面收益表的影響如下：

Year ended 31 December 2020	截至二零二零年 十二月三十一日 止年度	Total hedging gain/(loss) recognised in other comprehensive income 於其他全面收益確認的 對沖收益/(虧損)總額			Hedge ineffectiveness recognised in profit or loss 於損益確認的對 沖無效	Line item in the statement of profit or loss 損益表項目	Amount reclassified from other comprehensive income to profit or loss 自其他全面收益重新分類至 損益的金額			Line item (gross amount) in the statement of profit or loss 損益表項目 (總額)
		Gross amount 總額 RMB'000 人民幣千元	Tax effect 稅務影響 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元			Gross amount 總額 RMB'000 人民幣千元	Tax effect 稅務影響 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Foreign currency swaps	外幣互換合約	(58,874)	-	(58,874)	-	N/A 不適用	-	-	-	N/A 不適用

**32. DERIVATIVE FINANCIAL INSTRUMENTS**

(continued)

Notes: (continued)

- (c) In addition to the above interest rate swaps designated as hedging instruments, the Group has also entered into various foreign currency forward contracts and interest rate forward contracts to manage its exchange rate and floating interest rate exposures. These forward contracts are not designated for hedging purposes and are measured at fair value through profit or loss. A net fair value loss on foreign currency forward contracts of RMB9,825,000 was recognised in other expenses during the year (note 6). A net fair value gain on foreign currency forward contracts of RMB23,308,000 was recognised in other income and gains during 2019 (note 5). A net fair value loss on interest rate forward contracts of RMB15,695,000 was recognised in finance costs during 2019 (note 8).

To manage its price exposure to future purchase of raw materials, such as white sugar, palm oil and raw milk powder, the Group has entered into various commodity futures contracts. The Group accounted for these commodity futures contracts at fair value with changes recognised in profit or loss. During 2020, a net fair value loss of RMB4,568,000 (2019: Nil) was credited to cost of sales (note 7).

**32. 衍生金融工具 (續)**

附註：(續)

- (c) 除以上指定為對沖工具的利率互換外，本集團亦訂立多項遠期外幣合約及利率遠期合約以管理其匯率及浮動利率風險。該等遠期合約並非指定作對沖用途，並按公允值計入損益計量。遠期外幣合約公允值虧損淨額人民幣9,825,000元於年內確認為其他費用(附註6)。遠期外幣合約公允值收益淨額人民幣23,308,000元於二零一九年確認為其他收入及收益(附註5)。利息遠期合約公允值虧損淨額人民幣15,695,000元於二零一九年內確認為融資成本(附註8)。

為管理未來購置商品作為原材料(例如白糖、棕櫚油及原料奶粉)的價格風險，本集團已訂立多項商品期貨合約。本集團將此等商品期貨合約按公允值列賬，而公允值的變動則於損益內確認。於二零二零年內，公允值虧損淨額人民幣4,568,000元(二零一九年：零)已自銷售成本扣除(附註7)。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 33. DEFERRED INCOME

Various local government authorities have granted certain property, plant and equipment to the Group for nil consideration, have provided finance to the Group for the purchase of certain property, plant and equipment, and/or have financed the Group by way of a cash donation with certain conditions attaching to these cash donations. Both the property, plant and equipment and grants are recorded initially at fair value. These grants are initially recorded as deferred income. The grants related to property, plant and equipment are amortised to match the depreciation charge for the property, plant and equipment granted or purchased in accordance with their estimated useful lives. The cash donations with unfulfilled conditions or contingencies are only recognised in profit or loss when the Group satisfied the attached conditions. Movements of the balances during the year are as follows:

### 33. 遞延收入

多個地方政府當局無償向本集團授予若干物業、廠房及設備，為購買若干物業、廠房及設備向本集團提供資金及／或透過現金捐款方式（此等現金捐獻附帶若干條件）向本集團提供融資。物業、廠房及設備及補助金最初均以公允值列賬。此等補助金初步記錄為遞延收入。與若干物業、廠房及設備有關的補助金按配合獲授或購入的物業、廠房及設備的折舊計提的方式，根據其估計可使用年期攤銷。未能達到所附帶的條件或或然事件的現金捐獻將只會於本集團達到所附帶的條件時在損益內確認。年內該結餘的變動如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At beginning of year	年初	329,987	1,026,381
Received during the year	年內收取	140,708	167,283
Amortisation during the year (note 5)	年內攤銷(附註5)	(50,689)	(174,895)
Disposal of subsidiaries	出售子公司	—	(688,782)
At end of year	年終	420,006	329,987
Current portion	即期部分	—	50,493
Non-current portion	非即期部分	420,006	279,494
		420,006	329,987

NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 34. OTHER FINANCIAL LIABILITIES

## 34. 其他金融負債

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Present value of redemption amount for potential acquisition of puttable non-controlling interests	可能收購可沽售非控股股東權益之贖回金額現值		
Current portion	— 即期	<b>1,600,200</b>	—
Non-current portion	— 非即期	—	1,600,206

Under the equity joint venture contract entered into between Inner Mongolia Mengniu and Danone Asia Pte Ltd. ("Danone Asia Pte") dated 9 August 2013, an option was granted to Danone Asia Pte to terminate the equity joint venture contract and sell the entire Danone Asia Pte's equity interests in the equity joint venture to Inner Mongolia Mengniu at the exercise price within a 15-day period at the beginning of each biennial (2-year) period from the seventh (7th) anniversary of the relevant closing date under the amended and restated framework agreement, subject to compliance with the then applicable laws and regulations (including the Listing Rules) by the Company, including the then relevant Listing Rules in connection with connected transactions. As at 31 December 2020, the Group derecognised a non-controlling interest of RMB445,788,000 (2019: RMB592,124,000) and recognised a present value of the amount payable upon exercise of the option of RMB1,600,200,000 (2019: RMB1,600,206,000) as a financial liability and accounted for the difference in equity.

根據內蒙蒙牛與Danone Asia Pte Ltd. ([Danone Asia Pte])訂立日期為二零一三年八月九日的合資經營合約，Danone AsiaPte獲授一項購股權，可自經修訂及重訂的框架協議相關屆滿日期滿七(7)週年起，每兩(2)年期間開始後15天內終止合資經營合約，並按行使價向內蒙蒙牛出售Danone Asia Pte於合資公司的全部股權，惟本公司必須遵守當時的適用法例及法規(包括上市規則)的規定，包括當時上市規則關於關連交易的規定。於二零二零年十二月三十一日，本集團終止確認人民幣445,788,000元(二零一九年：人民幣592,124,000元)的非控股股東權益，並確認按行使購股權時應付的金融負債現值人民幣1,600,200,000元(二零一九年：人民幣1,600,206,000元)，並將差額計入權益。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**35. SHARE CAPITAL**

**35. 股本**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的 普通股	<b>565,022</b>	565,022
		Number of ordinary shares 普通股數目 '000 千股	RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：		
At 1 January 2020	於二零二零年一月一日	<b>3,935,015</b>	<b>358,257</b>
Shares issued under the equity- settled share option scheme	根據以股份支付的購股權 計劃發行股份 (a)	<b>13,093</b>	<b>1,102</b>
At 31 December 2020	於二零二零年 十二月三十一日	<b>3,948,108</b>	<b>359,359</b>
		Number of ordinary shares 普通股數目 '000 千股	RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：		
At 1 January 2019	於二零一九年一月一日	3,927,708	357,602
Shares issued under the equity- settled share option scheme	根據以股份支付的購股權 計劃發行股份 (a)	7,307	655
At 31 December 2019	於二零一九年 十二月三十一日	3,935,015	358,257

Note:

(a) Details of the Company's share option scheme and the share options issued under the scheme are included in note 38 to the financial statements.

附註：

(a) 本公司購股權計劃及根據該計劃發行的購股權的詳情載列於財務報表附註38。

### 36. OTHER RESERVES

The movements of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

In accordance with the relevant PRC laws and regulations, the PRC domestic companies are required to transfer 10% of their profit after income tax, as determined under the PRC accounting standards and financial regulations, to the statutory common reserve. Subject to certain restrictions as set out in the relevant PRC laws and regulations, the statutory common reserve may be used to offset against the accumulated losses, if any.

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB199,762,000 and RMB199,762,000, respectively, in respect of lease arrangements for plant and equipment (2019: RMB416,967,000 and RMB416,967,000).

### 36. 其他儲備

本集團的儲備及本年度及過往年度的儲備變動，載於財務報表的綜合權益變動表內。

根據中國有關法律及法規的規定，中國國內公司須將除所得稅後利潤的10%（根據中國會計準則及財政法規釐定）轉撥至法定公積金。根據中國有關法律及法規所載若干限制的規定，法定公積金可被用作抵銷累計虧損（如有）。

### 37. 綜合現金流量報表附註

#### (a) 主要非現金交易

於年內，本集團就廠房及設備之租賃安排所添置任何非現金使用權資產及租賃負債分別為人民幣199,762,000元及人民幣199,762,000元（二零一九年：人民幣416,967,000元及人民幣416,967,000元）。

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) Changes in liabilities arising from financing activities

### 37. 綜合現金流量報表附註 (續)

#### (b) 來自融資活動的負債變動

		2020 二零二零年									
		US\$500,000,000 4.25% bonds issued in 2018 於二零一八年 發行的 500,000,000美元 票息率4.25%的債券	US\$500,000,000 3% bonds issued in 2019 於二零一九年 發行的 500,000,000美元 票息率3%的債券	US\$194,800,000 2017 exchangeable bonds 二零一七年 194,800,000美元 可交換債券	US\$100,000,000 2020 1.5% exchangeable bonds 二零二零年 100,000,000美元 可交換債券	US\$500,000,000 1.875% bonds issued in 2020 於二零二零年 發行的 500,000,000美元 票息率1.875%的債券	US\$300,000,000 2.5% bonds issued in 2020 於二零二零年 發行的 300,000,000美元 票息率2.5%的債券	Super short-term commercial papers	Medium-term notes	Lease liabilities	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
At 1 January 2020	於二零二零年一月一日	12,663,259	3,469,677	3,465,692	1,374,780	—	—	—	1,000,000	1,000,000	499,402
Changes from financing cash flows	融資現金流變動	(7,826,447)	—	—	(1,435,055)	705,550	3,517,629	2,112,423	(1,000,000)	—	(188,198)
New leases	新增租賃	—	—	—	—	—	—	—	—	—	199,762
COVID-19-related rent concessions from lessors	新型コロナウイルス疫情相關之出租人租金寬免	—	—	—	—	—	—	—	—	—	(3,089)
Interest expense	利息開支	—	4,519	5,029	—	—	2,758	760	—	—	21,780
Terminate lease contract before the date expiration	於屆滿日期前終止租賃合約	—	—	—	—	—	—	—	—	—	(48,483)
Net fair value loss on exchangeable bonds	可交換債券之公允價值虧損淨額	—	—	—	28,459	373,483	—	—	—	—	—
Exchange realignment	匯兌調整	(69,606)	(223,419)	(225,733)	31,816	(64,672)	(279,697)	(168,433)	—	—	279
At 31 December 2020	於二零二零年十二月三十一日	4,767,206	3,250,777	3,244,988	—	1,014,361	3,240,690	1,944,750	—	1,000,000	481,453



NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

37. NOTES TO THE CONSOLIDATED  
STATEMENT OF CASH FLOWS (continued)(b) Changes in liabilities arising from financing  
activities (continued)

## 37. 綜合現金流量報表附註 (續)

## (b) 來自融資活動的負債變動 (續)

		2019 二零一九年 US\$194,800,000		2017 Super short-term exchangeable commercial bonds papers		Medium-term notes	Lease liabilities
Bank loans		US\$500,000,000 4.25% bonds issued in 2018 於二零一八年 發行的 500,000,000美元 票息率4.25%	US\$500,000,000 3% bonds issued in 2019 於二零一九年 發行的 500,000,000美元 票息率3%	2017 二零一七年 194,800,000美元 可交換債券	Super short-term commercial papers 超短期融資券	Medium-term notes RMB'000 中期票據	Lease liabilities RMB'000 租賃負債
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2018	於二零一八年 十二月三十一日	10,029,805	3,410,327	—	1,275,183	—	—
Effect of adoption of IFRS 16	採納國際財務報告準則 第16號之影響	—	—	—	—	—	388,525
At 1 January 2019	於二零一九年一月一日	10,029,805	3,410,327	—	1,275,183	—	388,525
Changes from financing cash flows	融資現金流變動	6,363,867	—	3,427,433	—	1,000,000	(263,627)
New leases	新增租賃	—	—	—	—	—	416,967
Interest expense	利息開支	—	4,770	1,976	—	—	19,153
Increase arising from acquisition of subsidiaries	收購子公司之增加	214,716	—	—	—	—	15,117
Decrease due to disposal of subsidiaries	由於出售子公司減少	(4,014,590)	—	—	—	—	(76,733)
Net fair value gain on 2017 exchangeable bonds	二零一七年可交換債券之 公允價值收益淨額	—	—	—	77,988	—	—
Exchange realignment	匯兌調整	69,461	54,580	36,283	21,609	—	—
At 31 December 2019	於二零一九年 十二月三十一日	12,663,259	3,469,677	3,465,692	1,374,780	1,000,000	499,402

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within operating activities	於經營業務內	(141,187)	(232,767)
Within financing activities	於融資業務內	(188,198)	(263,627)
		<b>(329,385)</b>	(496,394)

### 38. SHARE OPTION SCHEME

The Company operated two share option schemes (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers and any person or entity that provides research, development or technological support to the Group. The share option scheme adopted by the Company on 28 June 2005 (the "Old Share Option Scheme") had expired on 27 June 2015. On 3 June 2016, the Company adopted another share option scheme (the "New Share Option Scheme"), and the New Share Option Scheme will remain in force for a period of 10 years from the date of adoption.

### 37. 綜合現金流量報表附註 (續)

#### (c) 租賃現金流出總額

載列於現金流動報表的租賃現金流出總額如下：

### 38. 購股權計劃

本公司設立的兩個購股權計劃（「購股權計劃」），目的為激勵對本集團業務成功作出貢獻的合資格參與者，並向彼等作出獎賞。購股權計劃的合資格計劃參與者包括本公司董事（包括獨立非執行董事）、本集團之其他僱員、本集團之貨品或服務供應商、客戶以及向本集團提供研究、開發或技術支援的任何人士或實體。本公司於二零零五年六月二十八日採用的購股權計劃（「舊購股權計劃」）已於二零一五年六月二十七日到期。於二零一六年六月三日，本公司採用另一購股權計劃（「新購股權計劃」），而新購股權計劃自該採用日期起十年內有效。

**38. SHARE OPTION SCHEME** (continued)

The maximum number of shares in respect of share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date of approval and adoption of the Share Option Scheme, provided that the Group may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in a general meeting where such limit is refreshed. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the total shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the Old Share Option Scheme may be accepted within 20 business days from the date of offer, upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than seven years from the date of offer of the share options.

The offer of a grant of share options under the New Share Option Scheme may be accepted upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of offer of the share options.

**38. 購股權計劃** (續)

現時根據購股權計劃准予授出的購股權經行使後可予發行的股份數目最多相等於本公司在批准及採納購股權計劃當日已發行股份總數10%，惟本集團可隨時徵求股東批准將上限重新釐定為股東於有關上限獲更新的股東大會上授出有關批准當日已發行股份10%。於任何十二個月期間內，根據購股權可發行予購股權計劃內每位合資格參與者的股份數最多為於任何時間本公司已發行股份總數1%。凡再授出任何超出此上限的購股權，必須經股東於股東大會上批准。

向本公司董事、主要行政人員或主要股東或彼等任何聯繫人授出的購股權必須經獨立非執行董事事先批准。此外，於任何十二個月期間內，凡向本公司主要股東或獨立非執行董事或彼等之任何聯繫人授出的任何購股權超出於任何時間本公司已發行股份0.1%或總值（按授出日期本公司股份的收市價計算）超出5,000,000港元，必須經股東於股東大會上事先批准。

承授人於舊購股權計劃下可於授出購股權建議日起20個營業日內以支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日七年之日終止。

承授人於新購股權計劃下可於支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日五年之日終止。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 38. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") closing price of the Company's shares on the offer date of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

#### Particulars of outstanding share options

### 38. 購股權計劃 (續)

購股權行使價由董事釐定，惟不可低於(i)本公司股份於授出購股權建議之日在香港聯合交易所有限公司(「聯交所」)所報的收市價(ii)本公司股份於緊接建議授出日期前五個營業日在聯交所所報的平均收市價；及(iii)股份面值最高者。

購股權持有人無權獲派股息或於股東大會上投票。

#### 尚未行使購股權詳情

Date of grant	Exercise period of share options (both dates inclusive)	Exercise price per share option (note e)	Weighted average fair value per share option
授出日期	購股權的行使期間 (包括首尾兩日)	每份購股權的行使價(附註e)	每份購股權的加權平均公允值
		(HK\$)	(HK\$)
		(港元)	(港元)
13 July 2017	13 July 2018 to 12 July 2022 (note a)	14.812	3.99
二零一七年七月十三日	二零一八年七月十三日至 二零二二年七月十二日(附註a)		
7 May 2018	7 May 2019 to 6 May 2023 (note b)	26.05	7.98
二零一八年五月七日	二零一九年五月七日至 二零二三年五月六日(附註b)		
24 December 2018	1 April 2019 to 23 December 2023 (note c)	23.93	7.16
二零一八年十二月二十四日	二零一九年四月一日至 二零二三年十二月二十三日 (附註c)		
1 April 2020	1 April 2021 to 31 March 2025 (note d)	26.54	6.42
二零二零年四月一日	二零二一年四月一日至 二零二五年三月三十一日 (附註d)		

31 December 2020 於二零二零年十二月三十一日

**38. SHARE OPTION SCHEME** (continued)**Particulars of outstanding share options** (continued)

Notes:

- a) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- b) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- c) The share options will be vested in four batches with 70% of the share options granted vesting in three equal batches on 1 April 2019, 2020 and 2021, and the remaining 30% of the share options granted vesting in their entirety on 1 April 2021. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- d) 627,283 share options will be vested in two batches with 70% of the share options granted vesting on 1 April 2021, and the remaining 30% of the share options granted vesting in their entirety on 1 April 2022. 389,604 share options will be vested in their entirety on 1 April 2021. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- e) The exercise price per share option was the average closing share price for the five business days immediately preceding the grant date or the closing price of the shares on the grant date.

All the above options granted have no cash alternatives.

**38. 購股權計劃** (續)**尚未行使購股權詳情** (續)

附註：

- a) 購股權將分為二等份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- b) 購股權將分為二等份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- c) 購股權將分為四份歸屬，70%已授出購股權於二零一九年、二零二零年及二零二一年四月一日分三等份歸屬，其餘30%已授出購股權於二零二一年四月一日全部歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- d) 627,283份購股權將分為兩份歸屬，70%已授出購股權於二零二一年四月一日歸屬，其餘30%已授出購股權於二零二二年四月一日全部歸屬。389,604購股權將於二零二一年四月一日全部歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- e) 每份購股權的行使價乃緊接授出日期前五個營業日的平均股份收市價或授出日期的股份收市價。

上述所有授出的購股權均並無現金替代品。

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 38. SHARE OPTION SCHEME (continued)

#### Movements of outstanding share options

Date of grant		As at 1 January 2020	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	As at 31 December 2020	Exercisable at 31 December 2020
授出日期		於二零二零年 一月一日	年內授出	年內行使	年內失效/沒收	於二零二零年 十二月三十一日	於二零二零年 十二月三十一日 可行使
13 July 2017	二零一七年 七月十三日	4,834,032	—	(2,610,129)	—	2,223,903	2,223,903
7 May 2018	二零一八年五月七日	7,384,194	—	(4,048,616)	(306,437)	3,029,141	3,029,141
24 December 2018	二零一八年 十二月二十四日	33,781,930	—	(6,434,684)	(3,710,943)	23,636,303	8,218,563
1 April 2020	二零二零年四月一日	—	1,016,887	—	—	1,016,887	—
Total	總計	46,000,156	1,016,887	(13,093,429)	(4,017,380)	29,906,234	13,471,607

Date of grant		As at 1 January 2019	Exercised during the year	Lapsed/ forfeited during the year	As at 31 December 2019	Exercisable at 31 December 2019
授出日期		於二零一九年 一月一日	年內行使	年內失效/沒收	於二零一九年 十二月三十一日	於二零一九年 十二月三十一日 可行使
13 July 2017	二零一七年七月十三日	9,236,545	(4,209,899)	(192,614)	4,834,032	4,834,032
7 May 2018	二零一八年五月七日	9,245,873	(1,130,135)	(731,544)	7,384,194	3,132,357
24 December 2018	二零一八年 十二月二十四日	37,248,880	(1,967,000)	(1,499,950)	33,781,930	6,404,290
Total	總計	55,731,298	(7,307,034)	(2,424,108)	46,000,156	14,370,679

Subsequent to the end of the reporting period, out of the total outstanding share options of 29,906,234 (2019: 46,000,156) as at 31 December 2020, 122,416 (2019: 50,949) share options had lapsed due to the unfulfilment of vesting conditions.

The Group recognised an expense of RMB52,217,000 (2019: RMB166,651,000) relating to the fair value amortisation of share options during the year (note 7).

### 38. 購股權計劃 (續)

#### 尚未行使購股權變動

於二零二零年十二月三十一日尚未行使的購股權共29,906,234份(二零一九年: 46,000,156份)中, 122,416份(二零一九年: 50,949份)因未達到歸屬條件而於報告期末後失效。

本集團於年內確認有關購股權公允值攤銷的開支人民幣52,217,000元(二零一九年: 人民幣166,651,000元)(附註7)。

NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**38. SHARE OPTION SCHEME** (continued)**Movements of outstanding share options** (continued)

The average fair value of equity settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

		2020 二零二零年 1 April 四月一日	2018 二零一八年 7 May 五月七日	2017 二零一七年 24 December 十二月 二十四日	2017 二零一七年 13 July 七月十三日
Dividend yield (%)	股息率(%)	<b>0.69</b>	0.64	0.57	0.65
Expected volatility (%)	預期波動率(%)	<b>32.30</b>	34.00	34.00	32.18
Historical volatility (%)	歷史波動率(%)	<b>32.30</b>	33.90	34.12	32.18
Risk-free interest rate (%)	無風險利率(%)	<b>0.53</b>	2.14	1.96	0.97
Option life (years)	購股權年期(年)	<b>5</b>	5	5	5
Spot price (HK\$ per share)	現貨價(港元/ 每股)	<b>26.30</b>	26.05	23.80	14.62
Exercise price (HK\$ per share)	行使價(港元/ 每股)	<b>26.54</b>	26.05	23.93	14.81

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The spot price is the closing price of the Company's shares at the grant date. The exercise price is the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

The 13,093,429 share options (2019: 7,307,034) exercised during the year resulted in the issue of 13,093,429 (2019: 7,307,034) ordinary shares of the Company and new share capital of RMB1,102,000 (2019: RMB655,000) and share premium of RMB255,411,000 (2019: RMB123,780,000), as further detailed in note 35 to the financial statements. The weighted average share price at the date of exercise of these options was HK\$34.53 (2019: HK\$30.52).

**38. 購股權計劃** (續)**尚未行使購股權變動** (續)

於年內授出以股份支付的購股權之平均公允值乃於授出日期使用二項計價模式進行估計，並已考慮有關購股權之授出條款及條件。下表載列所用模型之重大輸入數據：

預期波動率反映歷史波動率可顯示未來趨勢的假設，但不一定為實際結果。現貨價為本公司股份於授出日期的收市價。行使價為聯交所每日報價表所示緊接授出日期前五個營業日的每股股份平均收市價。

13,093,429份(二零一九年：7,307,034份)購股權於年內行使，因而已發行13,093,429股(二零一九年：7,307,034股)本公司普通股，產生新股本人民幣1,102,000元(二零一九年：人民幣655,000元)及股份溢價人民幣255,411,000元(二零一九年：人民幣123,780,000元)，詳情載於財務報表附註35。此等購股權於行使日的加權平均股價為34.53港元(二零一九年：30.52港元)。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 38. SHARE OPTION SCHEME (continued)

At the end of the reporting period, the Company had 13,471,607 (2019: 14,370,679) vested share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 13,471,607 (2019: 14,370,679) additional ordinary shares of the Company and additional share capital of RMB1,057,000 (2019: RMB1,287,000) and share premium of RMB238,517,000 (2019: RMB273,228,000) (before issue expenses).

### 39. SHARE AWARD SCHEME

The share award scheme of the Company was adopted by the board on 26 March 2013 (the "Adoption Date"). The purpose of the share award scheme is to provide an incentive to encourage the participants for the continual operation and development of the Group.

Subject to the terms of the share award scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the "Participants"). Existing shares of the Company will be purchased by an independent trustee (the "Trustee") of the share award scheme from the market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company granted and held by the trustee until vesting are referred to as the treasury shares and each treasury share shall represent one ordinary share of the Company.

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 5% of the issued capital of the Company. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 0.5% of the issued capital of the Company at the Adoption Date.

### 38. 購股權計劃 (續)

於報告期末，本公司在購股權計劃項下有13,471,607份(二零一九年：14,370,679份)已歸屬未行使購股權。在本公司現時的資本結構下，全面行使餘下的購股權將導致本公司額外發行13,471,607股(二零一九年：14,370,679股)普通股、額外增加股本人民幣1,057,000元(二零一九年：人民幣1,287,000元)及股份溢價人民幣238,517,000元(二零一九年：人民幣273,228,000元)(未扣除發行開支)。

### 39. 股票獎勵計劃

本公司股票獎勵計劃於二零一三年三月二十六日(「採納日期」)獲董事會採納。股票獎勵計劃旨在獎勵參與者繼續為本集團的經營及發展作出貢獻。

根據股票獎勵計劃條款及上市規則，董事會可隨時向任何合資格人士作出要約，由合資格人士絕對酌情選擇接納董事會決定授出的有關股份數目之獎勵(「參與者」)。股票獎勵計劃的獨立受託人(「受託人」)以本集團出資的現金於市場上購買本公司現有股份，及以信託形式代相關參與者持有，直至該等股份根據股票獎勵計劃的條文歸屬於相關參與為止。已授出及由受託人持有直至歸屬的本公司股份稱為庫存股份，而各庫存股份應指本公司一股普通股。

概無股份根據本股票獎勵計劃獲購買，亦無向受託人支付任何款項以作出有關購買，倘因有關購買，致使本股票獎勵計劃管理的股份數目超過本公司已發行股本5%，於任何時間可能授予單一參與者的股票數目上限或總數不得超過採納日期本公司已發行股本0.5%。



**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**39. SHARE AWARD SCHEME** (continued)

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 5 years commencing on the Adoption Date. On 13 July 2017, the directors of the Company approved to extend the validity period of the share award scheme for approximately another five years to 26 March 2023.

**39. 股票獎勵計劃** (續)

受限於董事會可能釐定的任何提早終止，股票獎勵計劃將於採納日期起計五年期間內一直有效及生效。於二零一七年七月十三日，本公司的董事同意延長股票獎勵計劃的有效期約五年至二零二三年三月二十六日。

**Particulars and movements of share award scheme****股票獎勵計劃詳情及變動**

Date of grant	Notes	Fair value per share	As at	Granted during the year	Vesting during the year	Lapsed/ forfeited during the year	As at
			1 January 2020				31 December 2020
授出日期	附註	每股公允值 (HK\$) (港元)	於二零二零年一月一日	年內授出	年內歸屬	年內失效/沒收	於二零二零年十二月三十一日
7 May 2018	二零一八年五月七日 (b)	26.05	2,861,687	—	(2,804,684)	(57,003)	—
5 June 2019	二零一九年六月五日 (c)	28.80	6,622,058	—	(3,245,705)	(330,825)	3,045,528
22 May 2020	二零二零年五月二十二日 (d)	27.30	—	8,199,897	—	(647,500)	7,552,397
			9,483,745	8,199,897	(6,050,389)	(1,035,328)	10,597,925

Date of grant	Notes	Fair value per share	As at	Granted during the year	Vesting during the year	Lapsed/ forfeited during the year	As at
			1 January 2019				31 December 2019
授出日期	附註	每股公允值 (HK\$) (港元)	於二零一九年一月一日	年內授出	年內歸屬	年內失效/沒收	於二零一九年十二月三十一日
13 July 2017	二零一七年七月十三日 (a)	14.62	3,050,246	—	(2,965,186)	(85,060)	—
7 May 2018	二零一八年五月七日 (b)	26.05	6,453,689	—	(3,004,911)	(587,091)	2,861,687
5 June 2019	二零一九年六月五日 (c)	28.80	—	8,201,104	—	(1,579,046)	6,622,058
			9,503,935	8,201,104	(5,970,097)	(2,251,197)	9,483,745

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 39. SHARE AWARD SCHEME (continued)

#### Particulars and movements of share award scheme

(continued)

Notes:

- (a) On 13 July 2017, the Company granted 6,998,575 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (b) On 7 May 2018, the Company granted 6,693,084 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (c) On 5 June 2019, the Company granted 8,201,104 shares under share award scheme to the participants, representing approximately 0.23% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (d) On 22 May 2020, the Company granted 8,199,897 shares under share award scheme to the participants, representing approximately 0.23% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.

During the year, 1,035,328 (2019: 2,251,197) shares lapsed due to the unfulfillment of vesting condition under the share award scheme.

### 39. 股票獎勵計劃 (續)

#### 股票獎勵計劃詳情及變動 (續)

附註：

- (a) 二零一七年七月十三日，本公司根據股票獎勵計劃向參與者授出6,998,575股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (b) 二零一八年五月七日，本公司根據股票獎勵計劃向參與者授出6,693,084股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (c) 二零一九年六月五日，本公司根據股票獎勵計劃向參與者授出8,201,104股股份，佔本公司於採納日期的已發行股本約0.23%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (d) 二零二零年五月二十二日，本公司根據股票獎勵計劃向參與者授出8,199,897股股份，佔本公司於採納日期的已發行股本約0.23%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。

於年內，共1,035,328股(二零一九年：2,251,197股)股份因未能達到股票獎勵計劃的歸屬條件而失效。

31 December 2020 於二零二零年十二月三十一日

**39. SHARE AWARD SCHEME** (continued)**Particulars and movements of share award scheme**  
(continued)

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend will be considered. The fair value of the shares granted on 22 May 2020 was HK\$27.30 per share (5 June 2019: HK\$28.80 per share). During 2020, the Group recognised a net expense relating to the share award scheme of approximately RMB165,423,000 (2019: RMB129,582,000) in the consolidated statement of profit or loss during the year (note 7).

During the year, 6,050,389 (2019: 5,970,097) shares with a total amount of RMB76,755,000 (2019: RMB85,046,000) were vested and exercised under the share award scheme, resulting in the transfer out of RMB141,329,000 (2019: RMB101,050,000) from the share award reserve, with the difference of RMB64,574,000 (2019: RMB16,004,000) debited to the share premium account. The weighted average share price at the date of exercise of these shares was HK\$13.89 (2019: HK\$15.81).

**40. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS**

Details of the Group's subsidiary, Yashili, that has material non-controlling interests are set out below:

**39. 股票獎勵計劃** (續)**股票獎勵計劃詳情及變動** (續)

已授出股份的公允值乃基於本公司股份於各授出日期的市值計算，當中不會計及股息。二零二零年五月二十二日授出的股份的公允值為每股27.30港元(二零一九年六月五日：每股28.80港元)。二零二零年內，本集團年內於綜合損益表中確認股票獎勵計劃淨支出約人民幣165,423,000元(二零一九年：人民幣129,582,000元)(附註7)。

年內，總額為人民幣76,755,000元(二零一九年：人民幣85,046,000元)的6,050,389股(二零一九年：5,970,097股)股份已根據股票獎勵計劃歸屬及行使，導致自股票獎勵儲備轉出人民幣141,329,000元(二零一九年：人民幣101,050,000元)，差額人民幣64,574,000元(二零一九年：人民幣16,004,000元)已自股份溢價賬扣除。此等股份於行使日期的加權平均股價為13.89港元(二零一九年：15.81港元)。

**40. 擁有重大非控股股東權益的部分擁有子公司**

本集團擁有重大非控股股東權益的子公司雅士利的詳情如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Percentage of equity interest held by non-controlling interests:	非控股股東權益持有的股權百分比：	<b>48.96%</b>	48.96%
Profit for the year allocated to non-controlling interests:	非控股股東權益分佔的本年收益：	<b>46,407</b>	51,372
Dividends paid to non-controlling interests:	向非控股股東權益派付的股息：	—	22,833
Accumulated balances of non-controlling interest at the reporting dates:	於報告日期非控股股東權益的累計結餘：	<b>3,865,165</b>	3,851,100

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**40. A PARTLY-OWNED SUBSIDIARY WITH  
MATERIAL NON-CONTROLLING  
INTERESTS** (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

**40. 擁有重大非控股股東權益的部分  
擁有子公司** (續)

下表列示上述子公司的簡明財務資料。所披露的金額未計任何集團內公司間的抵銷：

		<b>Yashili</b> 雅士利 <b>2020</b> 二零二零年 <b>RMB'000</b> 人民幣千元	Yashili 雅士利 2019 二零一九年 RMB'000 人民幣千元
Revenue	收入	<b>3,649,206</b>	3,411,962
Total expenses	開支總額	<b>(3,548,125)</b>	(3,299,596)
Profit for the year	本年盈利	<b>101,081</b>	112,366
Other comprehensive income for the year	本年其他全面收益	<b>(53,861)</b>	43,954
Total comprehensive income for the year	年內全面收益總額	<b>47,220</b>	156,320
Current assets	流動資產	<b>3,602,789</b>	3,439,743
Non-current assets	非流動資產	<b>4,189,189</b>	4,072,758
Current liabilities	流動負債	<b>(2,028,886)</b>	(1,799,336)
Non-current liabilities	非流動負債	<b>(39,975)</b>	(31,444)
Net cash flows from operating activities	經營活動產生的現金流量淨額	<b>118,740</b>	177,227
Net cash flows from/(used in) investing activities	投資活動產生/(所用)的現金流量淨額	<b>1,067,064</b>	(695,068)
Net cash flows from/(used in) financing activities	融資活動產生/(所用)的現金流量淨額	<b>71,076</b>	(64,223)
Effect of exchange rate changes on cash and cash equivalents	匯率對現金及現金等價物的影響	<b>(14,756)</b>	(145)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	<b>1,242,124</b>	(582,209)

#### 41. BUSINESS COMBINATION

In 2020:

***Acquisition of three subsidiaries***

During 2020, the Group acquired three subsidiaries from third parties. These three subsidiaries are engaged in the sale of dairy products and research and development. The acquisition was made as part of the Group's strategy to expand its market share of dairy products in Mainland China as well as strengthen research and development capacity. The total purchase considerations for these acquisitions were in the form of cash of RMB10,617,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB92,091,000 in total.

#### 41. 業務合併

於二零二零年：

***收購三家子公司***

二零二零年，本集團自第三方收購三家子公司。該三家子公司從事乳產品銷售以及研究及開發。進行收購乃作為本集團擴充其於中國大陸乳產品市場份額及加強研究及開發能力之策略。該等收購的總收購代價於收購日期以現金形式支付人民幣10,617,000元。該等業務收購產生商譽合共人民幣92,091,000元。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 41. BUSINESS COMBINATION (continued)

In 2020: (continued)

#### Acquisition of three subsidiaries (continued)

The aggregate fair values of the identifiable assets and liabilities of the three subsidiaries as at the date of acquisition were as follows:

### 41. 業務合併 (續)

於二零二零年：(續)

#### 收購三家子公司 (續)

於收購日期，三家子公司的可識別資產及負債公允值總額如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元 (Unaudited) (未經審核)
Assets	資產		
Property, plant and equipment	物業、廠房及設備	14	10,949
Right-of-use assets	使用權資產	17	216
Construction in progress	在建工程	15	33
Other intangible assets	其他無形資產	19	7
Inventories	存貨		1,166
Trade and bills receivables	應收賬款及票據		35,305
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		2,024
<b>Total assets</b>	<b>總資產</b>		<b>49,700</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(111,941)
Other payables and accruals	其他應付款項及預提費用		(19,233)
<b>Total liabilities</b>	<b>總負債</b>		<b>(131,174)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨資產總額		(81,474)
Less: Trade receivables due from the three subsidiaries	減：應收三家子公司的應收賬款		(111,941)
Add: Goodwill arising on acquisition	加：收購產生的商譽	18	92,091
Add: Effective settlement of trade receivables and other receivables due from the three subsidiaries	加：應收三家子公司的應收賬款及其他應收款項的有效結算		111,941
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>10,617</b>

**41. BUSINESS COMBINATION** (continued)

In 2020: (continued)

***Acquisition of three subsidiaries*** (continued)

An analysis of the cash flows in respect of the acquisition of the three subsidiaries for the year ended 31 December 2020 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(10,617)
Net outflow of cash and cash equivalents included in cash flows from investing activities	包括在投資活動產生的現金流量內的現金及現金等價物淨流出	(10,617)
Transaction costs of the acquisition included in cash flows from operating activities	包括在經營業務產生的現金流量內的收購交易成本	(200)
		(10,817)

Since the acquisition, the three subsidiaries contributed RMB138,302,000 to the Group's revenue and RMB27,347,000 to the consolidated loss of the Group for the year ended 31 December 2020.

Had the combination taken place at the beginning of 2020, the revenue of the Group and the profit of the Group for the year ended 31 December 2020 would have been RMB76,078,489,000 and RMB3,475,824,000, respectively.

In 2019:

***Acquisition of Bellamy***

On 5 December 2019, the Group acquired a total equity interest of 100% in Bellamy and obtained control over Bellamy, an organic infant formula and baby food provider listed on the Australian Securities Exchange. The acquisition was made as part of the Group's strategy to expand its market share of organic infant milk powder products and baby food products market.

**41. 業務合併** (續)

於二零二零年：(續)

**收購三家子公司** (續)

截至二零二零年十二月三十一日止年度收購該三家子公司的現金流分析如下：

自收購以來，該三家子公司為本集團截至二零二零年十二月三十一日止年度的收入貢獻人民幣138,302,000元，為本集團綜合虧損帶來人民幣27,347,000元。

倘有關合併於二零二零年年初進行，則截至二零二零年十二月三十一日止年度本集團的收入及本集團的利潤將分別為人民幣76,078,489,000元及人民幣3,475,824,000元。

於二零一九年：

**收購貝拉米**

於二零一九年十二月五日，本集團收購貝拉米（為於澳洲證券交易所上市的全國認可澳洲有機嬰兒配方及嬰兒食品供應商）合共100%的股權，並取得貝拉米的控制權。已作出的收購為本集團擴大有機嬰兒奶粉產品及嬰兒食品產品市場的市場份額的策略之一。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Bellamy** (continued)

The purchase consideration for the acquisition was in the form of cash of RMB6,934,372,000.

The fair values of the identifiable assets and liabilities of Bellamy as at the date of acquisition were as follows:

**41. 業務合併** (續)

於二零一九年：(續)

**收購貝拉米** (續)

該收購的購買代價人民幣6,934,372,000元現金。

於收購日期，貝拉米的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	14	22,008
Construction in progress	在建工程	15	7,111
Right-of-use assets	使用權資產	17	14,567
Other intangible assets	其他無形資產	19	5,417,659
Deferred tax assets	遞延稅項資產	23	103,740
Inventories	存貨		410,097
Trade and bills receivables	應收賬款及票據		148,061
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		58,831
Cash and bank balances	現金及銀行結存		481,398
<b>Total assets</b>	<b>總資產</b>		<b>6,663,472</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(132,110)
Other payables and accruals	其他應付款項及預提費用		(569,962)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(15,146)
Deferred tax liabilities	遞延稅項負債	23	(1,627,132)
<b>Total liabilities</b>	<b>總負債</b>		<b>(2,344,350)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨資產總額		4,319,122
Add: Goodwill arising on acquisition	加：收購產生的商譽	18	2,615,250
Purchase consideration at fair value	按公允值計算的收購代價		6,934,372



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Bellamy** (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB148,061,000 and RMB28,575,000, respectively.

The Group incurred transaction costs of RMB11,227,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Bellamy for the year ended 31 December 2019 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(6,934,372)
Cash and cash equivalents acquired	購買現金及現金等價物	481,398
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物流出淨額	(6,452,974)
Transaction costs of the acquisition included in cash flows from operating activities	自經營業務計入現金流動的購買交易成本	(11,227)
		(6,464,201)

Since the acquisition, Bellamy contributed RMB88,168,000 to the Group's revenue and RMB16,076,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB80,192,260,000 and RMB4,197,178,000, respectively.

**41. 業務合併** (續)

於二零一九年：(續)

**收購貝拉米** (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣148,061,000元及人民幣28,575,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣11,227,000元。有關交易成本已於綜合損益表支銷並計入行政費用。

截至二零一九年十二月三十一日止年度就收購貝拉米的現金流動分析如下：

自收購以來，貝拉米為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣88,168,000元，並為本集團綜合利潤貢獻人民幣16,076,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團利潤將分別為人民幣80,192,260,000元及人民幣4,197,178,000元。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)**In 2019:** (continued)***Acquisition of Shengmu High-tech Dairy***

On 23 April 2019, the Group acquired a total equity interest of 51% in Shengmu High-tech Dairy from Shengmu High-tech Farming and Inner Mongolia Shengmu Holding Co., Ltd. ("Shengmu Holding") and obtained control over Shengmu High-tech Dairy. Shengmu High-tech Dairy is mainly engaged in the production and distribution of organic liquid milk products. The acquisition was made as part of the Group's strategy to expand its market share of organic liquid milk products in Mainland China.

The purchase consideration for the acquisition was in the form of cash with RMB105,461,000 paid on 19 July 2019, and the remaining RMB30,000,000 payable within five business days from the first anniversary date of 19 July 2019.

The Group has elected to measure the non-controlling interests in Shengmu High-tech Dairy at the non-controlling interest's proportionate share of identifiable net assets.

**41. 業務合併** (續)

於二零一九年：(續)

***收購聖牧高科乳業***

於二零一九年四月二十三日，本集團向聖牧高科牧業及內蒙古聖牧控股有限公司（「聖牧控股」）收購聖牧高科乳業合共51%股權及取得聖牧高科乳業的控制權。聖牧高科牧業主要從事生產及分銷有機液態牛奶產品。已作出之收購為本集團策略的一部分，以擴大其有機液態牛奶產品於中國內地的市場份額。

收購的購買代價以現金方式人民幣105,461,000元於二零一九年七月十九日支付及餘下人民幣30,000,000元須於二零一九年七月十九日起計首個年度日期的五個營業日內支付。

本集團選擇按可識別資產淨值之非控股權益比例計量於聖牧高科乳業的非控股權益。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Shengmu High-tech Dairy** (continued)

The fair values of the identifiable assets and liabilities of Shengmu High-tech Dairy as at the date of acquisition were as follows:

**41. 業務合併** (續)

於二零一九年：(續)

**收購聖牧高科乳業** (續)

於收購日期，聖牧高科乳業的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 於收購獲確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	14	580,800
Construction in progress	在建工程	15	14,711
Right-of-use assets	使用權資產	17	24,003
Other intangible assets	其他無形資產	19	45,655
Inventories	存貨		24,517
Trade and bills receivables	應收賬款及票據		37,161
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		332,817
Pledged deposits	保證金存款		108,555
Cash and bank balances	現金及銀行結存		520
<b>Total assets</b>	<b>總資產</b>		<b>1,168,739</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(519,419)
Other payables and accruals	其他應付款項及預提費用		(238,710)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(145,000)
<b>Total liabilities</b>	<b>總負債</b>		<b>(903,129)</b>
<b>Total identifiable net assets at fair value</b>	<b>按公允值計算的可識別淨負債總額</b>		<b>265,610</b>
<b>Less: Non-controlling interests</b>	<b>減：非控股股東權益</b>		<b>(130,149)</b>
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>135,461</b>

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 41. BUSINESS COMBINATION (continued)

In 2019: (continued)

#### *Acquisition of Shengmu High-tech Dairy (continued)*

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB37,161,000 and RMB268,104,000, respectively.

The Group incurred transaction costs of RMB870,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Shengmu High-tech Dairy for the year ended 31 December 2019 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(105,461)
Cash and cash equivalents acquired	購買現金及現金等價物	520
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物淨流出	(104,941)
Transaction costs of the acquisition included in cash flows from operating activities	自經營業務計入現金流動的購買交易成本	(870)
		(105,811)

Since the acquisition, Shengmu High-tech Dairy contributed RMB492,972,000 to the Group's revenue and caused a net loss of RMB105,131,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB79,287,531,000 and RMB4,156,579,000, respectively.

### 41. 業務合併 (續)

於二零一九年：(續)

#### *收購聖牧高科乳業 (續)*

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣37,161,000元及人民幣268,104,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣870,000元，有關交易成本已於綜合損益表支銷，並計入行政費用。

截至二零一九年十二月三十一日止年度收購聖牧高科乳業的現金流動分析如下：

自收購以來，聖牧高科乳業為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣492,972,000元，並為本集團綜合利潤帶來淨虧損人民幣105,131,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團的利潤將分別為人民幣79,287,531,000元及人民幣4,156,579,000元。

#### 41. BUSINESS COMBINATION (continued)

In 2019: (continued)

##### Acquisition of other subsidiaries

During 2019, the Group acquired seven other subsidiaries from third parties. These subsidiaries are mainly engaged in the sale of dairy products. The total purchase consideration for these acquisitions was in the form of cash of RMB27,837,000 paid at the respective acquisition dates. These business acquisitions gave rise to goodwill of RMB73,033,000 in total.

The Group has elected to measure the non-controlling interests in seven other subsidiaries at the non-controlling interests' proportionate share of identifiable net assets.

#### 41. 業務合併 (續)

於二零一九年：(續)

##### 收購其他子公司

於二零一九年，本集團向第三方收購其他七家子公司。該等子公司主要從事銷售乳製品產品。該等收購的總購買代價為人民幣27,837,000元，並於相關收購日期以現金形式支付。該等業務收購併產生商譽合共人民幣73,033,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於其他七家子公司的非控股權益。

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of other subsidiaries** (continued)

The aggregate fair values of the identifiable assets and liabilities of the seven other subsidiaries as at the date of acquisition were as follows:

**41. 業務合併** (續)

於二零一九年：(續)

**收購其他子公司** (續)

其他七家子公司於收購日期可識別資產及負債的總公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	14	45,180
Right-of-use assets	使用權資產	17	43,139
Other intangible assets	其他無形資產	19	4,032
Inventories	存貨		12,866
Trade and bills receivables	應收賬款及票據		49,064
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		4,262
Cash and bank balances	現金及銀行結存		6,080
<b>Total assets</b>	<b>總資產</b>		<b>164,623</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(130,972)
Other payables and accruals	其他應付款項及預提費用		(27,131)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(54,570)
<b>Total liabilities</b>	<b>總負債</b>		<b>(212,673)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨負債總額		(48,050)
Less: Non-controlling interests	減：非控股權益		2,854
Less: Trade receivables and other receivables due from seven other subsidiaries	減：來自其他七家子公司的應收賬款及其他應收款		(137,653)
Add: Goodwill arising on acquisition	加：收購產生的商譽	18	73,033
Add: Effective settlement of trade receivables and other receivables due from seven other subsidiaries	加：來自其他七家子公司的應收賬款及其他應收款的有效結算		137,653
Purchase consideration at fair value	按公允值計算的收購代價		27,837

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**41. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of other subsidiaries** (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB49,064,000 and RMB1,819,000, respectively.

An analysis of the cash flows in respect of the acquisition of the seven other subsidiaries for the year ended 31 December 2019 was as follows:

**41. 業務合併** (續)

於二零一九年：(續)

**收購其他子公司** (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣49,064,000元及人民幣1,819,000元，與應收賬款及其他應收款項的合約總額相同。

截至二零一九年十二月三十一日止年度就收購其他七家子公司的現金流動分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	(27,837)
Cash and cash equivalents acquired	購買現金及現金等價物	6,080
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物流出淨額	(21,757)

Since the acquisition, seven other subsidiaries contributed RMB404,756,000 to the Group's revenue and RMB65,093,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB79,320,355,000 and RMB4,221,153,000, respectively.

自收購以來，其他七家子公司為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣404,756,000元，並為本集團綜合利潤貢獻人民幣65,093,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團利潤將分別為人民幣79,320,355,000元及人民幣4,221,153,000元。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 42. DISPOSAL OF SUBSIDIARIES

During the year, Inner Mongolia Mengniu disposed two wholly-owned companies.

The assets and liabilities of the subsidiaries from the perspective of the Group's consolidated financial statements as at disposal date are as follows:

### 42. 出售子公司

於年內，內蒙古蒙牛出售兩家全資擁有的公司。

於出售日期子公司自本集團的綜合財務報表的資產及負債如下：

		Note 附註	2020 二零二零年 RMB'000 人民幣千元
Non-Current assets	非流動資產		56,078
Current assets	流動資產		5,253
Gain on disposal of subsidiaries	出售子公司的收益	5	18,669
Satisfied by cash consideration	以現金代價方式繳付		80,000



**42. DISPOSAL OF SUBSIDIARIES** (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

**42. 出售子公司** (續)

就出售子公司的現金及現金等價物的淨流入分析如下：

		RMB'000 人民幣千元
Cash consideration received by 31 December 2020	截至二零二零年十二月三十一日收到的現金代價	15,000
Net inflow of cash and cash equivalents included in cash flows from disposal of subsidiaries	自出售子公司計入現金流量的現金及現金等價物流入淨額	15,000

On 19 November 2019, Inner Mongolia Mengniu, a subsidiary of the Company, disposed of 51% of the equity interests in Junlebao for a cash consideration of approximately RMB4,011,319,000.

於二零一九年十一月十九日，本公司的子公司內蒙古蒙牛以總現金代價約人民幣4,011,319,000元出售君樂寶51%股權。

On 28 November 2019, Inner Mongolia Mengniu and a third party injected additional capital of RMB100,000,000 and RMB150,000,000, respectively, into Tianxianpei (Shanghai) Technology Co., Ltd. ("Tianxianpei"), a previously 100% owned subsidiary of Inner Mongolia Mengniu. Upon completion of the transaction, Inner Mongolia Mengniu held a 50% equity interest in Tianxianpei and lost control of Tianxianpei. Since then, Inner Mongolia Mengniu has accounted for Tianxianpei as a joint venture using the equity method.

於二零一九年十一月二十八日，內蒙古蒙牛及一名第三方向先前由內蒙古蒙牛100%擁有的一家子公司天鮮配(上海)科技有限(「天鮮配」)分別注資人民幣100,000,000元及人民幣150,000,000元的額外資本。待完成交易後，內蒙古蒙牛持有天鮮配的50%股權，並失去天鮮配的控制權。此後，內蒙古蒙牛將天鮮配作為合營企業以權益法入賬。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**42. DISPOSAL OF SUBSIDIARIES** (continued)

The assets and liabilities of the subsidiaries from the perspective of the Group's consolidated financial statements as at disposal date are as follows:

**42. 出售子公司** (續)

於出售日期子公司自本集團的綜合財務報表的資產及負債如下：

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元
Non-current assets	非流動資產		8,229,197
Current assets	流動資產		3,825,173
Current liabilities	流動負債		(9,155,942)
Non-current liabilities	非流動負債		(1,669,974)
			1,228,454
Less: Non-controlling interests	減：非控股權益		888,177
Attributable goodwill and trademarks with indefinite useful lives	應佔商譽及無限使用年期商標	18	252,960
Gain on disposal of subsidiaries	出售子公司的收益	5	3,418,082
Satisfied by cash consideration	以現金代價方式繳付		4,011,319

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

就出售子公司的現金及現金等價物的淨流入分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	4,011,319
Cash and cash equivalents disposed of	處置現金及現金等價物	(593,162)
Income tax paid	支付所得稅	(533,337)
Net inflow of cash and cash equivalents included in cash flows from disposal of subsidiaries	自出售子公司計入現金流量的現金及現金等價物流入淨額	2,884,820

**43. PLEDGE OF ASSETS**

Details of the Group's bills payable and bank loans, which are secured by the assets of the Group, are included in notes 29 and 31, respectively, to the financial statements.

**43. 資產抵押**

有關以本集團的資產作抵押的本集團應付票據及銀行貸款詳情，分別載於財務報表附註29及31。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**44. COMMITMENTS**

- (a) The Group had the following outstanding capital commitments in respect of the purchase and construction of property, plant and equipment as at the end of the reporting period:

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Contracted, but not provided for 已訂約但未撥備	<b>1,286,410</b>	788,680

At the end of the reporting period, the Group did not have any significant commitments.

- (b) The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are RMB3,625,000 (2019: RMB4,339,000) due within one year, and RMB1,976,000 (2019: RMB2,135,000) due in the second to fifth years.

**45. RELATED PARTY TRANSACTIONS**

- (a) In addition to the transactions and balances which are disclosed elsewhere in these financial statements, the Group had the following significant transactions with its associates and other related parties.

**44. 承擔**

- (a) 於報告期末，本集團有關購置及興建物業、廠房及設備的未償還資本承擔如下：

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Contracted, but not provided for 已訂約但未撥備	<b>1,286,410</b>	788,680

於報告期末，本集團並無任何重大承擔。

- (b) 本集團於二零二零年十二月三十一日具有各種尚未開始之租賃合約。就該等不可註銷租賃合約的未來租賃付款為人民幣3,625,000元(二零一九年：人民幣4,339,000元)(於一年內到期)及人民幣1,976,000元(二零一九年：人民幣2,135,000元)(於第二至第五年到期)。

**45. 關聯人士交易**

- (a) 除於本財務報表其他段落披露的交易及結餘外，本集團與其聯營公司及其他關聯人士進行下列重大交易。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**45. RELATED PARTY TRANSACTIONS (continued)**

(a) (continued)

**45. 關聯人士交易 (續)**

(a) (續)

		Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
(I) Sales of liquid milk products to associates	(I) 向聯營公司銷售液態奶產品	(i)	231,821	647,624
(II) Sales of ice cream products to associates	(II) 向聯營公司銷售冰淇淋產品	(i)	20,965	23,849
(III) Sales of products to affiliates of a major shareholder of the Company	(III) 向本公司一名主要股東的聯屬公司出售產品	(i)	1,023	7,243
(IV) Sales of products to a joint venture	(IV) 向合營企業銷售產品	(i)	20,590	655
(V) Purchases of raw materials from affiliates of a major shareholder of the Company	(V) 向本公司一名主要股東的聯屬公司購買原材料	(i)	561,829	491,357
(VI) Purchases of raw materials from associates	(VI) 向聯營公司購買原材料	(i)	7,591,692	6,064,223
(IX) Purchases of utilities, rental and outsourcing services from an associate	(VII) 向聯營公司購買水電、租賃及外包服務	(i)	—	1,096
(X) Purchase of equipment from an associate	(VIII) 向聯營公司購買設備	(i)	—	5,403

Note:

- (i) The considerations were determined with reference to the prevailing market prices/rates and the prices charged to third parties.

附註：

- (i) 價格是經參考當時市場價格／費率及收取第三方的價格釐定。

31 December 2020 於二零二零年十二月三十一日

**45. RELATED PARTY TRANSACTIONS** (continued)**(b) Compensation of key management personnel of the Group**

Key management compensation is detailed in notes 9 and 10 to the financial statements.

The related party transactions in respect of items (a)(III) and (a)(V) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

**(c) Year-end balances arising from related party transactions are as follows:**

Trade and bills receivables from:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	28,364	218,730
A joint venture	合營企業	1,835	601
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	481	2,200
		<b>30,680</b>	221,531

Prepayments, other receivables and other assets from:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	—	8,333
A joint venture	合營企業	—	201
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	648	6,083
		<b>648</b>	14,617

**45. 關聯人士交易** (續)**(b) 本集團的主要管理人員的報酬**

主要管理人員報酬詳情載於財務報表附註9及10。

上述(a)(III)及(a)(V)項中的關聯方交易亦屬於上市規則第14A章所界定的持續關連交易。

**(c) 關聯人士交易產生的年末結餘如下：**

應收賬款及票據：

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**45. RELATED PARTY TRANSACTIONS (continued)**

(c) (continued)

Trade and bills payables to:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	797,604	529,209
A joint venture	合營企業	107	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	85,102	137,718
		<b>882,813</b>	666,927

Other payables and accruals to:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	—	4,184
A joint venture	合營企業	215	88
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	—	60
		<b>215</b>	4,332

As at 31 December 2019, except for certain prepayments, other receivables and other assets from associates of approximately RMB8,333,000 with a fixed interest rate of 4.8% per annum, the above balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to or by independent third parties.

**45. 關聯人士交易 (續)**

(c) (續)

應付賬款及票據：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	797,604	529,209
A joint venture	合營企業	107	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	85,102	137,718
		<b>882,813</b>	666,927

其他應付款項及預提費用：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Associates	聯營公司	—	4,184
A joint venture	合營企業	215	88
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	—	60
		<b>215</b>	4,332

二零一九年十二月三十一日，除若干預付款項、按金及其他應收聯營公司款項約人民幣8,333,000元按4.8%的固定年利率計息外，上述結餘為無抵押、不計息及須於要求時償還，信貸條款與給予或獲自獨立第三方的條款相若。

**45. RELATED PARTY TRANSACTIONS** (continued)**(d) Other outstanding balances with associates**

As at 31 December 2020, the Group had entrusted loans of RMB11,029,000 (31 December 2019: RMB35,560,000) due to certain associates included in "Interest-bearing bank and other borrowings". The Group obtained those loans from certain associates via banks. The balances are unsecured and interest-free (31 December 2019: Nil).

As at 31 December 2019, the Group had entrusted loans of RMB1,000,000,000 and RMB500,000,000 due from China Modern Dairy and Inner Mongolia Fuyuan International Industrial Co., Ltd., respectively, included in "Other financial assets". The Group loaned out the money via banks. The entrusted loans are unsecured and secured by dairy cows, respectively, with annual interest rates of 4.79% and 6.09%, respectively.

**45. 關聯人士交易** (續)**(d) 與聯營公司其他結餘**

於二零二零年十二月三十一日，本集團擁有應付若干聯營公司的委託貸款人民幣11,029,000元（二零一九年十二月三十一日：人民幣35,560,000元），並已計入「計息銀行及其他借貸」。本集團透過銀行從若干聯營公司取得該等貸款。結餘為無抵押，且無利息（二零一九年十二月三十一日：零）。

於二零一九年十二月三十一日，本集團分別擁有應收中國現代牧業及內蒙古富源國際實業有限公司委託貸款人民幣1,000,000,000元及人民幣500,000,000元，並已計入「其他金融資產」。本集團透過銀行借出該款項。該委託貸款分別為無抵押及以乳牛抵押，年利率為4.79%及6.09%。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

### 46. 按類別劃分的金融工具

於報告期末，各分類的金融工具的賬面值如下：

#### 金融資產

		2020 二零二零年				2019 二零一九年			
		Amortised cost 攤餘成本 RMB'000 人民幣千元	Fair value through profit or loss 按公允值計量且 其變動計入損益 RMB'000 人民幣千元	Fair value through other comprehensive income 按公允值計量且 其變動計入其他 全面收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Amortised cost 攤餘成本 RMB'000 人民幣千元	Fair value through profit or loss 按公允值計量且 其變動計入損益 RMB'000 人民幣千元	Fair value through other comprehensive income 按公允值計量且 其變動計入其他 全面收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills receivables	應收賬款及票據	2,926,832	—	61,530	2,988,362	3,476,898	—	109,968	3,586,866
Financial assets included in prepayments, other receivables and other assets	計入預付款、其他應收款項及其他資產的金融資產	639,854	—	—	639,854	658,852	—	—	658,852
Other financial assets	其他金融資產	7,528,513	7,784,886	128,771	15,442,170	7,534,635	16,494,590	105,957	24,135,182
Equity investments	股權投資	—	230,384	128,771	359,155	—	166,408	105,957	272,365
Unlisted equity investment in Guangze with put options	附帶認沽期權的廣澤非上市股權投資	—	470,076	—	470,076	—	—	—	—
Convertible promissory note	可換股承兌票據	—	226,414	—	226,414	—	102,550	—	102,550
Warrants	認股權證	—	—	—	—	—	11,187	—	11,187
Entrusted loans	委託貸款	1,443,053	—	—	1,443,053	2,883,719	—	—	2,883,719
Long term time deposits	長期定期存款	6,078,577	—	—	6,078,577	4,569,773	—	—	4,569,773
Investment deposits	投資存款	—	6,858,012	—	6,858,012	—	16,214,445	—	16,214,445
Long term receivables	長期應收款項	6,883	—	—	6,883	81,143	—	—	81,143
Derivative financial instruments	衍生金融工具	—	2,175	—	2,175	—	34,009	10,814	44,823
Pledged deposits	保證金存款	249,521	—	—	249,521	74,186	—	—	74,186
Cash and bank balances	現金及銀行結餘	11,397,123	—	—	11,397,123	6,476,187	—	—	6,476,187
Cash and cash equivalents	現金及現金等價物	9,225,493	—	—	9,225,493	3,798,118	—	—	3,798,118
Time deposits with original maturity more than three months	原到期日超過三個月的定期存款	2,171,630	—	—	2,171,630	2,678,069	—	—	2,678,069
		22,741,843	7,787,061	190,301	30,719,205	18,220,758	16,528,599	226,739	34,976,096



NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

46. FINANCIAL INSTRUMENTS BY  
CATEGORY (continued)

## Financial liabilities

## 46. 按類別劃分的金融工具(續)

## 金融負債

		2020 二零二零年				2019 二零一九年		
		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortised cost	Fair value through profit or loss	Total
		攤餘成本	其變動計入損益	按公允價值計量且 其變動計入其他 全面收益	總計	攤餘成本	其變動計入損益	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
Trade and bills payables	應付賬款及票據	7,969,321	—	—	7,969,321	6,738,626	—	6,738,626
Financial liabilities included in other payables and accruals	計入其他應付款項及 預提費用的金融 負債	6,052,690	—	—	6,052,690	5,954,229	—	5,954,229
Interest-bearing bank and other borrowings excluding exchangeable bonds	計息銀行及其他借貸 (不包括可交換 債券)	17,929,864	—	—	17,929,864	21,598,628	—	21,598,628
Exchangeable bonds	可交換債券	—	1,014,361	—	1,014,361	—	1,374,780	1,374,780
Derivative financial instruments	衍生金融工具	—	3,653	34,742	38,395	—	4,346	4,346
Long term payables	長期應付款項	—	—	—	—	947	—	947
Other financial liabilities	其他金融負債	1,600,200	—	—	1,600,200	1,600,206	—	1,600,206
		33,552,075	1,018,014	34,742	34,604,831	35,892,636	1,379,126	37,271,762

47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS

## Fair value

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

## 47. 金融工具的公允值及公允值層級

## 公允值

金融資產及負債的公允值為市場參與者於現時進行的交易(強迫或清算銷售除外)中可出售資產及轉讓負債的金額。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value (continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, trade and bill payables, other financial assets, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, current interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other financial assets, long term pledged deposits, long term receivable, the non-current portion of interest-bearing bank loans and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of exchangeable bonds and unlisted equity investment in Guangze with put option are measured using valuation technical methods and by reference to quoted prices. The fair value of the convertible promissory note is measured using market approach methods.

The fair values of listed equity investments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts, an interest rate swap, forward currency contracts and interest rate forward contracts, are measured using quoted prices from financial institutions with which the interest rate swap, forward currency contracts and interest rate forward contracts are entered into. The carrying amounts of the interest rate swap, forward currency contracts and interest rate forward contracts are the same as their fair values.

### 47. 金融工具的公允值及公允值層級

(續)

#### 公允值 (續)

下文載列用於估計公允值的方法及假設：

現金及現金等價物、保證金存款的即期部分、應收賬款及票據、應付賬款及票據、其他金融資產、計入預付款、其他應收款項及其他資產的金融資產、計入其他應付款項及預提費用的金融負債、流動計息銀行貸款及其他貸款的公允值因短期內到期而與賬面值相若。

其他金融資產的非流動部分、長期保證金存款、長期應收款項、計息銀行貸款的非流動部分以及其他非流動金融負債的公允值乃採用類似條款、信貸風險及餘下到期日的工具現時可獲得的利率折現預期未來現金流量的方式計算。可交換債券以及附帶認沽期權的廣澤非上市股權投資的公允值乃使用估值技術方法及經參考報價計量。可換股承兌票據的公允值乃使用市場法計量。

上市股權投資的公允值乃基於市場報價。

本集團與多名對手方訂立衍生金融工具，主要為成熟知名的商品貿易交易所或信貸評級良好的金融機構。商品期貨合約、利率互換合約、遠期外幣合約及利率遠期合約等衍生金融工具，乃使用與其訂立有關利率互換合約、遠期外幣合約及利率遠期合約的金融機構的報價計量。利率互換合約、遠期外幣合約及利率遠期合約的賬面值與公允值相同。

31 December 2020 於二零二零年十二月三十一日

## 47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value (continued)

The following table shows the valuation techniques used in the determination of fair values of investment deposits, an unlisted equity investment in Guangze with put options and an unlisted equity investment in AICE which fall within level 3 of the fair value hierarchy, as well as the significant unobservable inputs used in the valuation.

	Valuation technique 估值技術	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 輸入數據對公允值的影響
Investment deposits 投資存款	Discounted cash flow method 折現現金流量法	Expected yield 預期收益率	1.60% to 5.21% (2019: 1.30% to 6.10%) 1.60%至5.21% (二零一九年： 1.30%至6.10%)	10% (2019: 10%) increase (decrease) in expected yield would result in increase (decrease) in fair value by RMB3,077,000 (2019: RMB27,499,000) 預期收益率增加(減少)10%(二零一九年：10%)將導致公允值增加(減少)人民幣3,077,000元 (二零一九年：人民幣27,499,000元)
		Discount rate 折現率	1.60% to 5.21% (2019: 1.30% to 6.10%) 1.60%至5.21% (二零一九年： 1.30%至6.10%)	10% (2019: 10%) increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB3,075,000 (2019: RMB27,434,000) 折現率增加(減少)10%(二零一九年：10%)將導致公允值減少(增加)人民幣3,075,000元 (二零一九年：人民幣27,434,000元)
Unlisted equity investment in Guangze with put options 附帶認沽期權的廣澤非上市股權投資	Discounted cash flow method 折現現金流量法	Discount rate 折現率	8.072% to 8.204% 8.072%至8.204%	10% increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB126,000 折現率增加(減少)10%將導致公允值減少(增加)人民幣126,000元
Unlisted equity investment in AICE 投入AICE的非上市股權投資	Market approach 市場法	Discount for lack of control 無控制權折價	25.20%–30.80% 25.20%–30.80%	10% increase (decrease) in DLOC would result in decrease (increase) in fair value by RMB8,209,000 無控制權折價增加(減少)10%將導致公允值減少(增加)人民幣8,209,000元

## 47. 金融工具的公允值及公允值層級

(續)

### 公允值(續)

下表載列釐定投資存款、附帶認沽期權的廣澤非上市股權投資及AICE非上市股權投資公允值所用的估值技術(屬於公允值層級的第三級)及估值所用的重大不可觀察輸入數據。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS** (continued)

**Fair value** (continued)

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

**47. 金融工具的公允值及公允值層級**  
(續)

公允值 (續)

本集團金融工具(除賬面值與公允值合理相若的金融工具外)的賬面值及公允值如下:

		Carrying amounts 賬面值		Fair values 公允值	
		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Financial assets	金融資產				
Long term entrusted loans	長期委託貸款	775,391	1,063	765,680	1,060
Long term receivables	長期應收款項	6,883	12,542	6,060	11,395
Long term time deposits	長期定期存款	6,078,577	4,569,773	6,071,628	4,471,835
		<b>6,860,851</b>	<b>4,583,378</b>	<b>6,843,368</b>	<b>4,484,290</b>

		Carrying amounts 賬面值		Fair values 公允值	
		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Financial liabilities	金融負債				
Other non-current financial liabilities	其他非流動金融負債	—	1,600,206	—	1,600,206
Interest-bearing bank and other borrowings — non-current portion excluding exchangeable bonds and lease liabilities	計息銀行及其他借貸 — 非流動部分 (不包括可交換債券及租賃負債)	12,681,205	7,935,369	11,673,652	7,591,958
		<b>12,681,205</b>	<b>9,535,575</b>	<b>11,673,652</b>	<b>9,192,164</b>

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS** (continued)

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

**Assets measured at fair value:**

**47. 金融工具的公允值及公允值層級**  
(續)

**公允值層級**

本集團採用以下層級釐定及披露金融工具的公允值：

- 第一級：根據相同資產或負債於活躍市場的報價(未經調整)計量公允值
- 第二級：公允值基於估值技術計量，當中對所記錄的公允值有重大影響的所有輸入數據可直接或間接觀察得到
- 第三級：公允值基於估值技術計量，當中對所記錄的公允值有重大影響的任何輸入數據並非基於可觀察的市場數據(非可觀察輸入數據)

**按公允值計量的資產：**

		2020 二零二零年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Listed equity investments	上市股權投資	108,745	—	20,026	128,771
Unlisted equity investments	非上市股權投資	—	—	230,384	230,384
Unlisted equity investment in Guangze with put options	附帶認沽期權的廣澤非 上市股權投資	—	—	470,076	470,076
Convertible promissory note	可換股承兌票據	—	—	226,414	226,414
Investment deposits	投資存款	—	—	6,858,012	6,858,012
Derivative financial instruments	衍生金融工具	—	2,175	—	2,175
Bills receivable	應收票據	—	61,530	—	61,530
		108,745	63,705	7,804,912	7,977,362

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Assets measured at fair value:* (continued)

**47. 金融工具的公允值及公允值層級**

(續)

公允值層級 (續)

按公允值計量的資產：(續)

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Listed equity investments	上市股權投資	105,957	—	—	105,957
Unlisted equity investments	非上市股權投資	—	—	166,408	166,408
Convertible promissory note	可換股承兌票據	—	—	102,550	102,550
Warrants and subscription rights of warrants	認股權證及認股權證之認 購權	—	11,187	—	11,187
Investment deposits	投資存款	—	—	16,214,445	16,214,445
Derivative financial instruments	衍生金融工具	—	44,823	—	44,823
Bills receivable	應收票據	—	109,968	—	109,968
		105,957	165,978	16,483,403	16,755,338

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Liabilities measured at fair value:* (continued)
**47. 金融工具的公允值及公允值層級**

(續)

公允值層級 (續)

按公允值計量的負債：(續)

		2020 二零二零年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	—	38,395	—	38,395
2020 exchangeable bonds	二零二零年可交換債券	—	1,014,361	—	1,014,361
		—	1,052,756	—	1,052,756
		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	—	4,346	—	4,346
2017 exchangeable bonds	二零一七年可交換債券	—	1,374,780	—	1,374,780
		—	1,379,126	—	1,379,126

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Assets for which fair values are disclosed:*

**47. 金融工具的公允值及公允值層級**

(續)

公允值層級(續)

*有披露公允值的資產：*

		2020 二零二零年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	—	765,680	—	765,680
Long term receivables	長期應收款項	—	6,060	—	6,060
Long term time deposits	長期定期存款	—	6,071,628	—	6,071,628
		—	6,843,368	—	6,843,368

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	—	1,060	—	1,060
Long term receivables	長期應收款項	—	11,395	—	11,395
Long term time deposits	長期定期存款	—	4,471,835	—	4,471,835
		—	4,484,290	—	4,484,290



NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

47. FAIR VALUE AND FAIR VALUE  
HIERARCHY OF FINANCIAL  
INSTRUMENTS (continued)

Fair value hierarchy (continued)

*Liabilities for which fair values are disclosed:*

## 47. 金融工具的公允值及公允值層級

(續)

公允值層級 (續)

有披露公允值的負債：

		2020 二零二零年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
— non-current portion excluding exchangeable bonds and lease liabilities	— 非流動部分(不包括 可交換債券及 租賃負債)	—	11,673,652	—	11,673,652
		—	11,673,652	—	11,673,652
		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other non-current financial liabilities	其他非流動金融負債	—	1,600,206	—	1,600,206
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
— non-current portion excluding zero coupon exchangeable bonds and lease liabilities	— 非流動部分 (不包括零息可交 換債券及租賃負 債)	—	7,591,958	—	7,591,958
		—	9,192,164	—	9,192,164

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, trade and bills receivables and payables, other receivables and payables, long term receivables balances with related parties, interest-bearing bank and other borrowings and long term payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also entered into derivative transactions, mainly interests rate swaps, forward currency swaps and interest rate forward contracts. The purpose is to manage the exchange rate and floating rate exposures arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors and senior management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts prudent strategies on its risk management.

#### (i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group closely monitors its interest rate risk by performing periodic reviews and evaluations of its debt portfolio and gearing ratio. The interest rates and terms of repayment of the bank loans of the Group are disclosed in note 31 to the financial statements. The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. In the opinion of the directors, the Group has no significant interest rate risk.

### 48. 財務風險管理目標及政策

#### 財務風險管理

本集團的主要金融工具(衍生工具除外)包括現金及現金等價物、應收及應付賬款及票據、其他應收及應付款項、與關聯人士的長期應收結餘、計息銀行及其他借貸及長期應付款項。該等金融工具旨在為本集團的營運籌集資金。本集團擁有各式各樣直接來自其業務的其他金融資產及負債，例如應收賬款及應付賬款。

本集團亦訂立衍生交易，主要為利率互換合約、遠期貨幣掉期及利率遠期合約，目的為管理本集團業務所產生的匯率及浮動利率風險。

來自本集團金融工具的主要風險有利率風險、外幣風險、信貸風險、流動性風險及股本價格風險。董事會及高級管理人員定期舉行會議，分析本集團所承受的風險，並制定用以管理風險的措施。本集團一般採納審慎的策略管理風險。

#### (i) 利率風險

本集團承受的市場利率變動風險主要有關本集團的浮息借貸。本集團定期檢討和評估其債務組合及資本負債比率，對其利率風險進行密切注視。本集團的銀行貸款利率及還款期於財務報表附註31披露。本集團訂立利率互換合約，據此，本集團同意於固定期間，按照協定名義本金金額計算的固定及浮動利率金額的差額進行兌換。董事認為，本集團並無重大利率風險。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(i) Interest rate risk** (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

		Increase/ (decrease) in basis points 基點增加/ (減少)	Increase/ (decrease) in profit before tax 稅前利潤增加/ (減少) RMB'000 人民幣千元
<b>2020</b>	<b>二零二零年</b>		
Hong Kong dollars	港元	50	(2,223)
Hong Kong dollars	港元	(50)	2,223
United States dollars	美元	50	(7,006)
United States dollars	美元	(50)	7,006
2019	二零一九年		
RMB	人民幣	50	(8,836)
RMB	人民幣	(50)	8,836
Hong Kong dollars	港元	50	(10,962)
Hong Kong dollars	港元	(50)	10,962
United States dollars	美元	50	(2,064)
United States dollars	美元	(50)	2,064
New Zealand dollars	新西蘭元	50	(3)
New Zealand dollars	新西蘭元	(50)	3

**48. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(i) 利率風險** (續)

下表列示在所有其他變數維持不變的情況下，本集團稅前利潤(透過浮息借貸的影響)對利率合理可能變化的敏感度：

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

##### (ii) Foreign currency risk

The Group's businesses are principally located in Mainland China and substantially all transactions are conducted in RMB, except for the purchases of imported machinery and equipment and sales of dairy products to Hong Kong, Australia and Macau. As at 31 December 2020, substantially all of the Group's assets and liabilities were denominated in RMB except for the cash and bank balances of approximately RMB2,320,973,000 (2019: RMB1,922,970,000), RMB210,395,000 (2019: RMB121,798,000), RMB9,597,000 (2019: RMB5,491,000), RMB3,309,000 (2019: RMB15,614,000), RMB49,514,000 (2019: RMB104,420,000), RMB35,978,000 (2019: 1,769,000), and RMB4,781,000 (2019: 8,051,000) which were denominated in United States dollars, Hong Kong dollars, Danish Krone, Indonesian Rupiah, Australian dollars, Euro, and New Zealand dollar, respectively, pledged deposits of approximately RMB188,000 (2019: RMB47,833,000), RMB111,320,000 (2019: RMB4,431,000) and RMB1,447,000 (2019: RMB15,000) which were denominated in United States dollars, New Zealand dollars and Euro, respectively, and the interest-bearing bank and other borrowings of approximately RMB1,346,624,000 (2019: RMB2,776,980,000), RMB12,849,846,000 (2019: RMB15,387,609,000), RMB227,989,000 (2019: RMB106,928,000) and RMB116,252,000 (2019: RMB96,976,000) which were denominated in Hong Kong dollars, United States dollars, Indonesian Rupiah and Australian dollars, respectively. The fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. However, in the opinion of the directors, the foreign currency risk exposure is under management's control.

### 48. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

##### (ii) 外幣風險

本集團的業務主要位於中國大陸，除購置進口機器及設備及向香港、澳洲、澳門出售乳製品外，絕大部分交易均以人民幣為本位貨幣。於二零二零年十二月三十一日，除了現金及銀行結存約人民幣2,320,973,000元（二零一九年：人民幣1,922,970,000元）、人民幣210,395,000元（二零一九年：人民幣121,798,000元）、人民幣9,597,000元（二零一九年：人民幣5,491,000元）、人民幣3,309,000元（二零一九年：人民幣15,614,000元）、人民幣49,514,000元（二零一九年：人民幣104,420,000元）、人民幣35,978,000元（二零一九年：人民幣1,769,000元）及人民幣4,781,000元（二零一九年：人民幣8,051,000元）分別以美元、港元、丹麥克朗、印尼盾、澳元、歐元及新西蘭元計值，保證金存款約人民幣188,000元（二零一九年：人民幣47,833,000元）、人民幣111,320,000元（二零一九年：人民幣4,431,000元）及人民幣1,447,000元（二零一九年：人民幣15,000元）分別以美元、新西蘭元及歐元計值，計息銀行及其他借貸約人民幣1,346,624,000元（二零一九年：人民幣2,776,980,000元）、人民幣12,849,846,000元（二零一九年：人民幣15,387,609,000元）、人民幣227,989,000元（二零一九年：人民幣106,928,000元）及人民幣116,252,000元（二零一九年：人民幣96,976,000元）分別以港元、美元、印尼盾及澳元計值之外，本集團絕大部分資產及負債均以人民幣為單位。人民幣兌外幣的匯率若有波動，可能影響本集團的經營業績，但董事認為外幣風險在管理層的控制之中。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(ii) Foreign currency risk** (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates as compared to United States dollars, Hong Kong dollars, Euro, New Zealand dollars, Australian dollars, Indonesian Rupiah and Danish Krone, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity:

		Increase/ (decrease) in RMB rate 人民幣匯率 上升/(下降) %	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少) RMB'000 人民幣千元	Increase/ (decrease) in equity 權益增加/ (減少) RMB'000 人民幣千元
<b>2020</b>	<b>二零二零年</b>	<b>5 (5)</b>	<b>237,895 (237,895)</b>	<b>535,558 (535,558)</b>
2019	二零一九年	5 (5)	112,245 (112,245)	427,706 (427,706)

**(iii) Credit risk**

The cash and bank balances, as well as the pledged deposits, of the Group are mainly deposited with state-owned commercial banks in Mainland China.

The majority of the Group's sales are conducted on a cash basis. The Group has implemented policies to ensure that sales of products are made to distributors, who wish to trade on credit terms, with an appropriate credit history which is subject to periodic reviews. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

**48. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(ii) 外幣風險** (續)

下表列示在所有其他變數維持不變的情況下，本集團稅前利潤(因貨幣資產及負債的公允值變動導致)及權益對人民幣兌美元、港元、歐元、新西蘭元、澳元、印尼盾及丹麥克朗的匯率合理可能變化的敏感度：

**(iii) 信貸風險**

本集團的現金及銀行結存及保證金存款，主要存於中國大陸的國有商業銀行。

本集團大部分的銷售均按現金基準進行。本集團已實施政策以確保產品是售予擁有適當信貸紀錄並有意以賒賬形式進行交易的經銷商，並就其信貸紀錄進行定期的覆檢。本集團一直持續監察應收款項的結餘，本集團並無重大壞賬風險。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

##### (iii) Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2020

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

		12-month ECLs		Lifetime ECLs		
		Stage 1	Stage 2	Stage 3	Simplified approach	
		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
Trade and bills receivables (note a)	應收賬款及票據 (註a)	—	—	—	3,084,884	3,084,884
Financial assets included in prepayments, other receivables and other assets (note b)	計入預付款、其他應收款項及其他資產的金融資產 (註b)	643,176	—	—	—	643,176
— Normal	— 正常	—	—	—	—	—
— doubtful	— 可疑	—	—	—	—	—
Entrusted loans	委託貸款	1,443,053	—	—	—	1,443,053
Pledged deposits	保證金存款	249,521	—	—	—	249,521
— Not yet past due	— 尚未逾期	—	—	—	—	—
Long term receivable	長期應收款項	6,883	—	—	—	6,883
Cash and cash equivalents	現金及現金等價物	9,225,493	—	—	—	9,225,493
— Not yet past due	— 尚未逾期	—	—	—	—	—
Time deposits	定期存款	8,250,207	—	—	—	8,250,207
		19,818,333	—	—	3,084,884	22,903,217

### 48. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

##### (iii) 信貸風險 (續)

於二零二零年十二月三十一日的最大風險範圍及年末階段分類

下表載列二零二零年十二月三十一日本集團基於信貸政策的信貸品質及最大信貸風險範圍(除非無須不必要成本或努力即可取得其他資料,否則主要根據過往的數據)及年末階段分類。呈列的金額為金融資產的總賬面值及金融擔保合約的信貸風險範圍。

於二零二零年十二月三十一日

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(iii) Credit risk** (continued)

Maximum exposure and year-end staging as at 31

December 2020 (continued)

As at 31 December 2019

**48. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(iii) 信貸風險** (續)

於二零二零年十二月三十一日的最大

風險範圍及年末階段分類 (續)

於二零一九年十二月三十一日

		12-month ECLs 12個月預期 信貸虧損	Lifetime ECLs 存續預期信貸虧損				
		Stage 1 第一階段 RMB'000 人民幣千元	Stage 2 第二階段 RMB'000 人民幣千元	Stage 3 第三階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元	
Trade and bills receivables (note a)	應收賬款及票據 (註a)	—	—	—	3,586,866	3,586,866	
Financial assets included in prepayments, other receivables and other assets (note b)	計入預付款、其他 應收款項及其他 資產的金融資產 (註b)						
— Normal	— 正常	658,852	—	—	—	658,852	
— doubtful	— 可疑	—	—	—	—	—	
Entrusted loans	委託貸款	2,883,719	—	—	—	2,883,719	
Pledged deposits	保證金存款						
— Not yet past due	— 尚未逾期	74,186	—	—	—	74,186	
Long term receivable	長期應收款項	81,143	—	—	—	81,143	
Cash and cash equivalents	現金及現金等價物						
— Not yet past due	— 尚未逾期	3,798,118	—	—	—	3,798,118	
Time deposits	定期存款	7,247,842	—	—	—	7,247,842	
		14,743,860	—	—	3,586,866	18,330,726	

**NOTES TO  
FINANCIAL STATEMENTS**  
**財務報表附註**

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(iii) Credit risk** (continued)

*Maximum exposure and year-end staging as at 31 December 2020* (continued)

- (a) For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the financial statements.
  
- (b) The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

*Maximum exposure as at 31 December 2020*

The credit risk of the Group’s other financial assets, which comprise deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

Except for the above, the Group has no significant concentration of credit risk, with exposure spreading over a number of counterparties.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 26 to the financial statements.

**48. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(iii) 信貸風險** (續)

*於二零二零年十二月三十一日的最大風險範圍及年末階段分類* (續)

- (a) 就本集團採用簡化方法計算減值的應收賬款及票據，根據撥備矩陣的資料披露於財務報表附註26。
  
- (b) 當計入預付款、其他應收款項及其他資產的金融資產尚未逾期，且沒有資料顯示該等金融資產的信貸風險自初始確認後大幅上升，則其信貸品質被視為「正常」。否則，該等金融資產的信貸品質被視為「可疑」。

*於二零二零年十二月三十一日的最大風險範圍*

由於交易方違約產生由按金及其他應收款項構成的本集團其他金融資產的信貸風險最高限額相等於此等資產的賬面值。

除上述者外，本集團的風險涉及多名對手方，因而並無重大的集中信貸風險。

有關本集團因應收賬款而須面對的信貸風險的其他量化數據，披露於財務報表附註26。



**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(iv) Liquidity risk**

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure a continuity of funds and flexibility through the use of various means of financing and by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on contractual undiscounted payments.

**48. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(iv) 流動性風險**

本集團定期根據行業特點、市場環境、業務戰略及本集團財務狀況的變化，對本集團的流動性進行檢討及審視，適當並及時調整本集團負債結構的即期及非即期部分，以監控流動性風險。此外，本集團亦透過利用不同的融資方式及保持一定的承諾信貸額度以確保資金的連續性及靈活性。

下表概述於二零二零年十二月三十一日根據合約無折讓付款的本集團金融負債的到期情況。

		2020 二零二零年			
		Less than 1 year 一年以內 RMB'000 人民幣千元	1 to 5 years 一至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Lease Liabilities	租賃負債	192,628	326,388	26,020	545,036
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他 借貸(除租賃 負債)	4,782,403	10,394,624	1,347,293	16,524,320
Trade and bills payables	應付賬款及票據	7,969,321	—	—	7,969,321
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款 項及預提費用 的金融負債， 不包括長期應 付款項的即期 部分	6,052,691	—	—	6,052,691
Other financial liabilities	其他金融負債	1,634,634	—	—	1,634,634

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

Financial risk management (continued)

(iv) Liquidity risk (continued)

**48. 財務風險管理目標及政策** (續)

財務風險管理 (續)

(iv) 流動性風險 (續)

		2019 二零一九年			
		Less than 1 year 一年以內 RMB'000 人民幣千元	1 to 5 years 一至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Lease Liabilities	租賃負債	193,391	325,674	26,278	545,343
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他 借貸(不包括 租賃負債)	13,802,750	10,424,037	—	24,226,787
Trade and bills payables	應付賬款及票據	6,738,626	—	—	6,738,626
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款 項及預提費用 的金融負債， 不包括長期應 付款項的即期 部分	5,954,229	—	—	5,954,229
Long term payables	長期應付款項	947	—	—	947
Other financial liabilities	其他金融負債	—	1,719,250	—	1,719,250

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)**Financial risk management** (continued)**(v) Equity price risk**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through other comprehensive income (note 24) as at 31 December 2020.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments, the impact is deemed to be on the financial assets revaluation reserve and no account is given for factors such as impairment which might impact the consolidated statement of profit or loss.

2020		Carrying amount of equity investments	Change in equity
二零二零年		股本投資的賬面值	股本變動
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Hong Kong listed equity investments	香港上市股本投資	108,745	5,437

**48. 財務風險管理目標及政策** (續)**財務風險管理** (續)**(v) 股本價格風險**

股本價格風險為股票指數水平及個別證券價值變動導致股本證券公允值下降的風險。於二零二零年十二月三十一日，本集團面對的股本價格風險來自分類為以公允值計量且其變動計入其他全面收益的股本投資(附註24)的個別股本投資。

下表顯示在其他所有可變因素維持不變且未計入任何稅務影響的情況下，按股本投資於報告期末的賬面值計算，股本投資公允值每變動5%時的敏感度。就本分析而言，對於股本投資，視為對金融資產重估儲備造成影響，並無計及可能影響綜合損益表的因素，例如減值。

**NOTES TO  
FINANCIAL STATEMENTS**  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES** (continued)

Financial risk management (continued)

(v) *Equity price risk* (continued)

2019		Carrying amount of equity investments 股本投資的 賬面值 RMB'000 人民幣千元	Change in equity 股本變動 RMB'000 人民幣千元
二零一九年			
Hong Kong listed equity investments	香港上市股本投資	105,957	5,298

**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

**48. 財務風險管理目標及政策** (續)

財務風險管理 (續)

(v) *股本價格風險* (續)

**資本管理**

本集團資本管理的基本目標乃維持本集團持續經營的能力及保持穩健的資本比率，以支持其業務及提高股東價值。

本集團管理其資本架構，並因應經濟環境的變化及相關資產的風險特徵作出調整。為維持或調整資本架構，本集團可能會調整派付予股東的股息、股東的資本回報或發行新股。截至二零二零年十二月三十一日及二零一九年十二月三十一日止年度，有關資本管理的目標、政策或程序並無變動。

**48. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES (continued)****Capital management (continued)**

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and bills payables, other payables and accruals, long term payables and other financial liabilities, less cash and bank balances and long term time deposits, and excludes disposal groups. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of reporting periods were as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	18,944,225	23,472,810
Trade and bills payables	應付賬款及票據	7,969,321	6,738,626
Other payables and accruals	其他應付款項及預提費用	11,465,916	10,807,574
Other financial liabilities-current	其他金融負債 — 流動	1,600,200	—
Other financial liabilities-non current	其他金融負債 — 非流動	—	1,600,206
Less: Cash and bank balances	減：現金及銀行結存	(11,397,123)	(6,476,187)
Less: Long term time deposits	減：長期定期存款	(6,078,577)	(4,569,773)
Net debt	淨負債	22,503,962	31,573,256
Equity attributable to owners of the Company	本公司擁有人應佔權益	32,982,642	29,132,284
Adjusted capital	經調整資本	32,982,642	29,132,284
Capital and net debt	資本與淨負債	55,486,604	60,705,540
Gearing ratio	資本負債比率	40.56%	52.01%

**49. EVENTS AFTER THE REPORTING PERIOD**

On 13 December 2020, Inner Mongolia Mengniu and MilkGround entered into a Share Subscription Agreement, pursuant to which MilkGround has conditionally agreed to issue and Inner Mongolia Mengniu has conditionally agreed to subscribe no more than 100,976,102 shares at a price of RMB29.71 per share.

**48. 財務風險管理目標及政策 (續)****資本管理 (續)**

本集團以資本負債比率監控資本，資本負債比率即淨負債除以資本總額加上淨負債之和。淨負債包括計息銀行及其他借貸、應付賬款及票據、其他應付款項及預提費用、長期應付款項，以及其他金融負債，減現金及銀行結存及長期定期存款，並不包括處置組。資本指本公司擁有人應佔權益。於報告期末的資本負債比率如下：

**49. 報告期後事項**

於二零二零年十二月十三日，內蒙古蒙牛與妙可藍多簽訂股份認購協議，據此，妙可藍多及內蒙古蒙牛分別有條件同意以每股股份人民幣29.71元的價格發行及認購不超過100,976,102股股份。

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2020 於二零二零年十二月三十一日

### 50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

### 50. 本公司財務狀況表

報告期末有關本公司財務狀況表的資料如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	47	65
Investments in subsidiaries	於子公司的投資	13,274,282	13,637,745
Investment in associates	於聯營公司的投資	2,751,368	2,928,354
Derivative financial instruments	衍生金融工具	—	34,009
Non-current financial assets	非流動金融資產	108,745	45,525
Loans to subsidiaries	貸款予子公司	3,158,428	8,087,928
Total non-current assets	總非流動資產	19,292,870	24,733,626
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Derivative financial instruments	衍生金融工具	—	10,813
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	283,140	258,406
Loans to subsidiaries	貸款予子公司	3,333,843	4,507,596
Pledged deposits	保證金存款	—	46,787
Cash and bank balances	現金及銀行結存	2,203,935	1,884,119
Total current assets	總流動資產	5,820,918	6,707,721
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Loan from subsidiaries	來自子公司的貸款	10,693	—
Other payables and accruals	其他應付款項及預提費用	134,268	157,790
Interest-bearing bank and other borrowings	計息銀行及其他借貸	1,346,624	10,750,596
Derivative financial instruments	衍生金融工具	—	3,955
Total current liabilities	總流動負債	1,491,585	10,912,341
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>流動資產/(負債)淨額</b>	<b>4,329,333</b>	<b>(4,204,620)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>	<b>23,622,203</b>	<b>20,529,006</b>
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>		
Interest-bearing bank and other borrowings	計息銀行及其他借貸	13,695,566	9,310,149
Deferred tax liabilities	遞延稅項負債	3,624	6,422
Derivative financial instruments	衍生金融工具	34,742	—
Total non-current liabilities	總非流動負債	13,733,932	9,316,571
<b>NET ASSETS</b>	<b>淨資產</b>	<b>9,888,271</b>	<b>11,212,435</b>
<b>EQUITY</b>	<b>權益</b>		
Issued capital	已發行股本	359,359	358,257
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	(42,908)	(132,735)
Reserves	儲備	9,571,820	10,986,913
<b>TOTAL EQUITY</b>	<b>總權益</b>	<b>9,888,271</b>	<b>11,212,435</b>

Chen Lang  
陳朗  
Director  
董事

Jeffrey, Minfang Lu  
盧敏放  
Director  
董事

NOTES TO  
FINANCIAL STATEMENTS  
財務報表附註

31 December 2020 於二零二零年十二月三十一日

50. STATEMENT OF FINANCIAL POSITION  
OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

## 50. 本公司財務狀況表 (續)

附註：

本公司儲備概述如下：

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated Losses	Share option reserve/share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	按公允值計入其他全面收益的金融資產	累計虧損	股權儲備/股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a) 附註 (a)						
At 1 January 2020	於二零二零年一月一日	11,772,915	387,574	122,055	(323,872)	(1,189,571)	209,814	7,998	10,986,913
Loss for the year	本年虧損	-	-	-	-	(451,082)	-	-	(451,082)
Other comprehensive loss for the year:	本年其他全面虧損：								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允值計量且其變動計入其他全面收益的股本投資的公允值變動，扣除稅項	-	-	-	63,221	-	-	-	63,221
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	(564,234)	-	-	-	-	(564,234)
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	(1,614)	-	-	-	(66,872)	(68,486)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	(565,848)	63,221	(451,082)	-	(66,872)	(1,020,581)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	255,411	-	-	-	-	56,027	-	311,438
Fair value amortisation of equity-settled share option arrangements	以股份支付的購股權安排的公允值攤銷	-	-	-	-	-	457	-	457
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	75,121	-	-	-	-	(75,121)	-	-
Fair value amortisation of share award scheme	股票獎勵計劃的公允值攤銷	-	-	-	-	-	254	-	254
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(706,661)	-	-	-	-	-	-	(706,661)
At 31 December 2020	於二零二零年十二月三十一日	11,396,786	387,574	(443,793)	(260,651)	(1,640,653)	191,431	(58,874)	9,571,820

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 December 2020 於二零二零年十二月三十一日

## 50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses	Share option reserve/share award reserve	Hedging reserve	Total
		股份溢價 RMB'000 人民幣千元	實繳盈餘 RMB'000 人民幣千元 Note (a) 附註 (a)	貨幣換算儲備 RMB'000 人民幣千元	按公允值計入其他全面收益的金融資產 RMB'000 人民幣千元	累計虧損 RMB'000 人民幣千元	股權儲備/股份獎勵儲備 RMB'000 人民幣千元	對沖儲備 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163
Loss for the year	本年虧損	-	-	-	-	(285,804)	-	-	(285,804)
Other comprehensive loss for the year:	本年其他全面虧損：								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允值計量且其變動計入其他全面收益的股本投資的公允值變動，扣除稅項	-	-	-	20,316	-	-	-	20,316
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	238,605	-	-	-	-	238,605
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	639	-	-	-	(18,423)	(17,784)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	239,244	20,316	(285,804)	-	(18,423)	(44,667)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	123,780	-	-	-	-	152,773	-	276,553
Fair value amortisation of equity-settled share option arrangements	以股份支付的購股權安排的公允值攤銷	-	-	-	-	-	80	-	80
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	33,983	-	-	-	-	(33,983)	-	-
Fair value amortisation of share award scheme	股票獎勵計劃的公允值攤銷	-	-	-	-	-	752	-	752
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(708,968)	-	-	-	-	-	-	(708,968)
At 31 December 2019	於二零一九年十二月三十一日	11,772,915	387,574	122,055	(323,872)	(1,189,571)	209,814	7,998	10,986,913

Note:

(a) The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the group reorganisation and the nominal value of the shares of the Company issued in exchange therefor.

## 50. 本公司財務狀況表 (續)

註：(續)

本公司儲備概述如下：(續)

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated losses	Share option reserve/share award reserve	Hedging reserve	Total
		股份溢價 RMB'000 人民幣千元	實繳盈餘 RMB'000 人民幣千元 Note (a) 附註 (a)	貨幣換算儲備 RMB'000 人民幣千元	按公允值計入其他全面收益的金融資產 RMB'000 人民幣千元	累計虧損 RMB'000 人民幣千元	股權儲備/股份獎勵儲備 RMB'000 人民幣千元	對沖儲備 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163
Loss for the year	本年虧損	-	-	-	-	(285,804)	-	-	(285,804)
Other comprehensive loss for the year:	本年其他全面虧損：								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允值計量且其變動計入其他全面收益的股本投資的公允值變動，扣除稅項	-	-	-	20,316	-	-	-	20,316
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	238,605	-	-	-	-	238,605
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	639	-	-	-	(18,423)	(17,784)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	239,244	20,316	(285,804)	-	(18,423)	(44,667)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	123,780	-	-	-	-	152,773	-	276,553
Fair value amortisation of equity-settled share option arrangements	以股份支付的購股權安排的公允值攤銷	-	-	-	-	-	80	-	80
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	33,983	-	-	-	-	(33,983)	-	-
Fair value amortisation of share award scheme	股票獎勵計劃的公允值攤銷	-	-	-	-	-	752	-	752
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(708,968)	-	-	-	-	-	-	(708,968)
At 31 December 2019	於二零一九年十二月三十一日	11,772,915	387,574	122,055	(323,872)	(1,189,571)	209,814	7,998	10,986,913

附註：

(a) 本公司的實繳盈餘指根據集團重組所收購子公司的當時合併資產淨值與本公司為換取上述合併資產淨值所發行股份的面值間的差額。

## 51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2021.

## 51. 批准財務報表

董事會已於二零二一年三月二十四日批准及授權刊發財務報表。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



### Independent auditor's report

To the shareholders of China Mengniu Dairy Company Limited  
(Incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of China Mengniu Dairy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 126 to 358, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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.

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

安永會計師事務所  
香港中環添美道1號  
中信大廈22樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

### 獨立核數師報告

致：中國蒙牛乳業有限公司全體股東  
(於開曼群島註冊成立的有限公司)

### 意見

吾等已完成審計中國蒙牛乳業有限公司(「貴公司」)及其子公司(「貴集團」)載於第126頁至第358頁的綜合財務報表，包括於二零一九年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括重大會計政策概要。

吾等認為，該等綜合財務報表已根據國際會計準則理事會頒佈的國際財務報告準則真實而公平地反映 貴集團在二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

## 意見基礎

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

## 關鍵審計事項

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

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

## KEY AUDIT MATTERS (continued)

## 關鍵審計事項 (續)

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

Goodwill and trademarks with indefinite useful lives before impairment provision amounting to RMB14,319,745,000 represented 18% of the Group's total assets as at 31 December 2019. The impairment tests performed by management regarding various groups of cash-generating units ("CGU groups") involved significant judgement for the determination of the recoverable amounts of the CGU groups. In particular, as the performance of the milk powder products CGU group for the year ended 31 December 2019 did not meet management's expectation, management focused on the impairment assessment of the goodwill and trademarks with indefinite lives of the milk powder products CGU group with carrying amounts of RMB5,334,076,000 in total, which resulted in impairment provision of goodwill and trademarks with indefinite useful lives of RMB2,299,126,000 and RMB173,057,000, respectively, in the current year. This is a key audit matter due to the magnitude, the complexity, and the management's estimates involved in the impairment testing.

二零一九年十二月三十一日，商譽及無限使用年期商標於減值撥備前達人民幣14,319,745,000元，佔貴集團總資產18%。管理層就不同現金產生單位組別（「現金產生單位組別」）進行釐定現金產生單位組別可收回金額的減值測試涉及重大判斷。尤其是，由於截至二零一九年十二月三十一日止年度奶粉產品現金產生單位組別業績未能達到管理層的期望，管理層針對奶粉產品現金產生單位組別的商譽及無限使用年期商標的賬面值合共人民幣5,334,076,000元執行減值評估，並導致本年商譽及無限使用年期商標減值撥備分別為人民幣2,299,126,000元及人民幣173,057,000元。由於減值測試涉及管理層估計的規模及複雜程度，故此乃關鍵審計事項。

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

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

We assessed the objectivity, independence and competence of the external valuer who assisted management to perform the impairment testing of goodwill and trademarks with indefinite lives of the milk powder products CGU group. We also assessed the 2020 budget and the financial projection for the following years used to determine the recoverable amounts of various CGU groups, including a comparison of key assumptions with historical or external data, and a reconciliation of the inputs. Furthermore, we involved internal valuation specialists to assist us in evaluating the model and the inputs used including the weighted average costs of capital and expected perpetual rates. We also focused on the adequacy of the disclosures concerning those key assumptions included in note 21 "Impairment testing of goodwill and trademarks with indefinite useful lives" to the consolidated financial statements.

吾等評估協助管理層進行奶粉產品現金產生單位組別商譽及無限使用年期商標進行減值測試的外部估值師客觀程度、獨立性及能力。吾等亦評估二零二零年後年度之釐定不同現金產生單位組別的可收回金額所用的預算及財務預測，包括對主要假設中的歷史及外部數據進行比較以及評估所用數據的對帳。此外，吾等由內部估值專家協助評估已用模式及數據，包括加權平均資本成本、預期長遠增長率。吾等亦著重就綜合財務報表附註21「無限使用年期商譽及商標減值測試」所載主要假設所作披露是否充足。

## KEY AUDIT MATTERS (continued)

## 關鍵審計事項 (續)

Key audit matter  
關鍵審計事項How our audit addressed the key audit matter  
審計關鍵審計事項時的處理方法*Impairment testing of an investment in a material associate*

## 於重大聯營公司的投資的減值測試

The Group's investment in China Modern Dairy Holdings Ltd. ("China Modern Dairy"), a material associate of the Group, amounting to RMB6,329,374,000 represented 8% of the Group's total assets as at 31 December 2019. The impairment test of the investment in China Modern Dairy performed by management with the assistance from an external valuer involved significant judgement for the determination of the value in use of China Modern Dairy. This is a key audit matter due to the magnitude and the complexity of the estimates, and the uncertainty on future market circumstances.

二零一九年十二月三十一日，貴集團於中國現代牧業控股有限公司（「中國現代牧業」）（貴集團的重大聯營公司）的投資達人民幣6,329,374,000元，佔貴集團總資產8%。外部估值師協助管理層對於中國現代牧業的投資進行減值測試，當中涉及釐定中國現代牧業的使用價值的重大判斷。由於其規模、估計的複雜程度及未來市場情況的不確定性，故此乃關鍵審計事項。

The accounting policies and related disclosures are included in note 2.4 "Investments in associates and joint ventures", note 2.4 "Impairment of non-financial assets", note 3 "Impairment of non-financial assets (other than goodwill and trademarks with indefinite useful lives)" and note 23 "Investments in associates" to the financial statements.

會計政策及相關的披露已列入財務報表附註2.4「投資聯營公司及合營企業」、附註2.4「非金融資產減值」、附註3「非金融資產（無限使用年期商譽及商標除外）減值」及附註23「投資於聯營公司」。

We assessed the objectivity, independence and competence of the external valuer. We also assessed the 2020 budget and the five-year projection of China Modern Dairy and a reconciliation of the inputs used to evaluate the value in use calculations. Furthermore, we involved internal valuation specialist to assist us in evaluating the models and the inputs used, including the weighted average costs of capital and the expected perpetual rates. We also focused on the adequacy of the disclosures concerning those key assumptions included in note 23 "Investments in associates" to the consolidated financial statements.

吾等審計程序包括評估外部估值師的客觀程度、獨立性及能力。吾等已評估中國現代牧業二零二零年預算及五年預測，以及評估計算價值所用數據的對賬。此外，吾等由內部估值專家協助評估所用模式及數據，包括加權平均資本成本及預期長遠增長率。吾等亦著重貴公司就綜合財務報表附註23「於聯營公司投資」所載主要假設所作披露是否充足。

## KEY AUDIT MATTERS (continued)

## 關鍵審計事項 (續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 審計關鍵審計事項時的處理方法
<p><i>Acquisition of Bellamy's Australia Limited ("Bellamy")</i></p> <p>收購Bellamy's Australia Limited (「貝拉米」)</p> <p>During the year of 2019, the Group acquired a 100% equity interest in Bellamy's Australia Limited ("Bellamy") at a cash consideration of RMB6,934,372,000. Management engaged an external valuer to evaluate the fair value of the identifiable assets and liabilities of Bellamy. This is a key audit matter due to the significant management estimates and judgment involved in the determination of the fair values of the identifiable assets and liabilities and related purchase price allocation.</p> <p>於二零一九年，貴集團以現金代價人民幣6,934,372,000元收購Bellamy's Australia Limited (「貝拉米」) 100%的股權。管理層聘請外部估值師評估貝拉米可識別資產及負債的公允值。由於釐定可識別資產及負債公允值以及相關購買格之分配的會計處理涉及重大管理層估計及判斷，故其為關鍵審計事項。</p> <p>The accounting policies and related disclosures are included in note 2.4 "Business combinations and goodwill", note 3 "Business combinations and goodwill" and note 45 "Business combination" to the financial statements.</p> <p>會計政策及相關披露載入財務報表中附註2.4「業務合併及商譽」、附註3「業務合併及商譽」以及附註45「業務合併」。</p>	<p>We evaluated the competency and objectivity of the external valuer. We also involved our internal valuation specialists in evaluating the valuation methodologies adopted and the assumptions used in the valuation of the identifiable assets and liabilities of Bellamy. We also focused on the adequacy of the disclosures included in note 45 "Business combination" to the consolidated financial statements.</p> <p>吾等已評估外部估值師的能力及客觀性。吾等亦有內部估值專家以評估於進行貝拉米可識別資產及負債估值所採納的評估方法及所用的假設。我們亦著重具有足夠載入綜合財務報表中附註45「業務合併」的披露事項。</p>

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## 年報所載其他資料

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

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

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

## 董事對綜合財務報表的責任

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

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

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

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

## 核數師就審計綜合財務報表須承擔的責任

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

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

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

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

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

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

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

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

## 核數師就審計綜合財務報表須承擔的責任 (續)

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

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

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



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

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

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

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
25 March 2020

**核數師就審計綜合財務報表須承擔的  
責任** *(續)*

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

出具本獨立核數師報告的審計項目合夥人為唐嘉欣。

**安永會計師事務所**  
*執業會計師*  
香港  
二零二零年三月二十五日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

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
<b>REVENUE</b>	收入	5	<b>79,029,856</b>	68,977,066
Cost of sales	銷售成本		<b>(49,351,242)</b>	(43,193,440)
<b>GROSS PROFIT</b>	毛利		<b>29,678,614</b>	25,783,626
Other income and gains	其他收入及收益	5	<b>4,100,888</b>	736,255
Selling and distribution expenses	銷售及經銷費用		<b>(21,536,054)</b>	(18,833,306)
Administrative expenses	行政費用		<b>(3,319,414)</b>	(2,915,035)
Impairment losses on financial and contract assets, net	金融及合約資產減值虧損淨額		<b>(248,355)</b>	(85,262)
Loss on disposal of financial assets measured at amortised cost	按攤銷成本計量的金融資產出售虧損		<b>(14,008)</b>	—
Other expenses	其他費用	6	<b>(3,691,877)</b>	(851,216)
Interest income	利息收入		<b>1,104,791</b>	868,257
Finance costs	融資成本	8	<b>(644,202)</b>	(550,662)
Share of profits and losses of:	以下各方應佔損益：			
A joint venture	合營企業	22	<b>(9,160)</b>	—
Associates	聯營公司	23	<b>184,224</b>	(299,935)
<b>PROFIT BEFORE TAX</b>	稅前利潤	7	<b>5,605,447</b>	3,852,722
Income tax expense	所得稅支出	11	<b>(1,309,532)</b>	(649,001)
<b>PROFIT FOR THE YEAR</b>	本年利潤		<b>4,295,915</b>	3,203,721
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		<b>4,105,437</b>	3,043,030
Non-controlling interests	非控股股東權益		<b>190,478</b>	160,691
			<b>4,295,915</b>	3,203,721
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (EXPRESSED IN RMB PER SHARE)</b>	本公司普通股擁有人應佔每股盈利(以每股人民幣元計)	14		
Basic	基本			
— For profit for the year	— 本年利潤		<b>1.049</b>	0.779
Diluted	攤薄			
— For profit for the year	— 本年利潤		<b>1.046</b>	0.778

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

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
<b>PROFIT FOR THE YEAR</b>	本年利潤	<b>4,295,915</b>	3,203,721
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>	其他全面收益/(虧損)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	其後期間可能重新分類至損益的其他全面收益/(虧損):		
Exchange differences:	匯兌差額:		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<b>184,390</b>	(206,615)
Cash flow hedges:	現金流量對沖:		
Effective portion of changes in fair value of hedging instruments arising during the year	來自本年對沖工具公允值變動的實際部分	<b>(18,423)</b>	(4,196)
Share of other comprehensive income/(loss) of associates	分佔聯營公司其他全面收益/(虧損)	<b>4,832</b>	(21,181)
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>	其後期間可能重新分類至損益的其他全面收益/(虧損)淨額	<b>170,799</b>	(231,992)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:	其後期間不會重新分類至損益的其他全面收益/(虧損):		
Equity investments designated at fair value through other comprehensive income:	指定為以公允值計量且其變動計入其他全面收益的股本投資:		
Changes in fair value	公允值變動	<b>(3,191)</b>	(218,287)
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>	其後期間不會重新分類至損益的其他全面收益/(虧損)淨額	<b>(3,191)</b>	(218,287)
<b>OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX</b>	其他全面收益/(虧損), 扣除稅項	<b>167,608</b>	(450,279)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	年度全面收益總額	<b>4,463,523</b>	2,753,442
Attributable to:	以下各方應佔:		
Owners of the Company	本公司擁有人	<b>4,251,525</b>	2,589,152
Non-controlling interests	非控股股東權益	<b>211,998</b>	164,290
		<b>4,463,523</b>	2,753,442

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

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
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	15	<b>11,102,702</b>	14,733,924
Construction in progress	在建工程	16	<b>2,231,333</b>	2,203,125
Investment properties	投資物業	17	<b>73,548</b>	73,785
Right-of-use assets	使用權資產	18	<b>1,697,808</b>	—
Land use rights	土地使用權	18	—	1,120,666
Goodwill	商譽	19	<b>4,718,657</b>	4,681,492
Other intangible assets	其他無形資產	20	<b>7,583,415</b>	2,298,075
Investments in a joint venture	於合營企業的投資	22	<b>140,840</b>	—
Investments in associates	於聯營公司的投資	23	<b>7,351,265</b>	7,202,363
Deferred tax assets	遞延稅項資產	24	<b>1,056,099</b>	1,041,626
Biological assets	生物資產	25	—	1,136,600
Derivative financial instruments	衍生金融工具	35	<b>34,009</b>	28,598
Other financial assets	其他金融資產	26	<b>4,845,997</b>	2,131,485
Long term prepayments	長期預付款	29	<b>215,966</b>	64,140
Total non-current assets	總非流動資產		<b>41,051,639</b>	36,715,879
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Other financial assets	其他金融資產	26	<b>19,220,584</b>	11,819,198
Derivative financial instruments	衍生金融工具	35	<b>10,814</b>	49,212
Inventories	存貨	27	<b>5,089,944</b>	4,281,919
Trade and bills receivables	應收賬款及票據	28	<b>3,586,866</b>	2,891,973
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	29	<b>3,027,185</b>	2,777,593
Pledged deposits	保證金存款	30	<b>74,186</b>	623,495
Cash and bank balances	現金及銀行結存	30	<b>6,476,187</b>	7,297,988
Total current assets	總流動資產		<b>37,485,766</b>	29,741,378

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

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
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade and bills payables	應付賬款及票據	31	<b>6,738,626</b>	7,021,542
Other payables and accruals	其他應付款項及 預提費用	32	<b>10,807,574</b>	10,889,417
Interest-bearing bank and other borrowings	計息銀行及其他借貸	33	<b>13,838,201</b>	6,522,915
Other loans	其他貸款	34	—	22,912
Derivative financial instruments	衍生金融工具	35	<b>4,346</b>	9,705
Deferred income	遞延收入	37	<b>50,493</b>	170,261
Income tax payable	應付所得稅		<b>294,617</b>	472,366
Total current liabilities	總流動負債		<b>31,733,857</b>	25,109,118
<b>NET CURRENT ASSETS</b>	<b>淨流動資產</b>		<b>5,751,909</b>	4,632,260
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>		<b>46,803,548</b>	41,348,139
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	33	<b>9,634,609</b>	8,192,400
Long term payables	長期應付款項	36	—	814
Deferred income	遞延收入	37	<b>279,494</b>	856,120
Deferred tax liabilities	遞延稅項負債	24	<b>1,941,902</b>	206,122
Derivative financial instruments	衍生金融工具	35	—	17,457
Other financial liabilities	其他金融負債	38	<b>1,600,206</b>	1,610,947
Total non-current liabilities	總非流動負債		<b>13,456,211</b>	10,883,860
<b>NET ASSETS</b>	<b>淨資產</b>		<b>33,347,337</b>	30,464,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

31 December 2019 於二零一九年十二月三十一日

		Notes	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
		附註		
<b>EQUITY</b>	<b>權益</b>			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	39	<b>358,257</b>	357,602
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	43	<b>(133,671)</b>	(218,717)
Other reserves	其他儲備	40	<b>12,442,343</b>	12,450,930
Retained earnings	保留利潤		<b>16,465,355</b>	12,622,549
			<b>29,132,284</b>	25,212,364
Non-controlling interests	非控股股東權益		<b>4,215,053</b>	5,251,915
<b>TOTAL EQUITY</b>	<b>總權益</b>		<b>33,347,337</b>	30,464,279

**Chen Lang**  
陳朗  
Director  
董事

**Jeffrey, Minfang Lu**  
盧敏放  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Attributable to owners of the Company 本公司應有人應佔															
	Share capital 股本	Treasury shares held under share award scheme 股票獎勵計劃下持有的 庫存股份	Share premium 發行溢價	Share contributed surplus 實收溢利	Statutory reserves 法定儲備	Foreign currency reserves translation reserve 貨幣兌換儲備	Comprehensive income attributable to owners of the Company 本公司應佔綜合收益	Share option reserve 股份儲備	Hedging reserve 對沖儲備	Equity transaction reserve 權益交易儲備	Reserve for non-controlling interest 可法非控股股東儲備	State of other changes in equity of associates 聯營公司之其他權益變動	Related earnings 相關利潤	Total 合計	Non-controlling interests 非控股股東	Total equity 總權益
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
At 31 December 2017 Effect of adoption of IFRS 9	357,572	(282,929)	10,252,634	204,677	3,185,366	(64,275)	(140,492)	71,530	3,017	1,028,888	(1,238,281)	67,737	9,793,467	2,264,273	4,502,650	27,107,423
At 1 January 2018 (restated) Profit for the year Other comprehensive income/(loss) for the year Exchange differences on translation of foreign operations Changes in fair value of equity investments at fair value through other comprehensive income, net of tax Cash flow hedges, net of tax Share of other comprehensive income of associates	357,572	(282,929)	10,252,634	204,677	3,185,366	(64,275)	(140,492)	71,530	3,017	1,028,888	(1,238,281)	67,737	9,793,467	2,264,273	4,502,650	27,107,423
Total comprehensive income/(loss) for the year	-	-	-	-	-	(2,024)	(2,827)	-	(4,136)	-	-	(2,181)	3,040,000	2,388,152	18,420	2,753,442
Shares issued under equity-settled share option arrangements	30	-	4,472	-	-	-	-	-	-	-	-	-	-	432	-	432
Equity-settled share option arrangements	42	-	-	-	-	-	-	46,553	-	-	-	-	-	46,553	4,636	51,189
Transfer of share option reserve upon exercise of share options	-	-	-	-	-	-	-	(1,130)	-	-	-	-	-	-	-	105,100
Share award scheme	-	-	-	-	-	-	-	(9,367)	-	-	-	-	-	-	-	168
Shares issued under share award scheme	-	44,212	(4,245)	-	-	-	-	(8,367)	-	-	-	-	-	-	(1,075)	(1,075)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(137)	-	-	-	-	267,966	267,829
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,880	143,880
Disposal of equity interests in subsidiaries without loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of payable non-controlling interests	-	-	-	-	-	-	-	-	-	6,100	-	-	-	-	6,100	1,089
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	367,115	-	-	-	-	207,269	594,484
Dividends payable to non-controlling interests	-	-	(482,827)	-	-	-	-	-	-	-	-	-	-	(482,827)	-	(482,827)
Transfer to statutory reserves	-	-	-	-	207,801	-	-	-	-	-	-	-	(207,801)	-	-	(43,308)
At 31 December 2018	357,602	(282,717)	9,175,224	204,677	3,393,467	(66,489)	(838,779)	182,182	26,421	1,018,271	(611,667)	(2,472)	12,822,540	2,527,284	5,251,915	30,484,279

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

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										Total 合計	Non-controlling interests 非控股股東	Total 合計		
	Treasury shares held under share award scheme 以股票獎勵計劃 持有的本公司 股份	Share premium 股份溢價	Share award scheme 股份獎勵計劃	Contributed surplus 應佔溢利	Stability reserves 法定儲備	Foreign currency translation reserves 外幣兌換儲備	Fair value reserve of financial assets at fair value 金融資產按 公允價值計量 的公允價值儲備	Share option reserves 股份購權儲備	Hedging reserve 對沖儲備	Equity transaction reserve 權益交易儲備				Puttable non-controlling interests 可回購非控股股東 權益儲備	Share of other changes in equity of associates 應佔聯營公司之 權益變動
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2019 於二零一九年一月一日	357,892	9,775,294	204,677	3,283,457	685,089	683,779	182,187	26,421	1,018,371	891,169	64,922	13,023,549	232,129	5,291,915	30,464,279
Profit for the year 本年利潤	-	-	-	-	-	-	-	-	-	-	-	4,105,437	4,105,437	190,478	4,295,915
Other comprehensive income/(loss) for the year 本年其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations 換算外幣帳目所致之匯兌差額	-	-	-	-	162,221	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax 按公允價值計量且其變動計入其他全面收益的權益投資之公允價值變動，扣除稅項	-	-	-	-	-	(8,191)	-	-	-	-	-	-	-	-	(8,191)
Cash flow hedges, net of tax 現金流量對沖，扣除稅項	-	-	-	-	639	-	-	(18,428)	-	-	-	-	-	-	(17,789)
Share of other comprehensive income of associates 應佔聯營公司其他全面收益	-	-	-	-	-	-	-	-	-	-	4,832	-	-	-	4,832
Total comprehensive income/(loss) for the year 年度全面收益/(虧損)總額	-	-	-	-	162,221	(8,191)	-	(18,428)	-	-	4,832	-	-	-	4,832
Shares issued under equity-linked share option arrangements 根據以股份支付協議發行之股份	655	123,700	-	-	-	-	-	-	-	-	-	4,832	4,832	21,938	4,683,523
Equity-linked share option arrangements 以股份支付協議發行之股份	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,435
Transfer of share option reserve upon exercise of share options 行使購權時轉出之購權儲備	-	-	-	-	-	-	158,739	-	-	-	-	-	-	158,739	166,651
Share award scheme 股票獎勵計劃	-	33,900	-	-	-	-	(83,900)	-	-	-	-	-	-	-	129,302
Shares issued under share award scheme 根據股票獎勵計劃發行之股份	-	88,046	16,004	-	-	-	129,502	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests 收購非控股股東權益	-	-	-	-	-	-	(101,050)	-	(41,272)	-	-	-	-	24,338	(16,914)
Disposal of subsidiaries 出售子公司	-	-	-	-	-	-	-	-	-	-	-	-	-	(888,177)	(888,177)
Acquisition of subsidiaries 收購子公司	-	-	-	-	-	-	-	-	-	-	-	-	-	127,295	127,295
Business combination under the common control 同一控制下之業務合併	-	-	-	(59,320)	-	-	-	-	-	-	-	-	-	140,137	140,137
Capital injection from non-controlling interests 非控股股東注資	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity interests in subsidiaries without loss of control 出售子公司的股權(並未失去控制權)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derogation of puttable non-controlling interests 取消可回購非控股股東權益	-	-	-	-	-	-	-	-	15,105	-	-	-	-	(11,551)	3,554
Dividends paid to owners of the Company 已向本公司擁有人派付股息	-	(706,958)	-	-	-	-	-	-	(8,229)	-	-	-	-	19,967	10,741
Dividends payable to non-controlling interests 應付非控股股東股息/應付股息	-	-	-	-	-	-	-	-	-	-	-	-	-	(708,958)	(708,958)
Transfer to statutory reserves 轉至法定儲備	-	-	-	262,861	-	-	-	-	-	-	-	(262,861)	-	-	-
At 31 December 2019 於二零一九年十二月三十一日	358,267	9,266,945	204,677	3,286,786	661,619	661,970	353,444	7,998	982,204	880,367	60,080	16,465,355	231,022	4,215,533	33,947,337

\* These reserve accounts comprise the consolidated other reserves of RMB12,442,343,000 (2018: RMB12,450,930,000) in the consolidated statement of financial position.  
該等儲備賬戶包括綜合財務狀況表內綜合其他儲備人民幣12,442,343,000元(二零一八年：人民幣12,450,930,000元)。



# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

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
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax:			
Adjustments for:			
Interest income			
Finance costs	8		
Depreciation of items of property, plant and equipment	7		
Depreciation of investment properties	7		
Depreciation of right-of-use assets	7		
Amortisation of land use rights	7		
Amortisation of other intangible assets	7		
Loss on disposal of items of property, plant and equipment	6		
Gain on disposal of a disposal group classified as held for sale	5		
Impairment of financial and contract asset, net	7		
Write-down of inventories to net realisable value	6		
Impairment of construction in progress	6		
Impairment of property, plant and equipment	6		
Impairment of other intangible assets	6		
Impairment of goodwill	7/19		
Amortisation of deferred income for assets other than biological assets			
Share of losses/(profits) of associates			
Share of loss of a joint venture	22		
Losses/(gains) on disposal or cancellation of subsidiaries	5/6		
Fair value gain arising from re-measuring the initial equity interest in an associate upon business combination	5/45		
Fair value loss/(gain) on zero coupon exchangeable bonds due 2022	5/6		
Fair value change of biological assets	6/25		
Foreign exchange gains, net	5		
Net fair value loss on warrants and subscription right of warrants	6/26		
Net fair value gain on investments on unlisted companies			
Net fair value gain on forward currency contracts	5		
Net fair value gain on a convertible promissory note			
Equity-settled share option arrangements	7/42		
Share award scheme	7/43		
		<b>7,213,525</b>	5,842,983
Decrease in other financial assets — entrusted loans to certain dairy farmers		<b>31,165</b>	122,511
Increase in inventories		<b>(1,808,622)</b>	(719,916)
Increase in trade and bills receivables		<b>(1,180,364)</b>	(95,700)
Decrease/(Increase) in pledged deposits and other financial assets		<b>116,719</b>	(138,210)
Increase in prepayments, other receivables and other assets		<b>(1,033,602)</b>	(53,258)
Increase in trade and bills payables		<b>1,240,131</b>	111,130
Increase in other payables and accruals		<b>3,234,686</b>	2,410,421

## CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

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
Cash generated from operations	經營業務產生的現金	<b>7,813,638</b>	7,479,961
Interest paid	支付利息	<b>(516,634)</b>	(454,023)
Income taxes paid	支付所得稅	<b>(989,845)</b>	(662,484)
<b>Net cash flows from operating activities</b>	<b>經營業務產生的淨現金流量</b>	<b>6,307,159</b>	6,363,454
<b>Cash flows from investing activities</b>	<b>投資活動產生的現金流量</b>		
Proceeds from disposal of items of property, plant and equipment	處置物業、廠房及設備所得款項	<b>70,499</b>	181,185
Proceeds from disposal of land use rights	處置土地使用權所得款項	—	3,708
Proceeds from disposal of biological assets	處置生物資產所得款項	<b>163,935</b>	86,746
Proceeds from disposal of a disposal group classified as held for sale	出售分類為持有待售的處置組所得款項	—	252,822
Purchase of items of property, plant and equipment	購置物業、廠房及設備	<b>(1,111,527)</b>	(704,626)
Purchase of construction in progress	購置在建工程	<b>(2,968,177)</b>	(2,392,160)
Purchase of land use rights included in right-of-use assets	購置土地使用權(包括使用權資產)	<b>(179,158)</b>	(20,665)
Purchase of other intangible assets	購置其他無形資產	<b>(59,449)</b>	(31,897)
Acquisition of business	收購業務	—	(54,476)
Purchase of biological assets	購置生物資產	<b>(527,917)</b>	(313,680)
Increase in investments in associates	於聯營公司的投資增加	<b>(6,390)</b>	(17,820)
Dividends received from associates	收取聯營公司股息	<b>3,349</b>	1,598
Capital injection to a jointly controlled entity	於一間共同控制實體注資	<b>(100,000)</b>	—
Acquisition of subsidiaries	收購子公司	<b>(6,579,672)</b>	(236,944)
Disposal of subsidiaries	出售子公司	<b>2,884,820</b>	—
Receipt of government grants for property, plant and equipment and biological assets	收取物業、廠房及設備及生物資產的政府補助金	<b>105,714</b>	227,239
Purchase of time deposits with original maturity of more than three months	購置原到期日為三個月以上的定期存款	<b>(2,398,930)</b>	(979,975)
Purchase of investment deposits	購置投資存款	<b>(16,654,445)</b>	(9,188,603)
Withdrawal of investment deposits	收回投資存款	<b>9,281,963</b>	9,392,108
Increase in other financial assets	其他金融資產增加	<b>(3,205,172)</b>	(2,861,000)
Withdrawal of other financial assets	收回其他金融資產	<b>2,571,000</b>	1,561,000
Interest received	收取利息	<b>1,179,824</b>	863,778

## CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

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
		Notes 附註		
<b>Net cash flows used in investing activities</b>	<b>投資活動所用淨現金流量</b>		<b>(17,529,733)</b>	(4,231,662)
<b>Cash flows from financing activities</b>	<b>融資活動產生的現金流量</b>			
Proceeds from interest-bearing bank loans	計息銀行貸款所得款項		14,031,107	5,977,327
Repayment of interest-bearing bank loans	償還計息銀行貸款		(7,667,240)	(6,277,553)
Proceeds from issue of bonds	發行債券所得款項		6,427,433	3,390,840
Repayment of bonds	償還債券		(1,000,000)	(3,473,150)
Decrease/(increase) in pledged deposits for bank loans	銀行貸款的保證金存款減少/(增加)		314,870	(112,380)
Repayment of long term payables	償還長期應付款項		(70,179)	(28,442)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	42	124,435	4,502
Acquisition of non-controlling interests	收購非控股股東權益		(16,914)	(189)
Principle portion of lease payments	租賃付款的本金部分	41(b)	(263,627)	—
Capital injection from non-controlling interests	非控股股東權益注資		105,045	143,880
Disposal of equity interests in subsidiaries without loss of control	出售子公司的股權(並未失去控制權)		3,554	1,089
Dividends paid to owners of the Company	已向本公司擁有人派付股息	13	(708,968)	(482,827)
Dividends paid to non-controlling interests	已向非控股股東權益派付股息		(665,224)	(43,397)
<b>Net cash flows from/(used in) financing activities</b>	<b>融資活動所得/(所用)淨現金流量</b>		<b>10,614,292</b>	(900,300)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額		(608,282)	1,231,492
<b>Cash and cash equivalents at beginning of year</b>	<b>年初現金及現金等價物</b>	30	<b>4,370,494</b>	3,129,444
Effect of foreign exchange rate changes, net	匯率變動影響(淨額)		35,906	9,558
<b>Cash and cash equivalents at end of year</b>	<b>年終現金及現金等價物</b>	30	<b>3,798,118</b>	4,370,494
<b>Analysis of balances of cash and cash equivalents</b>	<b>現金及現金等價物結餘分析</b>			
Cash and bank balances as stated in the consolidated statement of financial position	於綜合財務狀況表中列賬的現金及銀行結存	30	6,476,187	7,297,988
Time deposits with original maturity more than three months	原到期日為三個月以上的定期存款	30	(2,678,069)	(2,927,494)
Cash and cash equivalents as stated in the consolidated statement of cash flows	於綜合財務狀況表中列賬的現金及現金等價物	30	<b>3,798,118</b>	4,370,494

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2019 於二零一九年十二月三十一日

### 1. CORPORATE AND GROUP INFORMATION

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

#### Information about subsidiaries

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

### 1. 公司及集團資料

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

#### 有關子公司的資料

本公司主要子公司詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			本公司應佔股權百分比		
			Direct 直接	Indirect 間接	
China Dairy Holdings (i)	Cayman Islands 開曼群島	US\$214 214美元	100%	—	Investment holding 投資控股
China Dairy (Mauritius) Limited (i)	Mauritius 毛里裘斯	US\$100 100美元	—	100%	Investment holding 投資控股
Start Great Holdings Limited (i)	British Virgin Islands 英屬處女群島	US\$16,066,969 16,066,969美元	100%	—	Investment holding 投資控股
Colour Vantage Limited (i)	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
Golden Stage Holdings Limited ("Golden Stage") (i)	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	—	Investment holding 投資控股
Vision Clear Limited (i)	Hong Kong 香港	HK\$1 1港元	100%	—	Investment holding 投資控股
Bright Rainbow Limited (i)	Singapore 新加坡	US\$1 1美元	—	100%	Investment holding 投資控股
Bright Treasure Pty Ltd. (i)	Australia 澳大利亞	AU\$1 1澳元	—	100%	Investment holding 投資控股

31 December 2019 於二零一九年十二月三十一日

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

(continued)

Information about subsidiaries (continued)

有關子公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Wise Journey Pty Ltd. (i)	Australia 澳大利亞	AU\$1 1澳元	—	100%	Investment holding 投資控股
China Mengniu International Co., Ltd. (i) (中國蒙牛國際有限公司) (i)	British Virgin Islands 英屬處女群島	HK\$8,448,802,973 8,448,802,973港元	99.95%	—	Investment holding 投資控股
Plant Base Limited (i) (植朴磨坊有限公司) (i)	Hong Kong 香港	HK\$1 1港元	—	100%	Investment holding 投資控股
Easy Reach Investment Co., Ltd. (i) (盈達實業投資有限公司) (i)	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100%	—	Investment holding 投資控股
Tianjin New Value Supply Chain Co., Ltd. (i)(iv) (天津通瑞供應鏈有限公司) (i)(iv)	PRC 中國	RMB20,000,000 人民幣20,000,000元	—	100%	Sale of dairy products 出售乳製品
Mengniu Hi-tech Dairy Product (Ma'anshan) Co., Ltd. (i)(iii) (蒙牛高科乳製品(馬鞍山)有限公司) (i)(iii)	PRC 中國	RMB100,000,000 人民幣100,000,000元	—	80%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Danone Dairy Co., Ltd. (i)(iii) (內蒙古蒙牛達能乳製品有限公司) (i)(iii)	PRC 中國	RMB250,000,000 人民幣250,000,000元	—	80%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Hi-tech Dairy Product (Beijing) Co., Ltd. (i)(iii) (蒙牛高科乳製品(北京)有限責任公司) (i)(iii)	PRC 中國	RMB87,500,000 人民幣87,500,000元	21.36%	58.64%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”) (iii) (內蒙古蒙牛乳業(集團) 股份有限公司(「內蒙古蒙牛」)) (iii)	PRC 中國	RMB1,504,290,870 人民幣1,504,290,870元	8.99%	91.01%	Manufacture and sale of dairy products 生產及出售乳製品

31 December 2019 於二零一九年十二月三十一日

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

(continued)

Information about subsidiaries (continued)

有關子公司的資料 (續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct	Indirect	
			直接	間接	
Inner Mongolia Mengniu Dairy Baotou Co., Ltd. (i)(iii) (內蒙古蒙牛乳業包頭有限責任公司) (i)(iii)	PRC 中國	RMB30,000,000 人民幣30,000,000元	26.40%	73.60%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Luannan) Co., Ltd. (i)(iii) (蒙牛乳業(瀋南)有限責任公司) (i)(iii)	PRC 中國	RMB56,000,000 人民幣56,000,000元	26.06%	73.94%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Tangshan) Co., Ltd. (i)(iii) (蒙牛乳業(唐山)有限責任公司) (i)(iii)	PRC 中國	RMB70,000,000 人民幣70,000,000元	26.05%	73.95%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Tai'an Co., Ltd. (i)(iii) (蒙牛乳業泰安有限責任公司) (i)(iii)	PRC 中國	RMB60,000,000 人民幣60,000,000元	26.03%	73.97%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy Jiaozuo Co., Ltd. (i)(ii) (蒙牛乳業焦作有限責任公司) (i)(ii)	PRC 中國	RMB450,000,000 人民幣450,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Ma'anshan) Co., Ltd. (i)(ii) (蒙牛乳業(馬鞍山)有限公司) (i)(ii)	PRC 中國	RMB275,000,000 人民幣275,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Hi-tech Dairy Co., Ltd. (i)(ii) (內蒙古蒙牛高科技乳業有限公司) (i)(ii)	PRC 中國	RMB150,000,000 人民幣150,000,000元	—	100%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Saibei Dairy Co., Ltd. (i)(iii) (蒙牛塞北乳業有限公司) (i)(iii)	PRC 中國	US\$8,994,700 8,994,700美元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Mengniu Dairy (Qiqiha'er) Co., Ltd. (i)(iii) (蒙牛乳業(齊齊哈爾)有限公司) (i)(iii)	PRC 中國	RMB75,000,000 人民幣75,000,000元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品

31 December 2019 於二零一九年十二月三十一日

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

(continued)

Information about subsidiaries (continued)

有關子公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Mengniu Dairy (Hengshui) Co., Ltd. (i)(ii) (蒙牛乳業(衡水)有限公司)(i)(ii))	PRC 中國	RMB150,000,000 人民幣150,000,000元	26%	74%	Manufacture and sale of dairy products 生產及出售乳製品
Baoding Mengniu Beverage Co., Ltd. (i)(iii) (保定蒙牛飲料有限公司)(i)(iii))	PRC 中國	RMB142,000,000 人民幣142,000,000元	14.65%	85.35%	Manufacture and sale of dairy products 生產及出售乳製品
Shijiazhuang Junlebao Dairy Co., Ltd. ("Junlebao") (ii)(v) (石家莊君樂寶乳業有限公司 (「君樂寶」))(ii)(v))	PRC 中國	RMB52,351,700 人民幣52,351,700元	—	51%	Manufacture and sale of dairy products 生產及出售乳製品
Inner Mongolia Mengniu Shengmu High-tech Dairy Co., Ltd. (i)(ii) (內蒙古蒙牛聖牧高科奶業有限公司)(i)(ii))	PRC 中國	RMB2,490,000,000 人民幣2,490,000,000元	—	51%	Manufacture and sale of dairy products 生產及出售乳製品
Yashili International Holdings Ltd. ("Yashili") (雅士利國際控股有限公司(「雅士利」))	Cayman Islands 開曼群島	HK\$474,556,000 474,556,000港元	—	51.01%	Investment holding 投資控股
Yashili International Group Limited (雅士利國際集團有限公司)	Hong Kong 香港	HK\$1 1港元	—	51.01%	Investment holding 投資控股
Yashili International Group Ltd. ("Yashili International") (iv) (雅士利國際集團有限公司 (「雅士利國際」))(iv))	PRC 中國	RMB1,126,105,300 人民幣1,126,105,300元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili New Zealand Dairy Co., Ltd. ("Yashili New Zealand") (新西蘭雅士利乳業國際控股有限公司 (「新西蘭雅士利」))	New Zealand 新西蘭	NZ\$287,032,059 287,032,059新西蘭元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Yashili International Baby Nourishment Co., Ltd. (i)(ii) (雅士利國際嬰幼兒營養品有限公司)(i)(ii))	PRC 中國	RMB531,815,600 人民幣531,815,600元	—	51.01%	Production and sale of dairy products 生產及出售乳製品

31 December 2019 於二零一九年十二月三十一日

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

(continued)

Information about subsidiaries (continued)

有關子公司的資料 (續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及業務地點	Issued/registered share capital 已發行/註冊股本	Percentage of equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Dumex Baby Food Co., Ltd. ("Dumex China") (ii) (多美滋嬰幼兒食品有限公司) (ii)	PRC 中國	RMB2,226,000,000 人民幣2,226,000,000元	—	51.01%	Production and sale of dairy products 生產及出售乳製品
Plant Base (China) Limited (iv) (植朴磨坊(中國)有限公司) (iv)	PRC 中國	RMB600,000,000 人民幣600,000,000元	—	51%	Investment holding 投資控股
Bellamy's Australia Limited ("Bellamy") (vi)	Australia 澳大利亞	AU\$156,651,385.27 156,651,385.27澳元	—	100%	Production and sale of organic food and formula products for babies and toddlers 生產及出售有機食品 及嬰幼兒配方奶粉
(i) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.			(i)		未經香港安永會計師事務所或安永全球網絡其他成員公司審計。
(ii) The subsidiaries are registered as companies with limited liability under PRC law.			(ii)		該等子公司均根據中國法律註冊為有限責任公司。
(iii) The subsidiaries are registered as Sino-foreign equity joint ventures under PRC law.			(iii)		該等子公司均根據中國法律註冊為中外合資公司。
(iv) The subsidiaries are wholly-foreign-owned enterprises established in the PRC.			(iv)		該等子公司均為於中國註冊的全資外資企業。
(v) The subsidiary had been disposed of on 19 November 2019 (note 46).			(v)		該等子公司已於二零一九年十一月十九日出售(附註46)。
(vi) On 5 December 2019, the Group acquired a 100% equity interest in Bellamy. Further details of this acquisition are included in note 45 to the financial statements.			(vi)		於二零一九年十二月五日, 本集團收購貝拉米100%的股權。收購的進一步詳情載列於財務報表附註45。



31 December 2019 於二零一九年十二月三十一日

**1. CORPORATE AND GROUP INFORMATION**

(continued)

**Information about subsidiaries** (continued)

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

**2.1 BASIS OF PREPARATION**

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

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

**1. 公司及集團資料** (續)**有關子公司的資料** (續)

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

**2.1 編製基準**

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

**綜合基準**

綜合財務報表包括本公司及其子公司（統稱「本集團」）截至二零一九年十二月三十一日止年度的財務報表。子公司為本公司直接或間接控制的實體（包括結構性實體）。當本集團通過參與被投資方的相關活動而承擔可變回報的風險或享有可變回報，並且有能力運用對被投資方的權力（即本集團目前有能力主導被投資方的相關活動的現時權利）影響該等回報時，即取得控制權。

31 December 2019 於二零一九年十二月三十一日

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

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

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

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

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

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

**2.1 編製基準** (續)**綜合基準** (續)

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

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

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

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

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

31 December 2019 於二零一九年十二月三十一日

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

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

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</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>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatment</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

**2.1 編製基準** (續)**綜合基準** (續)

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

**2.2 會計政策變動及披露**

本集團已於本年度的財務報表首次採納以下經修訂國際財務報告準則。

國際財務報告準則	<i>具有負補償之提前還款特性</i>
第9號修訂本	
國際財務報告準則	<i>租賃</i>
第16號	
國際會計準則	<i>計畫修正、縮減或清償</i>
第19號修訂本	
國際會計準則	<i>對關聯企業及合資之長期權益</i>
第28號修訂本	
國際財務報告詮釋委員會第23號	<i>所得稅之不確定性之處理</i>
二零一五年至二零一七年週期年度改進	國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號修訂本

31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

## 2.2 會計政策變動及披露 (續)

除國際財務報告準則第9號的修訂及國際會計準則第19號以及國際財務報告準則二零一五年至二零一七年週期年度改進與編製本集團財務報表無關外，新訂及經修訂國際財務報告準則的性質及影響如下：

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會第4號釐定安排是否包括租賃、準則詮釋委員會第15號經營租賃－優惠及準則詮釋委員會第27號評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人在單一資產負債表內模型中計算所有租賃以確認及計量使用權資產及租賃負債（若干確認豁免除外）。國際財務報告準則第16號號項下規定的承租人會計與國際會計準則第17號項下規定的並無實質性改變。承租人將繼續按照與國際會計準則第17號相類似的分類原則對經營租賃或融資租賃作出區分。

國際財務報告準則第16號對本集團為出租人的租賃並無任何重大影響。

本集團透過經修訂追溯法採納國際財務報告準則第16號，並於二零一九年一月一日初始應用。根據該方法，已追溯應用該準則，而首次應用該準則的累計影響確認為對二零一九年一月一日保留利潤期初結餘的調整，而二零一八年的可資比較資料並未重列，且繼續根據國際會計準則第17號及相關詮釋予以呈報。

31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

### ***New definition of a lease***

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

### ***As a lessee – Leases previously classified as operating leases***

*Nature of the effect of adoption of IFRS 16*

The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

## 2.2 會計政策變動及披露 (續)

(a) (續)

### ***租賃的新定義***

根據國際財務報告準則第16號，倘合約為換取代價而授予在一段時間內可識別資產的使用權，則該合約為租賃或包含租賃。倘客戶有權從使用可識別資產中獲取絕大部分經濟利益及有權直接使用可識別資產，則表示擁有控制權。本集團選擇使用過渡可行權宜法，僅在初始應用日期對先前應用國際會計準則第17號及國際財務報告詮釋委員會第4號識別為租賃的合約應用該準則。根據國際會計準則第17號及國際財務報告詮釋委員會第4號未有識別為租賃的合約並未予以重新評估。因此，國際財務報告準則第16號的租賃定義僅應用於在二零一九年一月一日或之後訂立或變更的合約。

### ***作為承租人 – 先前分類為經營租賃的租賃***

*採納國際財務報告準則第16號的影響性質*

本集團擁有多項物業、機器、運輸設備及其他設備的租賃合約。作為承租人，本集團先前根據該租賃是否已將其資產所有權的絕大部分回報及風險轉予本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團就所有租賃應用單一的方法確認及計量使用權資產及租賃負債，除低價值資產租賃(按個別租賃基準選擇)及十二個月或更短的短期租賃(「短期租賃」)(按相關資產類別選擇)的兩項選擇性豁免除外。本集團確認使用權資產折舊(及減值，如有)及未償還租賃負債累計利息(作為融資成本)，而並非在二零一九年一月一日開始的租賃期內以直線法確認經營租賃項下的租金費用。

31 December 2019 於二零一九年十二月三十一日

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

(a) (continued)

**As a lessee – Leases previously classified as operating leases** (continued)*Impact on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics, and excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application

**2.2 會計政策變動及披露** (續)

(a) (續)

**作為承租人 – 先前分類為經營租賃的租賃** (續)*過渡的影響*

於二零一九年一月一日之租賃負債按剩餘租賃付款的現值，並使用二零一九年一月一日的增量借款利率貼現後予以確認，並計入計息銀行及其他借貸。使用權資產按就緊接二零一九年一月一日前財務狀況表內已確認租賃相關的任何預付或應計租賃付款金額作出調整後的租賃負債金額計量。

本集團於二零一九年一月一日應用國際財務報告準則第16號使用以下選擇性可行權宜法：

- 將租賃期於初始應用日期後12個月內屆滿的租賃應用短期租賃豁免
- 倘合約包含延長／終止租賃的選擇權，則於事後釐定租賃期限
- 將單一貼現率應用於具合理相類似特徵的租賃組合，並不包括於初始應用日期計量使用權資產的初始直接成本

31 December 2019 於二零一九年十二月三十一日

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

(a) (continued)

***Financial impact at 1 January 2019***

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

**2.2 會計政策變動及披露** (續)

(a) (續)

***於二零一九年一月一日之財務影響***

於二零一九年一月一日採納國際財務報告準則第16號所產生的影響如下：

		Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
<b>Assets</b>		
Increase in right-of-use assets	使用權資產增加	<b>1,684,269</b>
Decrease in land use right	土地使用權減少	<b>(1,120,666)</b>
Decrease in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產減少	<b>(145,397)</b>
Decrease in long term prepayments	長期預付款減少	<b>(29,681)</b>
Increase in total assets	總資產增加	<b>388,525</b>
<b>Liabilities</b>		
Increase in interest-bearing bank and other borrowings	計息銀行及其他借貸增加	<b>388,525</b>
Increase in total liabilities	總負債增加	<b>388,525</b>

31 December 2019 於二零一九年十二月三十一日

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

(a) (continued)

**Financial impact at 1 January 2019** (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

**2.2 會計政策變動及披露** (續)

(a) (續)

**於二零一九年一月一日之財務影響** (續)

二零一九年一月一日的租賃負債與於二零一八年十二月三十一日經營租賃承擔的對賬如下：

		RMB'000 人民幣千元
<b>Operating lease commitments as at 31 December 2018</b>	於二零一八年十二月三十一日 經營租賃承擔	<b>615,360</b>
Weighted average incremental borrowing rate as at 1 January 2019	於二零一九年一月一日的 加權平均增量借貸利率	<b>4.68%</b>
Discounted operating lease commitments as at 1 January 2019	於二零一九年一月一日貼現的 經營租賃承擔	<b>546,069</b>
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：有關短期租賃及該等剩餘 租賃期於二零一九年 十二月三十一日或之前 屆滿的租賃承擔	<b>(136,115)</b>
Commitments relating to leases of low-value assets	有關低價值資產的 租賃承擔	<b>(21,429)</b>
<b>Lease liabilities as at 1 January 2019</b>	於二零一九年一月一日的 租賃負債	<b>388,525</b>



## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

## 2.2 會計政策變動及披露 (續)

(b) 國際會計準則第28號的修訂澄清國際財務報告準則第9號的範圍豁免僅包括應用權益法的聯營公司或合營企業之權益，且不包括實質上構成聯營公司或合營企業投資淨額一部分的長期權益（其中尚未應用權益法）。因此，實體計算此類長期利益需應用國際財務報告準則第9號（包括國際財務報告準則第9號下的減值要求）而非國際會計準則第28號。僅於確認聯營公司或合營企業的虧損及聯營公司或合營企業淨投資減值的情況下，國際會計準則第28號才應用於淨投資（包括長期權益）。本集團於二零一九一月一日採納有關修訂後已就其於聯營公司的長期利益評估其業務模式，並總結認為於聯營公司的長期利益繼續根據國際財務報告準則第9號按攤銷成本計量。因此，該等修訂不會對本集團的財務狀況或業績產生任何影響。

31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

## 2.2 會計政策變動及披露 (續)

(c) 國際財務報告詮釋委員會第23號於稅項處理涉及影響國際會計準則第12號應用的不確定性時(通常稱為「不確定稅務情況」)，處理該情況下所得稅(即期及遞延)的會計處理。該詮釋並不適用於國際會計準則第12號範圍外的稅項或徵稅，具體亦不包括不確定稅項處理相關的權益及處罰相關規定。該詮釋特別處理(i)實體是否分開考慮不確定稅項；(ii)實體對稅務機關的稅項處理檢查所作的假設；(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv)實體如何考慮事實及情況變動。於採納該詮釋時，本集團考慮於其集團內銷售的轉移定價是否會產生任何不確定稅務情況。根據本集團的稅務合規及轉移定價研究，本集團認為稅務機關將很可能接受其轉移定價政策。因此，該詮釋不會對本集團的財務狀況或業績產生任何重大影響。

31 December 2019 於二零一九年十二月三十一日

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of liabilities as Current or Non-current</i> <sup>4</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2020
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2021
- <sup>3</sup> No mandatory effective date yet determined but available for adoption
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

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

## 2.3 已頒佈但尚未生效的國際財務報告準則

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

國際財務報告準則第3號的修訂	業務的定義 <sup>1</sup>
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	利率基準改革 <sup>1</sup>
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 <sup>3</sup>
國際財務報告準則第17號	保險合約 <sup>2</sup>
國際會計準則第1號及國際會計準則第8號的修訂	重大的定義 <sup>1</sup>
國際會計準則第1號的修訂	分類為流動或非流動負債 <sup>4</sup>

- <sup>1</sup> 於二零二零年一月一日或之後開始的年度期間生效
- <sup>2</sup> 於二零二一年一月一日或之後開始的年度期間生效
- <sup>3</sup> 尚未確定強制生效日期但可供採納
- <sup>4</sup> 於二零二二年一月一日或之後開始的年度期間生效

本集團預期應用的國際財務報告準則進一步資料如下。

31 December 2019 於二零一九年十二月三十一日

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

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

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

國際財務報告準則第3號修訂本明確並提供有關業務定義的進一步指引。修訂本澄清，對於一系列被視為業務的綜合活動及資產，其必須至少包括一項投入及有助於創造產出的能力的實質性過程。一項業務可以不包括創建輸出所需的所有輸入及所需程序。修訂本取消了對市場參與者是否有能力獲得業務並繼續產生產出的評估。相反，重點為獲得的投入及獲得的實質性過程是否共同明顯有助於對創造產出的能力。修訂本亦收窄產出的定義，重點關注向客戶提供的貨品或服務，投資收入或普通活動的其他收入。此外，修訂本提供了指導以評估所收購的流程是否具有實質性，並引入可選的公允價值集中測試，以便簡化評估所獲得的一系列活動及資產是否並非業務。本集團預期將於二零二零年一月一日採納該修訂本。由於該等修訂本適用於發生在首次應用日期或之後的交易或其他事項，因此集團在過渡日期將不會受該等修訂影響。

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號之修訂旨在解決銀行同業拆息改革對財務報告之影響。該等修訂提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規訂公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該修訂於二零二零年一月一日或之後開始的年度期間生效。允許提早應用。預期該等修訂對本集團財務報表不會產生任何重大影響。

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

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

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

The amendments to IAS 1 clarify the meaning of a right to defer settlement and that a right to defer must exist at the end of the reporting period. The amendments also clarify that the classification is unaffected by the likelihood that an entity will exercise its deferral right and only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments to IAS 1 are required to be applied for annual periods beginning on or after 1 January 2022 and must be applied retrospectively. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

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

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

國際會計準則第1號修訂本澄清延遲結算權利的涵義及延遲權利須於報告期末發生。該等修訂本亦澄清實體將行使其延遲權利的可能性不會影響分類，且僅當可轉換負債之嵌入式衍生工具其本身為股本工具時，負債之條款方才不會影響其分類。國際會計準則第1號修訂本須於二零二二年一月一日或之後開始的年度期間應用並須追溯應用。預期該等修訂本將不會對本集團的財務報表造成任何重大影響。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Investments in associates and joint ventures

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

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

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

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

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

## 2.4 重大會計政策概要

### 投資聯營公司及合營企業

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

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

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

任何可能存在的相異會計政策已相應作出調整，以使之貫徹一致。

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments in associates and joint ventures

(continued)

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

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

### Business combinations and goodwill

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

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

## 2.4 重大會計政策概要 (續)

### 投資聯營公司及合營企業 (續)

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

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

### 業務合併及商譽

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

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

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations and goodwill (continued)

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

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

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

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

## 2.4 重大會計政策概要 (續)

### 業務合併及商譽 (續)

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

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

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

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



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Business combinations and goodwill (continued)

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

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

### Fair value measurement

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

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.

## 2.4 重大會計政策概要 (續)

### 業務合併及商譽 (續)

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

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

### 公允值計量

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

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

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fair value measurement (continued)

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

## 2.4 重大會計政策概要 (續)

### 公允值計量 (續)

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

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

第一級 — 以於活躍市場中相同資產或負債的報價（未經調整）釐定

第二級 — 以使用可直接或間接觀察並對公允值計量有重要影響的最低層次輸入資料的估值技術釐定

第三級 — 以使用對公允值計量有重大影響且不可觀察的最低層次輸入資料的估值技術釐定

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

## 2.4 重大會計政策概要 (續)

### 非金融資產減值

當有跡象顯示出現減值，或當須進行資產年度減值測試(存貨、合約資產、遞延所得稅資產、金融資產、投資物業及分類為持有待售的非流動資產/處置組除外)，則估計資產的可收回金額。資產的可收回金額乃選取資產或現金產生單位的使用價值及其公允值減銷售成本的較高者，並就個別資產釐定，惟倘資產並無產生大致獨立於其他資產或資產組別的現金流入，則可收回金額在該資產所屬的現金產生單位基礎上確定。

減值損失僅於資產賬面值超出其可收回金額時確認。評估使用價值時，估計未來現金流量乃按稅前折現率折現至現值。所用稅前折現率反映當前市場對貨幣時值及該資產特定風險的評估。減值損失於產生期間自損益表中與減值資產功能一致的支出類別扣除。

於各報告期末，本集團評估是否有跡象顯示先前確認的減值損失可能不再存在或已經減少。如有該等跡象，本集團會估計可收回金額。僅若用以釐定商譽以外資產的可收回金額的估計有變動，方會撥回先前確認該資產的減值損失，惟金額不得超過假使該資產在過往年度並無確認減值損失時，原應釐定的賬面值(扣減任何折舊/攤銷後)。減值損失撥回計入產生期間的綜合損益表中，惟該資產按重估金額列賬時，則該減值虧損撥回根據與該重估資產相關的會計政策列賬。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 2.4 重大會計政策概要 (續)

### 關聯人士

一方被視為與本集團有關聯，倘

- (a) 該方為該名人士家族的人士或直系親屬，而該名人士
- (i) 控制或共同控制本集團；
  - (ii) 對本集團施加重大影響；或
  - (iii) 為本集團或本集團母公司主要管理人員的成員；

或

- (b) 該方為符合下列任何條件的實體：
- (i) 該實體與本集團屬同一集團的成員公司；
  - (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體的母公司、子公司或同系子公司的旗下）；
  - (iii) 該實體及本集團均為同一第三方的合營企業；
  - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
  - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關實體的僱員；
  - (vi) 該實體由(a)項所述人士控制或共同控制；
  - (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體（或該實體的母公司）主要管理人員的成員；及
  - (viii) 向本集團或本集團母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The depreciation rates of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings and structures	2% to 7%
Plant and machinery	10% to 32%
Office equipment	10% to 32%
Motor vehicles	10% to 32%

## 2.4 重大會計政策概要 (續)

### 物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值損失後列賬。倘物業、廠房及設備項目分類為持有待售或當其為分類為持有待售的處置組的一部分時,其不予折舊並根據國際財務報告準則第5號入賬,進一步闡釋見會計政策「持有待售的非流動資產及處置組」。物業、廠房及設備項目的成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。

成本亦可包括自權益轉撥以外幣購買物業、廠房及設備的合資格現金流量對沖所產生的任何收益或虧損。

物業、廠房及設備項目投入運作後產生的支出(例如維修及保養),一般於其產生期間於損益表扣除。而大修支出在符合確認條件時,計入資產的賬面值作為更換成本。當物業、廠房及設備的重要部件須定期更換,本集團將該等部件確認為獨立的資產,並在特定可使用年期下單獨計提折舊。

折舊乃按物業、廠房及設備的各個項目於其估計可使用年期以直線法撇減其成本至剩餘價值。物業、廠房及設備的折舊率如下:

永久業權土地	不折舊
房屋及建築物	2%至7%
廠房及機器	10%至32%
辦公設備	10%至32%
運輸設備	10%至32%

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment and depreciation

(continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Construction in progress

Construction in progress represents plant and property under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2.4 重大會計政策概要 (續)

### 物業、廠房及設備及折舊 (續)

倘一項物業、廠房及設備的各部分具有不同可使用年期，則有關項目的成本以合理基準分配至各部分，而每部分將作獨立折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度結算日審閱及調整（如適用）一次。

物業、廠房及設備項目（包括經初步確認的任何重要部件）乃於出售時或在預計未來不可從其使用或出售中獲得經濟利益時終止確認。於終止確認資產年度的綜合損益表中確認的出售或廢棄而產生的任何收益或虧損乃銷售所得款項淨額與相關資產賬面值之間的差額。

### 在建工程

在建工程是指正在興建的廠房及物業，乃以成本減任何減值損失列賬。在建工程不計提折舊。成本包括在建期間的直接建築成本及已借相關資金所屬已撥充資本的借貸費用。當在建工程竣工、隨時可供使用時，在建工程將予重新分類歸入物業、廠房及設備內的適當類別。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investment properties

Investment properties are interests in land and buildings which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 50 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

### Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

## 2.4 重大會計政策概要 (續)

### 投資物業

投資物業指持作賺取租金收入及／或資本增值用途，而非用於生產或供應貨品或服務或作行政用途；或作日常業務過程中出售用途的土地及房屋（其將以其他方式符合投資物業的定義）權益。該等物業初步按成本（包括交易成本）計量。初步確認後，投資物業按成本減累計折舊及減值虧損計量。

折舊乃按資產之成本減其剩餘價值計量。折舊按直線法於投資物業之估計可使用年期內於損益確認。估計可使用年期為50年。折舊方法、可使用年期及剩餘價值於各報告日期重估。

投資物業報廢或出售產生的任何收益或虧損於其報廢或出售年度於損益表確認。

### 持有待售的非流動資產及處置組

倘非流動資產及處置組的賬面值將主要透過一項銷售交易而非透過持續使用得以收回，該等非流動資產及處置組則分類為持有待售。為此，該資產或處置組必須在其當前情況下僅根據出售此類資產或處置組的通常及慣用條款即可立即出售，並且出售必須極可能發生。所有分類為處置組的子公司資產及負債重新歸類為持有待售，而不論本集團於出售後有否保留其前子公司的非控股股東權益。

分類為持有待售的非流動資產及處置組（投資物業及金融資產除外）乃按其賬面值及公允值減銷售成本後餘額的較低者計量。分類為持有待售的物業、廠房及設備及無形資產不予折舊或攤銷。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (or group of cash-generating units) level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

#### Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 20 years.

#### Trademarks

Trademarks acquired separately are measured at cost. Trademarks acquired as part of a business combination are valued at fair value based on the royalty relief method.

Trademarks with finite useful lives are amortised on the straight-line basis over their estimated useful lives of 10 years. Trademarks with indefinite useful lives are tested for impairment annually.

#### Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

## 2.4 重大會計政策概要 (續)

### 無形資產 (商譽除外)

單獨收購的無形資產於初步確認時按成本計量。於業務合併時所收購無形資產的成本相等於收購日期的公允值。無形資產的可使用年期可評估為有限或無限。年期有限的無形資產其後於可使用經濟年期內攤銷，並於有跡象顯示該無形資產可能出現減值時評估減值。可使用年期有限的無形資產的攤銷期間及攤銷方法至少於各財政年度結算日審閱一次。

可使用年期無限的無形資產每年按個別或現金產生單位或現金產生單位組別作減值測試，且不予攤銷。年期無限的無形資產須每年審閱其使用年期，以釐定無限年期的評估是否持續可靠。否則，可使用年期評估按預期法自此由無限年期更改為有限年期。

#### 專利及特許權

所購買專利及特許權乃按成本減任何減值損失列賬，且按估計可使用年期2年至20年以直線法攤銷。

#### 商標

所收購商標按成本單獨計量。作為業務合併一部分所收購的商標根據特許權費減免法按公允值進行估值。

可使用年期有限的商標按估計可使用年期10年以直線法攤銷。可使用年期無限的商標每年測試減值。

#### 電腦軟件

購入的電腦軟件根據購買及使用該特定軟件所引起的成本進行資本化。有關成本按電估計可使用年期3年至10年以直線法攤銷。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Intangible assets (other than goodwill) (continued)

#### Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

#### Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## 2.4 重大會計政策概要 (續)

### 無形資產(商譽除外) (續)

#### 研究開發費用

所有研究費用在產生時於綜合損益表支銷。

開發新產品的項目產生的支出，僅當本集團可顯示下列各項，方予資本化及遞延：完成該項無形資產使其可供使用或出售在技術上的可行性、其完成意向，及使用或出售該項資產的能力、該資產日後如何產生經濟利益、是否有資源可以完成該項目，以及在開發過程中是否可以可靠計量該項支出。不符合該等條件的產品開發支出在產生時支銷。

遞延開發費用按成本減任何減值損失列賬並以直線法按相關產品自其投產日期起計的商業年期攤銷。

#### 租賃(自二零一九年一月一日起適用)

本集團於合約開始時評估合約是否或是否包含租賃。倘合約為換取代價而授予在一段時間內可識別資產的使用權，則該合約為租賃或包含租賃。

#### 本集團作為承租人

除短期租賃及低價值資產租賃外，本集團應用單一確認及計量方式於所有租賃。本集團確認租賃負債表示支付租賃費用的義務，以及確認使用權資產表示對相關資產所擁有的使用權。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (continued)

#### Group as a lessee (continued)

##### (a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings and structures	1 to 30 years
Plant and machinery	1 to 6 years
Office equipment	1 to 6 years
Motor vehicles	2 to 4 years
Land use rights	2 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## 2.4 重大會計政策概要 (續)

### 租賃(自二零一九年一月一日起適用)

(續)

#### 本集團作為承租人 (續)

##### (a) *使用權資產*

使用權資產於租賃開始日期(即相關資產可供使用日期)時確認。使用權資產按成本減任何累計折舊及減值虧損計量,並就任何租賃負債重新計量作出調整。使用權資產成本包括已確認租賃負債金額、已產生初始直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃優惠。使用權資產亦包括拆除及移除相關資產及還原相關資產或其所在地的估計成本(倘適用)。使用權資產按估計可使用年限和租賃期較短者以直線法折舊如下:

房屋及建築物	1至30年
廠房及機器	1至6年
辦公室設備	1至6年
運輸設備	2至4年
土地使用權	2至50年

倘租賃資產的擁有權於租賃期末轉讓予本集團或成本反映行使購買權,折舊則使用資產的估計使用年期計算。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (continued)

#### Group as a lessee (continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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 amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

## 2.4 重大會計政策概要 (續)

### 租賃 (自二零一九年一月一日起適用)

(續)

#### 本集團作為承租人 (續)

##### (b) 租賃負債

租賃負債於租賃開始日期按租賃期內作出的租賃付款現值確認。租賃付款包括固定付款額(含實質定額款項)減任何租賃優惠應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。若租賃期反映出本集團將行使終止租賃選擇權，租賃付款額亦包括本集團合理確定將行使的購買選擇權的行使價格及支付終止租賃的罰款。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

於計算租賃付款的現值時，由於租賃內含利率不易釐定，故本集團於租賃開始日期使用增量借款利率計算。於租賃開始日期後，租賃負債金額的增加反映了利息的增長，且減少為所支付的租賃款。此外，倘存在租期的修改及變動、租賃付款的變動(例如：由指數或利率變動導致未來租賃付款變動)或評購買相關資產的選擇權變動，則重新計量租賃負債的賬面值。

本集團的租賃負債包括於計息銀行借貸及其他借貸。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (continued)

#### Group as a lessee (continued)

##### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases 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 leases of low-value assets to leases of plant and machinery and office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

## 2.4 重大會計政策概要 (續)

### 租賃 (自二零一九年一月一日起適用)

(續)

#### 本集團作為承租人 (續)

##### (c) *短期租賃及低價值資產租賃*

本集團就機器及設備的短期租賃 (該等租賃由開始日期起計的租賃期為12個月或更短，且並不包含購買選擇權) 應用短期租賃確認豁免。其亦就被視為低價值的廠房及機器以及辦公室設備租賃的應用租賃低價值資產確認豁免。

短期租賃付款及低價值資產租賃按租賃期以直線法確認為支出。

#### 本集團作為出租人

當本集團為出租人，其於租賃開始時 (或租賃修改時) 將各項租賃分類為經營租賃或融資租賃。

所有本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃歸類為經營租賃。當租賃包含租賃或非租賃部分，本集團將合約代價按單獨售價之基準分配至各部份。由於其經營性質，故租金收入於租期內按直線法列賬並計入損益之收入。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值，並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

轉讓所有相關資產擁有權所附帶的絕大部分風險及回報予承租人的租賃則以融資租賃入賬。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (continued)

#### Group as a lessor (continued)

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

#### Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

## 2.4 重大會計政策概要 (續)

### 租賃 (自二零一九年一月一日起適用)

(續)

#### 本集團作為出租人 (續)

於開始日期，租賃資產成本按租賃付款及相關付款現值(包括初始直接成本)撥充資本，且以相等於租賃投資淨額的應收款項呈列。該租賃的財務成本乃於損益中扣除，以反映租期內的固定週期支出比率。

#### 租賃 (適用於二零一九年一月一日前)

轉讓所有資產擁有權的絕大部分回報及風險予本集團(不包括法定所有權)的租賃以融資租賃入賬。於融資租約開始時，租賃資產的成本乃按最低租賃付款的現值撥充資本，並連同債務(不包括利息部分)一併入賬，藉以反映購買與融資情況。根據已資本化的融資租約持有的資產(包括經營租賃下的土地租賃預付款)計入物業、廠房及設備，並按租期與資產的估計可使用年期中的較短者折舊。有關租約的財務成本乃於綜合損益表中扣除，以反映租期內的固定週期支出比率。

透過具融資性質的租購合約收購的資產乃列作融資租約，惟有關資產乃按估計可使用年期予以折舊。

若出租者保留資產所有權的絕大部分回報及風險，則有關租賃歸類為經營租賃。當本集團為出租者時，本集團根據經營租賃出租的資產計入非流動資產，而經營租賃下的應收租金按租賃期以直線法計入綜合損益表。當本集團為承租人時，經營租賃下的應付租金扣除從出租者收取的任何獎勵後按租賃期以直線法自綜合損益表扣除。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable before 1 January 2019) (continued)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised as an expense in the consolidated statement of profit or loss on the straight-line basis over the lease terms from 30 to 70 years.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## 2.4 重大會計政策概要 (續)

### 租賃(適用於二零一九年一月一日前)

(續)

經營租賃項下的土地租賃預付款初步按成本列賬，其後按介乎30年至70年的租賃期以直線法在綜合損益表確認為支出。

倘不能可靠地於土地及房屋項目之間分配租賃付款，全部租賃付款將列入物業、廠房及設備下的融資租約的土地及房屋成本。

### 投資及其他金融資產

#### *初步確認及計量*

金融資產於初步確認時分類為其後按攤銷成本計量、以公允值計量且其變動計入全面收益，以及以公允值計量且其變動計入損益。

初始確認金融資產分類取決於金融資產的合約現金流特徵，以及本集團管理金融資產的業務模式。除並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施不作調整重大融資組成部分影響的應收賬款外，本集團最初按其公允值計量金融資產，加上金融資產不以公允價值計量且其變動計入損益的交易費用。並未包含重大融資組成部分的應收賬款或本集團已實行權宜措施的應收賬款按照下文「收入確認」所載政策根據國際財務報告準則第15號釐定的交易價計量。

金融資產需要滿足現金流量僅為償還本金及未償還本金利息，方可分類為按攤銷成本計量或按公允值計入其他全面收益的金融資產。不論業務模式，現金流量非僅為償還本金及利息的金融資產則分類及按公允值計入損益。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

## 2.4 重大會計政策概要 (續)

### 投資及其他金融資產 (續)

#### 初步確認及計量 (續)

本集團管理金融資產的業務模式指本集團如何管理其金融資產以產生現金流量。業務模式釐定現金流量是否因收取合約現金流量、出售金融資產或因前述兩者而引起。已分類及按攤銷成本計量的金融資產為以持有金融資產以收回收約現金流量為目的之業務模式內持有，而已分類及按公允值計量計入其他全面收益的金融資產為以持作收回收約現金流量及出售為目的之業務模式內持有。並非以上述業務模式內持有之金融資產則分類及按公允值計量計入損益。

所有以常規方式購買及出售的金融資產於交易日（即本集團承諾購買或出售該資產當日）確認。以常規方式購買或出售指需要於一般按規例或市場慣例設定的期限內交付資金的金融資產購買或出售。

#### 後續計量

金融資產的後續計量取決於其分類如下：

##### *按攤銷成本計量的金融資產（債務工具）*

按攤銷成本計量的金融資產其後使用實際利率法計量，並可予減值。倘資產終止確認、修訂或減值，則收益及虧損會於損益表確認。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### Subsequent measurement (continued)

##### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

## 2.4 重大會計政策概要 (續)

### 投資及其他金融資產 (續)

#### 後續計量 (續)

##### *按公允價值計入其他全面收益的金融資產 (債務工具)*

就按公允價值計入其他全面收益的債務工具而言，利息收入、外匯重估及減值虧損或撥回於損益表內確認，計算方式與計算按攤銷成本計量的金融資產者相同。餘下公允價值變動於其他全面收益確認。於終止確認後，於其他全面收益確認的累計公允價值變動回流至損益表。

##### *按公允價值計入其他全面收益的金融資產 (股權投資)*

於初始確認後，倘股權投資符合國際會計準則第32號 *金融工具：呈列* 項下的股權定義，且並非持作買賣，本集團可選擇不可撤回地將該股權投資分類為指定按公允價值計入其他全面收益的股權投資。分類按個別工具基準而定。

該等金融資產的收益及虧損永不回流至損益表。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，則股息會於損益表確認為其他收入，惟倘本集團受惠於該等所得款項作為收回部分金融資產成本則作別論，在此情況下，有關收益會入賬為其他全面收益。指定按公允價值計入其他全面收益的股權投資無須進行減值評估。



31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### Subsequent measurement (continued)

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## 2.4 重大會計政策概要 (續)

### 投資及其他金融資產 (續)

#### 後續計量 (續)

##### *按公允值計入損益的金融資產*

按公允值計入損益的金融資產乃於財務狀況表按公允值列賬，而公允值變動淨額則於損益表確認。

該類別包括本集團並無不可撤回地選擇分類為按公允值計入其他全面收益的衍生工具及股權投資。分類為按公允值計入損益的股權投資股息亦於付款權確立時在損益表內確認為其他收入。有關股息的經濟利益可能會流向本集團，而股息的金額則可可靠計量。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟利特徵及風險；具備與嵌入式衍生工具與相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公允值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允值計量，且其變動計於損益表內確認。

僅當合約條款出現變動，以致大幅改變其他情況下所需現金流量時或當原分類至按公允值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公允值計入損益的金融資產。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2.4 重大會計政策概要 (續)

### 終止確認金融資產

金融資產(或,如適用,一項金融資產的一部分或一組類似金融資產的一部分)主要於下列情況下將終止確認(即從本集團綜合財務狀況表移除):

- 收取該項資產所得現金流量的權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量的權利,或根據「轉手」安排承擔在無重大延誤下向第三方全數支付已收取現金流量的責任;及(a)本集團已轉讓資產絕大部分風險及回報,或(b)本集團並無轉讓或保留資產的絕大部分風險及回報,但已轉讓資產控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排,則將評估其是否已保留資產所有權的風險及回報並評估其程度。倘並無轉讓或保留資產絕大部分風險及回報,亦無轉讓資產的控制權,則按本集團持續參與程度持續確認該轉讓資產。在此情況下,本集團亦將確認相應的負債。已轉讓資產及相關負債以反映本集團保留的權利與義務的基礎進行計量。

以經轉讓資產擔保的方式持續參與按資產原始賬面值與本集團可能被要求償還的對價的最高金額之間的較低者計量。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

## 2.4 重大會計政策概要 (續)

### 金融資產減值

本集團就所有並非按公允值計入損益持有的債務工具確認預期信貸虧損(「預期信貸虧損」)。預期信貸虧損乃以根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額為基準，按原有實際利率相近的差額貼現。預期現金流量將包括來自銷售所持有抵押品或其他信用增級的現金流量，此乃合約條不可或缺的部分。

#### *一般方法*

預期信貸虧損於兩個階段進行確認。對於自初始確認後並無顯著增加的信貸風險，預期信貸虧損就可能於未來12個月內出現的違約事件計提撥備(12個月預期信貸虧損)。對於自初始確認後有顯著增加的信貸風險，須在信貸虧損預期的剩餘年期計提虧損撥備，不論違約事件於何時發生(存續期預期信貸虧損)。

於各報告日期，本集團評估自初始確認後金融工具的信貸風險是否顯著增加。本集團作出評估時會對於報告日期金融工具發生的違約風險及於初始確認日期起金融工具發生的違約風險進行比較，並考慮無需付出不必要成本或努力而可得到的合理及可支持資料，包括歷史及前瞻性資料。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2.4 重大會計政策概要 (續)

### 金融資產減值 (續)

#### 一般方法 (續)

以公允值計入其他全面收益的債務投資及按攤銷成本計量的金融資產，在一般方法下可能會發生減值，並且在以下階段分類用於預期信貸虧損計量，惟採用下文詳述的簡化方法的應收賬款及合約資產除外。

- 第一階段 — 金融工具自初始確認以來並無顯著增加信貸風險，且其虧損撥備按相等於12個月預期信貸虧損的金額計量。
- 第二階段 — 金融工具自初始確認以來顯著增加信貸風險，但並不屬信貸減值金融資產，且其虧損撥備按相等於存續期預期信貸虧損的金額計量。
- 第三階段 — 於報告日期信貸減值的金融資產(但不是購買或原始信貸減值)，其虧損撥備按相等於存續期預期信貸虧損的金額計量。

#### 簡化方法

對於應收賬款及不包括重大融資成分的合約資產，或本集團採用實際權宜措施不就重大融資成分的影響作出調整時，本集團採用簡化方法進行預期信貸虧損計量。根據簡化方法，本集團不會追蹤信貸風險的變化，而是於各報告日期根據存續期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境的前瞻性因素作出調整。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

## 2.4 重大會計政策概要 (續)

### 金融負債

#### *初始確認及其後計量*

金融負債於初始確認時分類為以公允價值計量且其變動計入損益的金融負債，貸款及借貸，或指定為有效對沖的對沖工具的衍生工具（如適用）。

所有金融負債初始時均按公允價值確認，而貸款及借貸則須在此基礎上扣除直接應佔交易成本。

本集團的金融負債包括應付賬款及其他款項、衍生金融工具及計息銀行及其他借貸。

#### *後續計量*

金融負債的後續計量取決於其分類如下：

#### *按公允價值計入損益的金融負債*

按公允價值計入損益的金融負債包括持作交易用途的金融負債及於初始確認時指定為按公允價值入損益的金融負債。

倘產生金融負債的目的為於近期購回，則該金融負債應分類為持作交易用途。此分類包括本集團根據國際會計準則第9號界定的對沖關係不被指定為對沖工具的衍生金融工具。獨立嵌入式衍生工具亦分類為持作交易用途，除非其被指定為有效的對沖工具則另作別論，持作交易用途的負債損益於損益表內確認。於損益表確認的公允價值收益或虧損淨額並不包括任何向該等金融負債所扣除的任何利息。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial liabilities (continued)

#### *Subsequent measurement (continued)*

#### *Financial liabilities at fair value through profit or loss (continued)*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

#### *Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

## 2.4 重大會計政策概要 (續)

### 金融負債 (續)

#### 後續計量 (續)

#### 按公允價值計入損益的金融負債 (續)

於初始確認後指定按公允價值計入損益的金融負債，僅會於符合國際財務報告準則第9號的標準時於初始確認日期指定。指定按公允價值計入損益的金融負債收益或虧損於損益表內確認，惟本集團擁有於其他全面收入內呈報且其後不會重新分類至損益表的信貸風險所產生的收益及虧損除外。於損益表內確認的公允價值收益或虧損淨額並不包括該等金融負債收取的任何利息。

#### 按攤銷成本計量的金融負債 (貸款及借貸)

於初始確認後，計息貸款及借貸其後採用實際利率法以攤銷成本計量，除非折現影響並不重大，在此情況下，則按成本列賬。當負債終止確認並透過以實際利率法攤銷時，收益及虧損於損益表確認。

攤銷成本乃經考慮收購的任何折價或溢價及屬實際利率組成部分的費用或成本後計算。實際利率攤銷金額列入損益表的融資成本中。

### 終止確認金融負債

當負債項下的責任解除、註銷或屆滿，即終止確認金融負債。

倘現有的金融負債被另一項從同一貸款人按相當不同的條款訂定的金融負債取代，或現有負債的條款有相當修改，該項交換或修改乃被視作終止確認原負債並確認新負債，而各賬面值的差額乃於綜合損益表中確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments and hedge accounting

#### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

## 2.4 重大會計政策概要 (續)

### 抵銷金融工具

僅倘目前有可強制執行的法律權力抵銷已確認的金額，且有意按照淨額結清，或同時有意變現資產及結清負債，則可抵銷金融資產及金融負債及按淨值列報於財務狀況表中。

### 衍生金融工具及對沖會計處理

#### *初始確認及其後計量*

本集團利用衍生金融工具，如外幣合約及利率掉期，以分別對沖其外幣風險及利率風險。該等衍生金融工具乃按訂立衍生工具合約當日的公允值初步確認，其後按公允值重新計量。當公允值為正數時，該等衍生工具入賬列為資產，當公允值為負數時，則列為負債。

商品購買合約凡符合國際財務報告準則第9號界定的衍生工具定義，其公允值會於損益表內確認為銷售成本。根據本集團預期採購、銷售或使用規定就收取或交付非金融項目而訂立及繼續持有的商品合約按成本值持有。

衍生工具公允值變動所產生的任何收益或虧損，直接列入損益表內，惟現金流量對沖的有效部分則於其他全面收益內確認，且於之後該對沖項目影響損益時重新分類至損益。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

#### *Initial recognition and subsequent measurement* (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

#### *初始確認及其後計量* (續)

就對沖會計而言，對沖分類為：

- 公允值對沖，即對沖某項已確認資產或負債的公允值變動風險或某項未確認已承諾承擔；或
- 現金流量對沖，即對沖現金流量變動風險，該風險屬某項已確認資產或負債或某項很可能發生的預計交易相關特定風險，或未確認的已承諾承擔的外匯風險；或
- 對沖於海外業務的投資淨額。

對沖關係開始時，本集團正式指定及以文件記錄本集團有意採用對沖會計處理的對沖關係、風險管理目標及其進行對沖的策略。

記錄文件應包含對沖工具、對沖項目的識別、被對沖風險的性質及實體如何評估對沖關係是否符合對沖有效性規定（包括其對沖無效性來源的分析及對沖比率如何釐定）。對沖關係於達成以下全部有效性規定時，方可合資格採用對沖會計處理：

- 對沖項目與對沖工具之間有「經濟關係」。
- 信貸風險的影響不會「主導」經濟關係引致的「價值變動」。
- 對沖關係的對沖比率與本集團實際對沖對沖項目的數量及實體實際使用以對沖對沖項目數量的對沖項目數量所引致者相同。



31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

符合所有對沖會計處理標準的對沖如下：

#### *現金流量對沖*

對沖工具收益或虧損的有效部份在其他全面收益的現金流量對沖儲備內直接確認，而任何非有效部份即時在損益表內確認。現金流量對沖儲備調整至對沖工具累計收益或虧損與對沖項目公允值累計變動之間的較低者。

在其他全面收益內累積的金額視乎相關對沖交易的性質入賬。倘對沖交易其後導致確認非金融項目，於股權累積的金額則自股權的獨立構成部分移除，並計入對沖資產或負債的初始成本或其他賬面值。這並非為重新分類作出的調整，且不會於期內的其他全面收入內確認。倘一項非金融資產或非金融負債的對沖預測交易其後變成採用公允值對沖會計處理的堅定承諾，則亦可應用此做法。

任何其他現金流量對沖在其他全面收益累積的金額於對沖現金流量影響損益的同一期間或多個期間內重新分類至損益表為重新分類調整。

終止現金流量對沖會計處理時，倘預期仍會出現對沖未來現金流量，則在其他全面收益內累積的金額必須保留在累積其他全面收益內。否則，有關金額會即時在損益表內重新分類為重新分類調整。終止會計處理後，倘出現對沖現金流旺，任何保留在累積其他全面收益的金額會視乎上述相關交易性質入賬。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

#### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

#### 公允值對沖

對沖工具的公允值變動於損益表內確認為其他費用。與對沖風險相關的對沖項目公允值變動記錄為對沖項目的部分賬面值，並於損益表內確認為其他費用。

就與按攤銷成本列賬的項目相關的公允值對沖而言，賬面值調整會透過損益表在剩餘期間以有效利率法攤銷。有效利率攤銷可能於調整出現時立即開始，且不得遲於對沖項目不再調整與對沖風險相關的公允值變動時。倘對沖項目獲解除確認，未攤銷公允值會即時於損益表確認。

當未確認的堅定承諾被指定為對沖項目時，其後將與對沖風險相關的堅定承諾的公允值累計變動確認為資產或負債，而相關收益或虧損於損益表內確認。對沖工具的公允值變動亦於損益表內確認。

#### 對沖投資淨額

對沖對海外業務的投資淨額(包括入賬為投資淨額部分的貨幣項目)按類似現金流量對沖的方式入賬。有關對沖有效部分的對沖工具收益或虧損於其他全面收益內確認，而任何有關無效部分的收益或虧損則於損益表內確認。出售海外業務時，任何於股權內記錄的該等收益或虧損累計值轉撥至損益表。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivative financial instruments and hedge accounting (continued)

#### Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

#### Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## 2.4 重大會計政策概要 (續)

### 衍生金融工具及對沖會計處理 (續)

#### 流動與非流動分類

並無指定為有效對沖工具的衍生工具乃根據對事實及情況的評估(即相關合約現金流量)分類為流動或非流動,或單獨列為流動及非流動部分。

- 當本集團預期持有衍生工具作為經濟對沖(而並無應用對沖會計處理方法)至超過報告期結束後十二個月期間,該衍生工具乃與相關項目的分類一致分類為非流動(或拆分為流動及非流動部分)。
- 與主合約並非密切聯繫的嵌入式衍生工具乃與主合約的現金流量一致分類。
- 指定為及為有效對沖工具的衍生工具乃與相關對沖項目的分類一致分類。衍生工具僅於可作出可靠分配時拆分為流動部分及非流動部分。

#### 庫存股份

重新購入並由本公司或本集團持有的本身股本工具(庫存股份)按成本直接在權益中確認。概無就購買、銷售、發行或註銷本集團本身股本工具而於綜合損益表內確認收益或虧損。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Biological assets

#### Dairy cows

Dairy cows, including milkable cows, heifers and calves, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of dairy cows is determined based on their present location and condition and is determined independently by a professional valuer.

The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for the raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

### Agricultural produce

#### Raw milk

Agricultural produce represents raw milk. Raw milk is recognised at the point of harvest at its fair value less costs to sell. The fair value of raw milk is determined based on market prices in the local area.

### Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- |                |   |   |
|----------------|---|---|
| Raw materials  | — | cost on a weighted average basis;   |
| Finished goods | — | cost of direct materials and labour and a proportion of overheads based on the normal operating capacity on a weighted average basis. |

Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

## 2.4 重大會計政策概要 (續)

### 生物資產

#### 乳牛

乳牛(包括奶牛、小母牛及小牛)於初步確認時及報告期末按公允價值減銷售成本計量，所得收益或虧損於產生年度在綜合損益表內確認。銷售成本為出售資產直接應佔的增量成本(主要為運輸成本，融資成本及所得稅除外)。乳牛的公允價值由專業估值師按其目前所處位置及狀況獨立釐定。

飼養成本及其他相關成本(包括飼養小母牛及小牛以所產生的折舊開支、水電成本及消耗品)乃撥充資本，直至小母牛及小牛開始產奶為止。

### 農產品

#### 原奶

農產品指原奶。原奶於出產時按公允價值減銷售成本確認。原奶的公允價值按當地市價釐定。

### 存貨

存貨以其成本值與可變現淨值兩者中的較低數額列賬。

將各產品運至現址並達致現狀產生的成本的會計處理方法如下：

- |     |   |   |
|-----|---|---|
| 原材料 | — | 成本(按加權平均法計算)；                               |
| 成品  | — | 直接材料及直接人工成本，以及根據正常運作量比例計算的生產經常費用(按加權平均法計算)。 |

可變現淨值按估計售價減去完工及銷售所需的任何估計成本釐定。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

## 2.4 重大會計政策概要 (續)

### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金、價值變動風險極微及一般自購入後三個月內到期的短期高流動性投資，扣減須應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括用途不受限制的手頭現金及銀行存款(包括定期存款)及與現金性質相似的資產。

### 撥備

若因過往事項而令現時存在法定或推定債務，而且可能需要有資源外流以償付這些債務，且惟須能對債務數額作出可靠估計，則確認撥備。

倘折現影響重大，則確認的撥備額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而增加的折現現值，列作融資成本計入綜合損益表。

於業務合併中確認的或然負債按其公允值初步計量。其後以(i)根據上述計提準備的一般政策確認的金額；及(ii)初始確認金額扣減按照收入確認政策確認的收入金額(如適用)中較高者計量。

### 所得稅

所得稅包括即期及遞延稅項。損益賬外確認的相關所得稅項目，計入損益賬外的其他全面收益或直接計入權益。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

#### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

#### Deferred income tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

## 2.4 重大會計政策概要 (續)

### 所得稅 (續)

#### 即期所得稅

即期稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)按預期可收回的數額或支付予稅務機關的數額計算，並考慮本集團經營所在國家的現行詮釋及慣例。

#### 遞延所得稅

於報告期末的資產及負債的稅基與其就財務報告而言的賬面值之間的所有暫時性差異，須按債務法計提遞延稅項撥備。

所有應課稅暫時性差異均會確認遞延稅項負債，惟下列各項除外：

- 倘遞延稅項負債產生自於商譽或非業務合併交易中資產或負債的初始確認，且於交易時對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的應課稅暫時性差異，倘可以控制撥回暫時性差異的時間，且該暫時性差異在可預見的將來將很可能不會撥回。

對於所有可扣減暫時性差異及結轉的未用稅項抵免及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異、結轉的未用稅項抵免及未用稅項虧損，則遞延稅項資產一律確認入賬，惟下列各項除外：

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income tax (continued)

#### Deferred income tax (continued)

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2.4 重大會計政策概要 (續)

### 所得稅 (續)

#### 遞延所得稅 (續)

- 倘若有關可扣減暫時性差異的遞延稅項資產的起因，是產生於非業務合併交易中資產或負債的初始確認，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司、聯營公司及合營企業的投資的可扣減暫時性差異，只有在暫時性差異有可能在可預見將來撥回，而且日後有可能出現應課稅利潤，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在各自報告期末予以審閱。若不再可能有足夠應課稅利潤用以抵扣遞延稅項資產的全部或部分金額，則扣減遞延稅項資產賬面值。並無確認的遞延稅項資產，在各自報告期末重新評估，若可能有足夠應課稅利潤可供收回全部或部分遞延稅項資產，則予確認。

變現資產或清償負債的期間預期適用的稅率，會用作計量遞延稅項資產及負債，並以報告期末已經頒佈或實質上已經頒佈的稅率（及稅法）為基準。

倘若（及只有在）本集團擁有法律上可強制執行的權利以抵銷即期稅項資產及即期稅項負債，且遞延稅項資產及遞延稅項負債與同一徵稅機關就同一應課稅實體或有意按淨額基準清償即期稅項負債及資產，或能在預期清償或收回大額遞延稅項負債或資產的每個未來期間內同時變現資產並清償負債的不同應課稅實體徵收之所得稅有關時，方能抵銷遞延稅項資產及遞延稅項負債。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Government grants

#### Grants relating to biological assets

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in the consolidated statement of profit or loss when, and only when, the government grant becomes receivable. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, the Group recognises the government grant in the consolidated statement of profit or loss when, and only when, the conditions attaching to the government grant are met.

#### Other grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

## 2.4 重大會計政策概要 (續)

### 政府補助金

#### 與生物資產有關的補助金

與按公允價值減銷售成本計量的生物資產有關的無條件政府補助金於(及只會於)預期可收到時在綜合損益表確認。倘與按公允價值減銷售成本計量的生物資產有關的政府補助金為有條件,本集團則於(及只會於)符合該政府補助金的附帶條件時在綜合損益表確認該政府補助金。

#### 其他補助金

倘有相當把握將會收到補助金及將符合所有附帶條件時,政府補助金即按公允價值確認入賬。若補助金與支出項目有關,即於所擬補償的成本的支銷期間內有系統地確認為收入。

倘補助金與資產有關,即將其公允價值計入遞延收益賬戶,並於有關資產的預計可使用年內,以等額年金調撥往綜合損益表或從資產賬面值中扣減並以經扣減折舊開支調撥往綜合損益表。

倘本集團收取非貨幣資產補助,此補助按非貨幣資產的公允價值入賬,並於有關資產的預計可使用年內,以等額年金調撥往綜合損益表。

當本集團因興建合資格資產而收取免息或低於市場利率的政府貸款,則政府貸款的初步賬面值採用實際利率法釐定(上文有關「金融負債」的會計政策中有進一步解釋)。所授出免息或低於市場利率的政府貸款的利益(即貸款的初步賬面值與所收取款項的差額)視為政府補助金並於有關資產的預計可使用年內,以等額年金調撥往綜合損益表。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

## 2.4 重大會計政策概要 (續)

### 收入確認

#### *來自客戶合約的收入*

來自客戶合約的收入於商品或服務的控制權轉讓予客戶時確認，該金額能反映本集團預期就交換該等商品或服務有權獲得的代價。

當合約中的代價包含可變金額時，代價金額於本集團向客戶轉讓商品或服務而有權進行交換時估計。可變代價於合約開始時估計並受到約束，直至與可變代價相關的不確定因素其後得到解決時，確認的累積收入金額極有可能不會發生重大收入撥回。

當合約中包含融資成分，該融資成分為客戶提供超過一年的商品或服務轉讓融資的重大利益時，收入按應收款項的現值計量，並使用貼現率折現，而該貼現率將反映在本集團與客戶在合約開始時的單獨交易中。當合約中包含融資部分，該融資部分為在本集團提供了一年以上的重大財務利益時，合約項下確認的收入包括按實際利息法在合約負債上加算的利息開支。就客戶付款至轉讓承諾商品或者服務的期限為一年或者更短的合約而言，交易價格採用國際財務報告準則第15號中實際權宜措施，不會對重大融資部分的影響作出調整。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### *Revenue from contracts with customers* (continued)

- *Sale of goods*  
Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with rights of return. The rights of return give rise to variable consideration.

- *Rights of return*  
For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.
- *Consigned processing services*  
Revenue from the consigned processing service is recognised when products is delivered.

## 2.4 重大會計政策概要 (續)

### 收入確認 (續)

#### 來自客戶合約的收入 (續)

- *銷售商品*  
銷售商品的收入於資產控制權轉讓至客戶的時間點確認，一般為交付產品時。

個別銷售產品的合約訂明客戶有權退貨，退貨權利產生可變代價。

- *退貨權利*  
就訂明客戶有權於指定期間內退貨的合約，使用預期價值法估計不會被退回的商品，原因是此方法最能預計本集團有權收取的可變代價金額。國際財務報告準則第15號有關限制可變代價估計的規定已應用於釐定計入交易成本內的可變代價金額。預期會被退回的商品會確認有關退款負債，而非收入。退貨權資產（及對銷售成本作出的相應調整）亦就向客戶收回產品的權利予以確認。
- *委託加工服務*  
委託加工服務收入於交付產品時確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

## 2.4 重大會計政策概要 (續)

### 收入確認 (續)

#### 來自其他來源的收入

租金收入按租期時間比例確認。並非依賴一項指數或比率的可變租賃付款於產生的會計期間確認為收益。

#### 其他收入

在利息產生時確認採用實際利率法計算的利息收入，所使用比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間(如適用)折現至金融資產賬面淨值的折現率。

股息收入於股東收取付款的權利確立，與股息相關的經濟利益很可能會流向本集團，以及股息金額可可靠地計量時確認。

#### 合約負債

合約負債於本集團轉讓相關貨品或服務前收取或付款予客戶到期時(以較早者為準)確認為合約負債。合約負債於本集團履行合約時(即轉讓相關貨品及服務予客戶)確認為收益。

#### 退貨權資產

退貨權資產確認為有權收回客戶退回的貨品。資產按退回商品的前賬面值計量，減去任何收回商品的預期成本及退回商品的潛在價值減幅。本集團就其預期退貨水平的任何修改及退貨價值額外減幅更新所記錄資產的計量。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### Employee benefits

#### *Retirement benefits*

The Group's subsidiaries operating in the People's Republic of China except for Hong Kong and Macau ("Mainland China") participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

The Company also participates in the defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

## 2.4 重大會計政策概要 (續)

### 退款負債

退款負債確認為向客戶退回部分或全部已收(或應收)代價的責任，按本集團最終預期須向客戶退款的金額計量。本集團於各報告期末更新有關退款負債(及交易價格相應變動)的估計。

### 僱員福利

#### *退休福利*

本集團在中華人民共和國(香港及澳門除外)(「中國大陸」)營運的子公司，參與其營業所在地的地方政府管理的中央界定供款退休福利計劃，有關供款乃根據公司薪金費用的某百分比計算，並根據中央界定供款退休福利計劃的規則，在其應付時在綜合損益表內支銷。

本公司亦根據強制性公積金計劃條例就其僱員參與香港一項界定供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的某個百分比計算，並根據強積金計劃的規則，於應付時在綜合損益表內支銷。強積金計劃的資產乃以獨立於本集團的一項獨立管理基金持有。本集團就強積金計劃作出僱主供款時，供款全數歸屬僱員。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Employee benefits (continued)

#### Share-based payments

The Company operates share option scheme and share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in notes 42 and 43 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

## 2.4 重大會計政策概要 (續)

### 僱員福利 (續)

#### 以股份為基礎的支付

本公司採納一項購股權計劃及股票獎勵計劃，藉此對本集團業務有貢獻的合資格參與者作出鼓勵及獎賞。本集團僱員（包括董事）會收取以股份為基礎的支付形式的酬金，而僱員會提供服務作為換取股本工具的代價（「股權結算交易」）。

與僱員進行的股權結算交易的成本乃參考授出權利當日的公允值計算。公允值乃由外部估值師採用二項計價模式釐定，進一步詳情已於財務報表附註42及43載列。

股權結算交易的成本連同權益的相應增加會於業績及服務條件達成的期間內於僱員福利費用內確認。歸屬日之前的各報告期末就股權結算交易確認的累計支出反映歸屬期屆滿的部分以及本集團對最終將歸屬的股本工具數目的最佳估計。期間內於綜合損益表扣除或計入的數額指於該期間期初及期終已確認累計支出的變動。

釐定獎勵的授出日期公允值時並不計及服務和非市況表現條件，但將評估條件獲達成的機會率，作為本集團對最終將歸屬的股權工具數目的最佳估計一部分。市況表現條件在授出日期公允值內反映。在一項獎勵上附加但不設相關服務要求的任何其他條件被視為非歸屬條件。非歸屬條件在一項獎勵的公允值內反映，並導致一項獎勵的即時支銷，除非同時存在其他服務及／或表現條件。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Employee benefits (continued)

#### Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## 2.4 重大會計政策概要 (續)

### 僱員福利 (續)

#### 以股份為基礎的支付 (續)

對因非市場表現及／或服務條件未達成而最終未有歸屬的獎勵而言，將不會確認開支。如獎勵附帶市況或非歸屬條件，則在該情況下，不論是否達到該市況或非歸屬條件，該交易均會視作歸屬處理，惟所有其他業績及／或服務條件必須獲達成。

股權結算報酬條款修訂時，倘符合報酬的原有條款，需按條款並無進行修訂的情形確認最少的支出。此外，倘任何修訂導致於修訂日期所計量的以股份為基礎的支付的總公允值增加或以其他方式令僱員受惠，則所產生的任何額外支出予以確認。

股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未導致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

## 2.4 重大會計政策概要 (續)

### 借貸成本

若借貸成本直接屬於購買、興建或生產合資格資產(即需要相當長時間才可擬定用途或出售的資產),即撥充資本作為該等資產成本的一部分,而當相關資產大致達到擬定用途或出售時,即不再把該等借貸成本撥充資本。用以支付合資格資產的特定借款的臨時投資所賺取的投資收益從撥充資本的借貸成本中扣除。所有其他借貸成本皆於產生期間支銷。借貸成本包括利息及實體因資金借貸而產生的其他成本。

倘資金屬一般借貸並用於取得合資格資產,則個別資產開支將按比率撥作資本。

### 股息

期末股息於獲股東於股東大會上批准後確認為負債。擬派期末股息於財務報表附註中披露。

由於本公司的組織章程大綱及細則授權董事宣派中期股息,故中期股息同時建議及宣派。因此,中期股息在建議及宣派時即時確認為負債。

31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies

Each entity in the Group determines its own functional currency based on the assessment of its specific facts and circumstances. The Company, established in the Cayman Islands, uses the Hong Kong dollar as its functional currency. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 2.4 重大會計政策概要 (續)

### 外幣

本集團各實體按其特定實況及情況釐定其功能貨幣。本公司於開曼群島成立，功能貨幣為港元。由於本集團主要於中國大陸營業，故使用人民幣為本集團的呈列貨幣。由本集團實體記錄的外幣交易最初以交易當日各通行功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於綜合損益表確認。

貨幣項目結算或換算產生的差額於綜合損益表確認，惟指定對沖本集團海外業務投資淨額一部分的貨幣項目除外。該等貨幣項目於其他全面收益確認，直至投資淨額獲出售，屆時累計金額重新分類至綜合損益表。就該等貨幣項目匯兌差額應佔稅項支出及抵免亦計入其他全面收益。

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公允值計量的非貨幣項目，須按計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理（即已於其他全面收益或損益確認的項目的公允值收益或虧損，其換算差額亦分別於其他全面收益或損益確認）。



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain entities comprising the Group are currencies other than RMB. As at the reporting date, the assets and liabilities of companies whose functional currency differs from the presentation currency are translated into RMB at the rates of exchange prevailing at the end of the reporting period and their statements of profit or loss are translated at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## 2.4 重大會計政策概要 (續)

### 外幣 (續)

於終止確認涉及預付代價的非貨幣資產或非貨幣負債時，為了確定相關資產、開支或收入於初始確認時的匯率，初始交易日期為本集團初始確因預付代價產生的非貨幣性資產或非貨幣性負債的日期。倘支付或收受多項預付代價，則本集團就支付或收受每項預付代價確定交易日期。

本集團旗下若干實體的功能貨幣為人民幣以外的貨幣。於本年度，倘公司的功能貨幣與呈列貨幣不同，其資產及負債乃按報告期末通行的匯率換算為人民幣，而損益表則按該報告期間的加權平均匯率換算。

因此產生的匯兌差額乃於其他全面收益內確認並於權益的一個獨立組成部分內累計。出售外國業務時，與該特定外國業務有關的其他全面收益的組成部分於綜合損益表內確認。

任何由收購海外業務所產生的商譽及任何由收購所產生對資產及負債的賬面值進行公允值調值乃作為海外業務資產及負責處理及按收市匯率進行匯兌。

就綜合現金流量表而言，海外子公司的現金流量按產生現金流量當日的適用匯率換算為人民幣。海外子公司全年經常產生的現金流量則按當年的加權平均匯率換算為人民幣。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Determining the method to estimate variable consideration and assessing the constraint for the sale of dairy products when recognising revenue from contracts with customers**

Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### 3. 重大會計判斷及估計

管理層於編製本集團的財務報表時，須作出影響收入、開支、資產及負債報告金額及其隨附披露事項，以及或然負債的披露的判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致須於未來對受影響的資產或負債的賬面值作出重大調整。

#### 判斷

在應用本集團的會計政策的過程中，管理層已作出以下判斷(除涉及估值的項目外)，乃對財務報表內已確認金額構成最重大影響：

**於確認來自客戶合約收入時，釐定估計可變代價的方法及評估出售乳製品的限制**

若干出售商品的合約包括退貨權利引發可變代價。於估計可變代價時，本集團須根據何種方法可更好地預測其有權收取的代價金額來使用預期價值法或最可能金額法。

本集團確認，鑑於有大量特徵類似的客戶合約，預期價值法為估計出售有退貨權商品的可變代價時使用的適當方法。

於任何可變代價金額計入交易價格前，本集團會考慮可變代價金額是否受到限制。本集團根據其過經濟、業務預測及當前經濟狀況釐定可變代價的估計是否受到限制。此外，可變代價的不確定因素將於短時間內解決。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries whose equity interests are directly held by overseas parent companies according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether those overseas parent companies will be determined to be Chinese resident enterprises by the PRC governing tax authorities in the future. Except for certain subsidiaries with equity interest directly held by overseas third party shareholders, which distributed dividends during 2019, management considered that it is not probable that those PRC subsidiaries will distribute profits earned from 1 January 2008 to 31 December 2019 in the foreseeable future. For those subsidiaries with equity interest directly held by overseas third party shareholders, withholding tax amounting to RMB6,421,000 was provided based on the expected dividend distribution from retained profit in the foreseeable future. Where the final outcome of these matters is different from the amounts originally determined, the difference will impact the deferred tax provision in the period in which the differences realise.

##### Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

### 3. 重大會計判斷及估計 (續)

#### 判斷 (續)

##### 分派股息產生的預扣稅

本集團根據相關稅務機關的規定計提從若干子公司(其股權由海外母公司直接持有)分派股息所產生的預扣稅，是否計提取決於股息支付的時間或該等海外母公司在未來期間是否被中國政府稅務當局認定為中國居民企業納稅人。除若干由海外第三方股東直接持有股權的子公司於二零一九年分派股息外，管理層認為在可預見的未來，其他中國子公司將不大可能分派於二零零八年一月一日至二零一九年十二月三十一日所賺取的利潤。就該等由海外第三方股東直接持有股權的子公司而言，將根據預期從保留利潤中分派的股息在可預見的未來計提人民幣6,421,000元的額外預扣稅。倘該事件的最終結果有別於當初釐定的金額，差異將影響差異產生的期間所計提的遞延稅項。

##### 經營租賃承擔 — 本集團作為出租人

本集團已就投資物業組合訂立商業物業租賃。根據安排條款及條件進行評估，例如不構成商業物業經濟年期的主要部份及最低租賃付款現值幾乎不等於所有商業物業的公允值，本集團決定其保留該等物業擁有權所附帶的大部份風險及回報，其將租出及將合約歸類為經營租賃。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

#### ***Non-consolidation of an entity in which the Group holds more than a 50% equity interest***

The Group considers that it has no control over China Modern Dairy Holdings Ltd. ("China Modern Dairy"), even though it held a 58.15% (2018: 60.77%) equity interest as at 31 December 2019. This is because the Group held less than 50% of the voting rights. Further details are contained in note 23 to the financial statements.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### 3. 重大會計判斷及估計 (續)

#### 判斷 (續)

#### **未合併一間本集團持有超過50%股權的實體**

儘管其於二零一九年十二月三十一日持有中國現代牧業控股有限公司(「中國現代牧業」)的58.15%(二零一八年: 60.77%)股權, 本集團認為其對該公司並無控制權。此乃由於本集團持有少於50%的投票權。進一步詳情載於財務報表附註23。

#### 估計的不確定性

對未來事項的主要假設及於報告期末估計的不確定性的其他主要來源(存有重大風險可能導致資產及負債賬面值須於下一財政年度內作出重大調整者)於下文論述。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Variable consideration for sales returns

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns semiannually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns entitlements may not be representative of customers' actual returns entitlements in the future. As at 31 December 2019, the amount recognised as refund liabilities was RMB40,246,000 (2018: RMB29,365,000) for the expected returns.

##### Impairment of goodwill and trademarks with indefinite useful lives

The Group determines whether goodwill and trademarks with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill and trademarks with indefinite useful lives are allocated or the fair value of a trademark. Estimating the value in use and fair value requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) or a trademark and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of Impairment testing of goodwill and trademarks with indefinite useful lives are given in note 21 to the financial statements.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 銷售退貨的可變代價

本集團就出售有退貨權商品計入交易價的可變代價作出估計。

本集團為預測銷售退貨製訂統計模式。該模式利用每項產品過往的退貨數據得出預期退貨百分比，再應用有關百分比於釐定可變代價的預期價值。經驗與過往退貨模式之間如有重大變動，均價對本集團估計的預期退貨百分比構成影響。

本集團每半年更新一次有關預期退貨的評估，並據此調整退款負債。預期退貨的估計數字對環境變化相當敏感，本集團過去有關退貨權利的經驗或不能代表客戶未來的實際退貨權利。於二零一九年十二月三十一日，就預期退貨確認為退款負債的金額為人民幣40,246,000元(二零一八年：人民幣29,365,000元)。

##### 商譽及無限使用年期商標減值

本集團每年最少一次釐定商譽及無限使用年期商標是否減值。釐定商譽及無限使用年期商標是否減值須估計獲分派商譽及無限使用年期商標的現金產生單位或現金產生單位組別的使用價值或商標的公允值。估計使用價值及公允值時，本集團須估計預期來自現金產生單位或現金產生單位組別或商標之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。商譽及無限使用年期商標減值測試詳情請參閱財務報表附註21。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 28 to the financial statements.

##### Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 應收賬款預期信貸虧損的撥備

本集團採用撥備矩陣計算應收賬款的預期信貸虧損。撥備矩陣最初根據本集團過往觀察所得的欠款比率。本集團按前瞻性資料校正有關矩陣，以調整過往的信貸虧損經驗。例如，倘預期經濟環境預測（即國民生產總值）於下一年度轉差，以致行業的欠款數目增加，便會對過往的欠款比率作出調整。於各報告期末，過往觀察所得的欠款比率均會更新，並分析前瞻性估計的變動。

過往觀察所得的欠款比率、經濟環境預測與預期信貸虧損之間的相互關係評估是一項重要估計。預期信貸虧損的金額對環境變化及經濟環境預測相當敏感。本集團過去的信貸虧損經驗及經濟環境預測或不能代表客戶未來的實際欠款情況。有關本集團應收賬款預期信貸虧損的資料披露於財務報表附註28。

##### 租賃 — 估計增量借貸利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借貸利率（「增量借貸利率」）計量租賃負債。增量借貸利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而於類似期間以類似抵押品借入所需資金應支付之利率。因此，增量借貸利率反映了本集團「應支付」利率，當無可觀察利率時（如就並無訂立融資交易之子公司而言），或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以子公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計（例如子公司獨立的信貸評級）。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Impairment of non-financial assets (other than goodwill and trademarks with indefinite useful lives)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### Business combinations and goodwill

When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Management estimation is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. The fair values of the identifiable assets acquired and the liabilities assumed are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Management must estimate the expected future cash flows and discount rate in order to calculate the fair values.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 非金融資產(商譽及無限使用年期商標除外)減值

於每個報告期末，本集團評估所有非金融資產(包括使用權資產)是否存在任何減值跡象。倘有跡象顯示非金融資產的賬面值可能無法收回時，將對該等資產進行減值測試。減值存在於當某一資產或某一現金產生單位的賬面值超過其可收回金額時，即其公允值減其銷售成本與其使用價值的較高者。公允值減銷售成本的計算基於在相似資產公平交易中，可獲得的具約束性銷售交易信息或可觀察市場價格減處置該資產的增量成本。計算使用價值時，管理層須估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的折現率，以計算現金流量的現值。

##### 業務合併及商譽

倘本集團完成業務合併，則所收購的可識別資產及所承擔的負債按其公允值確認。管理層於釐定所收購資產、所承擔負債、購買代價的公允值，以及分配可識別資產及負債的購買代價時須作出估計。所收購的可識別資產及所承擔的負債的公允值運用估值技術(包括貼現現金流模式)釐定。此等模式所用數據在可能情況下從可觀察市場取得，惟在不可行情況下，則須作出判斷及估計以釐定公允值。管理層須估計未來現金流量及折現率以計算公允值。

31 December 2019 於二零一九年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and all unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, which affects the probability of utilisation and the tax rate to be used in the calculations. Details of deferred tax assets are contained in note 24 to the financial statements.

##### Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Details of share-based payments are contained in notes 42 and 43 to the financial statements.

##### Fair value of dairy cows

The Group's dairy cows are valued at fair value less costs to sell. The fair value of dairy cows is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of the dairy cows; or the present value of expected net cash flows from the dairy cows discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the dairy cows significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of dairy cows. Details of assumptions used are disclosed in note 25.

### 3. 重大會計判斷及估計 (續)

#### 估計的不確定性 (續)

##### 遞延稅項資產

遞延稅項資產就所有可扣減暫時性差異及所有未用稅項虧損加以確認，惟僅限於日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異及未用稅項虧損的情況。釐定可予確認的遞延稅項資產金額時，須就會影響可用作扣減的可能性及用於計算的稅率的日後應稅利潤的大致時間及水平，作出重要的管理層判斷。遞延稅項資產的詳情請參閱財務報表附註24。

##### 以股份為基礎的支付

本集團計量與僱員的股權結算交易的成本時乃參考權益工具授出當日的公允值。估算公允值須釐定授出權益工具(視乎授出的條款及條件)的最合適估值模式，亦須釐定估值模式最適合的輸入數據，包括購股權的預計年期、波動率及股息率，以及就此作出假設。以股份為基礎的支付的詳情列於財務報表附註42及43。

##### 乳牛的公允值

本集團的乳牛乃按公允值減銷售成本估值。乳牛的公允值乃按報告期末的市場定價釐定，並參考品種、年齡、生長狀況、所招致成本及預期產奶量作出調整，以反映乳牛的不同特點及/或生長階段；或如沒有市場定價，則以來自乳牛的按現行市場利率貼現的預期現金流量淨額的現值；或在適當情況下按成本釐定。任何估計變動均可能顯著影響乳牛的公允值。獨立合資格專業估值師及管理層定期複核各項假設及估計，以識別乳牛公允值的任何重大變動。所用假設詳情披露於附註25。



31 December 2019 於二零一九年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Liquid milk products segment — manufacture and distribution of ultra-high temperature milk (“UHT milk”), milk beverages and yogurt;
- Ice cream products segment — manufacture and distribution of ice cream;
- Milk powder products segment — manufacture and distribution of milk powder; and
- Others segment — principally the Group’s cheese, plant-based nutrition products and trading business.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income, non-lease-related finance costs, share of profits/losses of associates and a joint venture, gain on disposal of subsidiaries, income tax expense, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude equity investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**4. 經營分部資料**

出於管理需要，本集團按產品及服務構組業務單元，共有下列四個可報告經營分部：

- 液態奶產品分部 — 生產及經銷超高溫滅菌奶（「UHT奶」）、乳飲料及酸奶；
- 冰淇淋產品分部 — 生產及經銷冰淇淋；
- 奶粉產品分部 — 生產及經銷奶粉；及
- 其他分部 — 主要為本集團奶酪、植物基營養品及貿易業務。

管理層獨立監察本集團各經營分部的業績，以作出有關資源分配及表現評估的決策。分部表現乃根據可報告分部利潤／虧損（其為對經調整稅前利潤／虧損的一種計量）予以評估。經調整稅前利潤／虧損與本集團的稅前利潤／虧損計量方式一致，惟利息收入、融資成本、應佔聯營公司及一間合營企業利潤／虧損、出售子公司收益、所得稅支出及總部及公司支出不包含於該計量內。

分部資產並不包括股本投資，以及其他不分部的總部及公司資產，因為此等資產按集團層面管理。

分部負債並不包括其他不分部的總部及公司負債，因為此等負債按集團層面管理。

分部間銷售及轉讓乃參考以當時市價向第三者銷售所採用的售價進行交易。

31 December 2019 於二零一九年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2019

**4. 經營分部資料 (續)**

截至二零一九年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Segment revenue (note 5)</b>	<b>分部收入 (附註5)</b>					
Sales to external customers	銷售予外部客戶分部間銷售	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Intersegment sales	分部收益	740,894	87,256	—	291,836	1,119,986
		68,618,701	2,648,662	7,869,685	1,012,794	80,149,842
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,119,986)
Revenue	收入					79,029,856
<b>Segment results</b>	<b>分部業績</b>	<b>3,854,437</b>	<b>(245,748)</b>	<b>(1,875,528)</b>	<b>(154,128)</b>	<b>1,579,033</b>
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					1,104,791
Finance costs (other than interest on lease liabilities)	融資成本 (除租賃負債利息外)					(625,049)
Share of loss of a joint venture	應佔一間合營企業虧損					(9,160)
Share of profits of associates	應佔聯營公司利潤					184,224
Gains on disposal of subsidiaries	出售或注銷子公司收益					3,418,082
Corporate and other unallocated expenses	公司及其他不分部支出					(46,474)
Profit before tax	稅前利潤					5,605,447
Income tax expense	所得稅支出					(1,309,532)
Profit for the year	本期利潤					4,295,915
<b>Segment assets</b>	<b>分部資產</b>	<b>48,535,451</b>	<b>2,130,507</b>	<b>18,482,392</b>	<b>996,003</b>	<b>70,144,353</b>
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(21,812,835)
Corporate and other unallocated assets	公司及其他不分部的資產					30,205,887
Total assets	總資產					78,537,405
<b>Segment liabilities</b>	<b>分部負債</b>	<b>26,976,478</b>	<b>2,815,865</b>	<b>10,915,889</b>	<b>1,366,737</b>	<b>42,074,969</b>
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(21,812,835)
Corporate and other unallocated liabilities	公司及其他不分部的負債					24,927,934
Total liabilities	總負債					45,190,068

31 December 2019 於二零一九年十二月三十一日

## 4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2019

## 4. 經營分部資料(續)

截至二零一九年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Other segment information:</b>	<b>其他分部資料：</b>					
Depreciation and amortisation	折舊及攤銷	1,788,137	72,645	131,415	31,943	2,024,140
Unallocated amounts	不分部金額					235,767
Total depreciation and amortisation	總折舊及攤銷					2,259,907
Capital expenditure	資本支出	2,191,159	40,906	9,021,047	11,481	11,264,593
Unallocated amounts	不分部金額					267,697
Total capital expenditure*	總資本支出*					11,532,290
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	341,662	19,230	2,589,741	—	2,950,633
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(24,141)	(12)	(292)	—	(24,445)
Impairment losses recognised in the consolidated statement of profit or loss, net	於綜合損益表確認的減值虧損淨額	317,521	19,218	2,589,449	—	2,926,188
Expense relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的開支	49,965	870	18,307	1,947	71,089
Unallocated amounts	不分配金額					225,144
Total non-cash expenses relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的非現金支出總額					296,233

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2019 於二零一九年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

Year ended 31 December 2018

**4. 經營分部資料 (續)**

截至二零一八年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Segment revenue (note 5)</b>	<b>分部收入 (附註5)</b>					
Sales to external customers	銷售予外部客戶分部間銷售	59,388,601	2,723,407	6,017,417	847,641	68,977,066
Intersegment sales	分部收益	624,098	112,660	—	404,774	1,141,532
		60,012,699	2,836,067	6,017,417	1,252,415	70,118,598
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment sales	對銷分部間銷售					(1,141,532)
Revenue	收入					68,977,066
<b>Segment results</b>	<b>分部業績</b>	3,531,601	(73,881)	207,991	(30,665)	3,635,046
<i>Reconciliation:</i>	<i>調整:</i>					
Interest income	利息收入					868,257
Finance costs	融資成本					(550,662)
Share of losses of associates	應佔聯營公司虧損					(299,935)
Corporate and other unallocated expenses	公司及其他不分部支出					200,016
Profit before tax	稅前利潤					3,852,722
Income tax expense	所得稅支出					(649,001)
Profit for the year	本期利潤					3,203,721
<b>Segment assets</b>	<b>分部資產</b>	41,610,178	1,976,935	15,468,072	670,430	59,725,615
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment receivables	對銷分部間應收款項					(13,248,319)
Corporate and other unallocated assets	公司及其他不分部的資產					19,979,961
Total assets	總資產					66,457,257
<b>Segment liabilities</b>	<b>分部負債</b>	20,424,553	2,382,259	5,118,045	1,119,178	29,044,035
<i>Reconciliation:</i>	<i>調整:</i>					
Elimination of intersegment payables	對銷分部間應付款項					(13,248,319)
Corporate and other unallocated liabilities	公司及其他不分部的負債					20,197,262
Total liabilities	總負債					35,992,978

31 December 2019 於二零一九年十二月三十一日

## 4. OPERATING SEGMENT INFORMATION

(continued)

Year ended 31 December 2018

## 4. 經營分部資料(續)

截至二零一八年十二月三十一日止年度

		Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Other segment information:</b>	<b>其他分部資料：</b>					
Depreciation and amortisation	折舊及攤銷	1,179,948	124,191	211,744	36,343	1,552,226
Unallocated amounts	不分部金額					286,225
Total depreciation and amortisation	總折舊及攤銷					1,838,451
Capital expenditure	資本支出	2,826,508	241,828	408,972	10,823	3,488,131
Unallocated amounts	不分部金額					284,137
Total capital expenditure*	總資本支出*					3,772,268
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	96,430	1,755	47,699	64	145,948
Impairment losses reversed in the consolidated statement of profit or loss	於綜合損益表撥回的減值虧損	(2,657)	—	(17,908)	(44)	(20,609)
Impairment losses recognised in the consolidated statement of profit or loss	於綜合損益表確認的減值虧損	93,773	1,755	29,791	20	125,339
Expense relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的開支	82,718	10,184	7,272	1,300	101,474
Unallocated amounts	不分配金額					54,915
Total non-cash expenses relating to share option scheme and share award scheme	涉及購股權計劃及股票獎勵計劃的非現金支出總額					156,389

\* Capital expenditure consists of cash paid for the purchase of property, plant and equipment, construction in progress, intangible assets, land use rights, biological assets, equity interests in subsidiaries, associates and other equity investments.

\* 資本開支包括添置物業、廠房及設備、在建工程、無形資產、土地使用權、生物資產以及子公司、聯營公司及其他股本投資的股權所支付的現金。

31 December 2019 於二零一九年十二月三十一日

**4. OPERATING SEGMENT INFORMATION**

(continued)

**Geographical information****a. Revenue from external customers**

		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
Mainland China	中國大陸	<b>78,318,808</b>	68,553,816
Overseas	海外地區	<b>711,048</b>	423,250
		<b>79,029,856</b>	68,977,066

The revenue information above is based on the locations of the customers.

**b. Non-current assets**

		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
Mainland China	中國大陸	<b>27,430,485</b>	32,269,672
Overseas	海外地區	<b>7,685,049</b>	1,244,498
		<b>35,115,534</b>	33,514,170

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

**Information about major customers**

There was no sales to a single customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2019 and 2018.

**4. 經營分部資料(續)****地區資料****a. 來自外部客戶的收入**

		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
Mainland China	中國大陸	<b>78,318,808</b>	68,553,816
Overseas	海外地區	<b>711,048</b>	423,250
		<b>79,029,856</b>	68,977,066

以上的收入資料乃根據客戶的地點劃分。

**b. 非流動資產**

		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
Mainland China	中國大陸	<b>27,430,485</b>	32,269,672
Overseas	海外地區	<b>7,685,049</b>	1,244,498
		<b>35,115,534</b>	33,514,170

以上非流動資產的資料乃根據資產的地點劃分，不包括金融工具及遞延稅項資產。

**主要客戶資料**

截至二零一九年及二零一八年十二月三十一日止年度，並無向單一客戶的銷售佔本集團收入10%或以上。

31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of the revenue is as follows:

**5. 收入、其他收入及收益**

收入的分析如下：

	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
Revenue from contracts with customers: 來自客戶合約的收入：		
Sale of goods 銷售貨物	<b>78,980,627</b>	68,895,850
Consigned processing services 委託加工服務	<b>49,229</b>	81,216
	<b>79,029,856</b>	68,977,066

**Revenue from contracts with customers****(i) Disaggregated revenue information**

For the year ended 31 December 2019

**來自客戶合約的收入****(i) 分類收入信息**

截至二零一九年十二月三十一日止年度

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Type of goods or services:</b>	<b>商品或服務種類：</b>					
Sales of goods	銷售貨物	67,848,806	2,561,406	7,849,457	720,958	78,980,627
Consigned processing service	委託加工服務	29,001	-	20,228	-	49,229
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,877,807</b>	<b>2,561,406</b>	<b>7,869,685</b>	<b>720,958</b>	<b>79,029,856</b>
<b>Geographical markets:</b>	<b>地區市場：</b>					
Mainland China	中國大陸	67,838,380	2,561,406	7,198,064	720,958	78,318,808
Overseas	海外地區	39,427	-	671,621	-	711,048
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,877,807</b>	<b>2,561,406</b>	<b>7,869,685</b>	<b>720,958</b>	<b>79,029,856</b>
<b>Timing of revenue recognition:</b>	<b>確認收入的時間：</b>					
Goods transferred at a point in time	於某一時間點轉讓的商品	67,848,806	2,561,406	7,849,457	720,958	78,980,627
Services transferred at a point in time	於某一時間點轉讓的服務	29,001	-	20,228	-	49,229
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,877,807</b>	<b>2,561,406</b>	<b>7,869,685</b>	<b>720,958</b>	<b>79,029,856</b>

31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

Revenue from contracts with customers (continued)

**(i) Disaggregated revenue information** (continued)

For the year ended 31 December 2018

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Type of goods or services:</b>	<b>商品或服務種類：</b>					
Sales of goods	銷售貨物	59,388,601	2,723,407	5,936,201	847,641	68,895,850
Consigned processing service	委託加工服務	—	—	81,216	—	81,216
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066
<b>Geographical markets:</b>	<b>地區市場：</b>					
Mainland China	中國大陸	59,387,638	2,723,407	5,595,130	847,641	68,553,816
Overseas	海外地區	963	—	422,287	—	423,250
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066
<b>Timing of revenue recognition:</b>	<b>確認收入的時間：</b>					
Goods transferred at a point in time	於某一時間點轉讓的商品	59,388,601	2,723,407	5,936,201	847,641	68,895,850
Services transferred at a point in time	於某一時間點轉讓的服務	—	—	81,216	—	81,216
Total revenue from contracts with customers	來自客戶合約的總收入	59,388,601	2,723,407	6,017,417	847,641	68,977,066

**5. 收入、其他收入及收益** (續)

來自客戶合約的收入 (續)

**(i) 分類收入信息** (續)

截至二零一八年十二月三十一日止年度



31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Revenue from contracts with customers (continued)****(i) Disaggregated revenue information (continued)**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2019

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	來自客戶合約的收入					
<i>External customers</i>	外部客戶	67,877,807	2,561,406	7,869,685	720,958	79,029,856
Intersegment sales	分部間銷售	740,894	87,256	—	291,836	1,119,986
		<b>68,618,701</b>	<b>2,648,662</b>	<b>7,869,685</b>	<b>1,012,794</b>	<b>80,149,842</b>
Intersegment adjustments and eliminations	分部間調整及對銷	(740,894)	(87,256)	—	(291,836)	(1,119,986)
Total revenue from contracts with customers	來自客戶合約的總收入	<b>67,877,807</b>	<b>2,561,406</b>	<b>7,869,685</b>	<b>720,958</b>	<b>79,029,856</b>

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

Segments	分部	Liquid milk products 液態奶產品 RMB'000 人民幣千元	Ice cream products 冰淇淋產品 RMB'000 人民幣千元	Milk powder products 奶粉產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	來自客戶合約的收入					
<i>External customers</i>	外部客戶	59,388,601	2,723,407	6,017,417	847,641	68,977,066
Intersegment sales	分部間銷售	624,098	112,660	—	404,774	1,141,532
		60,012,699	2,836,067	6,017,417	1,252,415	70,118,598
Intersegment adjustments and eliminations	分部間調整及對銷	(624,098)	(112,660)	—	(404,774)	(1,141,532)
Total revenue from contracts with customers	來自客戶合約的總收入	<b>59,388,601</b>	<b>2,723,407</b>	<b>6,017,417</b>	<b>847,641</b>	<b>68,977,066</b>

31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Revenue from contracts with customers** (continued)**(i) Disaggregated revenue information** (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		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 recognised that was included in contract liabilities at the beginning of the reporting period:	於報告期初計入合約負債之收入確認：		
Sale of goods	銷售商品	<b>3,332,929</b>	1,843,166
Revenue recognised from performance obligation satisfied in previous periods:	於過往期間達成的履約責任之收入確認：		
Sale of goods not previously recognised due to constraints on variable consideration	由於代價限制過往尚未確認之商品銷售	<b>29,365</b>	36,894

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sales of goods*

The performance obligation is satisfied upon delivery of the goods and payment is paid in advance or due within a credit limits which is adjustable in certain circumstances. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

**5. 收入、其他收入及收益** (續)**來自客戶合約的收入** (續)**(i) 分類收入信息** (續)

下表顯示於本報告期間收入確認之金額，其於報告期初計入合約負債及於過往期間達成的履約責任確認：

**(ii) 履行責任**

有關本集團履行責任的資料概述如下：

*銷售貨物*

履行責任於交付貨品及於可予調整的信貸期限內預先或到期支付款項時達成。個別合約訂明客戶有權退貨，產生須受限制的可變代價。

31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Revenue from contracts with customers (continued)****(ii) Performance obligations (continued)***Consigned processing service*

The performance obligation is satisfied upon completion of the consigned processing service and delivery of the processed products and payment is generally due within 90 days from delivery.

**Other income and gains****5. 收入、其他收入及收益 (續)****來自客戶合約的收入 (續)****(ii) 履行責任 (續)***委託加工服務*

履行責任於完成委託加工服務完成及交付加工產品後達成，款項一般於送貨後90日內到期。

**其他收入及收益**

		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
Other income and gains	其他收入及收益		
Government grants related to	政府補助金：		
— Recognition of deferred income (note 37)	— 與確認遞延收入有關 (附註37)	<b>174,895</b>	115,945
— Biological assets and income (note a)	— 與生物資產及收入有關 (註a)	<b>265,618</b>	203,667
Gain on disposal of a disposal group classified as held for sale (note 12)	出售分類為持有待售的處置組收益 (附註12)	—	44,147
Gains on disposal of subsidiaries (note 46)	出售或註銷子公司收益 (附註46)	<b>3,418,082</b>	—
Gross rental income (note 18)	租金總收入 (附註18)	<b>43,666</b>	49,280
Foreign exchange gains, net	匯兌收益淨額	<b>42,575</b>	14,384
Net fair value gain on forward currency contracts (note 35(b))	遠期外幣合約公允值收益淨額 (附註35(b))	<b>23,308</b>	2,232
Net fair value gain on exchangeable bonds (note 33(d))	可交換債券公允值收益淨額 (附註33(d))	—	58,009
Net fair value gain on a convertible promissory note (note 26(c))	可換股承兌票據之公允值收益淨額 (附註26(c))	—	61
Net fair value gain on unlisted equity investment	非上市股本投資之公允值收益淨額	<b>42,479</b>	—
Net fair value gain on subscription right of warrants (note 26(e))	認股權證之認購權之公允值收益淨額 (附註26(e))	—	5,593
Gain on re-measurement of an equity interest in an associate upon business acquisition (note b)	於業務收購後重新計量聯營公司股權的收益 (註b)	—	101,038
Others	其他	<b>90,265</b>	141,899
		<b>4,100,888</b>	736,255

31 December 2019 於二零一九年十二月三十一日

**5. REVENUE, OTHER INCOME AND GAINS**

(continued)

**Other income and gains (continued)**

Notes:

- (a) The government grants in the form of cash donations have been received for the Group's contribution to the development of the local dairy industry. There are no unfulfilled conditions or contingencies attaching to these grants.
- (b) During 2018, Junlebao acquired an additional 43.41% equity interest in Banner Baby Dairy Co., Ltd. ("Banner Dairy") from third parties, increasing Junlebao's interest in Banner Dairy to 65.16%. After the acquisition, the Group controlled Banner Dairy and accordingly consolidated Banner Dairy. On the acquisition date, the Group re-measured its previously held equity interest in Banner Dairy at fair value and recognised a gain of RMB101,038,000 in the consolidated statement of profit or loss. Further details of the acquisition are included in note 45 to the financial statements.

**5. 收入、其他收入及收益 (續)****其他收入及收益 (續)**

註：

- (a) 本集團因對當地乳業發展有所貢獻，故獲現金捐獻形式的政府補助金。該等補助金並無附帶任何未達成的條件或或然事項。
- (b) 於二零一八年，君樂寶向第三方收購旗幟嬰兒乳品股份有限公司（「旗幟乳品」）額外43.41%權益，令君樂寶於旗幟乳品的權益增加至65.16%。於收購後，本集團控制旗幟乳品並因此合併旗幟乳品。於收購日，本集團公允值重新計量過往於旗幟乳品持有的股權，於綜合損益表確認人民幣101,038,000元的收益。進一步收購詳情已納入財務報表附註45。

31 December 2019 於二零一九年十二月三十一日

## 6. OTHER EXPENSES

## 6. 其他費用

		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
Donations	捐贈支出	20,286	28,637
Fair value change of biological assets (note 25)	生物資產公允價值變動 (附註25)	171,902	152,777
Loss on disposal of items of property, plant and equipment	處置物業、廠房及設備虧損	78,618	29,981
Impairment of goodwill (notes 19 & 21)	商譽減值 (附註19及21)	2,363,909	—
Impairment of other intangible assets (note 20)	其他無形資產減值 (附註20)	196,035	4,761
Impairment of construction in progress (note 16)	在建工程減值 (附註16)	1,653	—
Impairment of property, plant and equipment (note 15)	物業、廠房及設備減值 (附註15)	41,754	—
Write-down of inventories to net realisable value (note 27)	存貨撇減至可變現淨值 (附註27)	74,482	35,316
Educational surcharges, city construction tax, and other taxes	教育附加費、城市維護建設稅及其他稅項	477,679	490,977
Loss on disposal of a subsidiary	出售或註銷子公司虧損	—	15,054
Net fair value loss on a convertible promissory note (note 26(c))	可換股承兌票據之公允價值虧損淨額 (附註26(c))	1,409	—
Net fair value loss on exchangeable bonds (note 33(d))	可交換債券公允價值虧損淨額 (附註33(d))	77,988	—
Net fair value loss on warrants and subscription rights of warrants (note 26(e))	認股權證及認股權證認購權之公允價值虧損淨額 (附註26(e))	61,500	—
Others	其他	124,662	93,713
		<b>3,691,877</b>	851,216

31 December 2019 於二零一九年十二月三十一日

**7. PROFIT BEFORE TAX**

 The Group's profit before tax is arrived at after charging/  
(crediting):

**7. 稅前利潤**

 本集團的稅前利潤乃經扣除／(計入)下列  
各項後計算所得：

		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 inventories sold	銷售存貨成本	<b>49,310,312</b>	43,139,041
Realised and unrealised fair value gains of commodity futures contracts, net (note 35(c))	變現及未變現商品期貨 合約公允值收益淨額 (附註35(c))	—	(6,394)
Cost of consigned processing services	委託加工服務成本	<b>40,930</b>	60,793
<b>Cost of sales</b>	<b>銷售成本</b>	<b>49,351,242</b>	43,193,440
Employee benefit expense (including directors' and chief executive's remuneration as disclosed in note 9)	僱員福利費用(包括附註9 披露的董事及主要行政 人員薪酬)		
— Wages, salaries, housing benefits and other allowances	— 工資、薪金、住房 福利及其他津貼	<b>6,254,984</b>	5,616,109
— Retirement benefit contributions	— 退休福利供款	<b>530,600</b>	476,061
— Share option scheme expense (note 42)	— 購股權計劃開支 (附註42)	<b>166,651</b>	51,199
— Share award scheme expense (note 43)	— 股票獎勵計劃開支 (附註43)	<b>129,582</b>	105,190
		<b>7,081,817</b>	6,248,559
Impairment of financial and contract asset, net:	金融及合約資產減值淨額：		
Impairment of trade receivables, net (note 28)	貿易應收款項減值淨額 (附註28)	<b>233,856</b>	83,900
Impairment of financial assets included in prepayments, other receivables and other assets, net	計入預付款項、其他應收 款項及其他資產的金融 資產減值淨額	<b>1,524</b>	1,362
Impairment of financial assets included in other financial assets, net (note 26(g))	計入其他金融資產的 金融資產減值淨額 (附註26(g))	<b>12,975</b>	—
		<b>248,355</b>	85,262

31 December 2019 於二零一九年十二月三十一日

**7. PROFIT BEFORE TAX** (continued)

The Group's profit before tax is arrived at after charging/  
(crediting): (continued)

**7. 稅前利潤** (續)

本集團的稅前利潤乃經扣除／(計入)下列  
各項後計算所得：(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
Impairment of goodwill (notes 19 & 21)	商譽減值(附註19及21)	<b>2,363,909</b>	—
Impairment of other intangible assets (note 20)	其他無形資產減值 (附註20)	<b>196,035</b>	4,761
Impairment of construction in progress (note 16)	在建工程減值(附註16)	<b>1,653</b>	—
Impairment of property, plant and equipment (note 15)	物業、廠房及設備減值 (附註15)	<b>41,754</b>	—
Depreciation of items of property, plant and equipment (note 15)	物業、廠房及設備折舊 (附註15)	<b>1,945,804</b>	1,738,806
Depreciation of right-of-use assets (note 18)	使用權資產折舊(附註18)	<b>220,068</b>	—
Depreciation of investment properties (note 17)	投資物業折舊(附註17)	<b>4,037</b>	3,937
Amortisation of land use rights (note 18)	土地使用權攤銷(附註18)	—	28,843
Amortisation of other intangible assets (note 20)	其他無形資產攤銷 (附註20)	<b>89,998</b>	66,865
Research and development costs — current year expenditure	本年研究開發費用	<b>205,041</b>	159,035
Outsourcing expense (note a)	外包費用(註a)	<b>181,993</b>	185,884
Lease payments not included in the measurement of lease liabilities (note b)	不計入租賃負債計量的 租賃付款(註b)	<b>264,333</b>	—
Minimum lease payments under operating leases	經營租賃最低租金	—	278,395
Auditor's remuneration (note c)	核數師酬金(註c)	<b>17,055</b>	8,930

31 December 2019 於二零一九年十二月三十一日

## 7. PROFIT BEFORE TAX (continued)

Notes:

- (a) For the purpose of promoting operation efficiency, the Group outsourced the production of certain products. The amounts represent the total amount paid by the Group for purchasing outsourcing services.
- (b) The Group recognised rental expenses from short-term leases of RMB201,200,000, leases of low-value assets of RMB25,002,000 and variable lease payments not based on index or rate of RMB38,131,000 for the year ended 31 December 2019. Further details of which are given in note 18(d) to the financial statements.
- (c) In addition to the above fees paid or payable to the auditors, Yashili, a subsidiary of the Company listed on the Main Board of the Stock Exchange of Hong Kong Limited, had an amount of RMB2,944,000 (2018: RMB2,983,000) paid/payable as auditor's remuneration during the year.

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

		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 on bank loans	銀行貸款利息	370,238	376,147
Interest on other borrowings (excluding lease liabilities)	其他借貸利息(不包括租賃負債)	238,716	164,767
Interest on lease liabilities (note 18)	租賃負債利息(附註18)	19,153	—
Interest on long term payables	長期應付款項利息	400	1,458
Net fair value loss on interest rate forward contracts (note 35 (b))	利率遠期合約的公允值虧損淨額(附註35 (b))	15,695	8,290
		<b>644,202</b>	550,662

## 7. 稅前利潤 (續)

註：

- (a) 為了促進營運效率，本集團外包若干產品的生產。該金額指本集團就購買該等外包服務支付的總額。
- (b) 本集團截至二零一九年十二月三十一日止年度確認人民幣201,200,000元的短期租賃支出、人民幣25,002,000元的低價值資產租賃支出及人民幣38,131,000元並非根據某一指數或比率的可變租賃付款支出。有關進一步詳情載於財務報表附註18(d)。
- (c) 除上述已付或應付核數師費用外，本公司於香港聯合交易所有限公司主板上市的子公司雅士利本年已付／應付核數師酬金人民幣2,944,000元(二零一八年：人民幣2,983,000元)。

## 8. 融資成本

融資成本的分析如下：



31 December 2019 於二零一九年十二月三十一日

**9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION**

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

**9. 董事及主要行政人員薪酬**

根據香港聯合交易所有限公司證券上市規則(「上市規則」)、香港公司條例第383(1)(a)、(b)、(c)及(f)條，以及公司(披露董事利益資料)規例第2部分披露的本年度董事及主要行政人員薪酬如下：

		<b>2019</b> 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
Fees	袍金	<b>976</b>	1,126
Other emoluments	其他酬金		
— Basic salaries, housing benefits, other allowances and benefits in kind	— 基本薪金、住房福利、其他津貼及實物利益	<b>8,614</b>	8,968
— Performance related bonuses	— 與業績有關的獎金	<b>4,368</b>	7,148
— Retirement benefit contributions	— 退休福利供款	<b>192</b>	231
		<b>14,150</b>	17,473

31 December 2019 於二零一九年十二月三十一日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

9. 董事及主要行政人員薪酬 (續)

				Basic salaries, housing benefits, other allowances and benefits in kind	Performance related bonuses	Retirement benefit contributions	Total remuneration		
		Fees		袍金 實物利益 基本薪金、 住房福利、 其他津貼及 其他津貼及	與業績有關 的獎金	退休福利供款	總薪酬		
		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		
Notes 附註									
<b>2019</b>	<b>二零一九年</b>								
	<b>Executive directors</b>		<b>執行董事</b>						
	– Mr. Jeffrey, Minfang Lu		– 盧敏放先生	(b)/(c)/(d)	–	7,038	4,368	105	11,511
	– Mr. Meng Fanjie		– 孟凡傑先生	(a)/(b)	–	776	–	72	848
	– Ms. Wu Wenting		– 吳文婷女士	(a)/(b)	–	800	–	15	815
	<b>Non-executive directors</b>		<b>非執行董事</b>						
	– Mr. Chen Lang		– 陳朗先生	(a)/(b)	–	–	–	–	–
	– Mr. Yu Xubo		– 于旭波先生	(a)/(b)	–	–	–	–	–
	– Mr. Ma Jianping		– 馬建平先生	(a)/(b)	–	–	–	–	–
	– Mr. Niu Gensheng		– 牛根生先生		150	–	–	–	150
	– Mr. Tim Ørting Jørgensen		– Tim Ørting Jørgensen先生		150	–	–	–	150
	– Mr. Pascal De Petrini		– Pascal De Petrini先生		150	–	–	–	150
	<b>Independent non-executive directors</b>		<b>獨立非執行董事</b>						
	– Mr. Jiao Shuge		– 焦樹閣先生	(b)	–	–	–	–	–
	– Mr. Julian Juul Wolhardt		– Julian Juul Wolhardt先生	(b)	–	–	–	–	–
	– Mr. Zhang Xiaoya		– 張曉亞先生		263	–	–	–	263
	– Mr. Yau Ka Chi		– 邱家賜先生		263	–	–	–	263
					976	8,614	4,368	192	14,150

31 December 2019 於二零一九年十二月三十一日

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## 9. 董事及主要行政人員薪酬 (續)

				Basic salaries, housing benefits, other allowances and benefits in kind 袍金 基本薪金、 住房福利、 其他津貼及 實物利益	Performance related bonuses 與業績有關 的獎金	Retirement benefit contributions 退休福利供款	Total remuneration 總薪酬
Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>2018</b>	<b>二零一八年</b>						
Executive directors	執行董事						
— Mr. Jeffrey, Minfang Lu	— 盧敏放先生	(b)/(c)/(d)	—	7,023	5,498	100	12,621
— Ms. Wu Wenting	— 吳文婷女士	(a)/(b)	—	1,922	1,650	125	3,697
Non-executive directors	非執行董事						
— Mr. Ma Jianping	— 馬建平先生	(a)	150	—	—	—	150
— Mr. Niu Gensheng	— 牛根生先生		150	23	—	6	179
— Mr. Tim Ørting Jørgensen	— Tim Ørting Jørgensen先生		150	—	—	—	150
— Mr. Pascal De Petrini	— Pascal De Petrini先生		150	—	—	—	150
Independent non-executive directors	獨立非執行董事						
— Mr. Jiao Shuge	— 焦樹閣先生	(b)	—	—	—	—	—
— Mr. Julian Juul Wolhardt	— Julian Juul Wolhardt先生	(b)	—	—	—	—	—
— Mr. Zhang Xiaoya	— 張曉亞先生		263	—	—	—	263
— Mr. Yau Ka Chi	— 邱家賜先生		263	—	—	—	263
			1,126	8,968	7,148	231	17,473

31 December 2019 於二零一九年十二月三十一日

**9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (continued)

Notes:

- a. Mr. Ma Jianping resigned as a director on 7 January 2019. Mr. Yu Xubo appointed as a director on 7 January 2019 and resigned as a director on 29 April 2019. Mr. Chen Lang was appointed as a director on 29 April 2019. Ms. Wu Wenting resigned as a director on 14 June 2019. Mr. Meng Fanjie was appointed as a director on 14 June 2019.
- b. During 2019, the eight (2018: four) directors agreed to waive their entitlements to directors' fees totaling RMB736,000 (2018: RMB580,000) for the year. Other than the aforementioned, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.
- c. As of 31 December 2019, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in note 42 to the financial statements. In accordance with IFRS 2, share option benefits represent the fair value at the grant date of the share options issued under the share option scheme of the Company amortised to the consolidated statement of profit or loss during the year disregarding whether the options have been vested/exercised or not. During the year, the share option benefits relating to the share options granted to Mr. Jeffrey, Minfang Lu were approximately RMB39,126,000 (2018: RMB3,620,000). During 2019, due to the unfulfilment of vesting conditions under share option scheme, the reversed share option benefits relating to the share options granted to Ms. Wu Wenting was approximately RMB378,000. The share option benefits relating to the share options granted to these directors are not included in the above remuneration analysis.
- d. As of 31 December 2019, Mr. Jeffrey, Minfang Lu was granted shares in respect of his services to the Group under the share award scheme of the Company, further details of which are set out in note 43 to the financial statements. In accordance with IFRS 2, share-based payments benefits represent the fair value at the grant date of the shares amortised to the consolidated statement of profit or loss during the year disregarding whether the shares have been vested/exercised or not. During the year, the fair value recognised in the consolidated statement of profit or loss relating to the shares granted to Mr. Jeffrey, Minfang Lu was approximately RMB3,593,000 (2018: RMB2,162,000). During 2019, due to the unfulfilment of vesting conditions under share award scheme, there was a reversal of RMB371,000 of the share-based payment expenses relating to the shares granted to Ms. Wu Wenting. The share award benefits relating to the share award granted to these directors are not included in the above remuneration analysis.

**9. 董事及主要行政人員薪酬** (續)

附註：

- a. 馬建平先生於二零一九年一月七日辭任董事一職。于旭波先生二零一九年一月七日獲委任為董事並於二零一九年四月二十九日辭任董事一職。陳朗先生於二零一九年四月二十九日獲委任為董事。吳文婷女士於二零一九年六月十四日辭任董事一職。孟凡傑先生於二零一九年六月十四日獲委任為董事。
- b. 二零一九年內，八位(二零一八年：四位)董事同意放棄其董事袍金，金額合共人民幣736,000元(二零一八年：人民幣580,000元)。除前述者外，本年度並無任何有關董事放棄或同意放棄任何酬金的安排。
- c. 截至二零一九年十二月三十一日，若干董事就其向本集團提供的服務獲本公司根據購股權計劃授予購股權，詳情載於財務報表附註42。根據國際財務報告準則第2號，購股權福利指按本公司購股權計劃所發行的購股權於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等購股權是否已歸屬/行使。年內，授予盧敏放先生的購股權涉及的購股權福利約為人民幣39,126,000元(二零一八年：人民幣3,620,000元)。二零一九年度，由於購股權計劃項下的歸屬條件未獲達成，有關向吳文婷女士授出的購股權涉及的撥回購股權福利約人民幣378,000元。有關授予該等董事購股權的購股權福利並無計入以上薪酬分析。
- d. 截至二零一九年十二月三十一日，盧敏放先生就其對本集團提供的服務獲本公司根據股票獎勵計劃授出股份，詳情載於財務報表附註43。根據國際財務報告準則第2號，以股份為基礎的支付福利指股份於授出日期的公允值，年內已於綜合損益表內予以攤銷，而不論該等股份是否已歸屬/行使。年內，有關授予盧敏放先生的股份於綜合損益表確認之公允值約為人民幣3,593,000元(二零一八年：人民幣2,162,000元)。二零一九年度，由於股票獎勵計劃下的歸屬條件未能實現，有關向吳文婷女士授出股份的以股份為基礎的付款費用撥回金額為人民幣371,000元。有關授予的該等董事股票獎勵之股票獎勵福利並無計入以上薪酬分析。

31 December 2019 於二零一九年十二月三十一日

**10. FIVE HIGHEST PAID EMPLOYEES**

One (2018: One) of the five highest paid employees was a director whose emoluments have been shown above. Details of emoluments paid to the remaining four (2018: four) non-director, highest paid employees, who are neither a director nor chief executive of the Company are as follows:

		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
Basic salaries, housing benefits, other allowances and benefits in kind	基本薪金、住房福利、其他津貼及實物利益	<b>11,009</b>	11,804
Performance related bonuses	與業績有關的獎金	<b>11,369</b>	11,596
Retirement scheme contributions	退休福利計劃供款	<b>506</b>	501
		<b>22,884</b>	23,901

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

酬金列入以下組別的最高薪非董事僱員的數目如下：

		Number of employees 僱員數目	
		2019 二零一九年	2018 二零一八年
HK\$4,500,001 to HK\$5,000,000	4,500,001港元至5,000,000港元	<b>1</b>	1
HK\$5,000,001 to HK\$5,500,000	5,000,001港元至5,500,000港元	<b>2</b>	1
HK\$5,500,001 to HK\$6,000,000	5,500,001港元至6,000,000港元	—	—
HK\$6,000,001 to HK\$6,500,000	6,000,001港元至6,500,000港元	—	—
HK\$6,500,001 to HK\$7,000,000	6,500,001港元至7,000,000港元	—	—
HK\$7,000,001 to HK\$7,500,000	7,000,001港元至7,500,000港元	—	1
HK\$7,500,001 to HK\$8,000,000	7,500,001港元至8,000,000港元	—	—
HK\$8,000,001 to HK\$8,500,000	8,000,001港元至8,500,000港元	—	—
HK\$8,500,001 to HK\$9,000,000	8,500,001港元至9,000,000港元	—	—
HK\$9,000,001 to HK\$9,500,000	9,000,001港元至9,500,000港元	—	—
HK\$9,500,001 to HK\$10,000,000	9,500,001港元至10,000,000港元	—	—
HK\$10,000,001 to HK\$10,500,000	10,000,001港元至10,500,000港元	—	—
HK\$10,500,001 to HK\$11,000,000	10,500,001港元至11,000,000港元	<b>1</b>	—
HK\$11,000,001 to HK\$11,500,000	11,000,001港元至11,500,000港元	—	1
		<b>4</b>	4

31 December 2019 於二零一九年十二月三十一日

**10. FIVE HIGHEST PAID EMPLOYEES** (continued)

During the year, share options were granted to four (2018: four) non-director, highest paid employees in respect of their services to the Group, further details of which are set out in note 42 to the financial statements. During the year, the share option benefits relating to the share options granted to the non-director, highest paid employees were approximately RMB30,005,000 (2018: RMB4,457,000) in aggregate. The share option benefits relating to the share options granted to these non-director, highest paid employees are not included in the above analysis.

During the year, shares were granted to four (2018: four) non-director, highest paid employees in respect of their services under the share award scheme of the Company, further details of which are set out in note 43 to the financial statements. During the year, the share-based payment expenses relating to the shares granted to non-director, highest paid employees were approximately RMB6,301,000 (2018: a reversal of RMB4,609,000) in aggregate. The share-based payments relating to the shares granted to these non-director, highest paid employees are not included in the above analysis.

**10. 五位最高薪僱員** (續)

年內，四名(二零一八年：四名)最高薪非董事僱員就其對本集團的服務獲授購股權(有關詳情在財務報表附註42中披露)。年內，有關向該等最高薪非董事僱員授出購股權的購股權福利合共約為人民幣30,005,000元(二零一八年：人民幣4,457,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出購股權的購股權福利。

年內，四名(二零一八年：四名)最高薪非董事僱員就其服務根據本公司的股票獎勵計劃獲授股份(有關詳情在財務報表附註43中披露)。年內，有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款費用共計約人民幣6,301,000元(二零一八年：撥回人民幣4,609,000元)。上述分析並無包括有關向該等最高薪非董事僱員授出股份的以股份為基礎的付款。

31 December 2019 於二零一九年十二月三十一日

**11. INCOME TAX EXPENSE**

Under the Law of the People's Republic of China on Corporate Income Tax ("PRC CIT Law"), except for certain preferential tax treatment available to certain subsidiaries of the Group, the entities within the Group are subject to PRC corporate income tax ("CIT") at a rate of 25% (2018: 25%) on the taxable income as reported in their statutory accounts which are prepared in accordance with the PRC accounting standards and financial regulations.

**11. 所得稅支出**

根據中華人民共和國企業所得稅法(「中國企業所得稅法」)，除本集團若干子公司獲授若干稅務優惠外，本集團旗下的企業應就其法定賬目所呈報應課稅利潤按25%(二零一八年：25%)之稅率交納中國企業所得稅(「企業所得稅」)，法定賬目乃按照中國會計準則及財務法規編製。

		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
<b>Current income tax</b>	<b>即期所得稅</b>		
Current charge for the year	即期所得稅支出	<b>1,486,936</b>	895,334
Adjustments recognised in the year for current tax of prior years	年內就往年當期所得稅確認的調整	<b>14,924</b>	7,617
<b>Deferred income tax (note 24)</b>	<b>遞延所得稅(附註24)</b>	<b>(192,328)</b>	(253,950)
		<b>1,309,532</b>	649,001

31 December 2019 於二零一九年十二月三十一日

**11. INCOME TAX EXPENSE** (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the year is as follows:

**11. 所得稅支出** (續)

在年度內，就稅前利潤按法定所得稅稅率計算的所得稅支出，與按照本集團實際所得稅稅率計算的所得稅支出調節如下：

		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
Profit before tax	稅前利潤		<b>5,605,447</b>	3,852,722
At CIT rate of 25% (2018: 25%)	按25% (二零一八年： 25%) 企業所得稅 稅率計算		<b>1,401,362</b>	963,181
Non-deductible items and others, net	不可抵扣的項目及其他 (淨額)		<b>213,660</b>	23,793
Impairment of goodwill and trademarks with indefinite useful lives	商譽及無限使用 年期商標		<b>638,769</b>	—
Adjustment recognised in the year for current tax of prior years	年內就往年當期所得稅 確認的調整		<b>14,924</b>	7,617
Effect of lower tax rates	低稅率的影響	(a)	<b>(742,602)</b>	(301,467)
Effect of tax exemptions	稅務豁免的影響	(a)	<b>(394,255)</b>	(199,138)
Losses/(gains) attributable to a joint venture and associates	一間合營企業及聯營公司 應佔虧損/(收益)		<b>(43,766)</b>	74,984
Tax losses utilised from previous periods	使用以往期間稅務虧損		<b>(107,686)</b>	(79,219)
Tax losses not recognised	未確認稅務虧損		<b>329,126</b>	159,250
At the effective income tax rate of 23.36% (2018: 16.85%)	按23.36% (二零一八年： 16.85%) 實際所得稅 稅率計算		<b>1,309,532</b>	649,001



31 December 2019 於二零一九年十二月三十一日

**11. INCOME TAX EXPENSE (continued)**

Notes:

- (a) Fifteen (2018: Thirteen) subsidiaries were granted lower tax rates by the state tax bureau in accordance with the PRC CIT law and the corresponding transitional tax concession policy and “The notice of tax policies relating to the implementation of the western China development strategy.”

Thirty (2018: Thirty) subsidiaries were granted tax exemptions in accordance with the policy of “The notice of preferential tax policy for preliminary processing of agriculture products”.

The total taxable profits of the subsidiaries that are subject to tax concessions amounted to approximately RMB6,684,910,000 (2018: RMB3,392,397,000) in aggregate.

- (b) The share of tax attributable to a joint venture and associates amounting to approximately RMB4,568,000 (2018: RMB6,949,000) is included in “Share of profits and losses of joint ventures and associates” in the consolidated statement of profit or loss.

**12. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

On 22 December 2017, Yashili entered into an agreement to dispose of a piece of land, together with the property, plant and equipment on the land of Scient (China) Baby Nourishment Co., Ltd. (“Scient China”). As such, as at 31 December 2017, the related assets and liabilities were classified as a disposal group held for sale. As at 31 December 2018, the transaction had been completed with a disposal gain of RMB44,147,000 recognised in other income and gains (note 5) of the Group.

**11. 所得稅支出 (續)**

附註：

- (a) 十五間(二零一八年：十三間)子公司獲國家稅務局根據中國企業所得稅法、有關稅收優惠過渡政策及《關於深入實施西部大開發戰略有關稅收政策問題的通知》授予低稅率優惠。

三十間(二零一八年：三十間)子公司獲根據《關於發佈享受企業所得稅優惠政策的農產品初加工範圍(試行)的通知》的政策豁免稅務。

獲授稅務優惠的子公司的應課稅利潤總額合共約人民幣6,684,910,000元(二零一八年：人民幣3,392,397,000元)。

- (b) 一間合營企業及聯營公司應佔稅項約人民幣4,568,000元(二零一八年：人民幣6,949,000元)，已計入綜合損益表的應佔合營企業及聯營公司收益及虧損內。

**12. 分類為持有待售的處置組**

於二零一七年十二月二十二日，雅士利訂立協議，出售施恩(中國)嬰幼兒營養品有限公司(「施恩中國」)的一幅土地(連同該土地上的物業、廠房及設備)。因此，於二零一七年十二月三十一日，相關資產及負債分類為持有待售的處置組。於二零一八年十二月三十一日，交易已完成而出售收益人民幣44,147,000元已於本集團其他收入及收益(附註5)確認。

31 December 2019 於二零一九年十二月三十一日

### 13. DIVIDENDS

### 13. 股息

	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
Declared and paid during the year	本年度宣派及支付		
Equity dividends on ordinary shares	普通股股息	<b>708,968</b>	482,827
Proposed for approval at the AGM	提呈於股東週年大會 批准		
Equity dividends on ordinary shares: Proposed final — RMB0.181 (2018: RMB0.181) per ordinary share	普通股股息： 擬派末期股息 — 每股普通股 人民幣0.181元 (二零一八年： 人民幣0.181元)	(a)/(b) <b>712,238</b>	710,915

Notes:

- (a) The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting (the "AGM").
- (b) This dividend was not recognised as a liability in the consolidated financial statements for the year ended 31 December 2019 but will be reflected as an appropriation of share premium account for the year ending 31 December 2020.

附註：

- (a) 擬派年度末期股息須由本公司股東在應屆股東週年大會（「股東週年大會」）批准。
- (b) 該股息並未於截至二零一九年十二月三十一日止年度的綜合財務報表確認為負債，但將反映為截至二零二零年十二月三十一日止年度的股份溢價分配。

31 December 2019 於二零一九年十二月三十一日

**14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY****(a) Basic earnings per share**

The basic earnings per share for the year is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

A reconciliation of the weighted average number of shares used in calculating the basic earnings per share amount is as follows:

**14. 本公司普通股擁有人應佔每股盈利****(a) 每股基本盈利**

本年度每股基本盈利乃根據年內本公司普通股擁有人應佔利潤除以年內已發行普通股的加權平均數計算。

計算每股基本盈利時所用加權平均股份數目調節如下：

		2019 二零一九年 Number of shares 股份數目 '000 千股	2018 二零一八年 Number of shares 股份數目 '000 千股
Issued ordinary shares at 1 January	於一月一日已發行普通股	<b>3,927,708</b>	3,927,361
Effect of share options exercised	已行使購股權的影響	<b>3,496</b>	80
Effect of shares purchased under share award scheme	根據股票獎勵計劃回購股份的影響	<b>(18,053)</b>	(23,131)
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	<b>3,913,151</b>	3,904,310

31 December 2019 於二零一九年十二月三十一日

**14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** (continued)

**(b) Diluted earnings per share**

The diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A reconciliation of the weighted average number of shares used in calculating the diluted earnings per share amount is as follows:

**14. 本公司普通股擁有人應佔每股盈利** (續)

**(b) 每股攤薄盈利**

每股攤薄盈利乃根據年內本公司普通股擁有人應佔利潤除以用作計算每股基本盈利所採用的年內已發行普通股加權平均數，並假設年內所有具攤薄結果的普通股按無代價發行或轉換為普通股的普通股加權平均數計算。

計算每股攤薄盈利時所用加權平均股份數目調節如下：

		2019 二零一九年 Number of shares 股份數目 '000 千股	2018 二零一八年 Number of shares 股份數目 '000 千股
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	計算每股基本盈利所用的普通股加權平均數	<b>3,913,151</b>	3,904,310
Weighted average number of ordinary shares, assuming issued at no consideration on the deemed exercise of all share options during the year	假設年內所有購股權獲行使並按無代價發行之普通股加權平均數	<b>8,125</b>	3,691
Adjustments for share award scheme	就股票獎勵計劃作出的調整	<b>2,605</b>	1,665
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation	計算每股攤薄盈利所用的普通股加權平均數	<b>3,923,881</b>	3,909,666

31 December 2019 於二零一九年十二月三十一日

## 15. PROPERTY, PLANT AND EQUIPMENT

## 15. 物業、廠房及設備

		Buildings					Total
		Freehold land structures	Plant and machinery	Office equipment	Motor vehicles		
		永久業權 土地	房屋及 建築物	廠房及機器	辦公設備	運輸設備	總計
		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
<b>At 1 January 2019</b>	於二零一九年一月一日						
Cost	成本	51,871	8,538,763	16,957,138	1,438,503	154,467	27,140,742
Accumulated depreciation and impairment	累計折舊及減值	—	(2,434,394)	(9,134,906)	(722,679)	(114,839)	(12,406,818)
Net carrying amount	賬面淨值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
At 1 January 2019, net of accumulated depreciation and impairment	於二零一九年一月一日， 扣減累計折舊及減值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
Additions	添置	—	153,393	246,155	214,123	2,706	616,377
Transfers from construction in progress (note 16)	轉撥自在建工程(附註16)	—	260,841	1,565,299	56,423	2,998	1,885,561
Transfers to construction in progress (note 16)	轉撥至在建工程(附註16)	—	(2,691)	(27,117)	—	—	(29,808)
Transfers from investment properties (note 17)	轉撥自投資物業(附註17)	—	38,670	—	—	—	38,670
Transfers to investment properties (note 17)	轉撥至投資物業(附註17)	—	(42,470)	—	—	—	(42,470)
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	—	222,677	413,662	11,160	489	647,988
Disposal of subsidiaries (note 46)	出售子公司(附註46)	—	(2,589,814)	(1,956,542)	(109,922)	(16,998)	(4,673,276)
Disposals	出售	—	(40,169)	(62,570)	(9,266)	(1,062)	(113,067)
Impairment (note 6)	減值(附註6)	—	(3,779)	(37,435)	(540)	—	(41,754)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	—	(438,774)	(1,260,071)	(235,518)	(11,441)	(1,945,804)
Exchange realignment	匯兌調整	1,150	7,117	17,985	109	—	26,361
At 31 December 2019, net of accumulated depreciation and impairment	於二零一九年 十二月三十一日， 扣減累計折舊及減值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702
At 31 December 2019	於二零一九年 十二月三十一日						
Cost	成本	53,021	6,077,187	15,981,711	1,412,369	92,593	23,616,881
Accumulated depreciation and impairment	累計折舊及減值	—	(2,407,817)	(9,260,113)	(769,976)	(76,273)	(12,514,179)
Net carrying amount	賬面淨值	53,021	3,669,370	6,721,598	642,393	16,320	11,102,702

## NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2019 於二零一九年十二月三十一日

## 15. PROPERTY, PLANT AND EQUIPMENT

(continued)

## 15. 物業、廠房及設備 (續)

		Freehold land 永久業權 土地 RMB'000 人民幣千元	Buildings and structures 房屋及 建築物 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Office equipment 辦公設備 RMB'000 人民幣千元	Motor vehicles 運輸設備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2018</b>	<b>於二零一八年一月一日</b>						
Cost	成本	52,286	6,962,988	15,465,453	1,173,131	152,884	23,806,742
Accumulated depreciation and impairment	累計折舊及減值	—	(2,062,325)	(8,352,506)	(561,671)	(114,786)	(11,091,288)
Net carrying amount	賬面淨值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454
At 1 January 2018, net of accumulated depreciation and impairment	於二零一八年一月一日· 扣減累計折舊及減值	52,286	4,900,663	7,112,947	611,460	38,098	12,715,454
Additions	添置	—	191,416	447,238	254,993	10,120	903,767
Transfers from construction in progress (note 16)	轉撥自在建工程(附註16)	—	484,052	1,042,581	47,345	4,478	1,578,456
Transfers to construction in progress (note 16)	轉撥至在建工程(附註16)	—	(6,687)	(69,191)	(16)	—	(75,894)
Transfers to investment properties (note 17)	轉撥至投資物業(附註17)	—	(18,389)	—	—	—	(18,389)
Acquisition of subsidiaries	收購子公司	—	958,141	508,710	23,915	1,296	1,492,062
Disposals	出售	—	(15,358)	(85,413)	(11,975)	(988)	(113,734)
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	—	(386,647)	(1,128,909)	(209,877)	(13,373)	(1,738,806)
Exchange realignment	匯兌調整	(415)	(2,822)	(5,731)	(21)	(3)	(8,992)
At 31 December 2018, net of accumulated depreciation and impairment	於二零一八年 十二月三十一日· 扣減累計折舊及減值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924
At 31 December 2018	於二零一八年 十二月三十一日						
Cost	成本	51,871	8,538,763	16,957,138	1,438,503	154,467	27,140,742
Accumulated depreciation and impairment	累計折舊及減值	—	(2,434,394)	(9,134,906)	(722,679)	(114,839)	(12,406,818)
Net carrying amount	賬面淨值	51,871	6,104,369	7,822,232	715,824	39,628	14,733,924

31 December 2019 於二零一九年十二月三十一日

**15. PROPERTY, PLANT AND EQUIPMENT**

(continued)

- (a) Certain property, plant and equipment of the Group with net book values of approximately RMB75,957,000 (2018: Nil) as at 31 December 2019 have been pledged to secure the short term bank loans (note 33). Certain property, plant and equipment of the Group with net book values of approximately RMB37,029,000 as at 31 December 2018 have been pledged to secure the long term payables (note 36).

Certain property, plant and equipment of the Group with net book values of approximately RMB734,297,000 as at 31 December 2018 have been pledged to secure the long term bank loans (note 33).

- (b) The Group leases its ranch facilities included in property, plant and equipment with a net book value of approximately RMB19,299,000 (2018: RMB37,700,000) to independent third parties under operating lease arrangements, with lease terms ranging from one to three years (2018: five to eight years) (note 18).

**15. 物業、廠房及設備 (續)**

- (a) 本集團若干於二零一九年十二月三十一日賬面淨值約人民幣75,957,000元(二零一八年：無)的物業、廠房及設備已經用作短期銀行貸款(附註33)的抵押品。本集團若干於二零一八年十二月三十一日賬面淨值約人民幣37,029,000元的物業、廠房及設備已經用作本集團獲得長期應付款項(附註36)的抵押品。

本集團若干於二零一八年十二月三十一日賬面淨值約人民幣734,297,000元的物業、廠房及設備則用作長期銀行貸款(附註33)的抵押品。

- (b) 本集團根據經營租賃安排向若干獨立第三方租賃其列入物業、廠房及設備的牧場設施的賬面淨值約人民幣19,299,000元(二零一八年：人民幣37,700,000元)，租賃為期一年至三年(二零一八年：五年至八年)(附註18)。

31 December 2019 於二零一九年十二月三十一日

**16. CONSTRUCTION IN PROGRESS**

Movements of construction in progress are as follows:

**16. 在建工程**

本集團的在建工程變動如下：

		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
Carrying amount at beginning of year	年初賬面值	<b>2,203,125</b>	1,363,399
Additions during the year	年內添置	<b>2,889,639</b>	2,392,160
Transfers from property, plant and equipment (note 15)	轉撥自物業、廠房及設備 (附註15)	<b>29,808</b>	75,894
Transfers to property, plant and equipment (note 15)	轉撥至物業、廠房及設備 (附註15)	<b>(1,885,561)</b>	(1,578,456)
Transfers to other intangible assets (note 20)	轉撥至其他無形資產 (附註20)	<b>(98,311)</b>	(85,691)
Impairment (note 6)	減值(附註6)	<b>(1,653)</b>	—
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	<b>21,822</b>	35,850
Disposal of subsidiaries (note 46)	出售子公司(附註46)	<b>(927,720)</b>	—
Exchange realignment	匯兌調整	<b>184</b>	(31)
Carrying amount at end of year	年終賬面值	<b>2,231,333</b>	2,203,125



31 December 2019 於二零一九年十二月三十一日

## 17. INVESTMENT PROPERTIES

## 17. 投資物業

		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
At 1 January, net of accumulated depreciation	於一月一日，扣減累計折舊	<b>73,785</b>	59,333
Transfers from property, plant and equipment (note 15)	轉撥自物業、廠房及設備(附註15)	<b>42,470</b>	18,389
Transfers to property, plant and equipment (note 15)	轉撥至物業、廠房及設備(附註15)	<b>(38,670)</b>	—
Depreciation provided during the year (note 7)	年內折舊撥備(附註7)	<b>(4,037)</b>	(3,937)
At 31 December, net of accumulated depreciation	於十二月三十一日，扣減累計折舊	<b>73,548</b>	73,785
At 31 December Cost	於十二月三十一日 成本	<b>95,337</b>	93,344
Accumulated depreciation	減累計折舊	<b>(21,789)</b>	(19,559)
Net carrying amount	賬面淨值	<b>73,548</b>	73,785

The fair value of the investment properties, as determined by the directors of the Company, based on the market approach with reference to market transaction prices of similar properties, taking into account other factors, i.e., characteristics of the properties and locations, was estimated to be approximately RMB167,074,000 as at 31 December 2019 (2018: RMB156,275,000).

投資物業公允值於二零一九年十二月三十一日估計約為人民幣167,074,000元(二零一八年：人民幣156,275,000元)，該公允值由本公司董事根據市場法及參考類似物業的市場交易價格釐定，並已計及其他因素，即物業特質及地點等。

31 December 2019 於二零一九年十二月三十一日

## 17. INVESTMENT PROPERTIES (continued)

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

## 17. 投資物業 (續)

### 公允價值層級

下表載列有關本集團投資物業的公允價值計量等級：

		Fair value measurements as at 31 December 2019 using 於二零一九年十二月三十一日使用的公允價值計量			
		Quoted prices in active markets (Level 1) 活躍市場的 報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允價值計量：				
Commercial properties	商用物業	—	—	167,074	167,074

		Fair value measurements as at 31 December 2018 using 於二零一八年十二月三十一日使用的公允價值計量			
		Quoted prices in active markets (Level 1) 活躍市場的 報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Fair value measurement for:	就下列各項的公允價值計量：				
Commercial properties	商用物業	—	—	156,275	156,275

During the year, there were no transfers into or out of Level 3 (2018: Nil).

年內，概無轉入第三級或自第三級轉出(二零一八年：無)。

31 December 2019 於二零一九年十二月三十一日

**18. LEASES****The Group as a lessee**

The Group has lease contracts for various items of building and structures, plant and machinery, motor vehicles, office equipment and land use rights used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of approximately 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of building and structures generally have lease terms between 1 and 30 years, plant and machinery and office equipment generally have lease terms between 1 and 6 years, while motor vehicles generally have lease terms between 2 and 4 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

**(a) Land use rights (before 1 January 2019)****18. 租賃****本集團作為承租人**

本集團擁有用於營運的房屋及建築物、廠房及機器、運輸設備、辦公設備及土地使用權中多個項目的租賃合約。已預先作出一次性付款以向業主收購租賃土地，租期為約50年，且根據該等土地租賃的條款，將不會繼續支付任何款項。房屋及建築物的租期一般介乎一至三十年，廠房及機器及辦公設備的租期一般介乎一至六年，而運輸設備的租期一般介乎二至四年。其他設備的租賃期限通常為12個月或以下及／或個別為低價值。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

**(a) 土地使用權(於二零一九年一月一日之前)**

		2018 二零一八年 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面值	1,079,575
Additions during the year	於年內添置	20,665
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	78,293
Disposal	出售	(3,708)
Amortisation provided during the year (note 7)	於年內計提的攤銷(附註7)	(28,843)
Carrying amount at end of year	年末賬面值	1,145,982
Current portion included in prepayments, other receivables and other assets under current assets (note 29)	計入預付款項、其他應收款項及其他流動資產項下資產的即期部分(附註29)	25,316
Non-current portion	非即期部分	1,120,666
		1,145,982

31 December 2019 於二零一九年十二月三十一日

**18. LEASES** (continued)

**The Group as a lessee** (continued)

**(b) Right-of-use assets**

The carrying amount of right-of-use assets of the Group and the movements during the year are as follows:

		Right-of-use assets 使用權資產					
		Building and structures 房屋及 建築物	Plant and machinery 廠房及機器	Office equipment 辦公設備	Motor vehicles 運輸設備	Land use rights 土地使用權	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>As at 1 January 2019 (note 2.2)</b>	於二零一九年一月一日 (附註2.2)	59,319	273,032	15,771	462	1,335,685	1,684,269
Additions	添置	116,940	246,992	809	1,224	263,462	629,427
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	14,567	—	—	106	67,036	81,709
Depreciation charge (note 7)	折舊開支(附註7)	(52,616)	(119,272)	(7,955)	(348)	(39,877)	(220,068)
Disposal of subsidiaries (note 46)	出售子公司(附註46)	—	(628)	(8,189)	—	(468,799)	(477,616)
Exchange difference	匯兌差額	34	43	—	10	—	87
<b>As at 31 December 2019</b>	於二零一九年 十二月三十一日	<b>138,244</b>	<b>400,167</b>	<b>436</b>	<b>1,454</b>	<b>1,157,507</b>	<b>1,697,808</b>

**18. 租賃** (續)

**本集團作為承租人** (續)

**(b) 使用權資產**

本集團年內使用權資產的賬面值及變動如下：

31 December 2019 於二零一九年十二月三十一日

**18. LEASES** (continued)**The Group as a lessee** (continued)**(c) Lease liabilities**

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) of the Group and the movements during the year are as follows:

		2019 二零一九年 Lease Liabilities 租賃負債 RMB'000 人民幣千元
Carrying amount at 1 January (note 2.2)	於一月一日的賬面值(附註2.2)	<b>388,525</b>
New leases	新租賃	<b>416,967</b>
Additions as a result of acquisition of a subsidiary	收購一間子公司導致的增加	<b>15,117</b>
Accretion of interest recognised during the year (note 8)	期內已確認利息增幅(附註8)	<b>19,153</b>
Reductions as a result of disposal of subsidiaries	出售子公司導致的減少	<b>(76,733)</b>
Payments	付款	<b>(263,627)</b>
Carrying amount at 31 December (note 33)	於十二月三十一日的賬面值(附註33)	<b>499,402</b>
Analysed into:	分析為:	
Current portion	流動部分	<b>174,942</b>
Non-current portion	非流動部分	<b>324,460</b>

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

租賃負債的到期分析於財務報表附註33披露。

31 December 2019 於二零一九年十二月三十一日

**18. LEASES** (continued)

**The Group as a lessee** (continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

		2019 二零一九年 RMB'000 人民幣千元
Interest on lease liabilities (note 8)	租賃負債利息(附註8)	19,153
Depreciation charge of right-of-use assets (note 7)	使用權資產折舊開支(附註7)	220,068
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (note 7(b))	與短期租賃及餘下租期於二零一九十二月三十一日或之前屆滿的其他租賃有關的開支(附註7(b))	201,200
Expense relating to leases of low-value assets (note 7(b))	與低價值資產的租賃有關的開支(附註7(b))	25,002
Variable lease payments not included in the measurement of lease liabilities (note 7(b))	未計入租賃負債計量的可變租賃款項(附註7(b))	38,131
<b>Total amount recognised in profit or loss</b>	<b>於損益確認的款項總額</b>	<b>503,554</b>

(e) **Variable lease payments**

The Group leased a number of the warehouses which contain variable lease payment terms that are based on the Group's actual usage area in the warehouses. There are also minimum annual base rental arrangements for these leases. The Group has recognised certain right-of-use assets for the fixed lease payments. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

(f) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 48 to the financial statements.

**18. 租賃** (續)

**本集團作為承租人** (續)

(d) 於損益中確認的租賃相關款項如下：

(e) **可變租賃款項**

本集團租賃多個倉庫，該等租賃包含以本集團於該等倉庫的實際使用面積為基礎的可變租賃款項條款。該等租賃亦設有最低年度基本租金安排。本集團已就固定租賃款項確認若干使用權資產。並不依賴指數或利率的可變租賃款項將於導致付款的事件或條件發生的期間確認為支出。

(f) 與尚未開始的租賃有關的租賃現金流出總額及未來現金流出於財務報表附註48披露。

31 December 2019 於二零一九年十二月三十一日

**18. LEASES** (continued)**The Group as a lessee** (continued)

(a) Certain land use rights in right-of-use assets of the Group with net book values of approximately RMB9,439,000 (2018: RMB12,225,000) as at 31 December 2019 have been pledged to secure short term bank loans (note 33). Certain land use right of the Group with net book values of approximately RMB103,481,000 as at 31 December 2018 have been pledged to secure long term bank loans (note 33).

**The Group as a lessor**

The Group leases its property, plant and equipment and investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB43,666,000 (2018: RMB49,280,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

		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
Within one year	一年內	22,675	2,473
In the second to fifth years, inclusive	兩至五年(包括首尾兩年)	36,003	7,293
Over five years	五年以上	3,810	2,000
		<b>62,488</b>	11,766

**18. 租賃** (續)**本集團作為承租人** (續)

(a) 本集團若干於二零一九年十二月三十一日賬面淨值約人民幣9,439,000元(二零一八年:人民幣12,225,000元)的使用權資產中的土地使用權已經用作短期銀行貸款(附註33)的抵押品。本集團若干於二零一八年十二月三十一日賬面淨值約人民幣103,481,000元的土地使用權已經用作獲得長期銀行貸款(附註33)的抵押品。

**本集團作為出租人**

本集團根據經營租賃安排出租其物業、廠房及機器及投資物業。該等租賃的條款一般要求租戶支付擔保按金並根據現行市況進行定期租金調整。年內本集團確認的租金收入為人民幣43,666,000元(二零一八年:人民幣49,280,000元),有關詳情載於財務報表附註5。

於二零一九年十二月三十一日,根據不可撤銷經營租賃,本集團日後應收其租戶的未貼現租賃款項如下:

31 December 2019 於二零一九年十二月三十一日

## 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
Carrying amount at 1 January	於一月一日的賬面值	<b>4,681,492</b>	4,532,899
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	<b>2,688,283</b>	161,691
Disposal of subsidiaries (note 46)	出售子公司(附註46)	<b>(356,349)</b>	(13,098)
Impairment during the year (notes 6 & 21)	年內減值(附註6及21)	<b>(2,363,909)</b>	—
Exchange realignment	匯兌調整	<b>69,140</b>	—
Carrying amount at 31 December	於十二月三十一日的 賬面值	<b>4,718,657</b>	4,681,492
At 31 December Cost	於十二月三十一日 成本	<b>9,336,360</b>	6,935,286
Accumulated impairment	累計減值	<b>(4,617,703)</b>	(2,253,794)
Carrying amount at 31 December	於十二月三十一日的 賬面值	<b>4,718,657</b>	4,681,492

During 2019, the Group acquired a 100% equity interest in Bellamy at cash consideration of RMB6,934,372,000. The business acquisition gave rise to goodwill of RMB2,615,250,000. The Group also acquired seven other companies engaging in the sale of dairy products activities during 2019. The total purchase consideration for these acquisitions was in the form of cash of RMB27,837,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB73,033,000 in total. Further details of the acquisition are included in note 45 to the financial statements.

During 2019, the Group disposed of Junlebao for an aggregate cash consideration of approximately RMB4,011,319,000 (note 46).

於二零一九年，本集團以人民幣6,934,372,000元的現金代價收購貝拉米的全部股權。該業務收購產生商譽人民幣2,615,250,000元。本集團亦於二零一九年收購其他七家公司，主要從事銷售乳產品。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣27,837,000元。該等業務收購合共產生商譽人民幣73,033,000元。有關收購的進一步詳情載於財務報表附註45。

於二零一九年，本集團以現金代價總額約人民幣4,011,319,000元出售君樂寶(附註46)。



31 December 2019 於二零一九年十二月三十一日

**19. GOODWILL** (continued)

On 10 April 2018, the Group acquired 50% equity interests in Modern Dairy (Bengbu) Co., Ltd. ("Modern Dairy (Bengbu)") and Modern Dairy (Feidong) Co., Ltd. ("Modern Dairy (Feidong)"). Since the Group held more than 50% of the voting right in the shareholder meeting of Modern Dairy (Bengbu) and Modern Dairy (Feidong), the Group controlled Modern Dairy (Bengbu) and Modern Dairy (Feidong) after the acquisition. The business combination gave rise to goodwill of RMB346,000. Further details of the acquisition are included in note 45 to the financial statements.

During 2018, Junlebao, a 51% indirectly owned subsidiary of the Group, acquired an additional 43.41% equity interest in Banner Dairy from third parties, increasing Junlebao's equity interest in Banner Dairy to 65.16%. The business acquisition gave rise to goodwill of RMB72,566,000. Further details of the acquisition are included in note 45 to the financial statements.

During 2018, Inner Mongolia Mengniu Founding Industry Management Co., Ltd. ("Founding"), a 100% indirectly owned subsidiary of the Group, acquired an additional 41% equity interest in Chongqing Mengniu Dairy Sales Co., Ltd. ("Chongqing Mengniu") from third party, increasing Founding's equity interest in Chongqing Mengniu to 90%. The business acquisition gave rise to goodwill of RMB72,959,000. Further details of the acquisition are included in note 45 to the financial statements.

During 2018, the Group acquired five subsidiaries and a sales operation of a sales company of the Group from third parties. These subsidiaries are mainly engaged in the sale of dairy products. The total purchase consideration for these acquisitions was in the form of cash of RMB63,860,000 paid at the acquisition date. These business acquisitions gave rise to goodwill of RMB15,820,000 in total.

As at 31 December 2019 and 2018, the goodwill was tested for impairment (note 21).

**19. 商譽** (續)

於二零一八年四月十日，本集團收購現代牧業(蚌埠)有限公司(「現代牧業(蚌埠)」)及現代牧業(肥東)有限公司(「現代牧業(肥東)」)的50%股權。由於本集團持有現代牧業(蚌埠)及現代牧業(肥東)於股東大會的投票權超過50%，因此本集團於收購後取得對現代牧業(蚌埠)及現代牧業(肥東)的控制權。該業務合併產生商譽人民幣346,000元。有關收購的進一步詳情載於財務報表附註45。

二零一八年內，本集團間接擁有51%權益的子公司君樂寶向第三方收購旗幟乳品額外43.41%權益，令君樂寶於旗幟乳品的權益增加至65.16%。該業務收購產生商譽人民幣72,566,000元。有關收購的進一步詳情載於財務報表附註45。

二零一八年內，本集團間接擁有100%股權的子公司內蒙古蒙牛方鼎產業管理有限責任公司(「方鼎」)向第三方增購重慶市蒙牛乳業銷售有限公司(「重慶蒙牛」)的41%股權，使得方鼎於重慶蒙牛的股權增至90%。此項業務收購產生商譽人民幣72,959,000元。此項收購的進一步詳情載於財務報表附註45。

二零一八年內，本集團自第三方收購五家子公司以及本集團的一家銷售機構的銷售業務。該等子公司主要從事銷售乳產品。該等收購的總收購代價以現金形式支付，於收購日期支付人民幣63,860,000元。該等業務收購合共產生商譽人民幣15,820,000元。

於二零一九年及二零一八年十二月三十一日，商譽已進行減值測試(附註21)。

31 December 2019 於二零一九年十二月三十一日

**20. OTHER INTANGIBLE ASSETS**

Movements of other intangible assets are as follows:

**20. 其他無形資產**

其他無形資產變動如下：

		Patents and licences 專利及 特許權 RMB'000 人民幣千元	Trademarks 商標 RMB'000 人民幣千元 Note a 附註 a	Computer software 電腦軟件 RMB'000 人民幣千元	Distribution channels and customer relationships 分銷渠道及 客戶關係 RMB'000 人民幣千元 Note b 附註 b	Total 總計 RMB'000 人民幣千元
Cost at 1 January 2019, net of accumulated amortisation	於二零一九年一月一日， 按成本值，扣減累計 攤銷	111	1,841,374	333,854	122,736	2,298,075
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	—	5,427,781	13,393	26,172	5,467,346
Additions	添置	—	—	68,172	—	68,172
Transfer from construction in progress (note 16)	轉撥自在建工程(附註16)	—	—	98,311	—	98,311
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(111)	—	(75,760)	(14,127)	(89,998)
Disposal of subsidiaries (note 46)	出售子公司(附註46)	—	(174,219)	(31,492)	—	(205,711)
Impairment during the year (note 6)	年內減值(附註6)	—	(191,165)	(4,870)	—	(196,035)
Exchange realignment	匯兌調整	—	142,243	320	692	143,255
At 31 December 2019	於二零一九年 十二月三十一日	—	7,046,014	401,928	135,473	7,583,415
At 31 December 2019	於二零一九年 十二月三十一日					
Cost	成本	5,480	7,252,869	622,837	172,487	8,053,673
Accumulated amortisation and impairment	累計攤銷及減值	(5,480)	(206,855)	(220,909)	(37,014)	(470,258)
Net carrying amount	賬面淨值	—	7,046,014	401,928	135,473	7,583,415
Cost at 1 January 2018, net of accumulated amortisation	於二零一八年一月一日， 按成本值，扣減累計 攤銷	390	1,841,374	274,743	77,394	2,193,901
Acquisition of subsidiaries	收購子公司	—	—	3,736	54,476	58,212
Additions	添置	167	—	31,730	—	31,897
Transfer from construction in progress (note 16)	轉撥自在建工程(附註16)	—	—	85,691	—	85,691
Amortisation provided during the year (note 7)	年內計提攤銷(附註7)	(446)	—	(57,285)	(9,134)	(66,865)
Impairment during the year (note 6)	年內減值(附註6)	—	—	(4,761)	—	(4,761)
At 31 December 2018	於二零一八年 十二月三十一日	111	1,841,374	333,854	122,736	2,298,075
At 31 December 2018	於二零一八年 十二月三十一日					
Cost	成本	5,480	1,857,064	519,512	145,623	2,527,679
Accumulated amortisation	累計攤銷	(5,369)	(15,690)	(185,658)	(22,887)	(229,604)
Net carrying amount	賬面淨值	111	1,841,374	333,854	122,736	2,298,075

31 December 2019 於二零一九年十二月三十一日

**20. OTHER INTANGIBLE ASSETS (continued)**

Notes:

- (a) As at 31 December 2019, there were six trademarks: one trademark acquired in 2007 at a cost of RMB15,690,000, which was stated at cost less any impairment losses and was amortised on the straight-line basis over its estimated useful life of 10 years; five trademarks acquired as part of business combination in 2013 at RMB1,366,000,000, in 2016 at RMB283,047,000 and RMB18,108,000 respectively, and in 2019 at RMB5,529,028,000 and RMB40,996,000 respectively, which were regarded as having indefinite useful lives because the trademarked products are expected to generate net cash inflows indefinitely. As at 31 December 2019, the five (2018: four) trademarks with indefinite useful lives were tested for impairment (note 21).
- (b) The exclusive right of distribution channels and customer relationships acquired in business combination were stated at cost less any impairment losses and were amortised on the straight-line basis over their estimated useful lives ranging from 5 to 15 years.

**21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES**

Goodwill and trademarks with indefinite useful lives acquired through business combinations have been allocated to the following cash-generating units (the “CGUs”) or groups of cash-generating units (the “CGU Groups”) for impairment testing:

- liquid milk products CGU Group;
- ice cream products CGU Group;
- milk powder products CGU Group;
- low temperature products CGU Group;
- Junlebao CGU Group; and
- Bellamy CGU Group.

**20. 其他無形資產 (續)**

附註：

- (a) 截至二零一九年十二月三十一日，商標共有六個：一個分別於二零零七年按成本人民幣15,690,000元收購，已按成本減去任何減值損失列賬及以直線法按其估計可使用年期十年攤銷；另外五個則為業務合併一部分，分別於二零一三年以人民幣1,366,000,000元、於二零一六年分別以人民幣283,047,000元及人民幣18,108,000元及於二零一九年分別以人民幣5,529,028,000元及人民幣40,996,000元收購，並因商標產品預期可以無限期產生淨現金流入而被視為擁有無限可使用年期。於二零一九年十二月三十一日，該五個(二零一八年：四個)無限使用年期的商標已進行減值測試(附註21)。
- (b) 業務合併取得的分銷渠道專營權及客戶關係按成本減任何減值虧損列賬並就其介乎5至15年的估計可使用年期按直線基準攤銷。

**21. 商譽及無限使用年期商標的減值測試**

透過業務合併取得的商譽及無限使用年期商標已分配至下列現金產生單位(「現金產生單位」)或現金產生單位組別(「現金產生單位組別」)作減值測試：

- 液態奶產品現金產生單位組別；
- 冰淇淋產品現金產生單位組別；
- 奶粉產品現金產生單位組別；
- 低溫產品現金產生單位組別；
- 君樂寶現金產生單位組別；及
- 貝拉米現金產生單位組別。

31 December 2019 於二零一九年十二月三十一日

## 21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

Goodwill and trademarks with indefinite useful lives included in other intangible assets allocated to each of the CGUs or CGU Groups are as follows:

## 21. 商譽及無限使用年期商標的減值測試 (續)

分配至各現金產生單位或現金產生單位組別並計入商譽及其他無形資產的無限可使用年期商標的總額如下：

		Liquid milk products 液態奶產品		Ice cream products 冰淇淋產品		Milk powder products 奶粉產品		Low temperature products 低溫產品		Junlebao 君樂寶		Bellamy 貝拉米		Others 其他		Total 總計	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Goodwill	商譽	349,890	342,130	72,317	72,317	3,685,029	3,685,029	226,157	226,157	-	355,859	2,684,390	-	64,783	-	7,082,566	4,681,492
Impairment	減值	-	-	-	-	(2,299,126)	-	-	-	-	-	-	-	(64,783)	-	(2,363,909)	-
		349,890	342,130	72,317	72,317	1,385,903	3,685,029	226,157	226,157	-	355,859	2,684,390	-	-	-	4,718,657	4,681,492
Trademarks	商標	40,996	-	18,108	18,108	1,649,047	1,649,047	-	-	-	174,219	5,529,028	-	-	-	7,237,179	1,841,374
Impairment	減值	-	-	(18,108)	-	(173,057)	-	-	-	-	-	-	-	-	-	(191,165)	-
		40,996	-	-	18,108	1,475,990	1,649,047	-	-	-	174,219	5,529,028	-	-	-	7,046,014	1,841,374
		390,886	342,130	72,317	90,425	2,861,893	5,334,076	226,157	226,157	-	530,078	8,213,418	-	-	-	11,764,671	6,522,866

The recoverable amount of each CGU or CGU Group has been determined based on value in use calculation using cash flow projections based on financial budgets or forecasts approved by senior management covering a five-year period.

Assumptions were used in the value in use calculation of each CGU or CGU Group for 31 December 2019 and 2018. The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing:

- (a) Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the three years immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- (b) Raw materials price fluctuation — Reference is made to the actual data of the past year of countries from where the raw materials are sourced.

各現金產生單位或現金產生單位組別的可收回金額已以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。

計算二零一九年及二零一八年十二月三十一日各現金產生單位或現金產生單位組別的使用價值時採用若干假設。管理層按現金流量預測進行減值測試所依據的各項主要假設詳述如下：

- (a) 預算毛利率 — 用於釐定預算毛利率價值的基準乃緊接預算年度前三年達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- (b) 原材料價格變動 — 參考原料採購國家往年實際數據。

31 December 2019 於二零一九年十二月三十一日

## 21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

- (c) Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant CGUs or CGU Groups.
- (d) Growth rates — The growth rates used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate of each unit taking into account the industry growth rate, past experience and the medium or long term growth target of each CGU or CGU Group.

The discount rates applied to cash flow projections and the growth rates used to extrapolate cash flows beyond the five-year period are as follows:

		Discount rate 折現率		Growth rate 增長率	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Liquid milk products CGU Group	液態奶產品現金產生單位組別	13.72%	14.90%	4.0%	4.0%
Ice cream products CGU Group	冰淇淋產品現金產生單位組別	13.69%	14.88%	3.0%	3.0%
Milk powder products CGU Group	奶粉產品現金產生單位組別	13.45%	12.62%	3.0%	3.0%
Low temperature products CGU Group	低溫產品現金產生單位組別	13.33%	17.84%	3.0%	3.0%
Junlebao CGU Group	君樂寶現金產生單位組別	n/a 不適用	13.93%	n/a 不適用	4.0%
Bellamy CGU Group	貝拉米現金產生單位組別	12.20%	n/a 不適用	2%	n/a 不適用

The values assigned to key assumptions are consistent with external information sources.

During 2019, the Group resolved to discontinue the production and sale of a branded product of ice cream products CGU Group and milk powder products CGU Group, respectively in the foreseeable future. Therefore the related trademarks amounting to RMB18,108,000 and RMB173,057,000, respectively had been fully impaired.

## 21. 商譽及無限使用年期商標的減值測試(續)

- (c) 折現率 — 所用折現率乃稅前並反映有關現金產生單位或現金產生單位組別的特定風險。
- (d) 增長率 — 用於推算五年期以後現金流量的增長率，乃以各單位的估計增長率為基準，並考慮行業增長率、過往經驗及各現金產生單位或現金產生單位組別的中長期增長目標計算所得。

用於現金流量預測的折現率及用於五年期以後現金流量推斷的增長率如下：

主要假設的價值與外部數據來源一致。

二零一九年內，本集團決定在可預見未來分別終止生產及銷售冰淇淋產品現金產生單位組別及奶粉產品現金產生單位組別的品牌產品。因此，相關商標人民幣18,108,000元及人民幣173,057,000元已分別悉數減值。

31 December 2019 於二零一九年十二月三十一日

## 21. IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIVES (continued)

During 2019, as the performance of the milk powder products CGU Group did not meet the expectation, the Group recognised an impairment loss of the goodwill directly related to the milk powder products CGU Group amounting to RMB2,299,126,000. The recoverable amount of the milk powder products CGU Group amounted to RMB7,403,579,000 as at 31 December 2019.

The sensitivity analysis for the milk powder products CGU Group on the key assumptions used in the calculation of value in use, taken individually, gives the following results:

## 21. 商譽及無限使用年期商標的減值測試 (續)

二零一九年內，由於奶粉產品現金產生單位組別業績未能達到預期，本集團確認金額為人民幣2,299,126,000元與奶粉產品現金產生單位組別直接有關的商譽減值虧損。於二零一九年十二月三十一日，奶粉產品現金產生單位的可收回金額為人民幣7,403,579,000元。

對計算奶粉產品現金產生單位組別的使用價值時所採用的多項主要假設分別進行的敏感度分析結果如下：

		Reasonably possible change 可能發生的合理變動	Additional impairment 額外減值 RMB'000 人民幣千元
Revenue growth rate	收入增長率	Decrease 2% 下降2%	(408,976)
Gross margin rate	毛利率	Decrease 1% 下降1%	(479,033)
Discount rate	折現率	Increase 1% 上升1%	(481,333)

Except for the milk powder products CGU Group, in the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the CGU's or CGU Group's carrying amount to exceed its recoverable amount.

本公司董事認為，除奶粉產品現金產生單位組別外，可收回金額所基於的主要假設的任何可能發生的合理變動均不會導致現金產生單位或現金產生單位組別的賬面值超出其可收回金額。

31 December 2019 於二零一九年十二月三十一日

## 22. INVESTMENTS IN A JOINT VENTURE

## 22. 於一家合營企業的投資

		2019 二零一九年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	97,478
Goodwill on acquisition	收購獲得的商譽	43,362
		<b>140,840</b>

The Group's trade receivable and payable balances with the joint venture are disclosed in note 50 to the financial statements.

本集團與合營企業之間的應收賬款及應付賬款結餘於財務報表附註50中披露。

The following table illustrates the financial information of the joint venture, extracted from the unaudited management account, which is not individually material:

下表列示合營企業(個別而言並不重大)的財務資料(摘錄自未經審核管理賬目):

		2019 二零一九年 RMB'000 人民幣千元
The carrying amount of the Group's investments in the joint venture	本集團於合營企業投資的賬面值	<b>140,840</b>
Share of the joint venture's revenue and loss:	分佔合營企業收入及利潤:	
Revenue	收入	<b>861</b>
Loss for the year	本年虧損	<b>(9,160)</b>
Total comprehensive loss for the year	年度全面虧損總額	<b>(9,160)</b>

The above joint venture has been accounted for using the equity method in these financial statements.

上述所有合營企業已採用權益法於財務報表內處理。

31 December 2019 於二零一九年十二月三十一日

### 23. INVESTMENTS IN ASSOCIATES

### 23. 於聯營公司的投資

		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
Share of net assets	應佔淨資產	<b>5,398,985</b>	5,163,930
Goodwill on acquisition	收購獲得的商譽	<b>1,952,280</b>	2,038,433
		<b>7,351,265</b>	7,202,363

The Group's trade receivable and payable balances with associates are disclosed in note 50 to the financial statements.

本集團與聯營公司之間的應收賬款及應付賬款結餘於財務報表附註50中披露。

Particulars of the material associate are as follows:

重要聯營公司的詳情如下：

Name 名稱	Particulars of issued shares held 持有已發行股份詳情	Place of incorporation/ registration/ and business 註冊成立/ 註冊及營業地點	Percentage of equity interest attributable to the Group (indirect) 本集團應佔的股權百分比 (間接)		Principal activity 主要業務
			2019 二零一九年	2018 二零一八年	
China Modern Dairy Holdings Ltd. (i) 中國現代牧業控股有限公司(i)	Ordinary shares of HK\$0.1 each 每股面值0.1港元 的普通股	Cayman Islands 開曼群島	<b>58.15%</b>	60.77%	Production and sale of milk 生產及銷售牛奶

(i) Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

(i) 未經香港安永會計師事務所或安永全球網絡的其他成員公司審核。



31 December 2019 於二零一九年十二月三十一日

**23. INVESTMENTS IN ASSOCIATES** (continued)

China Modern Dairy, which is considered a material associate of the Group, is a strategic partner of the Group mainly engaged in the manufacture and distribution of raw milk and liquid milk products.

As at 31 December 2016, the Group held 1,347,903,000 shares of China Modern Dairy, representing approximately 25.41% of the issued share capital and accounted for China Modern Dairy as an associate using the equity method.

On 7 February 2017, the Group acquired additional 965,465,750 shares in China Modern Dairy at a cash consideration of HK\$1,873,003,555 (equivalent to RMB1,662,834,000), which is equivalent to HK\$1.94 per share. As such, up to 7 February 2017, the Group owned an aggregate of 2,313,368,750 shares of China Modern Dairy, representing approximately 37.73% of the issued share capital. Accordingly, pursuant to the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong, the Group was required to make a conditional mandatory cash offer (i) for all the issued shares in China Modern Dairy (other than those already owned or agreed to be acquired by the Group) (the "Share Offer"), and (ii) for the cancellation of all outstanding share options of China Modern Dairy (the "Option Offer", together with the Share Offer referred to as the "Cash Offer") on 14 February 2017. On the final closing date of the Cash Offer on 21 March 2017, valid acceptances of the Share Offer have been received in respect of 1,442,400,662 shares and valid acceptances of the Option Offer have been received in respect of 264,320,873 options, with a total cash consideration of HK\$2,846,376,965 (equivalent to RMB2,526,985,000). Accordingly, after the completion of the Cash Offer, the Group held an aggregate of 3,755,769,412 shares of China Modern Dairy, representing approximately 61.25% of the issued share capital. Upon completion of the Cash Offer, two additional directors representing the Company were appointed to the board of directors of China Modern Dairy. As a result, three out of a total of nine directors of China Modern Dairy represented the Company.

**23. 於聯營公司的投資** (續)

中國現代牧業被視為本集團重要聯營公司，為本集團主要從事原奶和液態奶產品生產及經銷業務的策略夥伴。

於二零一六年十二月三十一日，本集團持有1,347,903,000股中國現代牧業股份，佔已發行股本約25.41%，並已將中國現代牧業作為一家聯營公司以權益法入賬。

於二零一七年二月七日，本集團收購中國現代牧業額外965,465,750股股份，現金代價為1,873,003,555港元（相當於人民幣1,662,834,000元），相當於每股股份1.94港元。因此，直至二零一七年二月七日，本集團擁有合共2,313,368,750股中國現代牧業股份，佔已發行股本約37.73%。因此，根據香港證券及期貨事務監察委員會頒佈的《公司收購及合併守則》，本集團須於二零一七年二月十四日就(i)收購全部已發行中國現代牧業股份（本集團已擁有或同意收購的股份除外）（「股份要約」），及(ii)註銷所有尚未行使的中國現代牧業購股權（「購股權要約」，連同股份要約合稱為「現金要約」）提出有條件強制性現金要約。於現金要約最後截止日期，即二零一七年三月二十一日，涉及1,442,400,662股股份之股份要約接獲有效接納，以及涉及264,320,873份購股權之購股權要約接獲有效接納，總現金代價為2,846,376,965港元（相當於人民幣2,526,985,000元）。因此，於現金要約完成後，本集團持有合共3,755,769,412股中國現代牧業股份，佔已發行股本約61.25%。於完成現金要約後，額外兩名代表本公司的董事獲委任加入中國現代牧業的董事會。因此，在合共九名中國現代牧業董事中的其中三名代表本公司。

31 December 2019 於二零一九年十二月三十一日

**23. INVESTMENTS IN ASSOCIATES** (continued)

On 6 June 2017, the Company issued US\$194,800,000 zero coupon exchangeable bonds due 2022 (the "Exchangeable Bonds"), which are exchangeable into 689,438,782 shares of China Modern Dairy at the notional exchange price of HK\$2.1995 per share, representing approximately 11.24% of the issued share capital, together with adjustment for all cash dividends or distribution paid by China Modern Dairy from 6 June 2017 to the exchange date. In connection with the issuance of the Exchangeable Bonds, the Company, as lender, lent to BOCI Financial Products Limited, as borrower, 689,438,782 shares of China Modern Dairy in aggregate (the "Loaned Securities"), which represented approximately 11.24% of the issued share capital, of China Modern Dairy in accordance with a securities lending agreement (the "Securities Lending Agreement"). Upon the effectiveness of the Securities Lending Agreement, voting rights in relation to the loaned securities pass from the lender to the borrower.

On 29 August 2017, the Group disposed of 30,000,000 shares of China Modern Dairy, representing approximately 0.49% of the issued share capital, for a cash consideration of HK\$41,400,000 (equivalent to RMB35,082,000), resulting in a loss of RMB18,204,000 recognised in profit or loss. Consequently, the Group held an aggregate of 3,725,769,412 shares of China Modern Dairy, representing approximately 60.77% of the issued share capital.

On 20 September 2019, China Modern Dairy entered into a subscription agreement to conditionally allot and issue for 276,228,409 subscription shares to a third party. Upon completion of the relevant agreement, the Group held approximately 58.15% of the issued share capital of China Modern Dairy.

**23. 於聯營公司的投資** (續)

於二零一七年六月六日，本公司發行194,800,000美元的於二零二二年到期的零息可交換債券(「可交換債券」)，其可按照名義交換價(每股股份2.1995港元)轉換為689,438,782股中國現代牧業股份(佔已發行股本約11.24%)，連同就由二零一七年六月六日至轉換日期間中國現代牧業的所有已付現金股息或分派作出調整。就發行可交換債券，根據一份借股協議(「借股協議」)，本公司(作為出借方)向中銀國際金融產品有限公司(作為借方)出借合共689,438,782股中國現代牧業股份(「借出證券」)，佔中國現代牧業已發行股本約11.24%。自借股協議生效起，借出證券的投票權應由出借方轉讓予借方。

於二零一七年八月二十九日，本集團出售30,000,000股中國現代牧業股份(佔已發行股本約0.49%)，現金代價為41,400,000港元(相當於人民幣35,082,000元)。導致人民幣18,204,000元虧損於損益確認。因此，本集團持有合共3,725,769,412股中國現代牧業股份(佔已發行股本約60.77%)。

於二零一九年九月二十日，中國現代牧業與第三方訂立認購協議，並有條件同意配發及發行276,228,409股認購股份。於相關協議完成後，本集團持有約58.15%中國現代牧業已發行股本。

31 December 2019 於二零一九年十二月三十一日

**23. INVESTMENTS IN ASSOCIATES** (continued)

Aggregating the effect of the Group's shareholdings of 58.15% (2018: 60.77%), the potential voting rights of 10.76% (2018: 11.24%) shares underlying the Exchangeable Bonds when exchanged and the outstanding vested management share options (which, when exercised, shall result in issuance of 50,930,832 ordinary shares of China Modern Dairy at the exercise price of HK\$0.86 per share, representing approximately 0.79% (2018: 0.82%) of the enlarged issued share capital), management is of the opinion that the Group has less than 50% substantive voting rights over China Modern Dairy.

When assessing whether the Group controls China Modern Dairy, management considered all facts and circumstances, including but not limited to the substantive voting rights over China Modern Dairy, the voting rights attached to the Loaned Securities and their inability to be exercised by the Group, and the Group's representation on the board of directors in China Modern Dairy. Taking into account these factors, management's judgement is that upon completion of the above mentioned series of linked transactions, the Group has no control over China Modern Dairy. Accordingly, China Modern Dairy continues to be accounted for as an associate using the equity method.

The following table illustrates the summarised financial information of China Modern Dairy extracted from its financial statements, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements.

**23. 於聯營公司的投資** (續)

經計及本集團所持58.15%股權(二零一八年: 60.77%)、可交換債券轉換後的10.76%股份的潛在投票權(二零一八年: 11.24%)及尚未行使的已歸屬管理層購股權(倘獲行使按每股0.86港元的行使價應導致發行中國現代牧業50,930,832股普通股,佔經擴大已發行股本約0.79%(二零一八年: 0.82%))之影響,管理層判定本集團持有的中國現代牧業的實質性投票權少於50%。

在評估本集團是否控制中國現代牧業時,管理層審議了所有事實及情況,包括但不限於中國現代牧業的實質性投票權、借出證券所附有投票權及其將無法由本集團行使,及本集團於中國現代牧業董事會的代表。經考慮此等因素,管理層判定在上述一系列連鎖交易完成後,本集團對中國現代牧業並無控制權。因此,中國現代牧業繼續作為一家聯營公司以權益法入賬。

下表列示中國現代牧業的財務資料概要(摘錄自其財務報表,並按會計政策之任何差別作調整)及與綜合財務報表賬面值的對賬。

		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	<b>2,898,988</b>	2,608,501
Non-current assets	非流動資產	<b>12,825,205</b>	13,337,028
Current liabilities	流動負債	<b>(6,436,874)</b>	(6,492,314)
Non-current liabilities	非流動負債	<b>(2,079,618)</b>	(2,899,082)
Net assets	淨資產	<b>7,207,701</b>	6,554,133
Less: Non-controlling interests	減: 非控股股東權益	<b>(126,184)</b>	(108,838)
Attributable to owners of China Modern Dairy	中國現代牧業擁有人應佔	<b>7,081,517</b>	6,445,295

31 December 2019 於二零一九年十二月三十一日

## 23. INVESTMENTS IN ASSOCIATES (continued)

## 23. 於聯營公司的投資 (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
Reconciliation to the Group's interest in the associate:	本集團於聯營公司的權益調整如下：		
Proportion of the Group's ownership	本集團擁有權所佔比例	<b>58.15%</b>	60.77%
Group's share of net assets attributable to owners of the associate, excluding goodwill	本集團分佔聯營公司擁有人應佔資產淨值，不包括商譽	<b>4,077,631</b>	3,916,806
Group's share of net assets of an unlisted subsidiary of the associate, excluding goodwill	本集團分佔聯營公司一間非上市子公司的資產淨值，不包括商譽	<b>112,684</b>	97,200
Goodwill on acquisition	收購獲得的商譽	<b>1,912,136</b>	1,998,289
Effect of fair value adjustments at acquisition	收購時的公允值調整影響	<b>(24,354)</b>	(29,579)
Exchange realignment	匯兌調整	<b>224,053</b>	193,320
Less: Equity-settled share-based payment transactions not shared by the Group	減：本集團未分佔的以權益結算的股份支付交易	<b>27,224</b>	34,804
Carrying amount of the investment	投資賬面值	<b>6,329,374</b>	6,210,840
Revenue	收入	<b>5,514,210</b>	4,956,811
Profit/(loss) for the year	本年收益/(虧損)	<b>349,857</b>	(506,173)
Other comprehensive income/(loss) for the year	年度其他全面收益/(虧損)總額	<b>1,451</b>	(11,526)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	<b>351,308</b>	(517,699)
Dividend received	已收股息	—	—

A significant shortfall in the share price of China Modern Dairy compared to the average purchase price paid by the Group for its shareholding had constituted an indication of impairment. Accordingly, the carrying amount of the investment in China Modern Dairy was subject to an impairment test based on estimated future cash flows.

中國現代牧業的股價較本集團就其股權所支付的平均購買價顯著下跌。因此，於中國現代牧業的投資賬面值根據估計未來現金流量進行減值測試。

31 December 2019 於二零一九年十二月三十一日

**23. INVESTMENTS IN ASSOCIATES** (continued)

The assumptions used for the discount rate and perpetual growth rate were 11.50% (2018: 11.50%) and 3.00% (2018: 3.00%), respectively. In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the value in use is based would not cause the impairment of Group's investment in China Modern Dairy.

The following table illustrates the aggregate financial information of the Group's all other associates, extracted from their unaudited management accounts, that are not individually material:

**23. 於聯營公司的投資** (續)

折現率及永續增長率分別假設為11.50% (二零一八年：11.50%) 及3.00% (二零一八年：3.00%)。本公司董事認為，根據所使用數值的主要假設中出現任何合理可能變動將不會造成本集團於中國現代牧業的投資減值。

下表顯示本集團所有其他聯營公司(個別而言並不重大)的財務資料總述(摘錄自其未經審核管理賬目)：

		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
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司投資的賬面值總額	<b>1,021,891</b>	991,523
Share of the associates' revenues and profits:	分佔聯營公司收入及利潤：		
Revenues	收入	<b>1,666,303</b>	1,497,841
Profit for the year	本年利潤	<b>61,481</b>	22,741
Other comprehensive income/(loss) for the year	本年其他全面收益／(虧損)	<b>4,003</b>	(14,304)
Total comprehensive income for the year	年度全面收益總額	<b>65,484</b>	8,437

All the above associates have been accounted for using the equity method in these financial statements. The Group has discontinued the recognition of its share of losses of certain associates because the share of losses of the associates exceeded the Group's interests in these associates. The amounts of the Group's unrecognised share of losses of these associates for the current year and cumulatively were RMB468,096,000 (2018: RMB27,092,000) and RMB550,840,000 (2018: RMB115,147,000), respectively.

本集團已終止確認其所佔若干聯營公司的虧損，因為應佔聯營公司的虧損超過本集團於該等聯營公司的權益。於年內，本集團未確認應佔該等聯營公司的虧損及累計虧損分別為人民幣468,096,000元(二零一八年：人民幣27,092,000元)及人民幣550,840,000元(二零一八年：人民幣115,147,000元)。

NOTES TO FINANCIAL STATEMENTS 財務報表附註

31 December 2019 於二零一九年十二月三十一日

24. DEFERRED TAX

The movements in the deferred tax assets during the year are as follows:

Deferred tax assets:

24. 遞延稅項

年內遞延稅項資產變動如下：

遞延稅項資產：

Deferred tax arising from:		Tax losses available for offsetting future taxable profits	Write-down of inventories to net realisable value	Provision for trade receivables and other receivables	Impairment of property, plant and equipment	Un-invoiced accruals	Deferred income	Share award scheme	Others	Total
遞延稅項來自：		可抵銷後應課稅利潤的稅項虧損	撇減存貨至可變現淨值	其他應收款項撥備	物業、廠房及設備減值	未獲得發票的預提費用	遞延收入	股票獎勵計劃	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019	於二零一九年一月一日	342,297	13,689	21,741	942	458,786	151,730	22,826	29,615	1,041,626
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	1,680	11,661	1,566	351	12,879	—	45,620	29,983	103,740
Credited/(charged) to profit or loss	損益內記賬/(支賬)	(4,157)	1,526	(3,042)	—	295,426	33,178	8,787	(8,295)	323,423
Disposal of subsidiaries (note 46)	出售子公司(附註46)	(29,754)	—	(407)	—	(260,355)	(125,987)	—	—	(416,503)
Exchange alignment	匯兌調整	1,114	308	41	9	341	—	1,206	794	3,813
At 31 December 2019	於二零一九年十二月三十一日	311,180	27,184	19,899	1,302	507,077	58,921	78,439	52,097	1,056,099
Deferred tax arising from:		Tax losses available for offsetting future taxable profits	Write-down of inventories to net realisable value	Provision for trade receivables and other receivables	Impairment of property, plant and equipment	Un-invoiced accruals	Deferred income	Share award scheme	Others	Total
遞延稅項來自：		可抵銷後應課稅利潤的稅項虧損	撇減存貨至可變現淨值	其他應收款項撥備	物業、廠房及設備減值	未獲得發票的預提費用	遞延收入	股票獎勵計劃	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	222,678	7,092	23,424	1,371	224,332	126,221	23,803	36,443	665,364
Credited/(charged) to profit or loss	損益內記賬/(支賬)	119,971	6,597	(1,683)	(429)	234,454	25,509	(977)	(6,828)	376,614
Exchange alignment	匯兌調整	(352)	—	—	—	—	—	—	—	(352)
At 31 December 2018	於二零一八年十二月三十一日	342,297	13,689	21,741	942	458,786	151,730	22,826	29,615	1,041,626

Management expects it is probable that taxable profits will be available against which the above tax losses and deductible temporary differences can be utilised in the coming years.

管理層預期未來年度有可能出現應課稅利潤，可用以抵扣上述稅項虧損及可扣減暫時性差異。

31 December 2019 於二零一九年十二月三十一日

**24. DEFERRED TAX** (continued)

Deferred tax assets have not been recognised in respect of the following items:

		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
Tax losses arising in Mainland China (i)	於中國大陸產生的稅項虧損(i)	2,990,013	2,924,721
Deductible temporary differences	可扣減暫時性差異	625,522	513,797
		<b>3,615,535</b>	3,438,518

(i) The above tax losses are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that tax profits will be available against which the above items can be utilised. The approval of tax authorities would also be required to utilise the above deductible temporary differences of the Group.

The movements in the deferred tax liabilities during the year are as follows:

**24. 遞延稅項** (續)

遞延稅項資產並未就下列項目確認：

(i) 上述稅項虧損可用以抵銷公司產生虧損日後應課稅利潤最多五年。

遞延稅項資產並無就上述各項而予以確認，因認為可能沒有可供上述各項動用的稅項利潤。本集團動用上述可扣減暫時性差異時，亦需取得稅務機關的批准。

年內遞延所得稅負債變動如下：

Deferred liabilities arising from:		Fair value adjustments arising from acquisition of subsidiaries	Fair value adjustments of financial instruments	Withholding tax	Accelerated depreciation for tax purpose	Total
遞延稅項來自：		收購子公司產生的公允值調整 RMB'000 人民幣千元	金融工具的公允值調整 RMB'000 人民幣千元	預扣稅 RMB'000 人民幣千元	按稅法調整之加速折舊差異 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	74,247	9,994	-	121,881	206,122
Acquisition of subsidiaries (note 45)	收購子公司(附註45)	1,627,132	-	-	-	1,627,132
Charged/(credited) to profit or loss	損益內記賬/(支賬)	(7,018)	(1,736)	6,421	133,428	131,095
Disposal of subsidiaries (note 46)	出售子公司(附註46)	(26,138)	-	-	(39,325)	(65,463)
Exchange alignment	匯兌調整	43,016	-	-	-	43,016
At 31 December 2019	於二零一九年十二月三十一日	1,711,239	8,258	6,421	215,984	1,941,902

31 December 2019 於二零一九年十二月三十一日

## 24. DEFERRED TAX (continued)

## 24. 遞延稅項 (續)

Deferred liabilities arising from:	Fair value adjustments arising from acquisition of subsidiaries	Fair value adjustments of financial instruments	Accelerated depreciation for tax purpose	Total	
遞延稅項來自：	收購子公司產生的公允價值調整	金融工具的公允價值調整	按稅法調整之加速折舊差異	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	
At 1 January 2018	於二零一八年一月一日	50,610	19,418	—	70,028
Acquisition of a subsidiary (note 45)	收購子公司(附註45)	13,430	—	—	13,430
Charged/(credited) to profit or loss	損益內記賬/(支賬)	10,207	(9,424)	121,881	122,664
At 31 December 2018	於二零一八年十二月三十一日	74,247	9,994	121,881	206,122

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China whose equity interests are directly held by overseas parent companies in respect of earnings generated from 1 January 2008.

At 31 December 2019, except for deferred tax liabilities of RMB6,421,000 relating to the earnings earned after 31 December 2007 by certain subsidiaries with equity interests directly held by overseas non-controlling shareholders, no deferred tax liabilities relating to the earnings earned after 31 December 2007 have been recognised for withholding taxes that would be payable. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB25,295,849,000 at 31 December 2019 (2018: RMB19,001,255,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

根據中國企業所得稅法，於中國大陸成立的外資企業向外國投資者宣派的股息須徵收10%預扣稅。有關規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後所產生的盈利。倘中國與外國投資者所屬司法權區之間訂有稅務協定，則可按較低預扣稅率徵收。本集團的適用稅率為5%或10%。因此，本集團須就該等於中國大陸成立的子公司(由海外母公司直接持有其股權)就二零零八年一月一日起產生的盈利所分派的股息計繳預扣稅。

二零一九年十二月三十一日，除有關於二零零七年十二月三十一日後由海外非控股股東持有股權的若干子公司所賺取的盈利人民幣6,421,000元的遞延稅項負債，並未就應付預扣稅而確認於二零零七年十二月三十一日後子公司賺取的盈利有關的遞延稅項負債。董事認為，該等子公司於可見將來分派盈利的可能性很低。二零一九年十二月三十一日，尚未就與於中國大陸子公司的投資相關的臨時性差異總額確認遞延稅項負債合共約人民幣25,295,849,000元(二零一八年：人民幣19,001,255,000元)。

概無因本公司向其股東支付股息而附帶的所得稅後果。



31 December 2019 於二零一九年十二月三十一日

**25. BIOLOGICAL ASSETS****(A) Nature of activities**

Certain subsidiaries of Junlebao, of which the Group disposed on 19 November 2019, are principally engaged in the business of raising of dairy cows and producing raw milk. The Group's dairy cows comprise milkable cows held for raw milk production and heifers and calves that have not reached the age that can produce raw milk. The quantity of dairy cows owned by the Group and the output of milk at the end of the reporting period and during the year are shown below.

		2019 二零一九年 Head of dairy cows 乳牛(頭)	2018 二零一八年 Head of dairy cows 乳牛(頭)
Milkable cows	奶牛	—	31,716
Heifers and calves	小母牛及小牛	—	30,182
<b>Total dairy cows</b>	<b>乳牛總數</b>	<b>—</b>	<b>61,898</b>

In general, the heifers are inseminated with semen when they reached approximately 14 months of age. After approximately a nine month pregnancy term, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 305 days before a dry period of approximately 60 days. When a heifer begins to produce milk, it would be transferred to the category of milkable cows based on the estimated fair value on the date of transfer.

一般情況下，小母牛於長至約14個月大時配種。約九個月孕期過後，小牛出生，乳牛開始出產原奶，哺乳期開始。奶牛通常會擠奶約305天，之後進入約60天乾乳期。小母牛開始產奶時，將按轉撥日期的估計公允值轉撥至奶牛類別。

		2019 二零一九年 Tonne 噸	2018 二零一八年 Tonne 噸
Volume of sales of milk produced	所產奶銷量	<b>295,062</b>	210,506

31 December 2019 於二零一九年十二月三十一日

## 25. BIOLOGICAL ASSETS (continued)

### (A) Nature of activities (continued)

The Group is exposed to fair value risks arising from changes in price of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and the directors of the Company are of the view that there are no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the dairy products.

### (B) Value of dairy cows

The value of dairy cows at the end of the reporting period was:

## 25. 生物資產 (續)

### (A) 業務性質 (續)

本集團承受乳製品價格變動所產生的公允價值風險。本集團預計於可見將來乳製品價格不會大幅下跌。本公司董事認為，並無可用的衍生工具或本集團可以訂立的其他合約可用以控制乳製品價格下跌的風險。

### (B) 乳牛價值

於報告期末的乳牛價值：

		Heifers and calves 小母牛 及小牛 RMB'000 人民幣千元	Milkable cows 奶牛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	405,410	731,190	1,136,600
Increases due to purchase	因購買增加	126,342	—	126,342
Increase due to raising (Feeding cost and others)	因養殖(飼養成本及其他) 增加	466,528	—	466,528
Transfer	轉出	(259,355)	259,355	—
Decrease due to sales	因出售減少	(29,018)	(145,550)	(174,568)
Loss arising from changes in fair value less costs to sell of dairy cows (note 6)	乳牛公允價值減銷售成本 的變動產生的虧損 (附註6)	(115,241)	(56,661)	(171,902)
Disposal of subsidiaries (note 46)	出售子公司(附註46)	(594,666)	(788,334)	(1,383,000)
At 31 December 2019	於二零一九年 十二月三十一日	—	—	—

31 December 2019 於二零一九年十二月三十一日

**25. BIOLOGICAL ASSETS** (continued)**(B) Value of dairy cows** (continued)

The value of dairy cows at the end of the reporting period was: (continued)

		Heifers and calves 小母牛 及小牛 RMB'000 人民幣千元	Milkable cows 奶牛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	296,530	349,613	646,143
Increases due to acquisition of a subsidiary (note 45)	因收購子公司增加 (附註45)	173,700	242,600	416,300
Increase due to raising (Feeding cost and others)	因養殖(飼養成本及其他) 增加	313,680	—	313,680
Transfer	轉出	(279,623)	279,623	—
Decrease due to sales	因出售減少	(10,647)	(76,099)	(86,746)
Loss arising from changes in fair value less costs to sell of dairy cows (note 6)	乳牛公允值減銷售成本 的變動產生的虧損 (附註6)	(88,230)	(64,547)	(152,777)
At 31 December 2018	於二零一八年 十二月三十一日	405,410	731,190	1,136,600

The Group's dairy cows were valued by an independent qualified professional valuer. The fair values less cost to sell of the heifers and calves are determined with reference to the market-determined prices of items with similar age, breed and genetic merit. The fair values of milkable cows are determined by using the multi-period excess earnings method, which is a method of estimating the net present value of milkable cows over multiple time periods by discounting future cash flows to be generated by dairy cows.

本集團的乳牛由獨立合資格專業估值師估值。小母牛及小牛的公允值減出售成本乃經參考年齡、品種及遺傳優點相近的項目的市場定價釐定。奶牛的公允值按多期超額收益法釐定，其為透過終止由乳牛產生的未來現金流量估計於多個時期淨現值方法。

31 December 2019 於二零一九年十二月三十一日

## 25. BIOLOGICAL ASSETS (continued)

### (B) Value of dairy cows (continued)

The principal valuation assumptions adopted in applying the net present value approach are as follows:

- a) The quantities of the existing dairy cows at the end of the reporting period will reduce at a certain culling rate due to the natural or unnatural factors;
- b) The culling rates adopted are based on the current available breeding data of the Group and future operating plans;
- c) The quantities of cows will increase as calves are born;
- d) The expected average prices of milk during the six projected lactation periods are estimated after taking into account certain percentage growth, future demand and inflation in the PRC for each projected year;
- e) The cash flows for financing the assets and taxation are not included in accordance with IAS 41 *Agriculture*;
- f) Costs are average costs based on historical cost information; and
- g) The discount rate used was 13.60% as at 19 November 2019, the disposal date of these subsidiaries (31 December 2018: 12.43%).

Certain dairy cows of the Group with fair values less cost to sell of approximately RMB52,412,000 as at 31 December 2018 have been pledged to secure the long term bank loans of the Group, details of which are set out in note 33 to the financial statements.

## 25. 生物資產 (續)

### (B) 乳牛價值 (續)

應用淨現值法時採納的主要估值假設列載如下：

- a) 於報告期末的現有奶牛數量將因為自然或非自然因素而按某個淘汰率扣減；
- b) 所採納的淘汰率乃基於本集團目前可取得的養殖資料及未來營運計劃；
- c) 小牛出生將增加牛隻數量；
- d) 經計及每個預測年度若干增長百分比、於中國的未來需求及通脹，估計牛奶於六個哺乳期預測期間的預期平均價格後；
- e) 根據國際會計準則第41號農業的規定，並未計入為資產及稅項提供資金的現金流量；
- f) 成本指以歷史成本資料為基礎的平均成本；及
- g) 截至二零一九年十一月十九日（該等子公司的出售日期）所使用的折現率為13.60%（二零一八年十二月三十一日：12.43%）。

於二零一八年十二月三十一日，本集團若干乳牛的公允價值減出售成本約人民幣52,412,000元已抵押作本集團長期銀行貸款的擔保。詳情載於財務報表附註33。

31 December 2019 於二零一九年十二月三十一日

## 26. OTHER FINANCIAL ASSETS

## 26. 其他金融資產

	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
At fair value through other comprehensive income:			
Hong Kong listed equity investments in YuanShengTai	(a)	45,524	25,208
Hong Kong listed equity investments in China Shengmu	(b)	60,433	83,940
		<b>105,957</b>	109,148
At fair value through profit or loss:			
Unlisted equity investments	(c)	166,408	31,599
Convertible promissory note	(c)	102,550	196,130
Short term investment deposits	(d)	16,160,803	9,281,963
Long term investment deposits	(d)	53,642	—
Warrants and subscription right of warrants	(e)	11,187	72,687
		<b>16,494,590</b>	9,582,379
At amortised cost:			
Short term entrusted loans	(e)/(f)	2,880,772	2,234,809
Long term entrusted loans	(f)	1,063	12,295
Long term entrusted loans due within one year	(f)	1,884	33,609
Long term receivables	(g)	12,542	57,025
Long term time deposits	(h)/30	4,569,773	1,921,418
		<b>7,466,034</b>	4,259,156
Total other financial assets		<b>24,066,581</b>	13,950,683
Current		<b>19,220,584</b>	11,819,198
Non-current		<b>4,845,997</b>	2,131,485
		<b>24,066,581</b>	13,950,683

31 December 2019 於二零一九年十二月三十一日

**26. OTHER FINANCIAL ASSETS** (continued)

Notes:

- (a) On 25 November 2013, the Company acquired 172,275,000 shares, representing a 4.41% equity interest, in YuanShengTai Dairy Farm Limited ("YuanShengTai"), a Hong Kong listed dairy company, with approximately HK\$469,831,000, equivalent to RMB369,396,000. In January 2017, the Company's shareholding in YuanShengTai was diluted to 3.67% due to new share placement by YuanShengTai. Management designated the equity investment as a financial asset at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run. The fair value of the listed equity securities was determined by reference to published quotations. An increase in fair value for the year ended 31 December 2019 and an accumulated decrease in fair value as of 31 December 2019 with amounts of RMB20,316,000 (2018: decrease of RMB17,994,000) and RMB323,872,000 (2018: RMB344,188,000), respectively, had been recognised in other comprehensive income.
- (b) On 25 May 2011, the Company acquired a 5.81% equity interest in an unlisted dairy company with approximately HK\$125,322,000, equivalent to RMB98,531,000. Management designated the equity investment as a financial asset at fair value through other comprehensive income upon initial application of IFRS 9 (2009) on 1 January 2014, as management considered it a strategic investment for the purpose of securing high quality raw milk in the long run. The equity investment was subsequently converted into 269,865,600 shares in China Shengmu Organic Milk Limited ("China Shengmu") upon China Shengmu's initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2014, representing approximately a 4.25% equity interest in China Shengmu. The fair value of the listed equity securities was determined by reference to published quotations. A decrease in fair value for the year ended 31 December 2019 and an accumulated decrease in fair value as of 31 December 2019 with amounts of RMB23,507,000 (2018: RMB200,293,000) and RMB38,098,000 (2018: RMB14,591,000), respectively, had been recognised in other comprehensive income.

**26. 其他金融資產** (續)

附註：

- (a) 二零一三年十一月二十五日，本公司以約 469,831,000 港元（相等於人民幣 369,396,000 元），收購一間香港上市乳業公司原生態牧業有限公司（「原生態」）172,275,000 股股份，佔其 4.41% 股權。於二零一七年一月，由於原生態配售新股份，本公司於原生態的控股權被攤薄至 3.67%。於二零一四年一月一日首次應用國際財務報告準則第 9 號（二零零九年）時，管理層將該項股本投資指定為以公允價值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。該等上市股本證券的公允價值乃經參考所公佈報價釐定。截至二零一九年十二月三十一日止年度公允價值增加人民幣 20,316,000 元（二零一八年：減少人民幣 17,994,000 元）及於二零一九年十二月三十一日公允價值累計減少人民幣 323,872,000 元（二零一八年：人民幣 344,188,000 元），已於其他全面收益確認。
- (b) 二零一一年五月二十五日，本集團以約 125,322,000 港元（相等於人民幣 98,531,000 元）收購一間非上市乳業公司 5.81% 股權。於二零一四年一月一日首次應用國際財務報告準則第 9 號（二零零九年）時，管理層將該項股本投資指定為以公允價值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。於中國聖牧有機奶業有限公司（「中國聖牧」）於二零一四年七月十五日在香港聯合交易所有限公司主板首次公開發售後，該項股本投資其後轉換為中國聖牧 269,865,600 股股份，佔中國聖牧約 4.25% 股權。該等上市股本證券的公允價值乃經參考所公佈報價而釐定。截至二零一九年十二月三十一日止年度公允價值減少人民幣 23,507,000 元（二零一八年：人民幣 200,293,000 元），以及截至二零一九年十二月三十一日公允價值累計減少人民幣 38,098,000 元（二零一八年：人民幣 14,591,000 元），已於其他全面收益確認。

31 December 2019 於二零一九年十二月三十一日

**26. OTHER FINANCIAL ASSETS** (continued)

Notes: (continued)

- (c) On 7 September 2017, Golden Stage, a 100% directly owned subsidiary of the Company, entered into a convertible promissory note purchase agreement (the "Agreement") with AICE Holdings Limited ("AICE") to purchase the convertible promissory note in the original principal amount ("Principal Amount") of US\$28,000,000, equivalent to RMB182,753,000. According to the Agreement, 50% of the Principal Amount has been automatically converted into the ordinary shares of AICE on 7 July 2019 at US\$1.14 per ordinary share. Upon completion of the relevant conversion, the Group held approximately 9.99% equity interest of AICE. In addition, Golden Stage has an option to convert part or all of the remaining 50% Principal Amount into the ordinary shares or preferred shares of AICE during the next round of financing notice or to receive the Principal Amount that has not been converted into shares, together with all interests at the annual rate of 5%. The Group classified both the unlisted equity investments and convertible promissory note as financial assets at fair value through profit or loss.

As at 31 December 2019, the convertible promissory note were fair valued resulting in a fair value loss of RMB1,409,000 (2018: a fair value gain of RMB61,000) recognised in other expenses (note 6).

- (d) The Group from time to time purchases various investment deposits from commercial banks for treasury management purpose. As at 31 December 2019, the Group held investment deposits of RMB16,214,445,000 (31 December 2018: RMB9,281,963,000) with principal guaranteed.

As at 31 December 2019, the investment deposits amounting to RMB26,722,000 (2018: RMB537,607,000) was pledged to interest-bearing bank and other borrowings.

**26. 其他金融資產** (續)

附註：(續)

- (c) 於二零一七年九月七日，一間100%由本公司直接擁有的子公司Golden Stage與AICE Holdings Limited (「AICE」) 訂立可換股承兌票據購買協議 (「該協議」) 以於原本金 (「本金」) 購買28,000,000美元的可換股承兌票據 (相等於人民幣182,753,000元)。根據該協議，於二零一九年七月七日，本金的50%將按每股普通股1.14美元自動轉換為AICE的普通股。於完成有關轉換，本集團持有約AICE 9.99%的股權。此外，Golden Stage有權在下一輪融資通知期間將餘下的50%本金的部分或全部轉換為AICE的普通股或優先股，或收取尚未轉換為股份的本金以及所有年利率5%的利息。本集團將非上市股本投資及可換股承兌票據分類為以公允值計量且其變動計入損益的金融資產。

截至二零一九年十二月三十一日，可換股承兌票據之公允值導致人民幣1,409,000元的公允值虧損 (二零一八年：人民幣61,000元公允值收益) 於其他費用中確認 (附註6)。

- (d) 本集團不時為庫務管理目的向商業銀行購入多項投資存款。於二零一九年十二月三十一日，本集團持有人民幣16,214,445,000元 (二零一八年十二月三十一日：人民幣9,281,963,000元) 設有本金保證的投資存款。

於二零一九年十二月三十一日，投資存款金額人民幣26,722,000元 (二零一八年：人民幣537,607,000元) 抵押以計息銀行及其他借貸。

31 December 2019 於二零一九年十二月三十一日

**26. OTHER FINANCIAL ASSETS** (continued)

Notes: (continued)

- (e) On 23 December 2018, Inner Mongolia Mengniu, a subsidiary of the Company, and Inner Mongolia Shengmu High-tech Farming Co., Ltd. ("Shengmu High-tech"), a subsidiary of China Shengmu, entered into two entrusted loan agreements, where RMB300,000,000 of 6 months term loan and RMB1,000,000,000 of 1 year term loan were respectively granted by Inner Mongolia Mengniu to Shengmu High-tech (the "Loan Facilities"), with contract interest rates of 6.09% and 6.09% respectively. The Loan Facilities were initially recognised at present value of RMB291,248,000 and RMB941,658,000 on 23 December 2018 in the consolidated financial statements, with effective interest rate of 12.66% and 12.97%, respectively. The Loan Facilities were secured by certain equity interest of subsidiaries and dairy cows of China Shengmu and guaranteed by China Shengmu. Upon the maturity of the Loan Facilities in 2019, the Group extended the term of the entrusted loans of RMB1,000,000,000 to 23 December 2020, with contract interest rate of 6.09%.

As 31 December 2019, entrusted loans of RMB1,370,000,000 were secured by dairy cows and equity interests with certain subsidiaries of China Shengmu with contract interest rate of 6.09%.

In consideration of Inner Mongolia Mengniu granting the above favourable Loan Facilities to Shengmu High-tech in 2018, China Shengmu has agreed to conditionally issue to Start Great Holdings Limited, a subsidiary of the Company, a total of 1,197,327,890 warrants ("Warrants") subject to the terms and conditions set out in the warrant subscription agreement dated 23 December 2018. Upon exercise, each warrant entitles the warrant holder to subscribe for one new share of China Shengmu at HK\$0.33, subject to adjustment. During the year of 2019, the Group had been granted 1,080,248,000 warrants exercised at the discretion of the Group at any time during the eighteen-month period commencing from the date of issuance of warrants and 117,079,890 subscription rights of warrants are still subjected to be granted upon conditions of warrant subscription agreement. As at 31 December 2019, the warrants and the subscription rights of warrants were fair valued at RMB11,187,000 (31 December 2018: RMB72,687,000), resulting in a fair value loss of RMB61,500,000 (2018: a fair value gain of RMB5,593,000) recognised in other expenses (note 6).

**26. 其他金融資產** (續)

附註：(續)

- (e) 於二零一八年十二月二十三日，本公司的子公司內蒙古蒙牛及中國聖牧的子公司內蒙古聖牧高科牧業有限公司（「聖牧高科」）訂立兩項委託貸款協議，為期六個月人民幣300,000,000元貸款及一年期人民幣1,000,000,000元貸分別由內蒙古蒙牛授予聖牧高科（「貸款融資」），合約利率分別為6.09%及6.09%。貸款融資於二零一八年十二月二十三日初始按現值人民幣291,248,000元及人民幣941,658,000元確認於綜合財務報表，而實際利率分別為12.66%及12.97%。貸款融資以中國聖牧子公司若干股權及乳牛抵押，並由中國聖牧擔保。二零一九年貸款融資到期後，本集團以合約利率6.09%延長人民幣1,000,000,000元委託貸款至二零二零年十二月二十三日。

於二零一九年十二月三十一日，人民幣1,370,000,000元委託貸款按合約利率6.09%以乳牛及中國聖牧若干子公司的股權抵押。

由於內蒙古蒙牛向聖牧高科於二零一八年授予優惠貸款融資，故中國聖牧同意有條件向本公司子公司 Start Great Holdings Limited發行合共1,197,327,890股認股權證（「認股權證」），受限於訂立日期為二零一八年十二月二十三日認股權證認購協議的條款及條件。待行使後，每股認股權證持有者有權以0.33港元（可予調整）認購中國聖牧一股新股份。於二零一九年內，本集團已授出1,080,248,000股認股權證（其由本集團自發行認股權證日期開始後十八個月期間內，酌情於任何時間行使），並且仍需根據認股權證協議的條件授出117,079,890股的認股權證。截至二零一九年十二月三十一日，認股權證及認股權證認購權之公允值為人民幣11,187,000元（二零一八年十二月三十一日：人民幣72,687,000元），導致人民幣61,500,000元公允值虧損（二零一八年：人民幣5,593,000元公允值收益）於其他開支確認（附註6）。



31 December 2019 於二零一九年十二月三十一日

**26. OTHER FINANCIAL ASSETS** (continued)

Notes: (continued)

- (e) (continued)  
In connection with the above Loan Facilities and Warrants agreements, on 23 December 2018, the Group and China Shengmu also entered into a share purchase agreement, pursuant to which the Group agreed to purchase 51% of the equity interests in Inner Mongolia Mengniu Shengmu High-tech Dairy Co., Ltd. ("Shengmu High-tech Dairy"), being the liquid milk processing business segment of China Shengmu. The Group acquired Shengmu High-tech Dairy in April 2019. Further details of the acquisition are included in note 45 to the financial statements.
- (f) Except for the entrusted loans to Shengmu High-tech as disclosed in (e) above, annual interest rates of the entrusted loans ranged from 4.79% to 8.96% (2018: 4.00% to 8.96%) as at 31 December 2019. These entrusted loans were neither past due nor impaired and had no history of default. As at 31 December 2019, except for the entrusted loans to Shengmu High-tech, entrusted loans of RMB512,889,000 were secured by dairy cows of the borrowers.
- (g) Long term receivables represent the receivables arising from disposal of certain property, plant and equipment to independent third parties. As at 31 December, except for certain long term receivables amounting RMB12,975,000 were impaired (note 7), these long term receivables were not past due.
- (h) The effective interest rates on long term time deposits as at 31 December 2019 varied from 4.13% to 4.18% (2018: 4.13% to 4.18%) per annum and would mature in two to three years. As at 31 December 2019, the long term deposits amounting to RMB90,000,000 was pledged to secure letters of credit (2018: RMB20,000,000).

**26. 其他金融資產** (續)

附註：(續)

- (e) (續)  
根據上述貸款融資及認股權證協議，於二零一八年十二月二十三日，本集團與中國聖牧訂立股份購買協議，據此，本集團同意購買中國聖牧的液態奶加工業務板塊內蒙古蒙牛聖牧高科乳業有限公司（「聖牧高科乳業」）51%股權。本集團已於二零一九年四月收購聖牧高科乳業。進一步收購詳情載於財務報表附註45。
- (f) 除於以上(e)所披露聖牧高科乳業的委託貸款外，委託貸款於二零一九年十二月三十一日的年利率介乎4.79%至8.96%（二零一八年：4.00%至8.96%）。該等委託貸款概無逾期或減值以及拖欠記錄。於二零一九年十二月三十一日，除聖牧高科乳業的委託貸款外，人民幣512,889,000元委託貸款以乳牛作為抵押。
- (g) 長期應收款項指因出售若干物業、廠房及設備予獨立第三方而產生的應收款項。於二零一九年十二月三十一日，除若干長期應收款項人民幣12,975,000元已減值（附註7）外，該等長期應收款項並無逾期。
- (h) 於二零一九年十二月三十一日，長期定期存款的實際年利率介乎4.13%至4.18%（二零一八年：4.13%至4.18%），並將於兩至三年內到期。於二零一九年十二月三十一日，人民幣90,000,000元（二零一八年：人民幣20,000,000元）長期存款已抵押以獲取信用證。

31 December 2019 於二零一九年十二月三十一日

## 27. INVENTORIES

## 27. 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
Raw materials	原材料	2,499,232	2,480,194
Finished goods	產成品	2,590,712	1,801,725
Total inventories at the lower of cost and net realisable value	按成本與可變現淨值的較低者計價的存貨總額	5,089,944	4,281,919

The amount of write-down of inventories recognised as an expense was RMB74,482,000 (2018: RMB35,316,000), which was recognised in other expenses (note 6).

確認為開支的存貨撇減金額為人民幣74,482,000元(二零一八年:人民幣35,316,000元),並於其他費用(附註6)中確認。

## 28. TRADE AND BILLS RECEIVABLES

## 28. 應收賬款及票據

		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
Bills receivable	應收票據	109,968	85,447
Trade receivables	應收賬款	3,587,559	2,955,818
Impairment	減值	(110,661)	(149,292)
		3,586,866	2,891,973

The Group normally allows a credit limit to its customers which is adjustable in certain circumstances. The Group closely monitors overdue balances. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. The trade receivables are non-interest-bearing.

本集團通常給予客戶特定信貸額度,並可在特定情況下調整。本集團密切留意逾期未償還結餘。鑒於上文所述及本集團的應收賬款與大量不同類別的客戶有關,故並無重大信貸集中風險。本集團並無就其應收賬款持有任何抵押品或其他信貸提升。應收賬款並無附帶利息。

Based on the Group's accounting policy of financial assets, the Group measured bills receivable at fair value through other comprehensive income as at 31 December 2019.

根據本集團的金融資產會計政策,於二零一九年十二月三十一日按公允值計入其他全面收益計量應收票據。

31 December 2019 於二零一九年十二月三十一日

**28. TRADE AND BILLS RECEIVABLES** (continued)

Certain trade and bills receivables of the Group with net book values of approximately RMB12,313,000 (2018: Nil) as at 31 December 2019 have been pledged to secure the short term bank loans (note 33).

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		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
Within 3 months	三個月內	2,990,016	2,524,831
4 to 6 months	四至六個月	484,937	308,887
7 to 12 months	七至十二個月	95,371	38,067
Over 1 year	逾一年	16,542	20,188
		<b>3,586,866</b>	2,891,973

The movements in the loss allowance for impairment of trade receivables are as follows:

		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
At beginning of year	年初	149,292	127,629
Impairment losses recognised (note 7)	已確認減值虧損(附註7)	258,301	104,509
Amount written off as uncollectible	列為不可收回而撇銷的金額	(272,487)	(62,237)
Impairment losses reversed (note 7)	減值虧損撥回(附註7)	(24,445)	(20,609)
At end of year	於年末	<b>110,661</b>	149,292

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**28. 應收賬款及票據** (續)

本集團若干應收賬款及票據連同賬面淨值於二零一九年十二月三十一日約人民幣12,313,000元(二零一八年:零)已抵押至短期銀行貸款擔保(附註33)。

於報告期末，經扣除虧損撥備的應收賬款及票據按發票日期的賬齡分析如下：

應收賬款減值撥備變動如下：

於各報告日期，減值分析採用撥備矩陣進行，以計量預期信貸虧損。撥備比率根據本集團過往的信貸虧損經驗得出，經債務人特定的前瞻性因素及經濟環境校正。

31 December 2019 於二零一九年十二月三十一日

**28. TRADE AND BILLS RECEIVABLES** (continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using the provision matrix:

As at 31 December 2019

		Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
Expect credit loss rate	預期信貸虧損率	1.00%	55.02%	93.64%	100%	2.99%
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	3,606,552	35,562	8,605	46,808	3,697,527
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	(36,228)	(19,567)	(8,058)	(46,808)	(110,661)

**28. 應收賬款及票據** (續)

下列是採用撥備矩陣計量本集團應收賬款及票據的信貸風險資料：

於二零一九年十二月三十一日

As at 31 December 2018

於二零一八年十二月三十一日

		Less than 1 year 少於一年	1 to 2 years 一至兩年	2 to 3 years 兩至三年	Over 3 years 三年以上	Total 總計
Expect credit loss rate	預期信貸虧損率	1.10%	79.43%	93.11%	100%	4.91%
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	2,903,720	83,441	43,907	10,197	3,041,265
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	(31,935)	(66,277)	(40,883)	(10,197)	(149,292)

31 December 2019 於二零一九年十二月三十一日

## 29. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## 29. 預付款、其他應收款項及其他資產

		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
Deposits	按金	13,684	89,883
Prepayments	預付款	1,521,282	1,368,581
Other receivables	其他應收款項	752,150	587,450
Value-added tax recoverable	可抵扣增值稅	425,085	680,980
Corporate income tax recoverable	可退企業所得稅	33,087	35,481
Land use rights — current portion	土地使用權 — 即期部分	—	25,316
Long term prepayments (note a)	長期預付款(註a)	499,271	66,293
Right of return assets	退貨權資產	23,511	18,268
Total prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	<b>3,268,070</b>	2,872,252
Less: Long term prepayments — non-current portion (note a)	減：長期預付款 — 非即期部分(註a)	<b>(215,966)</b>	(64,140)
		<b>3,052,104</b>	2,808,112
Impairment allowance	減值撥備	<b>(24,919)</b>	(30,519)
		<b>3,027,185</b>	2,777,593

Note:

- (a) The Group has entered into long term raw milk supply contracts with certain milking cow raising companies. In accordance with these contracts, the Group prepaid for raw milk supplies for the next two to five years.

註：

- (a) 本集團已與若干飼養乳牛公司訂立長期原料鮮奶供貨合約。根據該等合約，本集團就未來兩至五年原料鮮奶供貨預付款項。

31 December 2019 於二零一九年十二月三十一日

**30. CASH AND BANK BALANCES AND OTHER DEPOSITS****30. 現金及銀行結存及其他存款**

		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
Cash and cash equivalents as stated in the consolidated statement of cash flows	列於綜合現金流量表的現金及現金等價物		<b>3,798,118</b>	4,370,494
Pledged deposits	保證金存款	(a)	<b>74,186</b>	623,495
Time deposits	定期存款		<b>7,247,842</b>	4,848,912
			<b>11,120,146</b>	9,842,901
Less: Pledged deposits for banking facilities	減：銀行融資的保證金存款	31/33	<b>(74,186)</b>	(623,495)
Less: Long term time deposits	減：長期定期存款	26	<b>(4,569,773)</b>	(1,921,418)
Cash and bank balances as stated in the consolidated statement of financial position	列於綜合財務狀況表的現金及銀行結存		<b>6,476,187</b>	7,297,988

31 December 2019 於二零一九年十二月三十一日

**30. CASH AND BANK BALANCES AND OTHER DEPOSITS** (continued)

Note:

- (a) As at 31 December 2019, the Group's pledged deposits were for the following bank facilities:

		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 to secure bills payable (note 31)	抵押以獲得應付票據 (附註31)	5,861	254,977
Pledged to secure interest-bearing bank and other borrowings	抵押以獲得計息銀行及其他借貸	46,787	361,656
Pledged to secure letters of credit	抵押以獲得信用證	21,538	6,862
		<b>74,186</b>	623,495

At the end of the reporting period, cash and bank balances of the Group denominated in RMB amounted to approximately RMB4,305,894,000 (2018: RMB7,069,907,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at the prevailing market interest rates. Time deposits are made for varying periods of between one day and five years depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

**30. 現金及銀行結存及其他存款** (續)

註：

- (a) 於二零一九年十二月三十一日，本集團的保證金存款就以下銀行融資作出：

於報告期末，本集團以人民幣為單位的現金及銀行結存金額為約人民幣4,305,894,000元(二零一八年：人民幣7,069,907,000元)。人民幣並非可自由兌換為其他貨幣。然而，根據中國大陸的外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行，將人民幣匯兌為其他貨幣。

銀行存款根據市場利率計息。定期存款乃視乎本集團的即時現金需求而按介乎一日至五年的不同存款期存放，以及根據定期存款利率計息。銀行結存及保證金存款乃存放於信譽良好且無近期拖欠記錄的銀行。

31 December 2019 於二零一九年十二月三十一日

**31. TRADE AND BILLS PAYABLES**

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, is as follows:

		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
Within 3 months	三個月內	<b>5,510,608</b>	5,988,352
4 to 6 months	四至六個月	<b>870,994</b>	809,406
7 to 12 months	七至十二個月	<b>333,937</b>	193,712
Over 1 year	逾一年	<b>23,087</b>	30,072
		<b>6,738,626</b>	7,021,542

The Group's trade payables are unsecured, non-interest-bearing and payable on demand.

Included in the above balances, bills payable with an aggregate balance of approximately RMB22,000,000 (2018: RMB606,299,000) were secured by the pledge of certain of the Group's deposits amounting to approximately RMB5,861,000 (2018: RMB254,977,000) (note 30). Except for the above, bills payable were unsecured, non-interest-bearing and payable when due ranging from 3 to 6 months.

**31. 應付賬款及票據**

本集團應付賬款及票據按發票日期的賬齡分析如下：

		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
Within 3 months	三個月內	<b>5,510,608</b>	5,988,352
4 to 6 months	四至六個月	<b>870,994</b>	809,406
7 to 12 months	七至十二個月	<b>333,937</b>	193,712
Over 1 year	逾一年	<b>23,087</b>	30,072
		<b>6,738,626</b>	7,021,542

本集團的應付賬款為無抵押及免息及須應要求隨時償還。

在上述金額中，結餘總額約人民幣22,000,000元(二零一八年：人民幣606,299,000元)的應付票據以本集團若干存款為數約人民幣5,861,000元(二零一八年：人民幣254,977,000元)(附註30)作抵押。除上述者外，應付票據為無抵押及免息，並將於三至六個月內到期。



31 December 2019 於二零一九年十二月三十一日

## 32. OTHER PAYABLES AND ACCRUALS

## 32. 其他應付款項及預提費用

			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
		Notes 附註		
Contract liabilities	合約負債	(a)	<b>3,299,226</b>	3,332,929
Refund liabilities	退款負債		<b>40,246</b>	29,365
Salary and welfare payables	應付薪金及福利費		<b>1,512,926</b>	1,660,319
Other payables	其他應付款項	(b)	<b>5,955,176</b>	5,866,804
			<b>10,807,574</b>	10,889,417

Notes:

註：

(a) Details of contract liabilities are as follows:

(a) 合約負債詳情如下：

		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	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元
Short-term advances received from customers	自客戶收取的短期墊款	<b>3,299,226</b>	3,332,929	1,843,166
Sale of goods	商品銷售			

Contract liabilities are short-term advances received to deliver dairy products.

合約負債為就運送奶製品收取的短期墊款。

(b) Other payables are non-interest-bearing and payable on demand.

(b) 其他應付款項為免息及須應要求隨時償還。

31 December 2019 於二零一九年十二月三十一日

### 33. INTEREST-BEARING BANK AND OTHER BORROWINGS 33. 計息銀行及其他借貸

		2019 二零一九年			2018 二零一八年		
		Maturity	Fixed rate	Floating rate	Maturity	Fixed rate	Floating rate
		到期日	固定利率	浮動利率	到期日	固定利率	浮動利率
			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
<b>Current</b>	<b>流動</b>						
Short term bank loans, secured	短期銀行貸款，有抵押	2020	230,680	—	2019	748,844	136,984
Short term bank loans, unsecured	短期銀行貸款，無抵押	2020	9,295,529	360,070	2019	3,721,347	156,500
Current portion of long term bank loans — secured	長期銀行貸款即期部分 — 有抵押	2020	—	—	2019	6,004	26,660
Current portion of long term bank loans — unsecured	長期銀行貸款即期部分 — 無抵押	2020	—	2,776,980	2019	176,230	1,550,346
Super short-term commercial papers	超短期融資券	2020	1,000,000	—	—	—	—
Lease liabilities (note 18(c))	租賃負債(附註18(c))	2020	174,942	—	—	—	—
			<b>10,701,151</b>	<b>3,137,050</b>		4,652,425	1,870,490
<b>Non-current</b>	<b>非流動</b>						
Long term bank loans, secured	長期銀行貸款，有抵押	—	—	—	2020-2021	—	178,080
Long term bank loans, unsecured	長期銀行貸款，無抵押	—	—	—	2020-2030	248,190	3,080,620
US\$194,800,000 zero coupon exchangeable bonds issued in 2017 (note (d))	於二零一七年發行的 194,800,000美元零息 可交換債券(註(d))	2022	1,374,780	—	2022	1,275,183	—
US\$500,000,000 4.25% bonds issued in 2018 (note (e))	於二零一八年發行的 500,000,000美元票息率 4.25%的債券(註(e))	2023	3,469,677	—	2023	3,410,327	—
US\$500,000,000 3.00% bond issued in 2019 (note (e))	於二零一九年發行的 500,000,000美元票息率 3.00%的債券(註(e))	2024	3,465,692	—	—	—	—
Medium-term notes	中期票據	2022	1,000,000	—	—	—	—
Lease liabilities (note 18(c))	租賃負債(附註18(c))	2021-2052	324,460	—	—	—	—
			<b>9,634,609</b>	<b>—</b>		4,933,700	3,258,700
			<b>20,335,760</b>	<b>3,137,050</b>		9,586,125	5,129,190

31 December 2019 於二零一九年十二月三十一日

**33. INTEREST-BEARING BANK AND OTHER BORROWINGS** (continued)

The repayment schedule of the interest-bearing bank and other borrowings is as follows:

**33. 計息銀行及其他借貸** (續)

計息銀行及其他借貸的還款期如下：

		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
Within 1 year	一年內	13,838,201	6,522,915
1 to 2 years	一至兩年	137,421	3,043,300
2 to 5 years	兩至五年	9,475,564	5,091,560
Over 5 years	五年以上	21,624	57,540
Total interest-bearing bank and other borrowings	計息銀行及其他借貸總額	23,472,810	14,715,315
Less: Amount due within one year included in current liabilities	減：計入流動負債的一年內到期款項	(13,838,201)	(6,522,915)
		9,634,609	8,192,400

Notes:

- (a) As at 31 December 2019 and 2018, the Group's interest-bearing bank and other borrowings were secured as follows:

附註：

- (a) 於二零一九年及二零一八年十二月三十一日，本集團的計息銀行及其他借貸抵押情況如下：

		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
Secured by pledged deposits	以保證金存款抵押	—	286,984
Secured by investment deposits	以投資存款抵押	26,831	407,724
Secured by property, plant, equipment and right-of-use assets	以物業、廠房、設備及使用權資產抵押	602,275	367,944
Secured by trade and bills receivables	以應收賬款及票據抵押	4,000	—
Secured by all assets of certain subsidiaries (note (f))	以子公司全部資產抵押 (附註(f))	96,976	33,920
Unsecured	無抵押	22,742,728	13,618,743
		23,472,810	14,715,315

31 December 2019 於二零一九年十二月三十一日

### 33. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (b) The carrying amounts of the Group's interest-bearing bank and other borrowings were denominated in the following currencies:

		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
Hong Kong dollars	港元	2,776,980	3,376,261
United States dollars	美元	15,387,609	6,153,396
New Zealand dollars	新西蘭元	—	12,793
Australian dollars	澳元	96,976	—
Indonesia Rupiah	印尼盾	106,928	—
RMB	人民幣	5,104,317	5,172,865
		<b>23,472,810</b>	14,715,315

- (c) The floating annual interest rates of the short term bank loans and long term bank loans varied from 4.35% to 6.09% (2018: from 1.65% to 6.09%), which were determined based on the interest rates announced by the People's Bank of China, Hong Kong Interbank Offered Rate and the London Interbank Offered Rate.

The fixed annual interest rates of the short term bank loans varied from 1.15% to 12.00% (2018: from 1.15% to 10.00%). The fixed annual interest rates of the long term bank loans varied from 1.20% to 7.93% in 2018.

- (d) On 6 June 2017, the Company issued US\$194,800,000 zero coupon exchangeable bonds due 2022, which are exchangeable into 689,438,782 shares of China Modern Dairy at the initial notional exchange price of HK\$2.1995 per share. The Group classified the exchangeable bonds as financial liabilities at fair value through profit or loss. During the year, a net fair value loss of RMB77,988,000 (2018: a net fair value gain of RMB58,009,000) was recognised in other expenses (note 6).

### 33. 計息銀行及其他借貸 (續)

附註：(續)

- (b) 本集團以下列貨幣計值的計息銀行及其他借貸的賬面值如下：

- (c) 短期銀行貸款及長期銀行貸款的浮動年利率按中國人民銀行公佈的利率、香港銀行同業拆息及倫敦銀行同業拆息釐定為介乎4.35%至6.09% (二零一八年：1.65%至6.09%)。

短期銀行貸款的固定年利率介乎1.15%至12.00% (二零一八年：1.15%至10.00%)。長期銀行貸款的固定利率於二零一八年介乎1.20%至7.93%。

- (d) 於二零一七年六月六日，本公司發行194,800,000美元的於二零二二年到期的零息可交換債券，其可按照初步名義交換價(每股股份2.1995港元)轉換為中國現代奶業689,438,782股股份。本集團分類可交換債券為以公允值計量且其變動計入損益的金融負債。於年內，公允值虧損淨額人民幣77,988,000元(二零一八年：公允值收益淨額人民幣58,009,000元)於其他開支中確認(附註6)。

31 December 2019 於二零一九年十二月三十一日

**33. INTEREST-BEARING BANK AND OTHER BORROWINGS** (continued)

Notes: (continued)

- (e) On 7 August 2018, the Company issued five-year bonds due 2023 with an aggregate principal amount of USD500,000,000 at 99.653% of the face value. The bonds bear interest from and including 7 August 2018 at the rate of 4.250% per annum, payable semi-annually in arrears on 7 February and 7 August each year.

On 18 July 2019, the Company issued five-year bonds due 2024 with an aggregate principal amount of US\$500,000,000 at 99.572% of the face value to refinance the Company's existing loans. The bonds bear interest at the rate of 3.000% per annum, payable semi-annually in arrears.

- (f) As at 31 December 2019, the interest-bearing bank and other borrowings of RMB96,976,000 (2018: RMB33,920,000) were secured by the all assets of certain subsidiaries of the Group with carrying amount of approximately RMB883,039,000 (2018: RMB1,375,768,000) in total.

As at 31 December 2019, all assets of a subsidiary of the Group with carrying amount of approximately RMB1,319,937,000 (2018: Nil) were secured for a credit line.

**33. 計息銀行及其他借貸** (續)

附註：(續)

- (e) 於二零一八年八月七日，本公司發行二零二三年到期的五年債券，本金總額為99.653%面值的500,000,000美元。債券將由二零一八年八月七日(包括當日)起按年利率4.250%計息，於每年二月七日及八月七日每半年派息一次。

於二零一九年七月十八日，本公司發行二零二四年到期的五年債券，本金總額為99.572%面值的500,000,000美元，以對本公司現有貸款重新融資。債券按年利率3.000%計息，按半年度支付拖欠。

- (f) 於二零一九年十二月三十一日，計息銀行及其他借款人民幣96,976,000元(二零一八年：人民幣33,920,000元)以本集團若干子公司全部資產賬面總值約人民幣883,039,000元(二零一八年：人民幣1,375,768,000元)之物業作抵押。

於二零一九年十二月三十一日，本集團一間子公司以其全部資產賬面總值約人民幣1,319,937,000元(二零一八年：無)之物業作抵押獲取信用額度。

**34. OTHER LOANS****34. 其他貸款**

		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
Short term loans	短期貸款	—	22,912

Other loans are unsecured and interest-free. There were no repayment terms for the Group's other loans.

Other loans were all granted by local government authorities in the PRC for the purpose of supporting the Group's establishment of production plants in various locations in the PRC.

其他貸款為無抵押及免息。本集團其他貸款並無還款期。

其他貸款全部由中國地方政府當局為支持本集團在中國多個地方設置生產廠房而授出。

31 December 2019 於二零一九年十二月三十一日

**35. DERIVATIVE FINANCIAL INSTRUMENTS 35. 衍生金融工具**

		Notes 附註	2019 二零一九年		2018 二零一八年	
			Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
			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
Interest rate swap	利率互換合約	(a)	10,814	—	28,598	—
Foreign currency forward contracts	遠期外幣合約	(b)	34,009	4,346	33,517	27,162
Interest rate forward contracts	利率遠期合約	(b)	—	—	15,695	—
Portion classified as non-current:			44,823	4,346	77,810	27,162
Interest rate swap	利率互換合約		—	—	28,598	—
Foreign currency forward contracts	外幣遠期合約		34,009	—	—	17,457
Current portion			34,009	—	28,598	17,457
			10,814	4,346	49,212	9,705

Notes:

- (a) Interest rate swaps — cash flow hedge:  
As at 31 December 2019 and 31 December 2018, the Group has interest rate swaps with financial institutions with an aggregate notional amount of HKD3,100,000,000 whereby it receives a floating rate of interest on the notional amount at the Hong Kong Interbank Offered Rate (“Hibor”) monthly and pays a fixed rate of interest on the notional amount. The interest rate swaps are being used to hedge the interest rate risk in relation to a HKD denominated floating rate bank borrowing with a principal of HKD3,100,000,000.

註：

- (a) 利率互換合約 — 現金流量對沖：  
於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團於金融機構擁有利率互換合約，總名義金額為3,100,000,000港元，據此，其每月按香港銀行同業拆息（「Hibor」）收取名義金額的浮動利率利息，並按固定利率支付名義金額的利息。利率互換合約用於對沖有關本金額為3,100,000,000港元以港元計值的浮動利率銀行借款的利率風險。

**35. DERIVATIVE FINANCIAL INSTRUMENTS**

(continued)

Notes: (continued)

- (a) Interest rate swaps — cash flow hedge: (continued)
- There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the interest payments and the principal payments of the bank loan agreements. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the interest rate swaps are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

**35. 衍生金融工具 (續)**

註：(續)

- (a) 利率互換合約 — 現金流量對沖：(續)
- 已對沖項目及對沖工具存在經濟關係，原因為利率互換合約的條款與利息付款及銀行貸款協議的本金付款相匹配。本集團為對沖關係設定1:1的對沖比率，原因為利率互換合約的相關風險與已對沖風險成分相同。為計量對沖無效，本集團採用假設衍生工具法，並將已對沖風險產生的對沖工具公允值變動與已對沖項目公允值變動進行比較。

對沖無效可由下列各項產生：

- 應用於貼現已對沖項目的不同利率曲線及對沖工具
- 交易對手的信貸風險對對沖工具及已對沖項目的公允值變動構成不同影響
- 已對沖項目及對沖工具的預測現金流量變動

31 December 2019 於二零一九年十二月三十一日

35. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

- (a) Interest rate swaps — cash flow hedge: (continued)  
The impacts of the hedging instruments on the statement of financial position are as follow:

		Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
		名義值 HKD'000 港幣千元	賬面值 RMB'000 人民幣千元	財務狀況表項目	年內用於計量對沖無效的公允值變動 RMB'000 人民幣千元
As at 31 December 2019	於二零一九年十二月三十一日				
Interest rate swaps	利率互換合約	3,100,000	10,814	Derivative financial instruments (assets) 衍生金融工具(資產)	(18,423)
As at 31 December 2018	於二零一八年十二月三十一日				
Interest rate swaps	利率互換合約	3,100,000	28,598	Derivative financial instruments (assets) 衍生金融工具(資產)	(4,196)

The impacts of the hedged items on the statement of financial position are as follows:

			Change in fair value used for measuring hedge ineffectiveness for the year	Cash flow hedge reserve
			年內用於計量對沖無效的公允值變動 RMB'000 人民幣千元	現金流量對沖儲備 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			
Interest rate swaps	利率互換合約		(18,423)	7,998
As at 31 December 2018	於二零一八年十二月三十一日			
Interest rate swaps	利率互換合約		(4,196)	26,421

35. 衍生金融工具 (續)

註：(續)

- (a) 利率互換合約 — 現金流量對沖：(續)  
對沖工具對財務狀況表的影響如下：

已對沖項目對財務狀況表的影響如下：



31 December 2019 於二零一九年十二月三十一日

### 35. DERIVATIVE FINANCIAL INSTRUMENTS

(continued)

Notes: (continued)

- (a) Interest rate swaps — cash flow hedge: (continued)  
The effect of the cash flow hedge on the statement of profit and loss and the statement of comprehensive income are as follows:

		Total hedging gain/(loss) recognised in other comprehensive income 於其他全面收益確認的對沖收益/(虧損)總額			Hedge ineffectiveness recognised in profit or loss 於損益確認的對沖無效	Line item in the statement of profit or loss 損益表項目	Amount reclassified from other comprehensive income to profit or loss 自其他全面收益重新分類至損益的金額			Line item (gross amount) in the statement of profit or loss 損益表項目 (總額)
		Gross amount 總額	Tax effect 稅務影響	Total 總計			Gross amount 總額	Tax effect 稅務影響	Total 總計	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度					N/A 不適用				N/A 不適用
Interest rate swaps	利率互換合約	(17,784)	—	(17,784)	—		—	—	—	
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度					N/A 不適用				N/A 不適用
Interest rate swaps	利率互換合約	(4,196)	—	(4,196)	—		—	—	—	

- (b) In addition to the above interest rate swap designated as hedging instruments, the Group has also entered into various foreign currency forward contracts and interest rate forward contracts to manage its exchange rate and floating interest rate exposures. These forward contracts are not designated for hedging purposes and are measured at fair value through profit or loss. A net fair value gain on foreign currency forward contracts of RMB23,308,000 (2018: RMB2,232,000) was recognised in other income and gains during the year (note 5). A net fair value loss on interest rate forward contracts of RMB15,695,000 (2018: RMB8,290,000) was recognised in finance costs during 2019 (note 8).
- (c) To manage its price exposure to future purchase of raw materials, such as white sugar, palm oil and raw milk powder, the Group has entered into various commodity futures contracts. The Group accounted for these commodity futures contracts at fair value with changes recognised in profit or loss. During 2018, a net fair value gain of RMB6,394,000 was credited to cost of sales (note 7).

### 35. 衍生金融工具 (續)

註：(續)

- (a) 利率互換合約 — 現金流量對沖：(續)  
現金流量對沖對損益表及全面收益表的影響如下：

- (b) 除以上指定為對沖工具的利率互換外，本集團亦訂立多項遠期外幣合約及利率遠期合約以管理其匯率及浮動利率風險。該等遠期合約並非指定作對沖用途，並按公允值計入損益計量。遠期外幣合約公允值收益淨額人民幣23,308,000元（二零一八年：人民幣2,232,000元）於年內確認為其他收入及收益（附註5）。利息遠期合約公允值虧損淨額人民幣15,695,000元（二零一八年：人民幣8,290,000元）於二零一九年內確認為融資成本（附註8）。

- (c) 為管理未來購置商品作為原材料（例如白糖、棕櫚油及原料奶粉）的價格風險，本集團已訂立多項商品期貨合約。本集團將此等商品期貨合約按公允值列賬，而公允值的變動則於損益內確認。於二零一八年內，公允值收益淨額人民幣6,394,000元已自銷售成本扣除（附註7）。

31 December 2019 於二零一九年十二月三十一日

**36. LONG TERM PAYABLES**

The Group's long term payables represent the amortised costs of the outstanding instalments payable for the purchase of production equipment. The effective interest rate used for the amortisation is the prevailing market interest rate. The balances are repayable as follows:

**36. 長期應付款項**

本集團的長期應付款項指須就購置生產設備分期支付款項的攤銷成本。攤銷所使用的實際利率為現行市場利率。有關結餘的還款期如下：

		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
Within 1 year	一年內	<b>947</b>	11,802
1 to 2 years	一至兩年	—	814
Total long term payables	長期應付款項總額	<b>947</b>	12,616
Less: Amount due within one year included in current liabilities under other payables	減：計入流動負債中其他應付 款項的一年內到期款項	<b>(947)</b>	(11,802)
		—	814

Long term payables are secured by the Group's property, plant and equipment (note 15(a)).

長期應付款項以本集團的物業、廠房及設備作抵押(附註15(a))。

31 December 2019 於二零一九年十二月三十一日

**37. DEFERRED INCOME**

Various local government authorities have granted certain property, plant and equipment to the Group for nil consideration, have provided finance to the Group for the purchase of certain property, plant and equipment, and/or have financed the Group by way of a cash donation with certain conditions attaching to these cash donations. Both the property, plant and equipment and grants are recorded initially at fair value. These grants are initially recorded as deferred income. The grants relate to property, plant and equipment are amortised to match the depreciation charge of the property, plant and equipment granted or purchased in accordance with their estimated useful lives. The cash donations with unfulfilled conditions or contingencies are only recognised in profit or loss when the Group satisfied the attached conditions. Movements of the balances during the year are as follows:

**37. 遞延收入**

多個地方政府當局無償向本集團授予若干物業、廠房及設備，為購買若干物業、廠房及設備向本集團提供資金及／或透過現金捐款方式（此等現金捐獻附帶若干條件）向本集團提供融資。物業、廠房及設備及補助金最初均以公允值列賬。此等補助金初步記錄為遞延收入。與若干物業、廠房及設備有關的補助金按配合獲授或購入的物業、廠房及設備的折舊計提的方式，根據其估計可使用年期攤銷。未能達到所附帶的條件或或然事件的現金捐獻將只會於本集團達到所附帶的條件時在損益內確認。年內該結餘的變動如下：

		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
At beginning of year	年初	<b>1,026,381</b>	899,738
Received during the year	年內收取	<b>167,283</b>	242,588
Amortisation during the year (note 5)	年內攤銷(附註5)	<b>(174,895)</b>	(115,945)
Disposal of subsidiaries (note 46)	出售子公司(附註46)	<b>(688,782)</b>	—
At end of year	年終	<b>329,987</b>	1,026,381
Current portion	即期部分	<b>50,493</b>	170,261
Non-current portion	非即期部分	<b>279,494</b>	856,120
		<b>329,987</b>	1,026,381

31 December 2019 於二零一九年十二月三十一日

## 38. OTHER FINANCIAL LIABILITIES

## 38. 其他金融負債

	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
Present value of redemption amount for potential acquisition of puttable non-controlling interests	(a)	1,600,206	1,610,947

Note:

- (a) Under the equity joint venture contract entered into between Inner Mongolia Mengniu and Danone Asia Pte Ltd. ("Danone Asia Pte") dated 9 August 2013, an option was granted to Danone Asia Pte to terminate the equity joint venture contract and sell the entire Danone Asia Pte's equity interests in the equity joint venture to Inner Mongolia Mengniu at the exercise price within a 15-day period at the beginning of each biennial (2-year) period from the seventh (7th) anniversary of the relevant closing date under the amended and restated framework agreement, subject to compliance with the then applicable laws and regulations (including the Listing Rules) by the Company, including the then relevant Listing Rules in connection with connected transactions. As at 31 December 2019, the Group derecognised a non-controlling interest of RMB592,124,000 (2018: RMB612,091,000) and recognised a present value of the amount payable upon exercise of the option of RMB1,600,206,000 (2018: RMB1,610,947,000) as a financial liability and accounted for the difference in equity.

附註：

- (a) 根據內蒙蒙牛與 Danone Asia Pte Ltd. (「Danone Asia Pte」) 訂立日期為二零一三年八月九日的合資經營合約，Danone Asia Pte 獲授一項購股權，可自經修訂及重訂的框架協議相關屆滿日期滿七(7)週年，每兩(2)年期間開始後15天內終止合資經營合約，並按行使價向內蒙蒙牛出售 Danone Asia Pte 於合資公司的全部股權，惟本公司必須遵守當時的適用法例及法規(包括上市規則)的規定，包括當時上市規則關於關連交易的規定。於二零一九年十二月三十一日，本集團終止確認人民幣592,124,000元(二零一八年：人民幣612,091,000元)的非控股股東權益，並確認按行使購股權時應付的金融負債現值人民幣1,600,206,000元(二零一八年：人民幣1,610,947,000元)，並將差額計入權益。

31 December 2019 於二零一九年十二月三十一日

## 39. SHARE CAPITAL

## 39. 股本

		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
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股	565,022	565,022
		Number of ordinary shares 普通股數目 '000 千股	RMB'000 人民幣千元
	Note 附註		
Issued and fully paid:	已發行及繳足：		
At 1 January 2019	於二零一九年一月一日	3,927,708	357,602
Shares issued under the equity-settled share option scheme	根據以股份支付的購股權計劃發行股份 (a)	7,307	655
At 31 December 2019	於二零一九年十二月三十一日	3,935,015	358,257
		Number of ordinary shares 普通股數目 '000 千股	RMB'000 人民幣千元
	Note 附註		
Issued and fully paid:	已發行及繳足：		
At 1 January 2018	於二零一八年一月一日	3,927,361	357,572
Shares issued under the equity-settled share option scheme	根據以股份支付的購股權計劃發行股份 (a)	347	30
At 31 December 2018	於二零一八年十二月三十一日	3,927,708	357,602
Note:	附註：		
(a) Details of the Company's share option scheme and the share options issued under the scheme are included in note 42 to the financial statements.	(a) 本公司購股權計劃及根據該計劃發行的購股權的詳情載列於財務報表附註42。		

31 December 2019 於二零一九年十二月三十一日

#### 40. OTHER RESERVES

The movements of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 131 to 132 of the financial statements.

In accordance with the relevant PRC laws and regulations, the PRC domestic companies are required to transfer 10% of their profit after income tax, as determined under the PRC accounting standards and financial regulations, to the statutory common reserve. Subject to certain restrictions as set out in the relevant PRC laws and regulations, the statutory common reserve may be used to offset against the accumulated losses, if any.

#### 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

##### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB416,967,000 and RMB416,967,000, respectively, in respect of lease arrangements for plant and equipment (2018: Nil).

#### 40. 其他儲備

本集團的儲備及本年度及過往年度的儲備變動，載於財務報表第131頁至第132頁的綜合權益變動表內。

根據中國有關法律及法規的規定，中國國內公司須將除所得稅後利潤的10%（根據中國會計準則及財政法規釐定）轉撥至法定公積金。根據中國有關法律及法規所載若干限制的規定，法定公積金可被用作抵銷累計虧損（如有）。

#### 41. 綜合現金流量報表附註

##### (a) 主要非現金交易

於年內，本集團就廠房及設備之租賃安排所添置任何非現金使用權資產及租賃負債分別為人民幣416,967,000元及人民幣416,967,000元（二零一八年：無）。

31 December 2019 於二零一九年十二月三十一日

## 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

## (b) Changes in liabilities arising from financing activities

## 41. 綜合現金流量報表附註 (續)

## (b) 來自融資活動的負債變動

		2019 二零一九年						
		US\$500,000,000	US\$500,000,000	US\$194,800,000	Super			
		Bank	3%	zero coupon	exchangeable	short-term	Medium-	Lease
		loans	bonds	bonds	bonds issued	commercial	term	liabilities
		issued in 2018	issued in 2019	in 2017	in 2017	papers	notes	
		於二零一八年	於二零一九年	於二零一七年	於二零一七年			
		發行的	發行的	發行的	發行的			
		500,000,000美元	500,000,000美元	194,800,000美元	194,800,000美元	超短期	中期票據	租賃負債
		票息率4.25%	票息率3%	零息可交換債券	零息可交換債券	融資券	融資券	租賃負債
		的債券	的債券	的債券	的債券	的債券	的債券	的債券
		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
At 31 December 2018	於二零一八年十二月三十一日	10,029,805	3,410,327	-	1,275,183	-	-	-
Effect of adoption of IFRS 16	採納國際財務報告準則第16號之影響	-	-	-	-	-	-	388,525
At 1 January 2019	於二零一九年一月一日	10,029,805	3,410,327	-	1,275,183	-	-	388,525
Changes from financing cash flows	融資現金流變動	6,363,867	-	3,427,433	-	1,000,000	1,000,000	(263,627)
New Leases	新增租賃	-	-	-	-	-	-	416,967
Interest expense	利息開支	-	4,770	1,976	-	-	-	19,153
Increase arising from acquisition of subsidiaries	收購子公司之增加	214,716	-	-	-	-	-	15,117
Decrease due to disposal of subsidiaries	由於出售子公司減少	(4,014,590)	-	-	-	-	-	(76,733)
Net fair value gain on zero coupon exchangeable bonds due 2022	二零二二年到期的零息可交換債券之公允值收益淨額	-	-	-	77,988	-	-	-
Foreign exchange movement	匯兌變動	69,461	54,580	36,283	21,609	-	-	-
At 31 December 2019	於二零一九年十二月三十一日	12,663,259	3,469,677	3,465,692	1,374,780	1,000,000	1,000,000	499,402

31 December 2019 於二零一九年十二月三十一日

**41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)

**(b) Changes in liabilities arising from financing activities** (continued)

**41. 綜合現金流量報表附註** (續)

**(b) 來自融資活動的負債變動** (續)

		2018 二零一八年		
		US\$500,000,000	US\$500,000,000	US\$194,800,000
		Bank loans	3.5% bonds issued in 2013	zero coupon exchangeable bonds issued in 2017
		於二零一三年發行的	於二零一八年發行的	於二零一七年發行的
		500,000,000美元	500,000,000美元	194,800,000美元
		票息率3.5%	票息率4.25%	零息可交換債券
		銀行貸款	的債券	的債券
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	9,419,826	3,259,723	1,270,575
Changes from financing cash flows	融資現金流變動	(300,226)	(3,473,150)	—
Interest expense	利息開支	—	7,608	1,515
Increase arising from acquisition of subsidiaries	收購子公司之增加	726,139	—	—
Net fair value gain on zero coupon exchangeable bonds due 2022	二零二二年到期的零息可交換債券之公允值收益淨額	—	—	(58,009)
Foreign exchange movement	匯兌變動	184,066	205,819	17,972
At 31 December 2018	於二零一八年十二月三十一日	10,029,805	—	3,410,327
				1,275,183



31 December 2019 於二零一九年十二月三十一日

**41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)**(c) Total cash outflow for leases**

The total cash outflow for leases included in the statement of cash flows is as follows:

		2019 二零一九年 RMB'000 人民幣千元
Within operating activities	於經營業務內	(232,767)
Within investing activities	於投資業務內	—
Within financing activities	於融資業務內	(263,627)
		<b>(496,394)</b>

**42. SHARE OPTION SCHEME**

The Company operated two share option schemes (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Share Option Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers and any person or entity that provides research, development or technological support to the Group. The share option scheme adopted by the Company on 28 June 2005 (the “Old Share Option Scheme”) had expired on 27 June 2015. On 3 June 2016, the Company adopted another share option scheme (the “New Share Option Scheme”), and the New Share Option Scheme will remain in force for a period of 10 years from the date of adoption.

**41. 綜合現金流量報表附註** (續)**(c) 租賃現金流出總額**

載列於現金流動報表的租賃現金流出總額如下：

**42. 購股權計劃**

本公司設立的兩個購股權計劃(「購股權計劃」)，目的為激勵對本集團業務成功作出貢獻的合資格參與者，並向彼等作出獎賞。購股權計劃的合資格計劃參與者包括本公司董事(包括獨立非執行董事)、本集團之其他僱員、本集團之貨品或服務供應商、客戶以及向本集團提供研究、開發或技術支援的任何人士或實體。本公司於二零零五年六月二十八日採用的購股權計劃(「舊購股權計劃」)已於二零一五年六月二十七日到期。於二零一六年六月三日，本公司採用另一購股權計劃(「新購股權計劃」)，而新購股權計劃自該採用日期起十年內有效。

31 December 2019 於二零一九年十二月三十一日

**42. SHARE OPTION SCHEME** (continued)

The maximum number of shares in respect of share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date of approval and adoption of the Share Option Scheme provided that the Group may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in a general meeting where such limit is refreshed. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the total shares of the Company in issue at any time. Any further grant of share options in excess of these limits is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the Old Share Option Scheme may be accepted within 20 business days from the date of offer, upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than seven years from the date of offer of the share options.

**42. 購股權計劃** (續)

現時根據購股權計劃准予授出的購股權經行使後可予發行的股份數目最多相等於本公司在批准及採納購股權計劃當日已發行股份總數10%，惟本集團可隨時徵求股東批准將上限重新釐定為股東於有關上限獲更新的股東大會上授出有關批准當日已發行股份10%。於任何十二個月期間內，根據購股權可發行予購股權計劃內每位合資格參與者的股份數最多為於任何時間本公司已發行股份總數1%。凡再授出任何超出此上限的購股權，必須經股東於股東大會上批准。

向本公司董事、主要行政人員或主要股東或彼等任何聯繫人授出的購股權必須經獨立非執行董事事先批准。此外，於任何十二個月期間內，凡向本公司主要股東或獨立非執行董事或彼等之任何聯繫人授出的任何購股權超出於任何時間本公司已發行股份0.1%或總值（按授出日期本公司股份的收市價計算）超出5,000,000港元，必須經股東於股東大會上事先批准。

承授人於舊購股權計劃下可於授出購股權建議日起20個營業日內以支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日七年之日終止。

31 December 2019 於二零一九年十二月三十一日

**42. SHARE OPTION SCHEME** (continued)

The offer of a grant of share options under the New Share Option Scheme may be accepted upon payment of a consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the offer date of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

**Particulars of outstanding share options****42. 購股權計劃** (續)

承授人於新購股權計劃下可於支付代價合共1港元接納此建議。授出購股權的行使期由董事會決定，行使期由某一歸屬期後起計及在不遲於授出購股權建議日五年之日終止。

購股權行使價由董事釐定，惟不可低於(i)本公司股份於授出購股權建議之日在香港聯合交易所有限公司(「聯交所」)所報的收市價(ii)本公司股份於緊接建議授出日期前五個營業日在聯交所所報的平均收市價；及(iii)股份面值最高者。

購股權持有人無權獲派股息或於股東大會上投票。

**尚未行使購股權詳情**

<b>Date of grant</b>	<b>Exercise period of share options (both dates inclusive)</b>	<b>Exercise price per share option (note d)</b>	<b>Weighted average fair value per share option</b>
<b>授出日期</b>	<b>購股權的行使期間 (包括首尾兩日)</b>	<b>每份購股權的行使價(附註 d)</b>	<b>每份購股權的加權平均公允值</b>
		<b>(HK\$)</b>	<b>(HK\$)</b>
		<b>(港元)</b>	<b>(港元)</b>
13 July 2017	13 July 2018 to 12 July 2022		
二零一七年七月十三日	(note a)	14.812	3.99
	二零一八年七月十三日至		
	二零二二年七月十二日(附註a)		
7 May 2018	7 May 2019 to 6 May 2023		
二零一八年五月七日	(note b)	26.05	7.98
	二零一九年五月七日至		
	二零二三年五月六日(附註b)		
24 December 2018	1 April 2019 to 23 December 2023		
二零一八年十二月二十四日	(note c)	23.93	7.16
	二零一九年四月一日至		
	二零二三年十二月二十三日		
	(附註 c)		

31 December 2019 於二零一九年十二月三十一日

#### 42. SHARE OPTION SCHEME (continued) Particulars of outstanding share options (continued)

Notes:

- (a) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- (b) The share options will be vested in two equal batches with 50% of the share options granted vesting on the first and second anniversaries of the date of grant. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- (c) The share options will be vested in four batches with 70% of the share options granted vesting in three equal batches on 1 April 2019, 2020 and 2021, and the remaining 30% of the share options granted vesting in their entirety on 1 April 2021. In addition, the share options will only be vested if and when the pre-set performance targets of both the Group and the participants are achieved. Unless all of these targets are met, the share options will lapse. The share options have a contractual life of five years.
- (d) The exercise price per share option was the average closing share price for the five business days immediately preceding the grant date or the closing price of the shares on the grant date.

All the above options granted have no cash alternatives.

#### 42. 購股權計劃 (續) 尚未行使購股權詳情 (續)

附註：

- (a) 購股權將分為二份份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- (b) 購股權將分為二份份歸屬，50%已授出購股權於由授出日期起第一及二個週年歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- (c) 購股權將分為四份份歸屬，70%已授出購股權於二零一九年、二零二零年及二零二一年四月一日分三等份歸屬，其餘30%已授出購股權於二零二一年四月一日全部歸屬。此外，倘若達到本集團及參與者的預定表現目標，則有關購股權方獲歸屬。倘未能達致上述全部目標，則有關購股權將失效。購股權之契約期為期五年。
- (d) 每份購股權的行使價乃緊接授出日期前五個營業日的平均股份收市價或授出日期的股份收市價。

上述所有授出的購股權均並無現金替代品。

31 December 2019 於二零一九年十二月三十一日

#### 42. SHARE OPTION SCHEME (continued)

##### Movements of outstanding share options

#### 42. 購股權計劃 (續)

##### 尚未行使購股權變動

Date of grant	As at 1 January 2019	Exercised during the year	Lapsed/ forfeited during the year	As at 31 December 2019	Exercisable at 31 December 2019	
						於二零一九年 一月一日
13 July 2017	二零一七年七月十三日	9,236,545	(4,209,899)	(192,614)	4,834,032	4,834,032
7 May 2018	二零一八年五月七日	9,245,873	(1,130,135)	(731,544)	7,384,194	3,132,357
24 December 2018	二零一八年十二月二十四日	37,248,880	(1,967,000)	(1,499,950)	33,781,930	6,404,290
Total	總計	55,731,298	(7,307,034)	(2,424,108)	46,000,156	14,370,679

Date of grant	As at 1 January 2018	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	As at 31 December 2018	Exercisable at 31 December 2018	
							於二零一八年 一月一日
13 July 2017	二零一七年七月十三日	10,449,215	—	(346,922)	(865,748)	9,236,545	4,537,373
7 May 2018	二零一八年五月七日	—	9,593,689	—	(347,816)	9,245,873	—
24 December 2018	二零一八年十二月二十四日	—	37,248,880	—	—	37,248,880	—
Total	總計	10,449,215	46,842,569	(346,922)	(1,213,564)	55,731,298	4,537,373

Subsequent to the end of the reporting period, out of the total outstanding share options of 46,000,156 (2018: 55,731,298) as at 31 December 2019, 50,949 (2018: 19,291) share options had lapsed due to the unfulfilment of vesting conditions.

The Group recognised an expense of RMB166,651,000 (2018: RMB51,199,000) relating to the fair value amortisation of share options during the year (note 7).

於二零一九年十二月三十一日尚未行使的購股權共46,000,156份(二零一八年: 55,731,298份), 購股權單位中, 50,949份(二零一八年: 19,291份)因未達到歸屬條件而於報告期末後失效。

本集團於年內確認有關購股權公允價值攤銷的開支人民幣166,651,000元(二零一八年: 人民幣51,199,000元)(附註7)。

31 December 2019 於二零一九年十二月三十一日

**42. SHARE OPTION SCHEME** (continued)**Movements of outstanding share options** (continued)

The average fair value of equity settled share options granted during the year was estimated to as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

		2018 二零一八年	
		7 May 五月七日	24 December 十二月二十四日
Dividend yield (%)	股息率(%)	0.64	0.57
Expected volatility (%)	預期波動率(%)	34.00	34.00
Historical volatility (%)	歷史波動率(%)	33.90	34.12
Risk-free interest rate (%)	無風險利率(%)	2.14	1.96
Option life (years)	購股權年期(年)	5	5
Spot price (HK\$ per share)	現貨價(港元/每股)	26.05	23.80
Exercise price (HK\$ per share)	行使價(港元/每股)	26.05	23.93

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The spot price is the closing price of the Company's shares at the grant date. The exercise price is the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

The 7,307,034 share options (2018: 346,922) exercised during the year resulted in the issue of 7,307,034 (2018: 346,922) ordinary shares of the Company and new share capital of RMB655,000 (2018: RMB30,000) and share premium of RMB123,780,000 (2018: RMB4,472,000), as further detailed in note 39 to the financial statements. The weighted average share price at the date of exercise of these options was HK\$30.52 (2018: HK\$25.04).

**42. 購股權計劃** (續)**尚未行使購股權變動** (續)

於年內授出以股份支付的購股權之平均公允值乃於授出日期使用二項計價模式進行估計，並已考慮有關購股權之授出條款及條件。下表載列所用模型之重大輸入數據：

預期波動率反映歷史波動率可顯示未來趨勢的假設，但不一定為實際結果。現貨價為本公司股份於授出日期的收市價。行使價為聯交所每日報價表所示緊接授出日期前五個營業日的每股股份平均收市價。

7,307,034份(二零一八年：346,922份)購股權於年內行使，因而已發行7,307,034股(二零一八年：346,922股)本公司普通股，產生新股本為人民幣655,000元(二零一八年：人民幣30,000元)，股份溢價人民幣123,780,000元(二零一八年：人民幣4,472,000元)，詳情載於財務報表附註39。此等購股權於行使日的加權平均股價為30.52港元(二零一八年：25.04港元)。

31 December 2019 於二零一九年十二月三十一日

**42. SHARE OPTION SCHEME** (continued)**Movements of outstanding share options** (continued)

At the end of the reporting period, the Company had 14,370,679 (2018: 4,537,373) vested share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 14,370,679 (2018: 4,537,373) additional ordinary shares of the Company and additional share capital of RMB1,287,000 (2018: RMB398,000) and share premium of RMB273,228,000 (2018: RMB58,490,000) (before issue expenses).

**43. SHARE AWARD SCHEME**

The share award scheme of the Company was adopted by the board on 26 March 2013 (the "Adoption Date"). The purpose of the share award scheme is to provide an incentive to encourage the participants for the continual operation and development of the Group.

Subject to the terms of the share award scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the "Participants"). Existing shares of the Company will be purchased by an independent trustee (the "Trustee") of the share award scheme from the market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company granted and held by the trustee until vesting are referred to as the treasury shares and each treasury share shall represent one ordinary share of the Company.

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 5% of the issued capital of the Company. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 0.5% of the issued capital of the Company at the Adoption Date.

**42. 購股權計劃** (續)**尚未行使購股權變動** (續)

於報告期末，本公司在購股權計劃項下有 14,370,679 份 (二零一八年：4,537,373 份) 已歸屬未行使購股權。在本公司現時的資本結構下，全面行使餘下的購股權將導致本公司發行額外 14,370,679 股 (二零一八年：4,537,373 股) 普通股、額外人民幣 1,287,000 元 (二零一八年：人民幣 398,000 元) 股本及人民幣 273,228,000 元 (二零一八年：人民幣 58,490,000 元) 股份溢價 (扣除發行開支前)。

**43. 股票獎勵計劃**

本公司股票獎勵計劃於二零一三年三月二十六日 (「採納日期」) 獲董事會採納。股票獎勵計劃旨在獎勵參與者繼續為本集團的經營及發展作出貢獻。

根據股票獎勵計劃條款及上市規則，董事會可隨時向任何合資格人士作出要約，由合資格人士絕對酌情選擇接納董事會決定授出的有關股份數目之獎勵 (「參與者」)。股票獎勵計劃的獨立受託人 (「受託人」) 以本集團出資的現金於市場上購買本公司現有股份，及以信託形式代相關參與者持有，直至該等股份根據股票獎勵計劃的條文歸屬於相關參與為止。已授出及由受託人持有直至歸屬的本公司股份稱為庫存股份，而各庫存股份應指本公司一股普通股。

概無股份根據本股票獎勵計劃獲購買，亦無向受託人支付任何款項以作出有關購買，倘因有關購買，致使本股票獎勵計劃管理的股份數目超過本公司已發行股本 5%，於任何時間可能授予單一參與者的股票數目上限或總數不得超過採納日期本公司已發行股本 0.5%。

31 December 2019 於二零一九年十二月三十一日

**43. SHARE AWARD SCHEME** (continued)

Subject to any early termination as may be determined by the board, the share award scheme shall be valid and effective for a period of 5 years commencing on the Adoption Date. On 13 July 2017, the directors of the Company approved to extend the validity period of the share award scheme for approximately another five years to 26 March 2023.

**Particulars and movements of share award scheme**

Date of grant	Notes	Fair value per share	As at 1 January 2019	Granted during the year	Vesting during the year	Lapsed/ forfeited during the year	As at 31 December 2019
授出日期	附註	每股公允值 (HK\$) (港元)	於二零一九年一月一日	年內授出	年內歸屬	年內沒收	於二零一九年十二月三十一日
13 July 2017	二零一七年七月十三日 (a)	14.62	3,050,246	—	(2,965,186)	(85,060)	—
7 May 2018	二零一八年五月七日 (b)	26.05	6,453,689	—	(3,004,911)	(587,091)	2,861,687
5 June 2019	二零一九年六月五日 (c)	28.80	—	8,201,104	—	(1,579,046)	6,622,058
			9,503,935	8,201,104	(5,970,097)	(2,251,197)	9,483,745

Date of grant	Notes	Fair value per share	As at 1 January 2018	Granted during the year	Vesting during the year	Lapsed/ forfeited during the year	As at 31 December 2018
授出日期	附註	每股公允值 (HK\$) (港元)	於二零一八年一月一日	年內授出	年內歸屬	年內沒收	於二零一八年十二月三十一日
13 July 2017	二零一七年七月十三日 (a)	14.62	6,770,015	—	(3,148,667)	(571,102)	3,050,246
7 May 2018	二零一八年五月七日 (b)	26.05	—	6,693,084	—	(239,395)	6,453,689
			6,770,015	6,693,084	(3,148,667)	(810,497)	9,503,935

**43. 股票獎勵計劃** (續)

受限於董事會可能釐定的任何提早終止，股票獎勵計劃將於採納日期起計五年期間內一直有效及生效。於二零一七年七月十三日，本公司的董事同意延長股票獎勵計劃的有效期限約五年至二零二三年三月二十六日。

**股票獎勵計劃詳情及變動**



31 December 2019 於二零一九年十二月三十一日

#### 43. SHARE AWARD SCHEME (continued) Particulars and movements of share award scheme (continued)

Notes:

- (a) On 13 July 2017, the Company granted 6,998,575 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (b) On 7 May 2018, the Company granted 6,693,084 shares under share award scheme to the Participants, representing approximately 0.2% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.
- (c) On 5 June 2019, the Company granted 8,201,104 shares under share award scheme to the participants, representing approximately 0.23% of the issued share capital of the Company as at the adoption date. These granted shares would vest in two equal batches on the first and second anniversaries of the date of grant in accordance with certain vesting conditions.

During the year, 2,251,197 (2018: 810,497) shares lapsed due to the unfulfilment of vesting condition under the share award scheme.

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend will be considered. The fair value of the shares granted on 5 June 2019 was HK\$28.80 per share (2018: HK\$26.05 per share). During 2019, the Group recognised a net expense relating to the share award scheme of approximately RMB129,582,000 (2018: RMB105,190,000) in the consolidated statement of profit or loss during the year (note 7).

During the year, 5,970,097 (2018: 3,148,667) shares with a total amount of RMB85,046,000 (2018: RMB44,212,000) were vested and exercised under the share award scheme, resulting in the transfer out of RMB101,050,000 (2018: RMB39,967,000) from the share award reserve, with the difference of RMB16,004,000 (2018: RMB4,245,000) debited to the share premium account. The weighted average share price at the date of exercise of these shares was HK\$15.81 (2018: HK\$16.03).

#### 43. 股票獎勵計劃(續) 股票獎勵計劃詳情及變動(續)

附註：

- (a) 二零一七年七月十三日，本公司根據股票獎勵計劃向參與者授出6,998,575股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (b) 二零一八年五月七日，本公司根據股票獎勵計劃向參與者授出6,693,084股股份，佔本公司於採納日期的已發行股本約0.2%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。
- (c) 二零一九年六月五日，本公司根據股票獎勵計劃向參與者授出8,201,104股股份，佔本公司於採納日期的已發行股本約0.23%。此等已授出的股份將分為二等份歸屬，根據若干歸屬條件由授出日期起第一及二個週年歸屬。

於年內，共2,251,197股(二零一八年：810,497股)股份因未能達到股票獎勵計劃的歸屬條件而失效。

已授出股份的公允值乃基於本公司股份於各授出日期的市值計算，當中不會計及股息。二零一九年六月五日授出的股份的公允值為每股28.80港元(二零一八年：每股26.05港元)。二零一九年內，本集團於年內於綜合損益表中確認股票獎勵計劃淨支出約人民幣129,582,000元(二零一八年：人民幣105,190,000元)(附註7)。

年內，總額為人民幣85,046,000元(二零一八年：人民幣44,212,000元)的5,970,097股(二零一八年：3,148,667股)股份已根據股票獎勵計劃歸屬及行使，導致自股票獎勵儲備轉出人民幣101,050,000元(二零一八年：人民幣39,967,000元)，差額人民幣16,004,000元(二零一八年：人民幣4,245,000元)已自股份溢價賬扣除。此等股份於行使日期的加權平均股價為15.81港元(二零一八年：16.03港元)。

31 December 2019 於二零一九年十二月三十一日

**44. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS**

Details of the Group's subsidiary that has material non-controlling interests are set out below:

**44. 擁有重大非控股股東權益的部分擁有子公司**

本集團擁有重大非控股股東權益的子公司的詳情如下：

		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
Percentage of equity interest held by non-controlling interests: Yashili	非控股股東權益持有的股權百分比： 雅士利	<b>48.96%</b>	48.96%
Profit/(Loss) for the year allocated to non-controlling interests: Yashili	非控股股東權益分佔的本年收益／(虧損)： 雅士利	<b>51,372</b>	18,029
Dividends paid to non-controlling interests: Yashili	向非控股股東權益派付的股息： 雅士利	<b>22,833</b>	—
Accumulated balances of non-controlling interest at the reporting dates: Yashili	於報告日期非控股股東權益的累計結餘： 雅士利	<b>3,851,100</b>	3,793,648

31 December 2019 於二零一九年十二月三十一日

#### 44. A PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

#### 44. 擁有重大非控股股東權益的部分擁有子公司 (續)

下表列示上述子公司的簡明財務資料。所披露的金額未計任何集團內公司間的抵銷：

		Yashili 雅士利 2019 二零一九年 RMB'000 人民幣千元	Yashili 雅士利 2018 二零一八年 RMB'000 人民幣千元
Revenue	收入	<b>3,411,962</b>	3,011,200
Total expenses	開支總額	<b>(3,299,596)</b>	(2,958,925)
Profit for the year	本年盈利	<b>112,366</b>	52,275
Other comprehensive income for the year	本年其他全面收益	<b>43,954</b>	7,351
Total comprehensive income for the year	年內全面收益總額	<b>156,320</b>	59,626
Current assets	流動資產	<b>3,439,743</b>	4,166,605
Non-current assets	非流動資產	<b>4,072,758</b>	3,555,612
Current liabilities	流動負債	<b>(1,799,336)</b>	(2,150,033)
Non-current liabilities	非流動負債	<b>(31,444)</b>	(14,359)
Net cash flows from operating activities	經營活動產生的現金流量淨額	<b>177,227</b>	264,123
Net cash flows from/(used in) investing activities	投資活動產生/(所用)的現金流量淨額	<b>(695,068)</b>	508,091
Net cash flows used in financing activities	融資活動所用的現金流量淨額	<b>(64,223)</b>	(283,161)
Effect of exchange rate changes on cash and cash equivalents	匯率對現金及現金等價物的影響	<b>(145)</b>	358
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	<b>(582,209)</b>	489,411

31 December 2019 於二零一九年十二月三十一日

#### 45. BUSINESS COMBINATION

In 2019:

##### *Acquisition of Bellamy*

On 5 December 2019, the Group acquired a total equity interests of 100% in Bellamy and obtained control over Bellamy, an organic infant formula and baby food provider listed on the Australian Securities Exchange. The acquisition was made as part of the Group's strategy to expand its market share of organic infant milk powder products and baby food products market.

The purchase consideration for the acquisition was in the form of cash of RMB6,934,372,000.

#### 45. 業務合併

於二零一九年：

##### *收購貝拉米*

於二零一九年十二月五日，本集團收購貝拉米（為於澳洲證券交易所上市的全國認可澳洲有機嬰兒配方及嬰兒食品供應商）合共100%的股權，並取得貝拉米的控制權。已作出的收購為本集團擴大有機嬰兒奶粉產品及嬰兒食品產品市場的市場份額的策略之一。

該等收購的購買代價人民幣6,934,372,000元現金。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Bellamy** (continued)

The fair values of the identifiable assets and liabilities of Bellamy as at the date of acquisition were as follows:

**45. 業務合併** (續)

於二零一九年：(續)

**收購貝拉米** (續)

於收購日期，貝拉米的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	15	22,008
Construction in progress	在建工程	16	7,111
Right-of-use assets	使用權資產	18(b)	14,567
Other intangible assets	其他無形資產	20	5,417,659
Deferred tax assets	遞延稅項資產	24	103,740
Inventories	存貨		410,097
Trade and bills receivables	應收賬款及票據		148,061
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		58,831
Cash and bank balances	現金及銀行結存		481,398
<b>Total assets</b>	<b>總資產</b>		<b>6,663,472</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(132,110)
Other payables and accruals	其他應付款項及預提費用		(569,962)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(15,146)
Deferred tax liabilities	遞延稅項負債	24	(1,627,132)
<b>Total liabilities</b>	<b>總負債</b>		<b>(2,344,350)</b>
<b>Total identifiable net assets at fair value</b>	<b>按公允值計算的可識別淨負債總額</b>		<b>4,319,122</b>
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	2,615,250
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>6,934,372</b>

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB148,061,000 and RMB28,575,000, respectively.

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣148,061,000元及人民幣28,575,000元，與應收賬款及其他應收款項的合約總額相同。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Bellamy** (continued)

The Group incurred transaction costs of RMB11,227,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Bellamy for the year ended 31 December 2019 was as follows:

**45. 業務合併** (續)

於二零一九年：(續)

**收購貝拉米** (續)

本集團就是項收購產生交易成本人民幣11,227,000元。有關交易成本已於綜合損益表支銷並計入行政費用。

截至二零一九年十二月三十一日止年度就收購貝拉米的現金流動分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	<b>(6,934,372)</b>
Cash and cash equivalents acquired	購買現金及現金等價物	<b>481,398</b>
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物流出淨額	<b>(6,452,974)</b>
Transaction costs of the acquisition included in cash flows from operating activities	自經營業務計入現金流動的購買交易成本	<b>(11,227)</b>
		<b>(6,464,201)</b>

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Bellamy** (continued)

Since the acquisition, Bellamy contributed RMB88,168,000 to the Group's revenue and RMB16,076,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB80,192,260,000 and RMB4,197,178,000, respectively.

**Acquisition of Shengmu High-tech Dairy**

On 23 April 2019, the Group acquired a total equity interests of 51% in Shengmu High-tech Dairy from Shengmu High-tech Farming and Inner Mongolia Shengmu Holding Co., Ltd. ("Shengmu Holding") and obtained control over Shengmu High-tech Dairy. Shengmu High-tech Dairy is mainly engaged in the production and distribution of organic liquid milk products. The acquisition was made as part of the Group's strategy to expand its market share of organic liquid milk products in Mainland China.

The purchase consideration for the acquisition was in the form of cash with RMB105,461,000 paid on 19 July 2019, and the remaining RMB30,000,000 payable within five business days from the first anniversary date of 19 July 2019.

**45. 業務合併** (續)

於二零一九年：(續)

**收購貝拉米** (續)

自收購以來，貝拉米為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣88,168,000元，並為本集團綜合收益貢獻人民幣16,076,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團淨收益將分別為人民幣80,192,260,000元及人民幣4,197,178,000元。

**收購聖牧高科乳業**

於二零一九年四月二十三日，本集團向聖牧高科牧業及內蒙古聖牧控股有限公司（「聖牧控股」）收購聖牧高科乳業合共51%股權及取得聖牧高科乳業的控制權。聖牧高科牧業主要從事生產及分銷有機液態牛奶產品。已作出之收購為本集團策略的一部分，以擴大其有機液態牛奶產品於中國內地的市場份額。

收購的購買代價以現金方式人民幣105,461,000元於二零一九年七月十九日支付及餘下人民幣30,000,000元須於二零一九年七月十九日起計首個年度日期的五個營業日內支付。

31 December 2019 於二零一九年十二月三十一日

#### 45. BUSINESS COMBINATION (continued)

In 2019: (continued)

##### Acquisition of Shengmu High-tech Dairy (continued)

The Group has elected to measure the non-controlling interests in Shengmu High-tech Dairy at the non-controlling interest's proportionate share of identifiable net assets.

The fair values of the identifiable assets and liabilities of Shengmu High-tech Dairy as at the date of acquisition were as follows:

#### 45. 業務合併 (續)

於二零一九年：(續)

##### 收購聖牧高科乳業 (續)

本集團選擇按可識別資產淨值之非控股權益比例計量於聖牧高科乳業的非控股權益。

於收購日期，聖牧高科乳業的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 於收購獲確認 的公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	15	580,800
Construction in progress	在建工程	16	14,711
Right-of-use assets	使用權資產	18(b)	24,003
Other intangible assets	其他無形資產	20	45,655
Inventories	存貨		24,517
Trade and bills receivables	應收賬款及票據		37,161
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		332,817
Pledged deposits	保證金存款		108,555
Cash and bank balances	現金及銀行結存		520
<b>Total assets</b>	<b>總資產</b>		<b>1,168,739</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(519,419)
Other payables and accruals	其他應付款項及預提費用		(238,710)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(145,000)
<b>Total liabilities</b>	<b>總負債</b>		<b>(903,129)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨負債總額		265,610
Less: Non-controlling interests	減：非控股股東權益		(130,149)
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>135,461</b>



31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of Shengmu High-tech Dairy** (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB37,161,000 and RMB268,104,000, respectively.

The Group incurred transaction costs of RMB870,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit and loss.

An analysis of the cash flows in respect of the acquisition of Shengmu High-tech Dairy for the year ended 31 December 2019 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	<b>(105,461)</b>
Cash and cash equivalents acquired	購買現金及現金等價物	<b>520</b>
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物淨流出	<b>(104,941)</b>
Transaction costs of the acquisition included in cash flows from operating activities	自經營業務計入現金流動的購買交易成本	<b>(870)</b>
		<b>(105,811)</b>

Since the acquisition, Shengmu High-tech Dairy contributed RMB492,972,000 to the Group's revenue and caused a net loss of RMB105,131,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB79,287,531,000 and RMB4,156,579,000, respectively.

**45. 業務合併** (續)

於二零一九年：(續)

**收購聖牧高科乳業** (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣37,161,000元及人民幣268,104,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣870,000元，有關交易成本已於綜合損益表支銷，並計入行政費用。

截至二零一九年十二月三十一年度就收購聖牧高科乳業的現金流動分析如下：

自收購以來，聖牧高科乳業為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣492,972,000元，並為本集團綜合收入帶來淨虧損人民幣105,131,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團淨收益將分別為人民幣79,287,531,000元及人民幣4,156,579,000元。

31 December 2019 於二零一九年十二月三十一日

#### 45. BUSINESS COMBINATION (continued)

In 2019: (continued)

##### ***Acquisition of other subsidiaries***

During 2019, the Group acquired seven other subsidiaries from third parties. These subsidiaries are mainly engaged in the sale of dairy products. The total purchase consideration for these acquisitions was in the form of cash of RMB27,837,000 paid at the respective acquisition dates. These business acquisitions gave rise to goodwill of RMB73,033,000 in total.

The Group has elected to measure the non-controlling interests in seven other subsidiaries at the non-controlling interests' proportionate share of identifiable net assets.

#### 45. 業務合併 (續)

於二零一九年：(續)

##### ***收購其他子公司***

於二零一九年，本集團向第三方收購其他七家子公司。該等子公司主要從事銷售乳製品產品。該等收購的總購買代價為人民幣27,837,000元，並於相關收購日期以現金形式支付。該等業務收購併產生商譽合共人民幣73,033,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於其他七家子公司的非控股權益。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2019: (continued)

**Acquisition of other subsidiaries** (continued)

The aggregate fair values of the identifiable assets and liabilities of the seven other subsidiaries as at the date of acquisition were as follows:

**45. 業務合併** (續)

於二零一九年：(續)

**收購其他子公司** (續)

其他七家子公司於收購日期可識別資產及負債的總公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認 的公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	15	45,180
Right-of-use assets	使用權資產	18(b)	43,139
Other intangible assets	其他無形資產	20	4,032
Inventories	存貨		12,866
Trade and bills receivables	應收賬款及票據		49,064
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		4,262
Cash and bank balances	現金及銀行結存		6,080
<b>Total assets</b>	<b>總資產</b>		<b>164,623</b>
Liabilities	負債		
Trade and bills payables	應付賬款及票據		(130,972)
Other payables and accruals	其他應付款項及預提費用		(27,131)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(54,570)
<b>Total liabilities</b>	<b>總負債</b>		<b>(212,673)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨負債總額		(48,050)
Less: Non-controlling interests	減：非控股權益		2,854
Less: Trade receivables and other receivables due from seven other subsidiaries	減：來自其他七家子公司的應收賬款及其他應收款		(137,653)
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	73,033
Add: Effective settlement of trade receivables and other receivables due from seven other subsidiaries	加：來自其他七家子公司的應收賬款及其他應收款的有效結算		137,653
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>27,837</b>

31 December 2019 於二零一九年十二月三十一日

#### 45. BUSINESS COMBINATION (continued)

In 2019: (continued)

##### Acquisition of other subsidiaries (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB49,064,000 and RMB1,819,000, respectively.

An analysis of the cash flows in respect of the acquisition of the seven other subsidiaries for the year ended 31 December 2019 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(27,837)
Cash and cash equivalents acquired	購買現金及現金等價物	6,080
Net outflow of cash and cash equivalents included in cash flows from investing activities	自投資業務計入現金流動的現金及現金等價物流出淨額	(21,757)

Since the acquisition, seven other subsidiaries contributed RMB404,756,000 to the Group's revenue and RMB65,093,000 to the consolidated profit of the Group for the year ended 31 December 2019.

Had the combination taken place at the beginning of 2019, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB79,320,355,000 and RMB4,221,153,000, respectively.

#### 45. 業務合併 (續)

於二零一九年：(續)

##### 收購其他子公司 (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣49,064,000元及人民幣1,819,000元，與應收賬款及其他應收款項的合約總額相同。

截至二零一九年十二月三十一日止年度就收購其他七家子公司的現金流動分析如下：

自收購以來，其他七家子公司為本集團截至二零一九年十二月三十一日止年度的收入貢獻人民幣404,756,000元，並為本集團綜合收益貢獻人民幣65,093,000元。

倘有關合併於二零一九年年初進行，則截至二零一九年十二月三十一日止年度本集團的收入及本集團淨收益將分別為人民幣79,320,355,000元及人民幣4,221,153,000元。

**45. BUSINESS COMBINATION** (continued)

In 2018:

**Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong)**

On 10 April 2018, Inner Mongolia Mengniu acquired 50% equity interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) from Modern Farming (Group) Co., Ltd. ("Modern Farming"), a subsidiary of China Modern Dairy. Modern Dairy (Bengbu) and Modern Dairy (Feidong) are mainly engaged in the production and distribution of liquid milk products. Since the date of acquisition, the Group obtained control over Modern Dairy (Bengbu) and Modern Dairy (Feidong). This is because the Group owned more than 50% of the voting rights in the shareholders' meetings of both Modern Dairy (Bengbu) and Modern Dairy (Feidong). The acquisition was made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB56,040,000 paid at the acquisition date to China Modern Dairy.

The Group has elected to measure the non-controlling interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) at the non-controlling interests' proportionate share of identifiable net assets.

**45. 業務合併** (續)

於二零一八年：

**收購現代牧業(蚌埠)及現代牧業(肥東)**

於二零一八年四月十日，內蒙古蒙牛自中國現代牧業子公司現代牧業(集團)有限公司(「現代牧業(集團)」)分別收購現代牧業(蚌埠)及現代牧業(肥東)的50%股權。現代牧業(蚌埠)及現代牧業(肥東)主要從事生產及分銷液體奶產品。自收購日期起，本集團取得現代牧業(蚌埠)及現代牧業(肥東)的控制權。此乃由於本集團擁有逾於現代牧業(蚌埠)及現代牧業(肥東)股東大會50%的投票權。該項收購為本集團擴大其中國大陸的液體奶產品的市場份額的策略之一。該等收購代價以現金形式支付，於收購日期向中國現代牧業支付人民幣56,040,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於現代牧業(蚌埠)及現代牧業(肥東)的非控股權益。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

**Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong)** (continued)

The fair values of the identifiable assets and liabilities of Modern Dairy (Bengbu) and Modern Dairy (Feidong) as at the date of acquisition were as follows:

**45. 業務合併** (續)

於二零一八年：(續)

**收購現代牧業(蚌埠)及現代牧業(肥東)** (續)

於收購日期，現代牧業(蚌埠)及現代牧業(肥東)的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認的 公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備		405,299
Construction in progress	在建工程	16	31,232
Land use rights	土地使用權	18(a)	5,980
Other intangible assets	其他無形資產		613
Inventories	存貨		17,915
Trade and bills receivables	應收賬款及票據		34,688
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		122,225
Cash and bank balances	現金及銀行結存		147,600
<b>Total assets</b>	<b>總資產</b>		<b>765,552</b>
Liabilities	負債		
Trade payables	應付賬款		(132,891)
Other payables and accruals	其他應付款項及預提費用		(27,836)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(487,739)
Income tax payable	應付所得稅		(5,697)
<b>Total liabilities</b>	<b>總負債</b>		<b>(654,163)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨負債總額		111,389
Less: Non-controlling interests	減：非控股股東權益		(55,695)
Less: Entrusted loans due from Modern Dairy (Feidong)	減：應收現代牧業(肥東)的委託貸款		(65,400)
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	346
Add: Effective settlement of entrusted loans due from Modern Dairy (Feidong)	加：應收現代牧業(肥東)的委託貸款有效結算		65,400
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>56,040</b>

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

**Acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong)** (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB34,688,000 and RMB78,304,000, respectively.

The Group incurred transaction costs of RMB100,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Modern Dairy (Bengbu) and Modern Dairy (Feidong) for year ended 31 December 2018 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(56,040)
Cash and cash equivalents acquired	收購所得現金及現金等價物	147,600
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	91,560
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(100)
		91,460

Since the acquisition, Modern Dairy (Bengbu) and Modern Dairy (Feidong) contributed RMB456,450,000 to the Group's revenue and RMB52,258,000 to the consolidated profit of the Group for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and the profit of the Group for the year ended 31 December 2018 would have been RMB69,218,742,000 and RMB3,213,375,000 respectively.

**45. 業務合併** (續)

於二零一八年：(續)

**收購現代牧業(蚌埠)及現代牧業(肥東)** (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣34,688,000元及人民幣78,304,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣100,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

收購現代牧業(蚌埠)及現代牧業(肥東)於截至二零一八年十二月三十一日止年度的現金流量分析如下：

自收購以來，現代牧業(蚌埠)及現代牧業(肥東)為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣456,450,000元，並為本集團綜合收益人民幣52,258,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年本集團的收入及本集團淨收益分別為人民幣69,218,742,000元及人民幣3,213,375,000元。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

***Acquisition of Banner Dairy***

On 3 July 2018, Junlebao acquired an additional 43.41% equity interest in Banner Dairy, a previous associate of the Group. After the acquisition, Junlebao held a 65.16% equity interest in Banner Dairy and obtained control over Banner Dairy. Banner Dairy is mainly engaged in the manufacture and sale of infant milk formula products of Banner brand. The acquisition was made as part of the Group's strategy to expand its market share of infant milk formula products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB357,481,000 paid at the acquisition date to third parties.

The Group has elected to measure the non-controlling interest in Banner Dairy at the non-controlling interest's proportionate share of identifiable net assets.

**45. 業務合併** (續)

於二零一八年：(續)

***收購旗幟乳品***

二零一八年七月三日，君樂寶收購旗幟乳品(之前為本集團聯營公司)額外43.41%權益。於收購後，君樂寶持有旗幟乳品65.16%的股權，並取得旗幟乳品控制權。旗幟乳品主要從事生產及出售旗幟品牌的嬰幼兒配方奶粉。該項收購為本集團擴大其中國大陸的嬰幼兒配方奶粉市場份額的策略之一。此項收購的收購代價以現金形式支付，於收購日期向第三方支付人民幣357,481,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於旗幟乳品的非控股權益。



31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

**Acquisition of Banner Dairy** (continued)

The fair values of the identifiable assets and liabilities of Banner Dairy as at the date of acquisition were as follows:

**45. 業務合併** (續)

於二零一八年：(續)

**收購旗幟乳品** (續)

於收購日期，旗幟乳品的可識別資產及負債公允值如下：

		Notes 附註	Fair value recognised on acquisition 收購時確認 的公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備		1,083,498
Construction in progress	在建工程	16	4,618
Land use rights	土地使用權	18(a)	72,313
Other intangible assets	其他無形資產		3,031
Investments in associates	於聯營公司的投資		9,212
Biological assets	生物資產	25	416,300
Inventories	存貨		49,422
Trade and bills receivables	應收賬款及票據		33,468
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		90,077
Cash and bank balances	現金及銀行結存		26,475
<b>Total assets</b>	<b>總資產</b>		<b>1,788,414</b>
Liabilities	負債		
Trade payables	應付賬款		(123,146)
Other payables and accruals	其他應付款項及預提費用		(741,300)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(238,400)
Income tax payable	應付所得稅		(18,434)
Deferred tax liabilities	遞延稅項負債	24	(13,430)
<b>Total liabilities</b>	<b>總負債</b>		<b>(1,134,710)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨資產總額		653,704
Less: Non-controlling interests	減：非控股股東權益		(227,743)
Less: Prepayment due from Banner Dairy	減：應收旗幟乳品的預付款		(300,429)
Less: Acquisition-date fair value of the Group's initial equity in Banner Dairy	減：本集團最初持有旗幟乳品股權於收購日期的公允值		(141,046)
Add: Goodwill arising on acquisition	加：收購產生的商譽	19	72,566
Add: Effective settlement of prepayment due from Banner Dairy	加：應收旗幟乳品預付款有效結算		300,429
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>		<b>357,481</b>

31 December 2019 於二零一九年十二月三十一日

#### 45. BUSINESS COMBINATION (continued)

In 2018: (continued)

##### Acquisition of Banner Dairy (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB33,468,000 and RMB56,725,000, respectively.

The Group incurred transaction costs of RMB400,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

A fair value gain of RMB101,038,000 arising from re-measuring the Group's initial equity interest in Banner Dairy at acquisition date was recognised in other income and gains (note 5).

An analysis of the cash flows in respect of the acquisition of Banner Dairy for year ended 31 December 2018 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(357,481)
Cash and cash equivalents acquired	收購所得現金及現金等價物	26,475
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	(331,006)
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(400)
		(331,406)

Since the acquisition, Banner Dairy contributed RMB466,996,000 to the Group's revenue and net loss of RMB24,613,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and net profit of the Group for the year ended 31 December 2018 would have been RMB69,227,722,000 and RMB3,124,536,000 respectively.

#### 45. 業務合併 (續)

於二零一八年：(續)

##### 收購旗幟乳品 (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣33,468,000元及人民幣56,725,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣400,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

重新計量本集團於收購日期最初持有的旗幟乳品股權產生的人民幣101,038,000元公允值收益，已於其他收入及收益中確認(註5)。

收購旗幟乳品於截至二零一八年十二月三十一日止年度現金流量分析如下：

自收購以來，旗幟乳品為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣466,996,000元，並為綜合收入帶來淨虧損人民幣24,613,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年度本集團的收入及本集團淨收益將分別為人民幣69,227,722,000元及人民幣3,124,536,000元。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

***Acquisition of Chongqing Mengniu***

On 20 July 2018, Founding, a 100% indirectly owned subsidiary of the Company, acquired an additional 41% equity interest in Chongqing Mengniu, a previous associate of the Group. After the acquisition, Founding held a 90% equity interest in Chongqing Mengniu and obtained control over Chongqing Mengniu. Chongqing Mengniu is mainly engaged in the sale of dairy products. The acquisition was made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The purchase consideration for the acquisition was in the form of cash, with RMB205,000 paid at the acquisition date to third party.

The Group has elected to measure the non-controlling interest in Chongqing Mengniu at the non-controlling interest's proportionate share of identifiable net assets.

**45. 業務合併** (續)

於二零一八年：(續)

***收購重慶蒙牛***

二零一八年七月二十日，本公司間接擁有100%股權的子公司方鼎增購本集團前聯營公司重慶蒙牛的41%股權。收購後，方鼎持有重慶蒙牛90%的股權，並取得重慶蒙牛的控制權。重慶蒙牛主要從事銷售乳製品。是項收購為本集團擴大其中國大陸的液體奶產品的市場份額的策略之一環。是項收購的代價以現金形式支付，於收購日期向第三方支付人民幣205,000元。

本集團選擇按可識別資產淨值之非控股權益比例計量於重慶蒙牛的非控股權益。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

**Acquisition of Chongqing Mengniu** (continued)

The fair values of the identifiable assets and liabilities of Chongqing Mengniu as at the date of acquisition were as follows:

**45. 業務合併** (續)

於二零一八年：(續)

**收購重慶蒙牛** (續)

於收購日期，重慶蒙牛的可識別資產及負債公允值如下：

		Fair value recognised on acquisition 收購確認的公允值
	Note 附註	RMB'000 人民幣千元
Assets	資產	
Property, plant and equipment	物業、廠房及設備	273
Other intangible assets	其他無形資產	7
Inventories	存貨	6,946
Trade and bills receivables	應收賬款及票據	43,118
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	5,885
<b>Total assets</b>	<b>總資產</b>	<b>56,229</b>
Liabilities	負債	
Trade payables	應付賬款	(125,469)
Other payables and accruals	其他應付款項及預提費用	(11,326)
<b>Total liabilities</b>	<b>總負債</b>	<b>(136,795)</b>
Total identifiable net assets at fair value	按公允值計算的可識別淨資產總額	(80,566)
Less: Non-controlling interests	減：非控股股東權益	8,057
Less: Trade receivables due from Chongqing Mengniu	減：來自重慶蒙牛的應收賬款	(125,469)
Less: Acquisition-date fair value of the Group's initial equity in Chongqing Mengniu	減：本集團於重慶蒙牛的初始股本的收購日期公允值	(245)
Add: Goodwill arising on acquisition	加：收購產生的商譽	72,959
Add: Effective settlement of trade receivables due from Chongqing Mengniu	加：來自重慶蒙牛的應收賬款有效結算	125,469
<b>Purchase consideration at fair value</b>	<b>按公允值計算的收購代價</b>	<b>205</b>

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

**Acquisition of Chongqing Mengniu** (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition were the same as the gross contractual amounts of trade receivables and other receivables, which amounted to RMB43,118,000 and RMB4,640,000, respectively.

The Group incurred transaction costs of RMB100,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Chongqing Mengniu for year ended 31 December 2018 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	(205)
Cash and cash equivalents acquired	收購所得現金及現金等價物	—
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所得現金流量的現金及現金等價物流出淨額	(205)
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動所得現金流量的收購交易成本	(100)
		(305)

Since the acquisition, Chongqing Mengniu contributed RMB230,336,000 to the Group's revenue and net profit of RMB17,594,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and net profit of the Group for the year ended 31 December 2018 would have been RMB69,219,921,000 and RMB3,197,303,000 respectively.

**45. 業務合併** (續)

於二零一八年：(續)

**收購重慶蒙牛** (續)

於收購日期，應收賬款及其他應收款項的公允值分別為人民幣43,118,000元及人民幣4,640,000元，與應收賬款及其他應收款項的合約總額相同。

本集團就是項收購產生交易成本人民幣100,000元。有關交易成本已於綜合損益表支銷，並計入行政費用。

收購重慶蒙牛於截至二零一八年十二月三十一日止年度的現金流量分析如下：

自收購以來，重慶蒙牛為本集團截至二零一八年十二月三十一日止年度的收入貢獻人民幣230,336,000元，並為本集團綜合利潤帶來純利人民幣17,594,000元。

倘有關合併於二零一八年年初進行，則截至二零一八年十二月三十一日止年度本集團的收入及本集團純利將分別為人民幣69,219,921,000元及人民幣3,197,303,000元。

31 December 2019 於二零一九年十二月三十一日

**45. BUSINESS COMBINATION** (continued)

In 2018: (continued)

***Acquisition of other businesses***

During 2018, the Group acquired five subsidiaries and sales operation of a sales company of the Group. These businesses are mainly engaged in the sale of dairy products. These acquisitions were made as part of the Group's strategy to expand its market share of liquid milk products in Mainland China. The total purchase considerations for these acquisitions were in the form of cash of RMB63,860,000 paid at the acquisition date. These business acquisition gave rise to goodwill of RMB15,820,000 in total.

**46. DISPOSAL OF SUBSIDIARIES**

On 19 November 2019, Inner Mongolia Mengniu, a subsidiary of the Company, disposed of 51% of the equity interests in Junlebao for a cash consideration of approximately RMB4,011,319,000.

On 28 November 2019, Inner Mongolia Mengniu and a third party injected additional capital of RMB100,000,000 and RMB150,000,000, respectively, into Tianxianpei (Shanghai) Technology Co., Ltd. ("Tianxianpei"), a previously 100% owned subsidiary of Inner Mongolia Mengniu. Upon completion of the transaction, Inner Mongolia Mengniu held 50% equity interest in Tianxianpei and lost control of Tianxianpei. Since then, Inner Mongolia Mengniu has accounted for Tianxianpei as a joint venture using the equity method.

During the year, Inner Mongolia Mengniu dissolved two sales companies, 100% and 70% owned subsidiaries respectively.

**45. 業務合併** (續)

於二零一八年：(續)

***收購其他業務***

二零一八年內，本集團收購五家公司以及本集團的一家銷售機構的銷售業務。該等業務主要從事出售乳製品。此等收購為本集團擴大其中國大陸的液體奶產品市場份額的策略的一環。此等收購的總收購代價以現金形式支付，於收購日期支付人民幣63,860,000元。此等業務收購共產生商譽人民幣15,820,000元。

**46. 出售子公司**

於二零一九年十一月十九日，本公司的子公司內蒙古蒙牛以總現金代價約人民幣4,011,319,000元出售君樂寶51%股權。

於二零一九年十一月二十八日，內蒙古蒙牛及一名第三方向先前由內蒙古蒙牛100%擁有的一間子公司天鮮配(上海)科技有限公司(「天鮮配」)分別注資人民幣100,000,000元及人民幣150,000,000元的額外資本。待完成交易後，內蒙古蒙牛持有天鮮配的50%股權，並失去天鮮配的控制權。內蒙古蒙牛將天鮮配作為合營企業以權益法入賬。

於年內，內蒙古蒙牛終止分別擁有100%及70%權益的兩家銷售子公司。

31 December 2019 於二零一九年十二月三十一日

**46. DISPOSAL OF SUBSIDIARIES** (continued)

The assets and liabilities of the subsidiaries from the perspective of the Group's consolidated financial statements as at disposal date are as follows:

**46. 出售子公司** (續)

於出售日期子公司自本集團的綜合財務報表的資產及負債如下：

	Notes 附註	2019 二零一九年 RMB'000 人民幣千元
<b>Assets</b>		
Property, plant and equipment	15	4,673,276
Right-of-use assets	18(b)	477,616
Construction in progress	16	927,720
Investments in associates		38,344
Other intangible assets	20	205,711
Biological assets	25	1,383,000
Other financial assets		440,000
Goodwill	19	103,389
Deferred tax assets	24	416,503
Long term prepayments		113,287
Inventories		1,190,854
Trade and bills receivables		489,079
Prepayments, other receivables and other assets		776,154
Pledged deposits		226,275
Cash and bank balances		593,162
<b>Total assets</b>		<b>12,054,370</b>
<b>Liabilities</b>		
Trade and bills payables		2,258,229
Other payables and accruals		3,534,941
Interest-bearing bank and other borrowings		4,091,323
Other loans		22,912
Deferred income	37	688,782
Income tax payable		157,326
Deferred tax liabilities	24	65,463
Long term payables		6,940
<b>Total Liabilities</b>		<b>10,825,916</b>
		<b>1,228,454</b>
Less: Non-controlling interests		888,177
Attributable goodwill and trademarks with indefinite useful lives	19	252,960
Gain on disposal of subsidiaries	5	3,418,082
Satisfied by cash consideration		4,011,319

31 December 2019 於二零一九年十二月三十一日

#### 46. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	4,011,319
Cash and cash equivalents disposed of	處置現金及現金等價物	(593,162)
Income tax paid	支付所得稅	(533,337)
Net inflow of cash and cash equivalents included in cash flows from disposal of subsidiaries	自出售子公司計入現金流動的現金及現金等價物流入淨額	2,884,820

#### 47. PLEDGE OF ASSETS

Details of the Group's bills payable and bank loans, which are secured by the assets of the Group, are included in notes 31 and 33, respectively, to the financial statements.

#### 48. COMMITMENTS

(a) The Group had the following outstanding capital commitments in respect of the purchase and construction of property, plant and equipment as at the end of the reporting period:

#### 46. 出售子公司 (續)

就出售子公司的現金及現金等價物的淨流入分析如下：

#### 47. 資產抵押

有關獲本集團的資產作抵押的本集團應付票據及銀行貸款詳情，分別載於財務報表附註31及33。

#### 48. 承擔

(a) 於報告期末，本集團有關購置及興建物業、廠房及設備的未償還資本承擔如下：

	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
Contracted, but not provided for 已訂約但未撥備	<b>788,680</b>	1,047,984

At the end of the reporting period, the Group did not have any significant commitments.

於報告期末，本集團並無任何重大承擔。



31 December 2019 於二零一九年十二月三十一日

**48. COMMITMENTS** (continued)

- (b) Operating lease commitments as at 31 December 2018

The Group leased certain of its building and structures, plant and machinery, office equipment, motor vehicles and land use rights under operating lease arrangements. Leases for building and structures were negotiated for terms ranging from 1 to 10 years, plant and machinery and office equipment were negotiated for terms ranging from 1 to 5 years, motor vehicles were negotiated for terms ranging from 1 to 4 years and land use rights were negotiated for terms ranging from 1 to 50 years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases in respect of buildings and certain production equipment as follows:

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	241,792
In the second to fifth years, inclusive	兩至五年(包括首尾兩年)	320,035
Over five years	五年以上	53,533
		615,360

- (c) The Group has various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are RMB4,339,000 due within one year, and RMB2,135,000 due in the second to fifth years.

**49. CONTINGENT LIABILITIES**

During the year, a non-controlling shareholder of an associate of the Group alleged that the Group has breached the investment deed associated with the associate, thereby entitling it to exercise the put option right to sell its equity interests in the associate to the Group. The directors, based on the advice from the Group's legal counsel, believe that the Group has not breached the investment deed and accordingly, has not provided for any claim in these financial statements.

**48. 承擔** (續)

- (b) 於二零一八年十二月三十一日的經營租賃承擔

本集團根據經營租賃安排租賃其若干樓房及結構、廠房及機器、辦公室設備、運輸設備及土地使用權。租賃樓房及結構的商議期介乎一至十年、廠房及機器及辦公室設備的商議期介乎一至五年，運輸設備的商議期介乎一至四年及土地使用權的商議期介乎一至五十年。

於二零一八年十二月三十一日，本集團就樓房及若干生產設備根據不可註銷經營租賃，日後應付其租戶的最低租金總額如下：

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	241,792
In the second to fifth years, inclusive	兩至五年(包括首尾兩年)	320,035
Over five years	五年以上	53,533
		615,360

(c) 本集團於二零一九年十二月三十一日具有各種尚未開始之租賃合約。就該等不可註銷租賃合約的未來租賃付款為人民幣4,339,000元(於一年內到期)及人民幣2,135,000元(於第二至第五年到期)。

**49. 或然負債**

於年內，本集團一間聯營公司的一名非控股股東稱本集團違反有關聯營公司的投資契約，因此賦予其行使認沽期權以向本集團出售其於聯營公司的股權。董事基於本集團法律顧問的建議，相信本集團並無違反投資契約及因此並未提供該等財務報表的任何聲明。

31 December 2019 於二零一九年十二月三十一日

## 50. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances which are disclosed elsewhere in these financial statements, the Group had the following significant transactions with its associates and other related parties.

## 50. 關聯人士交易

- (a) 除於本財務報表其他段落披露的交易及結餘外，本集團與其聯營公司及其他關聯人士進行下列重大交易。

		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
(I) Sales of liquid milk products to associates	(I) 向聯營公司銷售液態奶產品	(i)	647,624	1,246,732
(II) Sales of ice cream products to associates	(II) 向聯營公司銷售冰淇淋產品	(i)	23,849	34,153
(III) Sales of products to affiliates of a major shareholder of the Company	(III) 向本公司一名主要股東的聯屬公司出售產品	(i)	7,243	9,853
(IV) Sales of products to a joint venture	(IV) 向合營企業銷售產品	(i)	655	—
(V) Purchases of raw materials from affiliates of a major shareholder of the Company	(V) 向本公司一名主要股東的聯屬公司購買原材料	(i)	491,357	782,996
(VI) Purchases of raw materials from associates	(VI) 向聯營公司購買原材料	(i)	6,064,223	5,468,052
(VII) Purchases of liquid milk products from an associate	(VII) 向聯營公司購買液態奶產品	(i)	—	239,995
(VIII) Purchases of milk powder products from an associate	(VIII) 向聯營公司購買奶粉產品	(i)	—	324
(IX) Purchases of outsourcing services from an associate	(IX) 向聯營公司購買外包服務	(i)	1,096	13,368
(X) Purchase of equipment from an associate	(X) 向聯營公司購買設備	(i)	5,403	1,681

Note:

- (i) The considerations were determined with reference to the prevailing market prices/rates and the prices charged to third parties.

註：

- (i) 價格是經參考當時市場價格／費率及收取第三方的價格釐定。

31 December 2019 於二零一九年十二月三十一日

**50. RELATED PARTY TRANSACTIONS** (continued)**(b) Other transactions with associates**

During 2018, the Group acquired 50% equity interests in Modern Dairy (Bengbu) and Modern Dairy (Feidong) from Modern Farming, a subsidiary of China Modern Dairy. Further details of the acquisition are included in note 45 to the financial statements.

**(c) Compensation of key management personnel of the Group**

Key management compensation is detailed in notes 9 and 10 to the financial statements.

The related party transactions in respect of items (a) (III) and (a)(V) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

**(d) Year-end balances arising from related party transactions are as follows:**

Trade and bills receivables from:

**50. 關聯人士交易** (續)**(b) 與聯營公司其他交易**

二零一八年內，本集團自中國現代牧業子公司現代牧業(集團)收購現代牧業(蚌埠)及現代牧業(肥東)的50%股權。收購進一步詳情載於財務報表附註45。

**(c) 本集團的主要管理人員的報酬**

主要管理人員報酬詳情載於財務報表附註9及10。

上述(a)(III)及(a)(V)項中的關聯方交易亦構成上市規則第14A章所界定的持續交易。

**(d) 關聯人士交易產生的年末結餘如下：**

應收賬款及票據：

		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
Associates	聯營公司	218,730	304,639
A joint venture	合營企業	601	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	2,200	580
		<b>221,531</b>	305,219

31 December 2019 於二零一九年十二月三十一日

**50. RELATED PARTY TRANSACTIONS** (continued)

(d) Year-end balances arising from related party transactions are as follows: (continued)

Prepayments, other receivables and other assets 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
Associates	聯營公司	8,333	18,000
A joint venture	合營企業	201	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	6,083	—
		<b>14,617</b>	18,000

Trade and bills payables to:

應付賬款及票據：

		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
Associates	聯營公司	529,209	468,613
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	137,718	68,868
		<b>666,927</b>	537,481

**50. 關聯人士交易** (續)

(d) 關聯人士交易產生的年末結餘如下：(續)

預付款、其他應收款項及其他資產：

31 December 2019 於二零一九年十二月三十一日

**50. RELATED PARTY TRANSACTIONS** (continued)**(d) Year-end balances arising from related party transactions are as follows:** (continued)

Other payables and accruals 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
Associates	聯營公司	4,184	5,131
A joint venture	合營企業	88	—
Affiliates of a major shareholder of the Group	本集團一名主要股東的 聯屬公司	60	—
		<b>4,332</b>	5,131

Except for certain prepayments, other receivables and other assets from associates of approximately RMB8,333,000 (31 December 2018: Nil) with a fixed interest rate of 4.8% per annum, the above balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to or by independent third parties.

**(e) Other outstanding balances with associates**

As at 31 December 2019, the Group had entrusted loans of RMB35,560,000 (31 December 2018: RMB27,197,000) due to certain associates included in "Interest-bearing bank and other borrowings". The Group obtained those loans from certain associates via banks. The balances are unsecured and interest-free (31 December 2018: with an annual interest rate of 1.15%).

As at 31 December 2019, the Group had entrusted loans of RMB1,000,000,000 (2018: RMB1,000,000,000) and RMB500,000,000 (2018: Nil) due from China Modern Dairy and Inner Mongolia Fuyuan International Industrial Co., Ltd. respectively, included in "Other financial assets". The Group loaned out the money via banks. The entrusted loans are unsecured and secured by dairy cows, respectively, with annual interest rates of 4.79% (2018: 4.00%) and 6.09% (2018: Nil), respectively.

**50. 關聯人士交易** (續)**(d) 關聯人士交易產生的年末結餘如下:** (續)

其他應付款項及預提費用:

	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
Associates	4,184	5,131
A joint venture	88	—
Affiliates of a major shareholder of the Group	60	—
	<b>4,332</b>	5,131

除若干預付款項、按金及其他應收聯營公司款項約人民幣8,333,000元(二零一八年十二月三十一日:零元)按4.8%的固定年利率計息外,上述結餘為無抵押、不計息及須於要求時償還,信貸條款與給予或獲自獨立第三方的條款相若。

**(e) 與聯營公司其他結餘**

於二零一九年十二月三十一日,本集團擁有應付若干聯營公司委託貸款人民幣35,560,000元(二零一八年十二月三十一日:人民幣27,197,000元),並已計入「計息銀行及其他借貸」。本集團透過銀行從若干聯營公司取得該等貸款。結餘為無抵押,且無利息(二零一八年十二月三十一日:年利率為1.15%)。

於二零一九年十二月三十一日,本集團分別擁有應收中國現代牧業及內蒙古富源國際實業有限公司委託貸款人民幣1,000,000,000元(二零一八年:人民幣1,000,000,000元)及人民幣500,000,000元(二零一八年:零元),並已計入「其他金融資產」。本集團透過銀行借出該款項。該委託貸款分別為無抵押及以乳牛抵押,年利率為4.79%(二零一八年:4.00%)及6.09%(二零一八年:零)。

31 December 2019 於二零一九年十二月三十一日

**51. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**Financial assets**
**51. 按類別劃分的金融工具**

於報告期末，各分類的金融工具的賬面值如下：

**金融資產**

		2019 二零一九年				2018 二零一八年			
		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤銷成本	按公允價值計量且其變動計入損益	按公允價值計量且其變動計入其他全面收益	總計	攤銷成本	按公允價值計量且其變動計入損益	按公允價值計量且其變動計入其他全面收益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade and bills receivables	應收賬款及票據	3,476,898	—	109,968	3,586,866	2,891,973	—	—	2,891,973
Financial assets included in prepayments, other receivables and other assets	計入預付款、其他應收款項及其他資產的金融資產	658,852	—	—	658,852	488,002	—	—	488,002
Equity investments	股本投資	—	166,408	105,957	272,365	—	31,599	109,148	140,747
Convertible promissory note	可換股承兌票據	—	102,550	—	102,550	—	196,130	—	196,130
Warrants	認股權證	—	11,187	—	11,187	—	72,687	—	72,687
Entrusted loans	委託貸款	2,883,719	—	—	2,883,719	2,280,712	—	—	2,280,712
Derivative financial instruments	衍生金融工具	—	34,009	10,814	44,823	—	49,212	28,598	77,810
Investment deposits	投資存款	—	16,214,445	—	16,214,445	—	9,281,963	—	9,281,963
Pledged deposits	保證金存款	74,186	—	—	74,186	623,495	—	—	623,495
Long term receivables	長期應收款項	81,143	—	—	81,143	128,586	—	—	128,586
Cash and cash equivalents	現金及現金等價物	3,798,118	—	—	3,798,118	4,370,494	—	—	4,370,494
Time deposits	定期存款	7,247,842	—	—	7,247,842	4,848,912	—	—	4,848,912
		18,220,758	16,528,599	226,739	34,976,096	15,632,174	9,631,591	137,746	25,401,511

31 December 2019 於二零一九年十二月三十一日

## 51. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Financial liabilities

## 51. 按類別劃分的金融工具 (續)

### 金融負債

		2019 二零一九年			2018 二零一八年		
		Fair value		Total	Fair value		Total
		Amortised cost	through profit or loss		Amortised cost	through profit or loss	
		按公允值計量且其變動		總計	按公允值計量且其變動		總計
		攤銷成本	計入損益		攤銷成本	計入損益	
		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
Trade and bills payables	應付賬款及票據	6,738,626	—	6,738,626	7,021,542	—	7,021,542
Financial liabilities included in other payables and accruals	計入其他應付款項及預提費用的金融負債	5,954,229	—	5,954,229	5,851,674	—	5,851,674
Interest-bearing bank and other borrowings excluding zero coupon exchangeable bonds and lease liabilities	計息銀行及其他借貸(不包括零息可交換債券及租賃負債)	21,598,628	—	21,598,628	13,440,132	—	13,440,132
Zero coupon exchangeable bonds	零息可交換債券	—	1,374,780	1,374,780	—	1,275,183	1,275,183
Other loans	其他貸款	—	—	—	22,912	—	22,912
Derivative financial instruments	衍生金融工具	—	4,346	4,346	—	27,162	27,162
Long term payables	長期應付款項	947	—	947	12,616	—	12,616
Other financial liabilities	其他金融負債	1,600,206	—	1,600,206	1,610,947	—	1,610,947
		<b>35,892,636</b>	<b>1,379,126</b>	<b>37,271,762</b>	27,959,823	1,302,345	29,262,168

31 December 2019 於二零一九年十二月三十一日

## 52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Fair value

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, current interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other financial assets, long term time deposits, long term receivable, the non-current portion of interest-bearing bank loans and long term payables and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of exchangeable bonds are measured using valuation technical methods and by reference to quoted prices. The fair value of the convertible promissory note is measured using valuation technical methods.

The fair values of listed equity investments are based on quoted market prices.

## 52. 金融工具的公允值及公允值層級

### 公允值

金融資產及負債的公允值為市場參與者於現時進行的交易(強迫或清算銷售除外)中可出售資產及轉讓負債的金額。

下文載列用於估計公允值的方法及假設：

現金及現金等價物、保證金存款的即期部分、應收賬款及票據、應付賬款及票據、計入預付款、其他應收款項及其他資產的金融資產、計入其他應付款項及預提費用的金融負債、流動計息銀行貸款及其他貸款的公允值因短期內到期而與其賬面值相若。

其他金融資產的非流動部分、長期定期存款、長期應收款項、計息銀行貸款及長期應付款項的非流動部分以及其他非流動金融負債的公允值乃採用類似條款、信貸風險及餘下到期日的工具現時可獲得的利率折現預期未來現金流量的方式計算。可交換債券的公允值乃使用估值技術方法及經參考報價計量。可換股承兌票據的公允值乃使用估值技術方法計量。

上市股本投資的公允值乃基於市場報價。



31 December 2019 於二零一九年十二月三十一日

## 52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value (continued)

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts, an interest rate swap, forward currency contracts and interest rate forward contracts, are measured using quoted prices from financial institutions with which the interest rate swap, forward currency contracts and interest rate forward contracts are entered into. The carrying amounts of the interest rate swap, forward currency contracts and interest rate forward contracts are the same as their fair values.

The following table shows the valuation technique used in the determination of fair values of investment deposits, which falls within level 3 of the fair value hierarchy, as well as the significant unobservable inputs used in the valuation.

## 52. 金融工具的公允值及公允值層級(續)

### 公允值(續)

本集團與多名對手方訂立衍生金融工具，主要為已成立的商品貿易交易所或信貸評級良好的金融機構。商品期貨合約、利率互換合約、遠期外幣合約及利率遠期合約等衍生金融工具，乃使用與其訂立有關利率互換合約、遠期外幣合約及利率遠期合約的金融機構的報價計量。利率互換合約、遠期外幣合約及利率遠期合約的賬面值與其公允值相同。

下表載列釐定投資存款公允值所用的估值技術(屬於公允值層級的第三級)及估值所用的重大不可觀察輸入數據。

	Valuation technique 估值技術	Significant unobservable input Range 重大不可觀察輸入數據 範圍		Sensitivity of fair value to the input 輸入數據對公允值的影響
		Expected yield 預期收益率	1.30% to 6.10% (2018: 2.40% to 5.01%) 1.30%至6.10% (二零一八年： 2.40%至5.01%)	
Investment deposits 投資存款	Discounted cash flow method 折現現金流量法			10% (2018: 10%) increase (decrease) in expected yield would result in increase (decrease) in fair value by RMB27,499,000 (2018: RMB12,392,000) 預期收益率增加(減少)10% (二零一八年：10%) 將導致公允值增加(減少) 人民幣27,499,000元 (二零一八年：人民幣12,392,000元)
		Discount rate 折現率	1.30% to 6.10% (2018: 2.40% to 5.01%) 1.30%至6.10% (二零一八年： 2.40%至5.01%)	10% (2018: 10%) increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB27,434,000 (2018: RMB12,360,000) 折現率增加(減少)10% (二零一八年：10%) 將導致公允值減少(增加) 人民幣27,434,000元 (二零一八年：人民幣12,360,000元)

31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)**Fair value** (continued)

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

**52. 金融工具的公允值及公允值層級** (續)**公允值** (續)

本集團金融工具(除賬面值與公允值合理地相若的金融工具外)的賬面值及公允值如下:

		Carrying amounts 賬面值		Fair values 公允值	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
<b>Financial assets</b>	<b>金融資產</b>				
Long term entrusted loans	長期委託貸款	1,063	12,295	1,060	12,241
Long term receivables	長期應收款項	12,542	57,025	11,395	54,983
Long term time deposits	長期定期存款	4,569,773	1,921,418	4,471,835	1,918,627
		<b>4,583,378</b>	1,990,738	<b>4,484,290</b>	1,985,851

		Carrying amounts 賬面值		Fair values 公允值	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
<b>Financial liabilities</b>	<b>金融負債</b>				
Other non-current financial liabilities	其他非流動金融負債	1,600,206	1,610,947	1,600,206	1,610,947
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
— non-current portion excluding zero coupon exchangeable bonds and lease liabilities	— 非流動部分(不包括零息可交換債券及租賃負債)	7,935,369	6,917,217	7,591,958	6,799,598
Long term payables	長期應付款項	—	814	—	792
		<b>9,535,575</b>	8,528,978	<b>9,192,164</b>	8,411,337

## 52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

## 52. 金融工具的公允值及公允值層級 (續)

### 公允值層級

本集團採用以下層級釐定及披露金融工具的公允值：

- 第一級：根據相同資產或負債於活躍市場的報價(未經調整)計量公允值
- 第二級：公允值基於估值技術計量，且全部對所記錄的公允值有重大影響的輸入數據是可直接或間接觀察得到
- 第三級：公允值基於估值技術計量，且任何對所記錄的公允值有重大影響的輸入數據是並非基於可觀察的市場數據(非可觀察輸入數據)

31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Assets measured at fair value:***52. 金融工具的公允值及公允值層級** (續)

公允值層級 (續)

*按公允值計量的資產：*

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	105,957	—	—	105,957
Unlisted equity investments	非上市股本投資	—	—	166,408	166,408
Convertible promissory note	可換股承兌票據	—	—	102,550	102,550
Warrants and subscription rights of warrants	認股權證及認股權證之認購權	—	11,187	—	11,187
Investment deposits	投資存款	—	—	16,214,445	16,214,445
Derivative financial instruments	衍生金融工具	—	44,823	—	44,823
Bills receivable	應收票據	—	—	109,968	109,968
		<b>105,957</b>	<b>56,010</b>	<b>16,593,371</b>	<b>16,755,338</b>

31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)**52. 金融工具的公允值及公允值層級** (續)

公允值層級 (續)

按公允值計量的資產: (續)

		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total  總計  RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	109,148	—	—	109,148
Unlisted equity investments	非上市股本投資	—	—	31,599	31,599
Convertible promissory note	可換股承兌票據	—	—	196,130	196,130
Subscription rights of warrants	認股權證之認購權	—	72,687	—	72,687
Investment deposits	投資存款	—	—	9,281,963	9,281,963
Derivative financial instruments	衍生金融工具	—	77,810	—	77,810
		109,148	150,497	9,509,692	9,769,337

31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Liabilities measured at fair value:***52. 金融工具的公允值及公允值層級** (續)

公允值層級 (續)

*按公允值計量的負債：*

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	—	4,346	—	4,346
Zero coupon exchangeable bonds	零息可交換債券	—	1,374,780	—	1,374,780
		—	1,379,126	—	1,379,126
		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	—	27,162	—	27,162
Zero coupon exchangeable bonds	零息可交換債券	—	1,275,183	—	1,275,183
		—	1,302,345	—	1,302,345

31 December 2019 於二零一九年十二月三十一日

## 52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

*Assets for which fair values are disclosed:*

## 52. 金融工具的公允值及公允值層級 (續)

公允值層級 (續)

*有披露公允值的資產：*

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	—	1,060	—	1,060
Long term receivables	長期應收款項	—	11,395	—	11,395
Long term time deposits	長期定期存款	—	4,471,835	—	4,471,835
		—	4,484,290	—	4,484,290
		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	—	12,241	—	12,241
Long term receivables	長期應收款項	—	54,983	—	54,983
Long term time deposits	長期定期存款	—	1,918,627	—	1,918,627
		—	1,985,851	—	1,985,851

31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Liabilities for which fair values are disclosed:*

**52. 金融工具的公允值及公允值層級** (續)

公允值層級 (續)

*有披露公允值的負債：*

		2019 二零一九年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other non-current financial liabilities	其他非流動金融負債	—	1,600,206	—	1,600,206
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
— non-current portion excluding zero coupon exchangeable bonds and lease liabilities	— 非流動部分(不包括零息可交換債券及租賃負債)	—	7,591,958	—	7,591,958
		—	9,192,164	—	9,192,164



31 December 2019 於二零一九年十二月三十一日

**52. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

Fair value hierarchy (continued)

*Liabilities for which fair values are disclosed:* (continued)**52. 金融工具的公允值及公允值層級** (續)

公允值層級 (續)

有披露公允值的負債：(續)

		2018 二零一八年			
		Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Other non-current financial liabilities	其他非流動金融負債	—	1,610,947	—	1,610,947
Interest-bearing bank and other borrowings	計息銀行及其他借貸				
— non-current portion excluding zero coupon exchangeable bonds	— 非流動部分(不包括零息可交換債券)	—	6,799,598	—	6,799,598
Long term payables	長期應付款項	—	792	—	792
		—	8,411,337	—	8,411,337

**53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Financial risk management**

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, trade and bills receivables and payables, other receivables and payables, long term receivables balances with related parties, interest-bearing bank and other borrowings, other loans and long term payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

**53. 財務風險管理目標及政策****財務風險管理**

本集團的主要金融工具(衍生工具除外)包括現金及現金等價物、應收及應付賬款及票據、其他應收及應付款項、與關聯人士的長期應收結餘、計息銀行及其他借貸、其他貸款及長期應付款項。該等金融工具旨在為本集團的營運籌集資金。本集團擁有各式各樣直接來自其業務的其他金融資產及負債，例如應收賬款及應付賬款。

31 December 2019 於二零一九年十二月三十一日

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

The Group also entered into derivative transactions, mainly interest rate swap, forward currency contracts and interest rate forward contracts. The purpose is to manage the exchange rate and floating rate exposures arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors and senior management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts prudent strategies on its risk management.

#### (i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group closely monitors its interest rate risk by performing periodic reviews and evaluations of its debt portfolio and gearing ratio. The interest rates and terms of repayment of the bank loans of the Group are disclosed in note 33 to the financial statements. The Group enters into interest rate swaps, in which the Group agrees to exchange, at a specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. In the opinion of the directors, the Group has no significant interest rate risk.

### 53. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

本集團亦訂立衍生交易，主要為利率互換合約、遠期貨幣合約及利率遠期合約，目的為管理本集團業務所產生的匯率及浮動利率風險。

來自本集團金融工具的主要風險有利率風險、外幣風險、信貸風險、流動性風險及股本價格風險。董事會及高級管理人員定期舉行會議，分析本集團所承受的風險，並制定用以管理風險的措施。本集團一般採納審慎的策略管理風險。

#### (i) 利率風險

本集團承受的市場利率變動風險主要有關本集團的浮息借貸。本集團定期檢討和評估其債務組合及資本負債比率，對其利率風險進行密切注視。本集團的銀行貸款利率及還款期於財務報表附註33披露。本集團訂立利率互換合約，據此，本集團同意於固定期間，按照協定名義本金金額計算的固定及浮動利率金額的差額進行兌換。董事認為，本集團並無重大利率風險。

31 December 2019 於二零一九年十二月三十一日

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Financial risk management (continued)

#### (i) Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

		Increase/ (decrease) in basis points 基點增加/ (減少) RMB'000 人民幣千元	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少)
<b>2019</b>	<b>二零一九年</b>		
RMB	人民幣	<b>50</b>	<b>(8,836)</b>
RMB	人民幣	<b>(50)</b>	<b>8,836</b>
Hong Kong dollars	港元	<b>50</b>	<b>(10,962)</b>
Hong Kong dollars	港元	<b>(50)</b>	<b>10,962</b>
United States dollars	美元	<b>50</b>	<b>(2,064)</b>
United States dollars	美元	<b>(50)</b>	<b>2,064</b>
New Zealand dollars	新西蘭元	<b>50</b>	<b>(3)</b>
New Zealand dollars	新西蘭元	<b>(50)</b>	<b>3</b>
<b>2018</b>	<b>二零一八年</b>		
RMB	人民幣	50	(14,205)
RMB	人民幣	(50)	14,205
Hong Kong dollars	港元	50	(13,299)
Hong Kong dollars	港元	(50)	13,299
United States dollars	美元	50	(8,370)
United States dollars	美元	(50)	8,370
Euro	歐元	50	—
Euro	歐元	(50)	—
New Zealand dollars	新西蘭元	50	(302)
New Zealand dollars	新西蘭元	(50)	302

## 53. 財務風險管理目標及政策 (續)

### 財務風險管理 (續)

#### (i) 利率風險 (續)

下表列示在所有其他變數維持不變的情況下，利率可能出現合理可能變動對本集團稅前利潤(透過浮息借貸的影響)的影響：

		Increase/ (decrease) in basis points 基點增加/ (減少) RMB'000 人民幣千元	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少)
<b>2019</b>	<b>二零一九年</b>		
RMB	人民幣	<b>50</b>	<b>(8,836)</b>
RMB	人民幣	<b>(50)</b>	<b>8,836</b>
Hong Kong dollars	港元	<b>50</b>	<b>(10,962)</b>
Hong Kong dollars	港元	<b>(50)</b>	<b>10,962</b>
United States dollars	美元	<b>50</b>	<b>(2,064)</b>
United States dollars	美元	<b>(50)</b>	<b>2,064</b>
New Zealand dollars	新西蘭元	<b>50</b>	<b>(3)</b>
New Zealand dollars	新西蘭元	<b>(50)</b>	<b>3</b>

<b>2018</b>	<b>二零一八年</b>		
RMB	人民幣	50	(14,205)
RMB	人民幣	(50)	14,205
Hong Kong dollars	港元	50	(13,299)
Hong Kong dollars	港元	(50)	13,299
United States dollars	美元	50	(8,370)
United States dollars	美元	(50)	8,370
Euro	歐元	50	—
Euro	歐元	(50)	—
New Zealand dollars	新西蘭元	50	(302)
New Zealand dollars	新西蘭元	(50)	302

31 December 2019 於二零一九年十二月三十一日

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

##### (ii) Foreign currency risk

The Group's businesses are principally located in Mainland China and substantially all transactions are conducted in RMB, except for the purchases of imported machinery and equipment and sales of dairy products to Hong Kong and Macau. As at 31 December 2019, substantially all of the Group's assets and liabilities were denominated in RMB except for the cash and bank balances of approximately RMB1,922,970,000 (2018: RMB182,118,000), RMB121,798,000 (2018: RMB20,006,000), RMB5,491,000 (2018: RMB10,991,000), RMB15,614,000 (2018: RMB5,146,000) and RMB104,420,000 (2018: Nil) which were denominated in United States dollars, Hong Kong dollars, Danish Krone, Indonesian Rupiah and Australian dollars, respectively, pledged deposits of approximately RMB47,833,000 (2018: RMB22,238,000), RMB4,431,000 (2018: RMB6,825,000) and RMB15,000 (2018: RMB1,000) which were denominated in United States dollars, New Zealand dollars and Euro, respectively, and the interest-bearing bank and other borrowings of approximately RMB2,776,980,000 (2018: RMB3,376,261,000), RMB15,387,609,000 (2018: RMB6,153,396,000), RMB106,928,000 (2018: Nil) and RMB96,976,000 (2018: Nil) which were denominated in Hong Kong dollars, United States dollars, Indonesian Rupiah and Australian dollars, respectively. As at 31 December 2018, substantially all of the Group's assets and liabilities were denominated in RMB except for the cash and bank balances of approximately RMB1,769,000 and RMB8,051,000 which were denominated in Euro and New Zealand dollars, and the interest-bearing bank and other borrowings of approximately 12,793,000 which were denominated in New Zealand dollars. The fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. However, in the opinion of the directors, the foreign currency risk exposure is under management's control.

### 53. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

##### (ii) 外幣風險

本集團的業務主要位於中國大陸，除購置進口機器及設備及向港澳出售乳製品外，絕大部分交易均以人民幣為本位貨幣。於二零一九年十二月三十一日，本集團的資產及負債中，除了現金及銀行結存約人民幣1,922,970,000元(二零一八年：人民幣182,118,000元)、人民幣121,798,000元(二零一八年：人民幣20,006,000元)人民幣5,491,000元(二零一八年：人民幣10,991,000元)、人民幣15,614,000元(二零一八年：人民幣5,146,000元)及人民幣104,420,000元(二零一八年：零)分別以美元、港元、丹麥克朗、印尼盾及澳元計值，保證金存款約人民幣47,833,000元(二零一八年：人民幣22,238,000元)、人民幣4,431,000元(二零一八年：人民幣6,825,000元)及人民幣15,000元(二零一八年：人民幣1,000元)分別以美元、新西蘭元及歐元計值，計息銀行及其他借貸約人民幣2,776,980,000元(二零一八年：人民幣3,376,261,000元)、人民幣15,387,609,000元(二零一八年：人民幣6,153,396,000元)、人民幣106,928,000元(二零一八年：零)及人民幣96,976,000元(二零一八年：零)分別以港元、美元、印尼盾及澳元計值之外，本集團絕大部分資產及負債均以人民幣為單位。於二零一八年十二月三十一日，本集團絕大部份的資產及負債以人民幣計值，除約人民幣1,769,000元及人民幣8,051,000元現金及銀行結餘以歐元及新西元計值以及約12,793,000元計息銀行及其他借貸以新西蘭元計值。人民幣兌外幣的匯價若有波動，可能影響本集團的經營業績，但董事認為外幣風險在管理層的控制之中。

31 December 2019 於二零一九年十二月三十一日

**53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)**Financial risk management** (continued)**(ii) Foreign currency risk** (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates as compared to United States dollars, Hong Kong dollars, Euro, New Zealand dollars, Australian dollars, Indonesian Rupiah and Danish Krone, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity:

		<b>Increase/ (decrease) in RMB rate 人民幣匯率 上升/(下降) %</b>	<b>Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少) RMB'000 人民幣千元</b>	<b>Increase/ (decrease) in equity 權益增加/ (減少) RMB'000 人民幣千元</b>
<b>2019</b>	<b>二零一九年</b>	<b>5 (5)</b>	<b>112,245 (112,245)</b>	<b>427,706 (427,706)</b>
2018	二零一八年	5 (5)	14,416 (14,416)	218,069 (218,069)

**53. 財務風險管理目標及政策** (續)**財務風險管理** (續)**(ii) 外幣風險** (續)

下表列示在所有其他變數維持不變的情況下，人民幣與美元、港元、歐元、新西蘭元、澳元、印尼盾及丹麥克朗比較的兌換率可能出現的合理可能變動(因貨幣資產及負債的公允價值變動導致)對本集團稅前利潤及權益的影響：

31 December 2019 於二零一九年十二月三十一日

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

##### **(iii) Credit risk**

The cash and bank balances, as well as the pledged deposits, of the Group are mainly deposited with state-owned commercial banks in Mainland China.

The majority of the Group's sales are conducted on a cash basis. The Group has implemented policies to ensure that sales of products are made to distributors, who wish to trade on credit terms, with an appropriate credit history which is subject to periodic reviews. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

##### *Maximum exposure and year-end staging as at 31 December 2019*

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2019. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

### 53. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

##### **(iii) 信貸風險**

本集團的現金及銀行結存及保證金存款，主要存於中國大陸的國有商業銀行。

本集團大部分的銷售均按現金基準進行。本集團已實施政策以確保產品是售予擁有適當信貸記錄並有意以賒賬形式進行交易的經銷商，並就其信貸記錄進行定期的覆檢。本集團一直持續監察應收款項的結餘，本集團並無重大壞賬風險。

##### *於二零一九年十二月三十一日的最大風險範圍及年末階段分類*

下表載列二零一九年十二月三十一日本集團基於信貸政策的信貸品質及最大信貸風險範圍(除非無須不必要成本或努力即可取得其他資料，否則主要根據過往的數據)及年末階段分類。呈列的金額為金融資產的總賬面值及金融擔保合約的信貸風險範圍。

31 December 2019 於二零一九年十二月三十一日

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Financial risk management (continued)

#### (iii) Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2019 (continued)

As at 31 December 2019

## 53. 財務風險管理目標及政策 (續)

### 財務風險管理 (續)

#### (iii) 信貸風險 (續)

於二零一九年十二月三十一日的最大風險範圍及年末階段分類 (續)

於二零一九年十二月三十一日

		12-month ECLs		Lifetime ECLs		
		12個月預期信貸虧損		存續預期信貸虧損		
		Stage 1	Stage 2	Stage 3	Simplified approach	
		第一階段	第二階段	第三階段	簡化方法	
		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
Trade and bills receivables (note a)	應收賬款及票據 (註a)	—	—	—	3,586,866	3,586,866
Financial assets included in prepayments, other receivables and other assets (note b)	計入預付款、其他應收款項及其他資產的金融資產 (註b)					
— Normal	— 正常	658,852	—	—	—	658,852
— doubtful	— 可疑	—	—	—	—	—
Entrusted loans	委託貸款	2,883,719	—	—	—	2,883,719
Pledged deposits	保證金存款					
— Not yet past due	— 尚未逾期	74,186	—	—	—	74,186
Long term receivable	長期應收款項	81,143	—	—	—	81,143
Cash and cash equivalents	現金及現金等價物					
— Not yet past due	— 尚未逾期	3,798,118	—	—	—	3,798,118
Time deposits	定期存款	7,247,842	—	—	—	7,247,842
		14,743,860	—	—	3,586,866	18,330,726

31 December 2019 於二零一九年十二月三十一日

**53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

**Financial risk management** (continued)

**(iii) Credit risk** (continued)

Maximum exposure and year-end staging as at 31

December 2019 (continued)

As at 31 December 2018

		12-month ECLs 12個月預期 信貸虧損	Lifetime ECLs 存續預期信貸虧損				
		Stage 1 第一階段 RMB'000 人民幣千元	Stage 2 第二階段 RMB'000 人民幣千元	Stage 3 第三階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元	
Trade and bills receivables (note a)	應收賬款及票據 (註a)	—	—	—	2,891,973	2,891,973	
Financial assets included in prepayments, other receivables and other assets (note b)	計入預付款、其他 應收款項及其他 資產的金融資產 (註b)						
— Normal	— 正常	488,002	—	—	—	488,002	
— Doubtful	— 可疑	—	—	—	—	—	
Entrusted loans	委託貸款	2,280,712	—	—	—	2,280,712	
Pledged deposits	保證金存款						
— Not yet past due	— 尚未逾期	623,495	—	—	—	623,495	
Long term receivable	長期應收款項	128,586	—	—	—	128,586	
Cash and cash equivalents	現金及現金等價物						
— Not yet past due	— 尚未逾期	4,370,494	—	—	—	4,370,494	
Time deposits	定期存款	4,848,912	—	—	—	4,848,912	
		12,740,201	—	—	2,891,973	15,632,174	

**53. 財務風險管理目標及政策** (續)

**財務風險管理** (續)

**(iii) 信貸風險** (續)

於二零一九年十二月三十一日的最大

風險範圍及年末階段分類 (續)

於二零一八年十二月三十一日



31 December 2019 於二零一九年十二月三十一日

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Financial risk management (continued)

#### **(iii) Credit risk (continued)**

- (a) For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 28 to the financial statements.
- (b) The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

#### *Maximum exposure as at 31 December 2019*

The credit risk of the Group's other financial assets, which comprise deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

Except for the above, the Group has no significant concentration of credit risk, with exposure spreading over a number of counterparties.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 28 to the financial statements.

## 53. 財務風險管理目標及政策 (續)

### 財務風險管理 (續)

#### **(iii) 信貸風險 (續)**

- (a) 就本集團採用簡化方法計算減值的應收賬款及票據，根據撥備矩陣的資料披露於附註28。
- (b) 當計入預付款、其他應收款項及其他資產的金融資產尚未逾期，且沒有資料顯示該等金融資產的信貸風險自初始確認後大幅上升，則其信貸品質會被視為「正常」。否則，該等金融資產的信貸品質會被視為「可疑」。

#### *於二零一九年十二月三十一日的最大風險範圍*

由於交易方違約產生由按金及其他應收款項構成的本集團其他金融資產的信貸風險最高限額相等於此等資產的賬面值。

除上述者外，本集團的風險涉及多名對手方，因而並無重大的集中信貸風險。

有關本集團因應收賬款而須面對的信貸風險的其他量化數據，披露於財務報表附註28。

31 December 2019 於二零一九年十二月三十一日

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Financial risk management (continued)

##### (iv) Liquidity risk

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure a continuity of funds and flexibility through the use of various means of financing and by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2019 based on contractual undiscounted payments.

### 53. 財務風險管理目標及政策 (續)

#### 財務風險管理 (續)

##### (iv) 流動性風險

本集團定期會根據行業特點、市場環境、業務戰略及本集團財務狀況的變化，對集團的流動性進行檢討及審視，適當並及時調整本集團負債結構的即期及非即期部分，以監控流動性風險。此外，本集團亦透過利用不同的融資方式及保持一定的承諾信貸額度以確保資金的連續性及靈活性。

下表載列於二零一九年十二月三十一日根據合約無折讓付款的本集團金融負債的到期情況。

		2019 二零一九年			
		Less than 1 year 一年以內 RMB'000 人民幣千元	1 to 5 years 一至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Lease liabilities	租賃負債	193,391	325,674	26,278	545,343
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他 借貸(除租賃 負債)	13,802,750	10,424,037	—	24,226,787
Trade and bills payables	應付賬款及票據	6,738,626	—	—	6,738,626
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款 項及預提費用 的金融負債， 不包括長期 應付款項的 即期部分	5,954,229	—	—	5,954,229
Long term payables	長期應付款項	947	—	—	947
Other financial liabilities	其他金融負債	—	—	1,719,250	1,719,250

31 December 2019 於二零一九年十二月三十一日

**53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)**Financial risk management** (continued)**(iv) Liquidity risk** (continued)

		2018 二零一八年				
		On demand 按要求	Less than 1 year 一年以內	1 to 5 years 一至五年	More than 5 years 五年以上	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	—	6,636,692	8,278,723	65,135	14,980,550
Other loans	其他貸款	22,912	—	—	—	22,912
Trade and bills payables	應付賬款及票據	—	7,021,542	—	—	7,021,542
Financial liabilities included in other payables and accruals, excluding current portion of long term payables	計入其他應付款項及預提費用的金融負債，不包括長期應付款項的即期部分	—	5,855,002	—	—	5,855,002
Long term payables	長期應付款項	—	12,152	882	—	13,034
Other financial liabilities	其他金融負債	—	—	—	1,815,599	1,815,599

**(v) Equity price risk**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through other comprehensive income (note 26) as at 31 December 2019.

**53. 財務風險管理目標及政策** (續)**財務風險管理** (續)**(iv) 流動性風險** (續)**(v) 股本價格風險**

股本價格風險為股票指數水平及個別證券價值變動導致股本證券公允值下降的風險。於二零一九年十二月三十一日，本集團面對的股本價格風險來自分類為以公允值計量且其變動計入其他全面收益的股本投資(附註26)的個別股本投資。

31 December 2019 於二零一九年十二月三十一日

**53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)**Financial risk management** (continued)**(v) Equity price risk** (continued)

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments, the impact is deemed to be on the financial assets revaluation reserve and no account is given for factors such as impairment which might impact the consolidated statement of profit or loss.

		Carrying amount of equity investments	Change in equity
		股本投資的賬面值	股本變動
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>2019</b>			
二零一九年			
Hong Kong listed equity investments	香港上市股本投資	<b>105,957</b>	<b>5,298</b>
<b>2018</b>			
二零一八年			
Hong Kong listed equity investments	香港上市股本投資	109,148	5,457

**53. 財務風險管理目標及政策** (續)**財務風險管理** (續)**(v) 股本價格風險** (續)

下表顯示在其他所有可變因素維持不變且未計入任何稅務影響的情況下，股本投資公允值每變動變動5%時的敏感度，乃按股本投資於報告期末的賬面值計算。就本分析而言，對於股本投資，視為對金融資產重估儲備造成影響，並無計及可能影響綜合損益表的因素，例如減值。

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

## 53. 財務風險管理目標及政策 (續)

### 資本管理

本集團資本管理的基本目標乃維持本集團持續經營的能力及保持穩健的資本比率，以支持其業務及提高股東價值。

本集團管理其資本架構，並因應經濟環境的變化及相關資產的風險特徵作出調整。為維持或調整資本架構，本集團可能會調整派付予股東的股息、股東的資本回報或發行新股。於截至二零一九年十二月三十一日及二零一八年十二月三十一日止年度有關資本管理的目標、政策或程序並無變動。

31 December 2019 於二零一九年十二月三十一日

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and bills payables, other payables and accruals, other loans, long term payables and other financial liabilities, less cash and bank balances and long term time deposits, and excludes disposal groups. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of reporting periods were as follows:

### 53. 財務風險管理目標及政策(續)

#### 資本管理(續)

本集團以資本負債比率監控資本，資本負債比率即淨負債除以資本總額加上淨負債之和。淨負債包括計息銀行及其他借貸、應付賬款及票據、其他應付款項及預提費用、其他貸款、長期應付款項，以及其他金融負債，減現金及銀行結存及長期定期存款，並不包括處置組。資本指本公司擁有人應佔權益。於報告期末的資本負債比率如下：

		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-bearing bank and other borrowings	計息銀行及其他借貸	<b>23,472,810</b>	14,715,315
Trade and bills payables	應付賬款及票據	<b>6,738,626</b>	7,021,542
Other payables and accruals	其他應付款項及預提費用	<b>10,807,574</b>	10,889,417
Other loans	其他貸款	—	22,912
Long term payables	長期應付款項	—	814
Other financial liabilities	其他金融負債	<b>1,600,206</b>	1,610,947
Less: Cash and bank balances	減：現金及銀行結存	<b>(6,476,187)</b>	(7,297,988)
Less: Long term time deposits	減：長期定期存款	<b>(4,569,773)</b>	(1,921,418)
Net debt	淨負債	<b>31,573,256</b>	25,041,541
Equity attributable to owners of the Company	本公司擁有人應佔權益	<b>29,132,284</b>	25,212,364
Adjusted capital	經調整資本	<b>29,132,284</b>	25,212,364
Capital and net debt	資本與淨負債	<b>60,705,540</b>	50,253,905
Gearing ratio	資本負債比率	<b>52.01%</b>	49.83%

#### 54. EVENTS AFTER THE REPORTING PERIOD

On 24 November 2019, the Company entered into a share sale and purchase agreement with third parties, pursuant to which the Company has conditionally agreed to purchase the 100% equity interest of Lion-Dairy & Drinks Pty Ltd. ("Lion Dairy Drinks") with an aggregate cash consideration of AUD600,000,000 (approximately RMB2,930,680,000). Lion Dairy Drinks is an Australia-based branded dairy and beverage company. This transaction is expected to be completed in the first half of 2020, upon which Lion Dairy Drinks will become a wholly-owned subsidiary of the Group.

After the outbreak of Coronavirus disease (COVID-19) in early 2020, a series of emergency public health measures, including but not limited to, travel and other work-related restrictions, have been implemented by the governmental authorities across the PRC, other countries and regions. It has, to some extent, caused challenges and even interruptions to the various phases of the operations of the Group ranging from upstream and downstream supply chains, production to distribution networks. Accordingly, additional resources and expenditures were inevitably incurred, among others, to intensify marketing activities at sales outlets, to gradually resume production capacity and to adjust production plans to cope with the circumstances. The Group has also made cash and supply donations to hospitals and other epidemic prevention and control institutions in China. The overall financial effect of the COVID-19 outbreak on the Group cannot be reliably estimated as of the date of these financial statements. The Group, however, will continue to closely monitor the development of the outbreak and to evaluate its impact on the financial position and operating results of the Group.

#### 54. 報告期後事件

於二零一九年十一月二十四日，根據本公司已有條件同意以總現金代價600,000,000澳元（約人民幣2,930,680,000元）購買Lion-Dairy & Drinks Pty Ltd.（「Lion Dairy Drinks」）的全部股權，本公司與第三方簽訂股份銷售及購買協議。Lion Dairy Drinks為一家以澳洲為主的品牌牛奶及飲料公司。該交易預期將於二零二零年上半年完成，其後，Lion Dairy Drinks將成為本集團的全資子公司。

新型冠狀病毒（COVID-19）於二零二零年初暴發後，中國各地、其他國家及地區政府機關已實施一連串緊急公共健康措施，包括但不限於旅遊及其他工作相關限制。其已在若干程度上為本集團不同層面的業務（由上游及下游供應鏈、生產以至分銷網絡）造成挑戰甚至干擾。因此，在無可避免的情況下產生額外資源及開支，以用作（其中包括）加強於售點之營銷活動、逐步將產能恢復以及在不同情況下調整生產計劃。本集團亦已向國內醫院及其他抗擊疫情相關機構捐贈款物。COVID-19暴發對本集團截至該等財務報表日期的整體財務影響並無法作可靠估計。然而，本集團將繼續密切監察疾病暴發的事態發展，並評估其對本集團財務狀況及經營業績之影響。

31 December 2019 於二零一九年十二月三十一日

**55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

**55. 本公司財務狀況表**

報告期末有關本公司財務狀況表的資料如下：

		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
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	65	108
Investments in subsidiaries	於子公司的投資	13,637,745	13,210,242
Investment in an associate	於一間聯營公司的投資	2,928,354	2,864,346
Derivative financial instruments	衍生金融工具	34,009	28,598
Non-current financial assets	非流動金融資產	45,525	25,208
Loans to subsidiaries	貸款予子公司	8,087,928	—
Total non-current assets	總非流動資產	24,733,626	16,128,502
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Derivative financial instruments	衍生金融工具	10,813	48,866
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	258,406	83,652
Loans to subsidiaries	貸款予子公司	4,507,596	7,572,719
Pledged deposits	保證金存款	46,787	22,203
Cash and bank balances	現金及銀行結存	1,884,119	284,155
Total current assets	總流動資產	6,707,721	8,011,595
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Other payables and accruals	其他應付款項及預提費用	157,790	486,981
Interest-bearing bank and other borrowings	計息銀行及其他借貸	10,750,596	525,107
Derivative financial instruments	衍生金融工具	3,955	6,891
Total current liabilities	總流動負債	10,912,341	1,018,979
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>流動資產/(負債)淨額</b>	<b>(4,204,620)</b>	6,992,616
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>	<b>20,529,006</b>	23,121,118
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>		
Loans from a subsidiary	來自一間子公司的貸款	—	2,738,436
Interest-bearing bank and other borrowings	計息銀行及其他借貸	9,310,149	8,763,177
Deferred tax liability	遞延稅項負債	6,422	—
Derivative financial instruments	衍生金融工具	—	17,457
Total non-current liabilities	總非流動負債	9,316,571	11,519,070
<b>NET ASSETS</b>	<b>淨資產</b>	<b>11,212,435</b>	11,602,048
<b>EQUITY</b>	<b>權益</b>		
Issued capital	已發行股本	358,257	357,602
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份	(132,735)	(218,717)
Reserves	儲備	10,986,913	11,463,163
<b>TOTAL EQUITY</b>	<b>總權益</b>	<b>11,212,435</b>	11,602,048

Chen Lang  
陳朗  
Director  
董事

Jeffrey, Minfang Lu  
盧敏放  
Director  
董事



31 December 2019 於二零一九年十二月三十一日

## 55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

## 55. 本公司財務狀況表 (續)

註：

本公司儲備概述如下：

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Share option reserve/share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	按公允值計入其他全面收益的金融資產	保留利潤	股權儲備/股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a)						
			附註 (a)						
At 1 January 2019	於二零一九年一月一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163
Loss for the year	本年虧損	-	-	-	-	(285,804)	-	-	(285,804)
Other comprehensive loss for the year:	本年其他全面虧損：								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允值計量且其變動計入其他全面收益的股本投資的公允值變動，扣除稅項	-	-	-	20,316	-	-	-	20,316
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	238,605	-	-	-	-	238,605
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	639	-	-	-	(18,423)	(17,784)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	239,244	20,316	(285,804)	-	(18,423)	(44,667)
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	123,780	-	-	-	-	152,773	-	276,553
Equity-settled share option arrangements	以股份支付的購股權安排	-	-	-	-	-	80	-	80
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	33,983	-	-	-	-	(33,983)	-	-
Share award scheme	股票獎勵計劃	-	-	-	-	-	752	-	752
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(708,968)	-	-	-	-	-	-	(708,968)
At 31 December 2019	於二零一九年十二月三十一日	11,772,915	387,574	122,055	(323,872)	(1,189,571)	209,814	7,998	10,986,913

31 December 2019 於二零一九年十二月三十一日

## 55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Share option reserve/ share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	按公允價值計入其他全面收益的金融資產	保留利潤	股權儲備/股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	公允價值儲備	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a)						
			附註 (a)						
At 1 January 2018	於二零一八年一月一日	12,801,285	387,574	(650,460)	(326,194)	(636,409)	39,072	30,617	11,645,485
Loss for the year	本年虧損	-	-	-	-	(267,358)	-	-	(267,358)
Other comprehensive loss for the year:	本年其他全面虧損:	-	-	-	-	-	-	-	-
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允價值計量且其變動計入其他全面收益的股本投資的公允價值變動，扣除稅項	-	-	-	(17,994)	-	-	-	(17,994)
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	533,271	-	-	-	-	533,271
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	-	-	-	(4,196)	(4,196)	(4,196)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	533,271	(17,994)	(267,358)	-	(4,196)	243,723
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	4,472	-	-	-	-	48,851	-	53,323
Equity-settled share option arrangements	以股份支付的購股權安排	-	-	-	-	-	594	-	594
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	1,190	-	-	-	-	(1,190)	-	-
Share award scheme	股票獎勵計劃	-	-	-	-	-	2,865	-	2,865
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(482,827)	-	-	-	-	-	-	(482,827)
At 31 December 2018	於二零一八年十二月三十一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163

Note:

- (a) The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the group reorganisation and the nominal value of the shares of the Company issued in exchange therefor.

## 55. 本公司財務狀況表 (續)

註：(續)

本公司儲備概述如下：(續)

		Share premium	Contributed surplus	Foreign currency translation differences	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Share option reserve/ share award reserve	Hedging reserve	Total
		股份溢價	實繳盈餘	貨幣換算儲備	按公允價值計入其他全面收益的金融資產	保留利潤	股權儲備/股份獎勵儲備	對沖儲備	總計
		RMB'000	RMB'000	RMB'000	公允價值儲備	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			Note (a)						
			附註 (a)						
At 1 January 2018	於二零一八年一月一日	12,801,285	387,574	(650,460)	(326,194)	(636,409)	39,072	30,617	11,645,485
Loss for the year	本年虧損	-	-	-	-	(267,358)	-	-	(267,358)
Other comprehensive loss for the year:	本年其他全面虧損:	-	-	-	-	-	-	-	-
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	指定為以公允價值計量且其變動計入其他全面收益的股本投資的公允價值變動，扣除稅項	-	-	-	(17,994)	-	-	-	(17,994)
Exchange differences between functional currency and presentation currency	功能貨幣及呈報貨幣的匯兌差額	-	-	533,271	-	-	-	-	533,271
Cash flow hedges, net of tax	現金流量對沖，扣除稅項	-	-	-	-	-	(4,196)	(4,196)	(4,196)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	533,271	(17,994)	(267,358)	-	(4,196)	243,723
Shares issued under equity-settled share option arrangements	根據以股份支付的購股權安排發行股份	4,472	-	-	-	-	48,851	-	53,323
Equity-settled share option arrangements	以股份支付的購股權安排	-	-	-	-	-	594	-	594
Transfer of share option reserve upon exercise of share options	行使購股權時轉出購股權儲備	1,190	-	-	-	-	(1,190)	-	-
Share award scheme	股票獎勵計劃	-	-	-	-	-	2,865	-	2,865
Dividends paid to owners of the Company	已向本公司擁有人派付股息	(482,827)	-	-	-	-	-	-	(482,827)
At 31 December 2018	於二零一八年十二月三十一日	12,324,120	387,574	(117,189)	(344,188)	(903,767)	90,192	26,421	11,463,163

附註：

- (a) 本公司的實繳盈餘指根據集團重組所收購子公司的當時合併資產淨值與本公司為換取上述合併資產淨值所發行股份的面值間的差額。

## 56. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

## 56. 批准財務報表

董事會已於二零二零年三月二十五日批准及授權刊發財務報表。

## THE COMPANY

### China Mengniu Dairy Company Limited

*Registered office*  
Maples Corporate Services Limited  
P.O. Box 309 Uglan House  
Grand Cayman KY1-1104  
Cayman Islands

*Principal place of business in Hong Kong*  
32nd Floor, COFCO Tower  
262 Gloucester Road, Causeway Bay  
Hong Kong

#### TRUSTEE

#### PRINCIPAL AGENT AND TRANSFER AGENT

#### REGISTRAR

**Citicorp International  
Limited**  
20/F, Citi Tower  
One Bay East  
83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

**Citibank, N.A., London  
Branch**  
c/o Citibank, N.A.,  
Dublin Branch  
1 North Wall Quay  
Dublin 1,  
Ireland

**Citibank Europe PLC**  
1 North Wall Quay  
Dublin 1  
Ireland

#### LEGAL ADVISERS TO THE COMPANY

*As to  
English and  
Hong Kong laws*

*As to  
PRC law*

*As to  
Cayman Islands law*

**Sullivan & Cromwell  
(Hong Kong) LLP**  
20th Floor, Alexandra  
House, 18 Chater Road,  
Central  
Hong Kong

**Global Law Office**  
15F, Tower 1, China Central  
Place, No. 81 Jianguo  
Road, Chaoyang District  
Beijing, PRC

**Ogier**  
11/F Central Tower,  
28 Queen's Road Central,  
Central  
Hong Kong

#### LEGAL ADVISERS TO THE PLACING AGENT

*As to  
English and Hong Kong laws*

**Linklaters**  
11/F, Alexandra House  
18 Chater Road, Central  
Hong Kong

#### LEGAL ADVISERS TO THE TRUSTEE

*As to  
English and Hong Kong laws*

**Linklaters**  
11/F, Alexandra House  
18 Chater Road, Central  
Hong Kong

#### REPORTING ACCOUNTANT AND AUDITOR OF THE COMPANY

**Ernst & Young**  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay, Hong Kong