



China Mengniu Dairy Company Limited
中國蒙牛乳業有限公司*

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

Stock Code 股份代號 : 2319

Interim Report
中期報告

2017

只為點滴幸福



* For identification purpose only 僅供識別

CORPORATE PROFILE

China Mengniu Dairy Company Limited (the “Company”; stock code: 2319) and its subsidiaries (collectively the “Group” or “Mengniu”) manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with **MENGNU** as its core brand. Mengniu’s diversified products include liquid milk (such as UHT milk, milk beverages and yogurt), ice cream, milk formula and other dairy products (such as plant protein beverage and cheese). As at 30 June 2017, the Group’s annual production capacity of dairy products reached 9 million tons. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue chip Chinese dairy product enterprise.

公司簡介

中國蒙牛乳業有限公司(「本公司」；股份代號：2319)及其子公司(統稱「本集團」或「蒙牛」)於中國生產及銷售優質乳製品。憑藉其主要品牌**蒙牛**，蒙牛已成為中國領先的乳製品生產商之一，提供多元化的產品，包括液態奶(如UHT奶、乳飲料及酸奶)、冰淇淋、奶粉及其他乳製品(如植物蛋白飲品、奶酪)。於二零一七年六月三十日，本集團乳製品的全年生產能力達900萬噸。二零一四年三月，蒙牛獲納入恒生指數成份股，成為首家中國乳製品企業藍籌股。



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CORPORATE INFORMATION

公司資料

Board of Directors

Executive Directors

Mr. LU Minfang
Mr. BAI Ying
Ms. WU Wenting

Non-executive Directors

Mr. MA Jianping (*Chairman*)
Mr. NIU Gensheng
Mr. Tim Ørting JØRGENSEN
Mr. Filip KEGELS

Independent Non-executive Directors

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

Senior Management

Mr. ZHANG Ping
Mr. LIU Shengli
Mr. GAO Fei
Mr. SHI Dongwei
Mr. KWOK Wai Cheong, Chris (*Qualified Accountant & Company Secretary*)

Stock Code

Hong Kong Stock Exchange 2319

Investor Relations Contact

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Causeway Bay
Hong Kong
Email: ir@mengniu.cn
Website: www.mengniuir.com

董事會

執行董事

盧敏放先生
白瑛先生
吳文婷女士

非執行董事

馬建平先生(*主席*)
牛根生先生
Tim Ørting JØRGENSEN先生
Filip KEGELS先生

獨立非執行董事

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

高級管理層

張平先生
劉勝利先生
高飛先生
石東偉先生
郭偉昌先生(*合資格會計師及公司秘書*)

股份代號

香港聯合交易所 2319

投資者關係聯絡人

石蕾女士
香港
銅鑼灣
告士打道262號
中糧大廈8樓801-2室
電郵地址: ir@mengniu.cn
網址: www.mengniuir.com

CORPORATE INFORMATION
公司資料**Place of Business in Hong Kong**

Suites 801-2, 8th Floor, COFCO Tower
262 Gloucester Road, Causeway Bay
Hong Kong

Registered Office

Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Principal Share Registrar

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

Hong Kong Branch Share Registrar

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

Legal Advisors

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

As to Cayman Islands Law
Maples and Calder Asia

Principal Bankers

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

Auditors

Ernst & Young

Investor Relations Consultant

Strategic Financial Relations (China) Limited

香港營業地點

香港
銅鑼灣告士打道262號
中糧大廈8樓801-2室

註冊辦事處

Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

主要股份過戶登記處

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

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔皇后大道東183號
合和中心46樓

法律顧問

香港法律
蘇利文•克倫威爾律師事務所(香港)
有限法律責任合伙

開曼群島法律
Maples and Calder Asia

主要往來銀行

中國農業銀行
法國巴黎銀行
星展銀行
中國工商銀行
荷蘭合作銀行
渣打銀行

核數師

安永會計師事務所

投資者關係顧問

縱橫財經公關顧問(中國)有限公司



HIGHLIGHTS

摘要

For the six months ended 30 June (Unaudited)	截至六月三十日止六個月 (未經審核)	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	Change 變動 %
Revenue	收入	29,465,755	27,257,154	8.1%
Gross Profit	毛利	10,502,573	9,181,405	14.4%
Operating Profit*	經營利潤*	1,805,604	1,525,468	18.4%
Profit Attributable to Owners of the Company	本公司擁有人 應佔利潤	1,127,900	1,077,290	4.7%
Earnings per Share (RMB)	每股盈利(人民幣元)			
– Basic	– 基本	0.290	0.277	4.7%
– Diluted	– 攤薄	0.290	0.277	4.7%

- Mengniu was included in the “Global Dairy Top 20” list published by Rabobank for the ninth consecutive year. In 2017, for the first time, Mengniu climbed into the top 10, attaining a new height in this prestigious global dairy industry ranking.
- With the spirit of “Craftsman of Milk”, Mengniu focuses on providing nutritious and healthy products to consumers. During the period, Mengniu’s liquid milk has maintained market leadership, while its low temperature dairy products continued to claim the largest share in the chilled fresh dairy products market in China.
- Mengniu has achieved significant advances in its chilled product category. Building on the established brand position of *Milk Deluxe*, Mengniu has launched *Milk Deluxe Yogurt*, the first yogurt product in the growing *Milk Deluxe* family. In addition, *Yoyi C* has launched *LC-37* to target and build a strong brand in the probiotic drink market.
- Mengniu continued to consolidate upstream resources within its supply chain by increasing its stake in China Modern Dairy Holdings Ltd. (“China Modern Dairy”; stock code: 1117) to assure the high quality and stable supply of raw milk sources. At the same time, it has actively expanded its milk sources overseas in order to achieve greater diversification in suppliers.
- Mengniu has actively advanced digitalization, building the unique “Mengniu Cloud”, the digitalized “Real-time Food Safety and Quality Monitoring and Control Platform” and Big Database of consumer behaviour in order to generate more accurate data for managing and operating its factories, constructing milk sources, assuring product quality and improving marketing activities. At the same time, Mengniu constantly and diligently strives to advance its research and development capabilities in order to achieve breakthroughs.
- 蒙牛連續九年入選荷蘭合作銀行發佈的「全球乳業20強」，並於二零一七年首次進入前十，刷新在全球乳業排名成績。
- 蒙牛以「牛奶工匠」的精神專注為消費者提供營養健康的產品。期內，蒙牛液態奶保持市場領先地位，低溫乳品在全國低溫新鮮乳製品市場繼續保持份額第一。
- 蒙牛在低溫產品品類取得突破，依託特侖蘇強大品牌優勢，首次推出特侖蘇酸牛奶，逐步打造特侖蘇品牌家族；旗下優益C針對專業型乳酸菌市場推出LC-37，打造專業功能乳酸菌品牌形象。
- 蒙牛持續整合上游供應鏈資源，透過增持中國現代牧業控股有限公司（「中國現代牧業」；股份代號：1117），確保奶源供應的優質穩定；同時積極在海外拓展奶源地，多樣化奶源佈局。
- 蒙牛積極推進數字化建設，搭建獨有的「蒙牛雲」、數字化「食品安全質量實時監控平台」等及消費者行為大數據庫，在工廠管理運營、奶源建設、品質保障及市場營銷方面提供更精準數據，並不斷精進研發水平以取得突破。

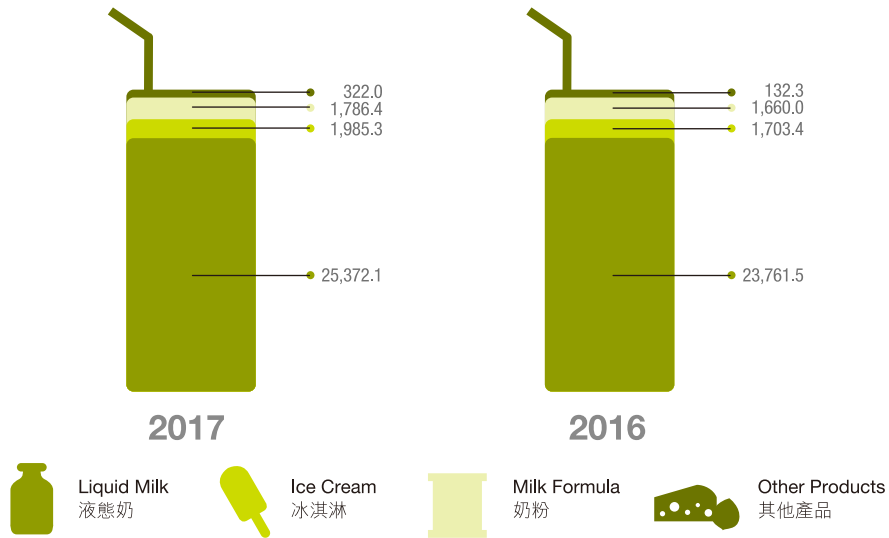
* Represent profit before tax excluding finance costs, interest income and share of losses of associates

* 指稅前利潤，不包括融資成本、利息收入及應佔聯營公司虧損

HIGHLIGHTS
摘要

Revenue by Product Mix
For the six months ended 30 June

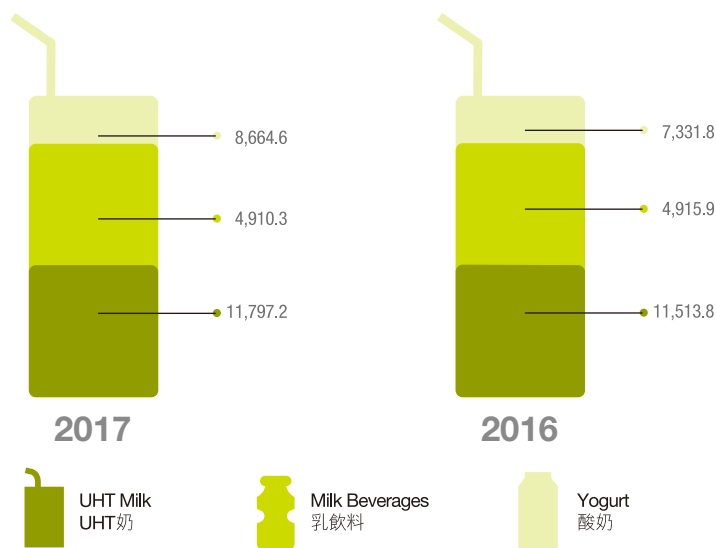
RMB Million
人民幣百萬元



按產品劃分之收入
截至六月三十日止六個月

Revenue by Product Mix in Liquid Milk Segment
For the six months ended 30 June

RMB Million
人民幣百萬元



按液態奶產品劃分之收入
截至六月三十日止六個月



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Market Review

Since the beginning of the year, China's macro economy has been steadily gaining traction. Despite that overall consumption demand was still sluggish, with consumption continuing to recover and consumption upgrade gathering momentum, the domestic dairy industry has seen improved growth in the first half year. The younger generations in China today have stronger purchasing power and are paying more attention to the quality as well as the experience of consumption. Along with rising consumption level and the advantages brought by the change in structure of the population, new consumption patterns are emerging and driving demands for dairy products. During the first half year of 2017, thanks to stable raw milk supply and continuously improving product structure, the market segment for high-end dairy products kept expanding and yogurt has become one of the product categories with the strongest growth potential. Moreover, innovated and high-end differentiated products have surfaced as the key impetus for the future growth of the industry.

While the dairy industry in China has stepped into a new era of development characterized by growth in consumption demand, product innovation and comprehensive sales channel upgrade, the quality of dairy products remains the foundation and core competitive strength of the industry. With the government imposing stringent regulations on the entire dairy industry chain, the quality and safety levels of dairy products are rising steadily and the infant milk formula registration system, in particular, has raised both the entry barrier and regulatory standard of the milk powder industry. When the system is fully implemented in 2018, the industry can expect to further consolidate and well set for long-term development. During the period, the government also offered practical support to help the industry develop, for example, the Ministry of Agriculture launched "Five Major Actions" to help accelerate modernization of the dairy industry, boost consumer confidence in domestic dairy products and promote the dairy industry into a new development stage. Furthermore, positive effects of production capacity adjustment of the domestic upstream dairy farming industry started to show in the first half year of 2017, and raw milk price while still on the slide, was stabilizing gradually and hopefully would slowly recover. At the same time, the industry consolidation went further with leading dairy companies enjoying yet more solid advantages. Although the market is currently still rather competitive, in the long run, the dairy industry will have a more mature and stable development pattern.

市場回顧

年初至今，中國宏觀經濟運行延續了企穩向好態勢。儘管整體消費需求仍較為低迷，但由於消費復甦趨勢維持，消費升級勢頭強勁，上半年國內乳製品行業整體增速有所改善。國內年輕一代消費力增強，並更注重消費品質及消費體驗。隨著消費水平上升、人口結構變化紅利開始體現，新的消費習慣逐漸形成並帶動乳品消費需求。二零一七年上半年，在原奶供應穩定、產品結構不斷升級強化的情況下，高端乳製品市場規模持續擴大，酸奶則成為增長潛力最大的產品品類之一。此外，新興及高端差異化產品成為行業未來發展的主要推動力。

中國乳業發展進入了由消費需求增長、產品創新到渠道模式全面升級幾大因素共同作用的新發展時代，但乳品品質仍是行業基礎與核心競爭力。國家對乳業實行嚴格的全產業鏈監管制度，乳品質量安全水平穩步提升，其中嬰幼兒奶粉配方註冊制更提高了奶粉行業門檻與監測水平，預期在二零一八年真正落地後將利於行業整合及長遠發展。期內，國家亦對行業發展給予實質支持，農業部開展振興奶業「五大行動」，加快推進乳業現代化建設，提振國產乳製品消費信心，推動乳業進入全新發展階段。另一方面，國內上游奶牛養殖行業產能調整的效果於二零一七年上半年有所體現，原奶價格雖然仍有下滑但已逐漸企穩並有望緩慢恢復。同時行業集中度進一步提升，龍頭乳企優勢鞏固，雖然目前仍維持高強度競爭，但長遠來看，發展格局將趨於成熟、穩定。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

It will take more time yet for consumers to build up confidence in domestic dairy products again. Meanwhile, adopting smart technologies, digitalization and personalization are the trends of the dairy industry. Hence, apart from focusing on milk source development, domestic dairy companies are stressing more and more on brand building and carrying out extensive product research, development and innovation as well as heeding domestic demands and implementing supply chain upgrade. At the same time, internationalization has become obviously the path to take for China's dairy industry. More and more dairy companies have started to pursue overseas development, seeking a place in the global dairy market and pushing to raise the influence and competitiveness of domestic brands to make sure they can meet the challenges presented by the changing market environment.

Business Review

During the first half of 2017, Mengniu continued to adjust its organizational structure and adopted the new business division system, achieving balanced and coordinated development of the four independent business segments, namely room temperature dairy products, low temperature dairy products, milk formula and ice cream products. And through centralizing management of the entire supply chain system, it has been able to improve operational efficiency and better monitor and control product quality and business growth. To capitalize on China's consumption trend of leaning towards higher-end, more nutritious and healthier products, Mengniu has focused on product research and development and innovation, combining new technology and quality milk sources to not only enrich the nutritional content of products and ensure only green and healthy products are delivered to customers, but also offer more unique flavors and rich and fun brand experiences to meet the needs of different consumer groups. During the period, Mengniu made breakthroughs in innovation in the chilled and ice cream products categories and received positive market response. Heeding the Internet+ trend, Mengniu uses digital technology on milk source construction and upgrade of factory management and operation, putting its best into developing dairy products of "aeronautic quality" based on Big Data research, giving it access to accurate information of consumer preferences and product positioning. It has kept improving research and development standard aiming for breakthroughs. On the marketing front, Mengniu employs the social media, which has become a mainstream communication platform, marrying it with online and offline promotions, to ensure its brand propositions penetrate every aspect of a consumer's daily life, that is, to achieve the best promotional effect via multi-dimensional interaction with consumers.

消費者對國產乳製品信心重建仍需時間，加上乳業智能化、數字化、個性化已成趨勢所向，國內乳企在強調奶源建設之餘，也越來越注重品牌建設，結合本土需求及供應鏈升級，廣泛開展產品研發創新。同時，中國乳業國際化進程亦日趨明顯，乳企紛紛走出國門，融入世界乳業市場，不斷提升國產品牌影響力與市場競爭力以應對不斷變化的市場環境所帶來的挑戰。

業務回顧

二零一七年上半年，蒙牛繼續落實以新事業部為導向的組織架構調整，實現常溫、低溫、奶粉、冰淇淋產品四個獨立業務板塊均衡、協同發展，並通過集中管理全供應鏈系統，提高運營效率，使產品質量及業務成長的管控水平均得到進一步提升。配合中國消費需求高端化、營養化、健康化的趨勢，蒙牛持續聚焦產品研發及創新，結合新技術與優質奶源，在提高產品營養成分、保證綠色健康的同時，帶來更為個性化的產品口味，積極為消費者建立豐富、趣味的品牌體驗，針對性地滿足不同消費人群需求。期內，蒙牛在低溫及冰淇淋品類創新上均有突破，優質產品亦得到市場的正面回應。而在互聯網+潮流下，蒙牛將數字化應用到奶源建設與工廠管理運營升級，全力打造「航天品質」乳品，並以大數據研究為支撐，準確把握消費者訴求和產品定位，不斷精進研發水平以取得突破。在營銷層面，蒙牛運用已成為主流的社交媒體溝通方式，結合線上、線下推廣，將品牌主張滲透到消費者生活的各個層面，通過多維度互動達到最佳傳播效果。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

During the period, Mengniu's liquid milk retained its market leadership, while room temperature and chilled products recorded satisfactory sales, with *Milk Deluxe* and *Just Yoghurt* reporting continuous growth and *Yoyi C* affording outstanding performance, and basic room temperature products maintaining its market share. The high-end yogurt market grew significantly, with leisure yogurt as the new driving force. Regarding milk formula business, formula registration continued, channel transformation and product structure gradually became clear, and achieved stable sales and at the same time enhanced efficiency.

Mengniu was on the "Global Dairy Top 20" list for 2017 published by Rabobank for the ninth consecutive year and for the first time made it among the top 10, a new record for Mengniu in global dairy industry ranking. Also, Mengniu was once again selected by Interbrand as one of the Best China Brands in 2017, reflecting its strong brand presence and international competitiveness. Then, in the "2017 Seventh China Brand Power Index (C-BPI)", Mengniu's yogurt products garnered the C-BPI Golden Brand title and for the seventh consecutive year came first at the C-BPI Brand Power in the China Yogurt Industry, whereas *Yoyi C* clinched the top spot in C-BPI Brand Power in the China Probiotics Drinks Industry. In addition, at the Ninth China Food Safety Forum, Mengniu received the "Food Safety Demonstration Project Award for the Year 2016-2017". In the area of social responsibility, Mengniu has been active in expanding its influence. Its "University of Ranchers" project earned the Asia Responsible Entrepreneurship Awards 2017 in Social Empowerment Category.

期內，蒙牛液態奶保持市場領先地位，常溫及低溫品類銷售良好，其中*特侖蘇*、*純甄*持續增長，*優益C*市場表現搶眼，常溫基礎品類保持份額。行業中高端酸奶市場規模顯著增長，享受型酸奶成為新驅動力。奶粉業務方面，配方註冊工作持續推進，渠道轉型及產品結構佈局逐漸清晰，於穩定銷售的同時進一步提高效率。

在荷蘭合作銀行發佈的2017「全球乳業20強」榜單中，蒙牛連續九年入榜，並首次進入前十，刷新在全球乳業排名成績。同時，蒙牛亦再次入選Interbrand 2017最佳中國品牌，足見蒙牛強大的品牌力與國際競爭力。而在2017年第七屆中國品牌力指數(C-BPI)排名中，蒙牛牛奶榮獲C-BPI黃金品牌，並連續七年榮登C-BPI中國酸奶行業品牌力第一名，*優益C*則獲得C-BPI中國乳酸菌飲料行業品牌力第一名。此外，在第九屆中國食品安全論壇，蒙牛榮獲2016-2017年度食品安全示範項目獎。社會責任方面，蒙牛亦不斷擴大影響力，其中「牧場主大學」項目更榮獲2017年亞洲企業社會責任獎—社會公益發展獎。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

Strategic cooperation and integration

– **Chilled product business: Danone S.A. and its subsidiaries (collectively “Danone Group”)**

Danone Group, which owns 9.9% stake in Mengniu, is Mengniu’s second largest strategic shareholder. Inner Mongolia Mengniu Danone Dairy Co., Ltd. (“Mengniu Danone”) is a joint-equity company held 80% by Mengniu and 20% by Danone Group.

In the first half of 2017, Mengniu Danone was active in cultivating markets and building channels. At such efforts plus a stronger brand awareness among consumers, all chilled milk products manifested stamina and kept the top spot in terms of market share in the national chilled fresh dairy product market with different product categories achieving various extents of growth. Star products such as *Champion* and *Yoyi C* achieved satisfactory sales performance, while upgraded products such as *Daguoli* and *Solid Yogurt* also recorded strong sales. With regard to operational management, through project improvement and fine control and management processes, cost was saved, wastage was lowered, and efficiency was enhanced. Having Danone Group’s consistent global quality management system as base, Mengniu constantly refers to Danone Group’s key processes, including product design, production, logistics and sales, to push for subsequent matching of standards for its own factories and to provide systematic guarantee that its products indeed afford “aeronautic quality”.

戰略合作與整合

– **低溫業務：Danone S.A. 及其子公司（統稱「Danone集團」）**

Danone集團持有蒙牛9.9%的股份，為蒙牛的第二大戰略股東。蒙牛與Danone集團合資成立的內蒙古蒙牛達能乳製品有限公司（「蒙牛達能」）中，蒙牛和Danone集團分別佔80%和20%的股份。

二零一七年上半年，蒙牛達能積極進行市場培育與渠道建設，伴隨著品牌認知度的擴大，低溫乳品全線發力，在全國低溫新鮮乳製品市場繼續保持份額第一，各品類均錄得不同程度增長，*冠益乳*、*優益C*等明星產品銷售良好，升級後的大果粒、*老酸奶*等產品也表現強勁。運營管理方面，通過項目改善及過程精細化管控，實現節本降耗與效率提升。基於Danone集團全球統一的質量管理體系，蒙牛持續將Danone集團在產品設計、生產、物流、銷售等關鍵點的標準逐步與自身工廠進行對標升級，為產品提供系統化的航天級品質保障。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Combining Danone Group's world-class research and development technology in chilled products, Mengniu Danone has continually achieved breakthroughs in product innovation. In response to consumption upgrade and the development trend of yogurt products, Mengniu for the first time employed the exclusive patented Ystral smoothening technique from Danone Group in high-end *Milk Deluxe Yogurt* which was launched in April 2017. The new product, which blends USA-patented bacteria with raw milk from quality ranches in China, gave a new definition to premium yogurt and created a buzz in the market. The newly launched *LC-37* under *Yoyi C* uses powerful concentration technology to substantially increase the amount of probiotics – 500 times more than the national standard – in the product. In addition, with authorized use of an exclusive bacteria, the product is guaranteed to contain probiotics that are highly active, as such the product boasts significantly improved functionality. In May 2017, under *LC-37*, an upgraded low-sugar enzyme-rich product was launched to meet consumer demand for choices of healthier products. During the first half year, *Champion* actively planned for upgrade of product structure to strengthen the brand's "professional and functional" positioning. Basic chilled products were refreshed with new packaging and mouthfeel, enabling them to rapidly gain popularity.

With product quality as the core quest and research, development and innovation as drivers, the chilled product business of Mengniu deepened its cooperation with Danone Group in terms of adjusting its product structure, improving the operation of its plants and optimizing the business structure, thereby leading development and upgrade of the entire industry. Leveraging the research and development and patented technology of Danone Group and implementing its own advanced operation and management methods tied in with distinctive Chinese characteristics, Mengniu will continue to enrich its product lines, focus on the nutritional and health value of its products and promote development of the high-end chilled dairy products market.

結合Danone集團世界級的低溫產品研發技術，蒙牛達能不斷突破產品創新。因應消費升級與酸奶品類發展趨勢，蒙牛首次運用Danone集團獨有Ystral專利平滑工藝，於二零一七年四月推出高端特侖蘇酸奶，使用美國專利菌種與中國優質牧場原奶，用卓越品質定義頂級酸奶，引發市場熱議。優益C推出全新產品LC-37，運用高濃度濃縮技術，提高產品乳酸菌菌數至高於國家標準500倍，並通過獨家菌種授權，保證乳酸菌超強活性，大大提升了產品功能性。二零一七年五月，LC-37更進一步升級推出低糖酵素口味新品，滿足市場日趨健康化的消費需求。冠益乳在上半年積極籌劃產品結構升級，以強化「專業功能性」定位。基礎低溫產品亦從包裝及口感上進行更新，影響力迅速提升。

以產品品質為核心，研發創新為驅動力，蒙牛低溫業務在調整產品結構、改進工廠營運、優化佈局等方面不斷加深與Danone集團的合作，引領行業發展升級趨勢。通過藉助Danone集團研發技術及專利工藝，以及將其先進的運營管理方法結合中國特色落地，蒙牛將持續豐富產品線，專注營養健康，推動高端低溫乳品市場發展。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析**- Arla Foods**

Mengniu continued its international research and development and ranch management approaches with the aim of aligning its entire industrial chain with international standard. With the support of technologies and human resources from Arla Foods and through the “Happy Cow Plan”, Mengniu has been pushing for comprehensive upgrade in areas such as management, operational standard, employees’ skills and milk source. During the period, it further modified the Standard Operational Procedure (“SOP”) brought in from Arla Foods, and launched a new version of customized SOP which better suits domestic management requirements and experience in China. At the same time, more Lean production tools were introduced with implementation tracked for systematic upgrade of management standard. Furthermore, Mengniu established an online platform for technology standards with those of Arla Foods as benchmarks. During the period, senior Arla Foods experts were invited to the plants in Qingyuan and Tianjin to carry out benchmarking assessment of the technologies used, the purpose of which was to help Mengniu improve its production craftsmanship. In addition, the China-Denmark Milk Technology and Cooperation Center (“China-Denmark Center”), a collaboration between Mengniu and Arla Foods, is preparing to release the “Housing design for cattle” book that documents and illustrates Denmark’s ranch technology and management concepts thoroughly. This will allow Mengniu to support milk sourcing effectively and, on the back of its release and related promotion, help raise consumer recognition of the “Mengniu” brand.

Apart from safeguarding milk source development, Mengniu and Arla Foods also cooperate on in-depth research and development undertaking. The China-Denmark Center plans to conduct comprehensive research and development project with topics including pilot demonstration farms, new technology validation base, research and development testing base, training base, etc. Through working closely with more research institutions, Mengniu will have the support it needs to improve the flavor and nutritional value of its dairy products. Aware of the trends of consumption upgrade and product differentiation, Mengniu and Arla Foods established a joint-project team to drive planning of research and development and production of cheeses so as to take the development of dairy products in China into a new era.

- Arla Foods

蒙牛持續進行國際化的研發佈局與牧場管控，實現在全產業鏈層面對接國際標準。藉助Arla Foods技術及人才支持，蒙牛通過「奶牛幸福計劃」，對管理、運營水平、員工技能及奶源質量等方面進行全方位提升。期內，蒙牛對從Arla Foods引進的標準化操作規程(Standard Operational Procedure，簡稱「SOP」)進行進一步改良，推出更符合中國本土管理需求與經驗基礎的新版定制化SOP，同時引入更多Lean精益化生產工具，並持續追蹤實踐情況，系統化地提升管理水平。蒙牛更建立了工藝標準在線平台，對標Arla Foods技術水平，並在期內邀請Arla Foods資深專家考察清遠、天津基地工廠，對工廠技術進行對標評估，促進蒙牛工藝提升。此外，蒙牛與Arla Foods牽頭合作的中丹乳品技術合作中心(「中丹中心」)正籌備發佈《奶牛幸福之源》，引進丹麥全方位牧場技術及管理理念，為蒙牛奶源建設提供有效支持，並期望藉助圖書發佈與宣傳，進一步提升消費者對品牌形象的認可。

除了保障奶源建設，蒙牛與Arla Foods亦在研發層面進行深入合作。中丹中心籌劃建立包括示範牧場、新技術試驗基地、研發試驗基地、培訓基地等的全面牧場研發項目，通過與更多科研機構的密切合作，為乳製品口味提升及營養開發提供支持。因應消費升級及差異化趨勢，蒙牛更與Arla Foods建立了聯合項目團隊，推動奶酪研發生產計劃，引領中國乳品發展新紀元。



MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

- **Milk powder business: Yashili International Holdings Ltd (“Yashili”; stock code: 1230)**

Mengniu holds approximately 51% stake in Yashili and is its controlling shareholder. In the first half of 2017, the domestic infant milk formula market grew by 7% year-on-year, reflecting the positive impact of the two-child policy in full swing and the recovery of the industry accordingly. The launch of the infant milk formula registration system has commanded cross-border e-commerce operations to standardize practices. As for the mother-and-baby store channel, it maintained relatively fast growth, while the modern trade channel continued to shrink. Despite that demand was picking up, the domestic milk powder industry still faced challenges from channel transformation and consumption upgrade. Chinese consumers have yet to regain confidence in domestic milk powder and rebuilding their trust in domestic brands takes time. During the period, Yashili continued to adjust sales channel layout and product structure, adopting a channel and product category-oriented organizational structure, namely “four CBUs plus one project department”, and quickly increased the proportion of mother-and-baby stores channel and e-commerce channel. Also, Yashili exerted in improving quality management standards of its entire value chain from supplier to consumer services, aiming to rebuild consumer confidence with quality products. In the first half of the year, products of *Yashily*, *Mengniu*, *Dumex* and *Scient* passed 100% the stringent sample tests conducted by the authority. Furthermore, Yashili actively strengthened integration and reconstruction of its internal production networks, integrated the resources of Danone Group, Arla Foods and other strategic partners to realize synergy in capacity and efficiency improvement, and continued to better production line deployment and cost structure.

- **奶粉業務：雅士利國際控股有限公司（「雅士利」，股份代號：1230）**

蒙牛持有雅士利約51%的股份，為雅士利的控股股東。二零一七年上半年，國內嬰幼兒配方奶粉市場規模同比增長7%，全面二胎政策紅利開始體現，行業有所回暖。受嬰幼兒奶粉配方註冊制影響，跨境電商發展進入規範期，而另一方面，母嬰渠道仍保持較高增速，商超渠道則繼續萎縮。儘管需求趨勢已有所改善，但國內奶粉行業仍面臨渠道轉型及消費升級所帶來的挑戰，此外國內消費者信心仍處於修復期，建立國產品牌信任度仍需時間。期內，雅士利繼續著力調整渠道佈局和產品結構，組織架構轉變為以渠道及品類主導的「4個CBU+1個項目部」架構，迅速提高母嬰渠道及電商渠道佔比。此外，雅士利致力於提升從供應商至消費者服務全價值鏈的質量管理標準，期望以高品質產品重建消費者信心。上半年，在國家嚴格抽檢中，*雅士利*、*蒙牛*、*多美滋*、*施恩*品牌產品檢測結果均100%合格。同時，雅士利積極深化內部生產網絡的整合與重組，並結合Danone集團與Arla Foods等戰略合作夥伴的資源支持，實現產能協同與效率提升，對生產線佈局及成本結構持續進行改善。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

During the period, in active response to the requirements under the formula registration system, Yashili's different factories filed relevant registration applications for formulas of their different product series to China Food and Drug Administration ("CFDA"). In August, Yashili was listed among the first batch of enterprises granted formula registration by CFDA. A total of 7 series and 21 formulas of Yashili were approved for registration and record, which indicated Yashili had the most approved formulas on the list. On the branding strategy front, in the first half of 2017, Yashili gradually rolled out its differentiated business model and deployment, with *Yashily* focusing on basic nutrition; *Oushi Mengniu Ruipuen* committed to differentiated competition, mainly targeting the organic market; *Dumex* positioned as professional solutions for babies; and *Arla Foods* emphasizing the royal concept with it being a strategic brand supported by the shareholder. These brands are complementary to each other in terms of price range and regional strategy and have given the Group a solid foundation for combating the intense competitions in the market which is trading on the high-end trend and more and more drawn to branded products in the future.

Affected by the infant milk formula registration system and the two-child policy which is in full swing, industry consolidation has hastened and demands are expected to increase. In the long run, the milk powder industry will continue to revive with competition remaining intense. To capitalize on the high-end and differentiated products trend, Yashili will undertake channel and capacity adjustments, continue to elevate product quality and direct efforts into product research and upgrade, explore organic milk powder, goat milk powder and other differentiated product lines, so that it may capture opportunities amid challenges.

期內，雅士利積極響應配方註冊制的規範，旗下多個工廠已向國家食品藥品監督管理總局（「國家食藥局」）提交系列產品配方註冊備案申請。8月份，雅士利成為首批獲得國家食藥局配方註冊企業，共有7個系列21個配方獲註冊備案，是首批名單中獲批配方數量最多的企業。而在品牌策略佈局方面，在二零一七年上半年，雅士利逐步推進差異化業務模式及佈局，*雅士利*品牌側重於基礎營養方向；*歐世蒙牛瑞哺恩*致力於差異化競爭，主攻有機市場；*多美滋*定位於專業線，致力於研究兒科解決方案；*Arla Foods*作為股東戰略品牌，突出皇室御用概念。各品牌在價格區間與地域策略上形成緊密配合，為未來市場高端化、品牌化下的激烈競爭奠定基礎。

在嬰幼兒奶粉配方註冊制與全面二胎政策的影響下，行業整合加速，需求有望提升，長遠上看，奶粉行業將繼續回暖，競爭將持續激烈。隨著高端化、差異化成為市場趨勢，雅士利將基於渠道及產能調整的基礎，不斷提升品質建設，並發力產品研發升級，對有機奶粉、羊奶粉等差異化產品線進行多元化拓展，在挑戰中尋求機遇。



MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

– **Plant-based Nutrition Products Business: The WhiteWave Foods Company (“WhiteWave”)**

Mengniu and WhiteWave set up an equity joint company in April 2014 in which Mengniu holds 51% equity interest and WhiteWave 49%. In April 2017, Danone Group, one of Mengniu’s strategic shareholders, announced that it had completed the acquisition of WhiteWave, a move that can benefit Mengniu’s plant protein drinks business, giving it access to more resources and new vigor to develop the plant-based drinks market.

In recent years, with consumers becoming more and more health conscious, the concept of plant protein has become a hot topic in the food and beverages sector. As part of a healthy lifestyle, plant protein drinks, which are healthier, more nutritious and natural, have become increasingly attractive and the market for them has grown robustly as demand for the products increases. Meanwhile, the pursuit of more in-depth research and development has helped improve the flavor of traditional plant-based products, which resulted in the launch of better tasting and more diverse choices of products. *Silk ZhiPuMoFang*, a plant-based beverage series jointly launched by Mengniu and WhiteWave, which uses the world-leading advanced μ -Grind™ micron grinding technology, has been able to satisfy consumers’ crave for healthy, nutritious and natural beverage products that come in various rich flavors. Furthermore, Mengniu continues to develop new products and plans to introduce more new flavors that agree with the preferences and dietary requirements of the Chinese market, with the aim of grabbing development opportunities in the domestic plant protein drinks market.

Backed by Mengniu’s huge and strong sales network and at the effort of the equity joint company to develop channels, Mengniu not only maintained advantages in traditional channel, but also worked actively to develop e-commerce channel and special channels such as catering outlets, and plans to introduce exclusive flavors for e-commerce channel, so as to create sharp industry edges on the back of the synergies and coordination between products and channels. Mengniu and WhiteWave will constantly review and optimize future business development strategies, aiming for resource support and cooperation in aspects from product development, expansion of product categories to mode of sales to unearth the market potential of the plant protein products.

– **植物基營養品業務：The WhiteWave Foods Company(「WhiteWave」)**

蒙牛和WhiteWave於二零一四年四月註冊成立合資公司，分別持有合資公司51%及49%的權益。二零一七年四月，蒙牛戰略股東之一Danone集團宣佈完成對WhiteWave的收購，蒙牛植物蛋白飲品業務將得到更多資源支持，為進一步拓展植物基飲品市場注入全新動力。

近年來，消費者健康意識不斷加強，植物蛋白概念已成為食品飲料領域新潮流。作為健康生活方式的一部分，意味著更健康、更營養、更天然的植物蛋白飲品變得越來越有吸引力，市場需求與規模增長強勁。同時，基於傳統植物基產品的口味升級研發亦不斷深入，更美味、更多樣化的產品層出不窮。蒙牛與WhiteWave合作推出的植物基飲品品牌*Silk植樸磨坊*，採用全球領先的 μ -Grind™微米級研磨技術，滿足市場對健康、營養、天然全方面的需求，並以一系列豐富口味為消費者帶來更多選擇。蒙牛更持續開拓新品，計劃應中國市場偏好及飲食要求，推出更多新口味，搶佔國內植物蛋白飲料發展機遇。

依託蒙牛強大銷售網絡，合資公司發力渠道建設，在維持傳統渠道優勢的同時，積極開拓電商渠道以及餐飲等特殊渠道，並計劃為電商渠道推出專供口味，通過產品與渠道之間的協同、配合，建立行業優勢。蒙牛亦與WhiteWave不斷探討、精進未來發展策略，尋求在從產品開發、品類拓展到銷售方式各方面的資源支持與合作，進一步發掘植物蛋白市場潛力。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

– **China Modern Dairy Holdings Ltd. (stock code: 1117)**

On 4 January 2017, Mengniu announced the acquisition of 965,465,750 additional shares of China Modern Dairy, representing approximately 15.7% of the total issued share capital of China Modern Dairy upon completion of the relevant share purchase agreement, for a consideration of approximately HK\$1.9 billion. When the transaction was completed, Mengniu beneficially held approximately 37.7% of the total issued share capital of China Modern Dairy, which then triggered a conditional mandatory cash offer (the “Offer”). Mengniu made a mandatory general offer to acquire the entire issued shares in China Modern Dairy at HK\$1.94 per share on 14 February 2017 (except the shares already owned or agreed to be acquired by Mengniu) and canceled all outstanding share options of China Modern Dairy. Upon completion of the Offer on 21 March 2017, Mengniu held a total of 3,755,769,412 shares in China Modern Dairy, equivalent to approximately 61.3% of the issued share capital of China Modern Dairy.

China Modern Dairy is the largest dairy farming company in China and also the first in the industry to obtain the national High-quality Milk Project accreditation for its UHT milk and pasteurized milk. A forerunner in the quest of quality in milk from theory to production, China Modern Dairy champions the exclusive model that “integrates forage planting, cow breeding and milk processing” and, by marrying it with production processes that follow stringent standards, is able to upgrade overall raw milk quality to industry leading level. With increased shareholding in China Modern Dairy, Mengniu shall be able to, with the aid of a tightened upstream and downstream cooperation system, better integrate the advantages of Mengniu in channel expansion and brand building while using China Modern Dairy’s original production model characterized by “the integration of forage planting, cow breeding and milk processing” and quality raw milk to boost the operational efficiency of both parties. In July 2017, Mengniu joined hands with China Modern Dairy to introduce *Modern Farming Xianyu Pure Milk*, that employs the production technique of “milking to processing in two hours” to retain the bioactive substances, thus the freshness and nutrition of raw milk.

In the future, Mengniu will capitalize on China Modern Dairy’s milk source advantage, step up input of integrated resources and effort to improve operation of the China Modern Dairy brand, as well as using the synergies the industrial chain presents to expand the high-end product market hand in hand.

– **中國現代牧業控股有限公司 (股份代號：1117)**

二零一七年一月四日，蒙牛宣佈以約19億港元增持中國現代牧業965,465,750股股份，相當於有關購股協議完成時中國現代牧業的已發行股本總額約15.7%。交易完成後，蒙牛實益持有中國現代牧業已發行股本總額約37.7%，觸發有條件強制性現金要約（「要約」）。二零一七年二月十四日，蒙牛以每股1.94港元發出全面強制要約收購中國現代牧業全部已發行股份（蒙牛已擁有或同意收購的股份除外）及註銷中國現代牧業所有尚未行使的購股權。於二零一七年三月二十一日要約完成後，蒙牛持有共計3,755,769,412股中國現代牧業股份，相當於中國現代牧業已發行股本約61.3%。

中國現代牧業是國內規模最大的奶牛養殖企業，也是首家UHT奶及巴氏奶同時通過國家優質乳工程驗收的企業。作為優質乳從理論到生產的率先推動者，中國現代牧業獨創「牧草種植、奶牛養殖、牛奶加工一體化」模式，結合嚴格的生產流程標準，全面提升原奶品質至領先水平。蒙牛進一步增持中國現代牧業股權，將藉助更融合的上下游合作體系，更好地整合蒙牛在渠道拓展、品牌建設等方面的優勢，同時利用中國現代牧業獨創的「牧草種植、奶牛養殖、牛奶加工一體化」的生產模式與高品質原奶，提升雙方運營效率。二零一七年七月，蒙牛攜手中國現代牧業推出現代牧業鮮語純牛奶，主打「從擠奶到加工，兩小時完成」的生產工藝，保留原奶活性物質，力保新鮮營養。

未來，蒙牛將結合中國現代牧業的奶源優勢，加強整合資源投入，改善中國現代牧業品牌運營，並利用產業鏈協同作用，攜手拓展高端產品市場。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Quality management

Mengniu embraces the spirit of the “Craftsman of Milk” in every stage of quality management, adopting stringent “aeronautic standards” throughout the entire industrial chain, thus giving “aeronautic quality” products a new definition, thereby realizing on all levels the concept of perfect products that has the consumers at heart. During the period, Mengniu commenced the upgrade of management system, primarily focusing on meeting the requirements of four systems, namely new ISO9001:2015 standards, FSSC22000 standards, ISO14001 and ISO18001, and adopting a risk-based model for workflow management to optimize quality management end-to-end of the entire industrial chain from milk source to production and sales. On the foundation of years of quality management work and adopting advanced international management systems, Mengniu has constructed its own “4Q Excellence Quality Management System”. With quality management and upholding technology standard as emphases, the system uses information management tactics to optimize the risk management mechanism step by step, taking Mengniu’s quality management to a new height.

Mengniu continues to operate with the help of synergistic operation of the Laboratory Information Management System (“LIMS”) and SAP system, providing it with nearly 0.4 million pieces of inspection data every day and offering intelligent technologies and systematic quality assurance at every stage comprehensively. During the period, Mengniu focused on strengthening LIMS process management to ensure that each and every product is inspected at every relevant check point without a single miss. Through the integrated and collaborative operation of LIMS and SAP systems, Mengniu is able to track information forward and backward at all quality control points, and the quarterly 7x24 entire industrial chain traceability drills had been 100% successful. Mengniu’s self-developed “Food Safety Cloud” platform accommodates upload of quality data of all its factories daily, realizing informatization of the entire industrial chain from ranches and factories to markets and maintaining transparent communication with regulators as well as consumers. At the same time, via the digitalized “Real-time Food Safety and Quality Monitoring and Control Platform” of international standard, which covers all ranches, production plants and major sales regions, Mengniu is able to monitor food safety real-time in every stage of production.

質量管理

蒙牛將「牛奶工匠」精神落實於質量管理的每個環節，全產業鏈引入航天級嚴格標準，重新定義「航天品質」產品，全方位踐行以消費者為中心的完美產品理念。期內啟動了管理體系升級，主要圍繞ISO9001：2015新版標準、FSSC22000標準，ISO14001，ISO18001四個體系標準的要求，採用基於風險的流程管理模式，全面優化端到端全產業鏈中奶源、生產、銷售等各個環節的質量管理過程。在多年質量管理的基礎上結合國際先進管理體系，蒙牛構建了特有「4Q卓越質量管理體系」，以質量管理及技術標準為基礎，應用信息管理手段逐步優化風險管理體系，使蒙牛質量管理水平再上新高度。

蒙牛持續通過LIMS (Laboratory Information Management System)系統與SAP系統高效協同工作，每日提供近40萬條檢驗數據，為各環節全面提供智能化、系統化的品質保障。期內重點強化LIMS流程管理，確保產品各檢測節點層層把關、萬無一失。通過LIMS和SAP系統的集成交互業務，蒙牛實現產品全產業鏈的質量控制點的正反向信息可追溯，每季度開展的7x24全產業鏈可追溯演練成功率達100%。通過自主打造的「食品安全雲」平台，所有工廠的質量數據每日上傳至雲端，實現牧場、工廠、市場全產業鏈信息化，與監管部門及消費者保持透明溝通。同時通過具有國際水平的數字化「食品安全質量實時監控平台」，全面覆蓋牧場、生產工廠和銷售大區，實時監測每一環節的食品安全狀況。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

During the period, Mengniu overcame limitations on informatization that both local and overseas laboratories currently experience and upgraded the information system of its laboratories, building the “Mengniu e+ Informatization System for Laboratories”. It is the first in the world to perfectly integrate inspection management and quality control and that can carry out inspections of original electronic records and automatically collect data via linkage of devices. It is a new information system for laboratories which is simple-and-convenient, scientific and rigorous while meeting personalized needs of quality management. During the period, the system covered 36 subordinate units nationwide, supporting Big Data management of automatic advance warnings, analysis and real-time transfer, contributing to improvement in the overall level of quality control and assurance of food quality and safety.

Mengniu aligns the food safety standards of its factories with Danone Group’s Food Safety Item (“FSI”). It explores in depth core key modules, focusing on high-risk areas in food safety management, aiming to improve food safety management index as well as strengthening food safety control throughout the production process. In addition, Mengniu joins hands with SGS international certification company to apply advanced international resources for quality evaluation, set up quality assessment rules for and began inspecting overseas OEM factories. During the period, the Group upgraded its intelligent equipment, applying technologies for pretreatment and intelligent technologies for equipment automation and cooling, in all stages of production.

The cores of milk source quality management are risk control, upgrade of bases and training of professional talents. Our aim is to improve milk quality, reduce food safety risks and promote adoption of advanced technology by milk suppliers. In terms of risk control, inspection frequency and requirements were both further enhanced during the period, and milk suppliers of Mengniu’s various business divisions passed 100% of the tests conducted by inspection organizations on samples of raw milk.

期內蒙牛突破國內外現有實驗室信息化局限，全面升級實驗室信息化系統，打造「蒙牛e+實驗室信息化系統」。國際首創將檢驗管理與質量控制完美結合，全面推行檢驗電子原始記錄和儀器連接自動採集數據，建立簡便、科學、嚴謹的全新實驗室信息化系統，同時滿足質量管理的個性化需求。期內該系統全面覆蓋全國36個下屬單位，實現自動預警、分析、實時傳輸的大數據管理，全面提升質量管控水平，為食品質量安全提供有力保障。

蒙牛工廠食品安全對標Danone集團食品安全標準（Food Safety Item，簡稱「FSI」），深度挖掘核心重點模塊，聚焦食品安全管理高風險點，推動食品安全管理指數提升，同時強化生產過程中各環節對食品安全的管控能力。此外，蒙牛聯合SGS國際認證公司，應用國際先進質量評審資源，建立海外OEM工廠質量評價細則，同時展開審核。期內本集團升級智能化設備，將前處理工藝、設備自動化智能技術及製冷智能技術等方面應用在生產的各環節。

奶源質量管理工作圍繞風險管控、基地升級以及專業技能人才培養，以提高牛奶質量、降低食品安全風險，以及推進供奶方技術提升。在風險管控方面，抽檢頻率以及要求進一步提高，期內抽檢機構對蒙牛各事業部供奶方原奶樣品抽檢的合格率持續達100%。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In accordance with the Group's overall organizational structure, quality management divisions are set up for the different product categories – room temperature, chilled and ice cream products – for accurate quality control of each. Among which, quality management of room temperature is based on consumers' perspective, which ensures the quality and safety of the products of the Group, and increases consumer satisfaction starting with the design of every little detail to achieve perfect quality. During the period, to improve customer recognition of *Just Yoghurt* products, a unique straw design with optimized functionality was created to help increase consumer satisfaction. Also, human errors were reduced through the innovation of pipette comparison software; automatic testing equipment was developed to carry out automatic testing of dynamic pulling grips, and optimized management of quality reports for effective sharing of advance warning data.

The focus of chilled product quality management is to promote the alignment with Danone Group's FSI. At the same time, efforts were made on implementing management of front-end fruit suppliers, setting up quality management standard and building a supplier communication platform to effectively reduce non-qualified rate and control safety risk. Management of chilled and cold chains was carried out in accordance with the new food safety law with a focus on perfecting the assessment standard accordingly, sorting out and identifying key risks in the different production stages of chilled products and key control points. Meanwhile, in collaboration with chilled product division, a chilled and cold chain sample market was built to promote construction of cold chain at the terminals and prevent market-related quality risks.

The quality management arm of ice cream products division has drawn up a "Prevention and Control Plans of Food Safety Risks", which covers market inspection and collects immediate feedback from end-users via an "Information Open Sharing System". In addition, the Group kicked off experiments on control of micro-organisms in the environment in Tai'an and Dangyang with third party resources to prevent contamination by germs at food sources.

根據本集團整體組織架構，按照生產品類分為常溫、低溫及冰品質量管理部，細緻把控各品類的質量水平。其中，常溫質量管理從消費者體驗角度出發，保障本集團產品品質安全，提升消費者的滿意度，從設計細節著手力求完美品質。期內，為提升純甄產品的認可度，獨創及優化吸管設計，通過改善吸管使用性能提升終端消費者滿意度。同時，通過移液器比對軟件的創新以減少人為誤差；開發自動檢測設備以實現動態提手拉力的自動化檢測；優化質量報表管理以實現有效共享預警數據。

低溫質量管理方面，重點推進與Danone集團食品安全標準對標，同時實施前端果製品供應商管理，建立質量管理標準及搭建供應商交流溝通平台，有效降低不合格率及控制安全風險。低溫冷鏈管理對照新食品安全法完善審核標準，梳理識別低溫產品各環節關鍵風險和關鍵控制點。同時聯合低溫事業部積極打造低溫冷鏈樣品市場，推動終端冷鏈建設，防範市場質量風險。

冰品質量管理部制定《食品安全風險預防控制方案》，全面覆蓋市場抽檢，並通過「全民信息共享機制」第一時間反饋終端信息。此外，本集團聯合第三方資源於泰安、當陽開展環境微生物控制實驗，預防食物源頭病菌污染。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Mengniu continues to promote the ranch food safety management and assessment system. On the success in implementing the system at the facility of Mengniu's core strategic cooperation farming partners, the system was promoted to other leading farming groups in China during the period. As at 30 June 2017, the system was adopted by a total of 36 ranches, contributing to effective enhancement of the capacity of ranches to ensure product quality and providing Mengniu a solid foundation for delivering "aeronautic quality" products.

Raw milk sourcing

To meet market demand, Mengniu has expanded the areas from which it sources raw milk to countries such as Denmark, Australia, New Zealand, famed worldwide for their rich milk supply. At the same time, in order to put into execution the "2020 Sustainable Ecosystem of Milk Sources" strategy, it continues to push ahead with the upgrade and improvement of the fundamental setup of ranches, standardize the ranch operational procedures, enhance risk control and improve technologies and the professional skills of staff. Moreover, Mengniu and the China-Denmark Center jointly launched the "Happy Cow Plan" to strengthen the quality of milk sources and enhance the overall management level of ranches. During the period, the percentage of milk sources provided by standardized ranches and scaled farms of Mengniu was maintained at 100%.

In the first half of 2017, Mengniu and the China-Denmark Center jointly initiated the "Happy Cow Plan" which uses Mengniu's SOP for ranch management as standard and focuses on "Golden Key Platform" and "Lean Ranch Production", while building overseas training platform, ranch R&D platform and the W-W Virtual Dairy Farming Platform to enhance overall staff skills, raw milk quality, raw milk sources management and the operational level of ranches.

蒙牛持續推廣牧場食品安全管理審核體系，在該體系在蒙牛核心戰略牧業合作夥伴落地實施的基礎上，期內還推廣至更多國內領先的牧業集團。截至二零一七年六月三十日止，蒙牛定制版牧場管理標準共計在36家牧場落地實施，有效提升了蒙牛牧場食品保障能力，奠定了「航天品質」的堅實基礎。

奶源建設

針對市場需求，蒙牛將奶源地延伸至丹麥、澳大利亞、新西蘭等黃金奶源帶，同時持續推進牧場基礎升級改造、規範牧場標準化操作流程、加強風險防控、不斷提升技術及人員專業技能，以推進「奶源2020可持續發展生態圈」戰略落地。蒙牛並聯合中丹中心共同啟動「奶牛幸福計劃」，夯實奶源品質基礎以全面提升牧場的管理水平。期內，蒙牛規模化、集約化的奶源比例持續保持100%。

二零一七年上半年，蒙牛聯合中丹中心共同發起「奶牛幸福計劃」，以蒙牛牧場SOP為標準、聚焦「金鑰匙平台助力」及「牧場Lean精益生產」，同時建立海外研修平台、牧場R&D平台以及W-W虛擬牧業平台，旨在實現員工技能、原奶質量、奶源管理、牧場運營水平的全面提升。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

To further improve the health of dairy cattle and their living environment and reduce their somatic cell count, Mengniu has made added efforts during the period to assist the cooperated farms in upgrading and improving drinking water tanks, fans, spraying gears, beds, exercise ground and the silage cellars in ranches, which laid the foundation for enhancing raw milk quality. At the same time, Mengniu offers further guidance to the ranches on upgrading the standardized ranch operational management procedures, focusing on the core production areas in the ranch and the implementation of the standard. In addition, Mengniu cooperates with the regulators on checking for veterinary drugs nationwide, helping to guarantee healthy development of the China dairy market. Currently, Mengniu's TMR and silage coverage all reach 100%. The lactoprotein, milk fat, somatic cell and bacteria colony counts of the raw milk all meet international quality standards.

Mengniu continues with the "W-W Virtual Dairy Farming Project", which involves overall upgrade of the ranch service toolbox and optimizing the Mengniu Excellent Supplier ("MES") service management assessment system. During the period, the project covered approximately 500 milk suppliers and 80% of all front-line staff, and the concept of contractual responsibility was applied in selected ranches for four major areas of pursuits, namely source management, outcome assessment, technology management and financial management, to help milk suppliers effectively enhance profitability, lower internal operating costs, keep enhancing the operational level of ranches and tightening cooperation with the Group. In the first half of 2017, at the roll out of the project, the average output per unit per day of the ranches increased by 2.66 kg on average year-on-year, which translated into considerable economic benefits for the ranches.

To tighten cooperation between milk suppliers and the Group and enhance the operational level of ranches, Mengniu gathered representatives of ranches rearing dairy cattle of over ten thousand to hold strategic milk suppliers meeting on quality during the period. At the meeting, participants discussed in great depths and reached consensus on issues including methods of control on veterinary drugs, ways to enhance staff performance and the direction of ranch development.

為進一步改善奶牛健康及優化居住環境，降低奶牛體細胞值，期內蒙牛重點推動合作牧場進行飲水槽、風扇、噴淋、臥床、運動場、青貯窖項目升級改造，為原奶質量水平提升奠定基礎。同時，蒙牛進一步引導各牧場升級標準化操作管理流程，聚焦牧場生產核心區域，規範標準的落實。此外，蒙牛還聯合監管部門，在全國範圍內排查獸藥風險，為中國奶業市場健康發展保駕護航。目前，蒙牛TMR及青貯覆蓋率達100%，原奶乳蛋白、乳脂肪、體細胞、菌落總數均達到國際優質水平。

蒙牛繼續推進「W-W虛擬牧業項目」，全面升級牧場服務工具箱，完善蒙牛卓越供方(Mengniu Excellent Supplier，簡稱「MES」)服務管理評估體系。期內項目覆蓋約500個供奶方及80%一線員工，對試點牧場進行責任承包，重點圍繞源頭管理、結果評價、技術管理、財務管理四大模塊開展，有效提升供奶方盈利能力及降低內部運營成本，不斷提升牧場運營水平和與本集團合作緊密度。截至二零一七年上半年，通過該項目實施，牧場日均單產同比平均提升2.66公斤，為牧場帶來可觀的經濟效益。

為提升供奶方與本集團的合作緊密度及牧場運營水平，蒙牛聯動各地萬頭牧場代表於期內召開戰略供奶方質量溝通會，針對各戰略供方獸藥管控方式、人員效能提升、牧場發展方向等開展深入探討並達成共識。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

To implement the Group's 2020 strategy, during the period, Mengniu focused on lowering cost and boosting efficiency of ranches by setting up a team dedicated to improving operational efficiency, strengthening the professional skills of staff, identifying room for improvement and optimizing ranch profitability, all for helping the milk source division achieve the three-year goals of "precise project positioning, trimming cost and boosting cost effectiveness, and industrial upgrade".

Furthermore, 17 Mengniu's student milk plants in raw milk source areas of Bameng, Tongliao, Hohhot and Jiaozuo have passed the national certification assessment, meeting the production requirements of milk for school students.

Management system

Mengniu has adopted the SAP system since 2013. After three years of construction efforts, Mengniu's information system structure built with SAP at the core is basically in shape. During the period, the Group promoted in depth applications related to SAP and other relevant systems, including the profound integration of the SAP and LIMS systems, promotion at the sales front of the SAP and Wei Sales Platform ("WSP") and Business Intelligence ("BI") project.

As the first dairy enterprise to achieve coordinated management using the two major systems LIMS and SAP, Mengniu generates 0.4 million pieces of digital inspection data of processes from procurement of material to production to sales endeavors to achieve digital, intelligent and systematic quality assurance. Mengniu uses the SAP system for automatic decision making on quality, transfer control, quality tracking and management of quality records, and enables automation of matching of test plans, collection and transfer of monitoring results, drawing conclusion from quality results and issuing quality reports through LIMS system.

為助力本集團2020戰略落地，期內聚焦牧場降本增效，設立效能提升小組，加強人員專業技能，挖掘牧場提升空間及優化牧場盈利能力，以達成奶源部門「項目精準定位、降本增效及產業升級」的三年規劃目標。

此外，蒙牛巴盟、通遼、呼和浩特及焦作奶源區域17個學生奶基地已通過國家認證審核，以滿足學生奶的生產需求。

管理系統

自二零一三年引入SAP系統以來，經過三年的集中建設，以SAP為核心的蒙牛信息化架構已基本形成。期內，本集團深入推廣圍繞SAP及相關系統的應用，重點包括SAP與LIMS系統的深度融合、SAP與微銷售(Wei Sales Platform，簡稱「WSP」)及商務智能(Business Intelligence，簡稱「BI」)項目在銷售前端的推廣等。

作為首家實現LIMS和SAP兩大系統協同管理的乳企，通過每天40萬條數字化檢驗數據全面覆蓋原料採購、生產過程到銷售終端各個環節，為蒙牛提供數字化、智能化、系統化的品質保障。蒙牛利用SAP系統實現質量自動決策、轉序控制、質量追溯、質量記錄管理，同時通過LIMS系統實現自動匹配檢驗計劃、自動採集監測結果、自動傳遞監測結果、自動判斷質量結果、自動出具質量報告。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

During the period, construction with regard to informatization of sales was carried further based on the three core systems SAP, WSP and BI. The sales system that integrated WSP 2.0 and the SAP systems has been gradually applied at sales companies and Core Business Unit (“CBU”), achieving the closed-loop management of Sales-Distribution-Settlement (“SDS”). In February 2017, 21 major sales regions, 47 sales companies and 50 CBUs had adopted the integrated sales and marketing system. Since the system came online, an effective operational maintenance mechanism has been established step-by-step to ensure that the system operates efficiently. During the period, the attendance, number of visits and orders of sales staff had all improved significantly. The stable operation of the system and the increase in its usage reflect the effective integration of SAP and WSP and realization of closed-loop management of SDS.

Mengniu relies on the intermediate system SAP hybris omni-channel e-commerce system to manage and construct diverse and innovative sales and operation platforms based on the characteristics and needs of the different business segments and users. And by utilizing the intermediate system connected with the internal systems of the Group, product data in different channels are standardized and prices can be controlled effectively. Moreover, Mengniu is equipped with a comprehensive Enterprise Resource Planning system, allowing it to control order processing to sales, thus notably enhances the operational efficiency of the sales department and improves customer experience.

During the period, Mengniu built a user experience database and Mengniu digital platform, which for the first time, equipped the Group with a consumer behavior Big Database and enabled it to effectively collect and manage Big Data of the online consumer behaviors. During the Lunar New Year 2017, with effective use of consumer behavior data, Mengniu was able to actively monitor the value and activities of the online media channels and offline channels in real time, providing it with highly reference-worthy marketing analysis charts, taking it onto new ground in understanding consumers.

期內以SAP、WSP、BI三大核心系統為主的銷售信息化建設工作進一步落地。WSP 2.0系統與SAP的營銷一體化系統先後應用於銷售公司、核心業務單元(Core Business Unit, 簡稱「CBU」), 實現銷售訂單、配送、結算(Sales-Distribution-Settlement, 簡稱「SDS」)的閉環管理。二零一七年二月, 21個銷售大區、47個銷售公司、50個CBU已實現營銷一體化系統上線應用。上線後, 逐步建立了有效的運營維護機制, 確保系統的運行效率。期內業務員的出勤率、拜訪率、訂單率有明顯提高。系統運行穩定及使用率的提升, 體現了SAP與WSP高效融合, 並更有效的實現SDS的閉環管理。

蒙牛依託SAP hybris全渠道電商系統中間系統管理建設, 根據不同業務板塊和用戶的特徵和需求, 建立多樣化的自有創新銷售運營平台, 同時借助中間系統與企業內部系統的對接, 實現不同渠道產品數據的標準化和價格的有效管控。此外, 蒙牛建立全套的企業資源規劃(Enterprise Resource Planning)系統, 實現訂單銷售全流程自主掌控, 極大的提升了銷售部門的運營效率和客戶體驗。

期內, 蒙牛構建用戶體驗數據庫, 搭建蒙牛數字化平台, 使本集團首次擁有消費者行為大數據庫, 實現對消費者線上行為大數據進行高效收集及管理。二零一七年春節期間, 蒙牛有效利用消費者行為數據, 實現線上媒體渠道及線下渠道價值及活動的實時動態監測, 形成了高度可讀的營銷分析圖表, 消費者洞察邁向一個嶄新的台階。

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Mengniu has developed with innovation a real-time food safety supervision and warning management platform, making it the first dairy enterprise and food enterprise to use informatization tools that can automatically monitor real-time food safety and give warning. The Group makes full use of Internet technology, which sends abnormalities detected immediately to the mobile terminals of relevant personnel, thereby providing solid reference for decision making by the management and thus guarantees effective real-time supervision of food safety. As for improving quality assessment, Mengniu actively uses cloud tools and is an early adopter of Salesforce PaaS-based cloud tools to standardize the quality auditing process, supporting real-time transmission of audited content, automatic analysis of auditing results and interaction in the entire auditing process.

Mengniu actively embraced the trend of Internet+ and built up the cloud ecosystem asset by connecting the ecosystems for the clients, operation and management. In May 2017, Mengniu announced the launch of “Mengniu Cloud”. “Mengniu Cloud” has five core constituents, namely “Staff Cloud”, “Partner Cloud”, “Channel Cloud”, “Consumer Cloud” and “Foundation Cloud”, which are inter-connected and share data and serve Mengniu’s three instrumental value ecosystems together. During the period, the “Foundation Cloud”, represented by construction of the southern and northern data centers of Mengniu, was taking shape, and construction of the “Staff Cloud” which focuses on standardization of terminals and new Office Automation (OA) has been successfully commenced, facilitating the fulfillment of Mengniu’s 2020 strategic goals.

蒙牛創新性開發食品安全實時監控和預警管理平台，成為乳企首個實現利用信息化工具自動實時提供食品安全預警、監控的食品公司。本集團充分利用互聯網技術，檢測異常結果可實時推送到相關人員手機終端，為管理者決策提供管理依據，有力保障食品安全的實時監控。在質量評價改善方面，蒙牛積極運用雲端工具，率先引入基於Salesforce PaaS雲端工具，實現質量審核流程標準化、審核內容實時傳輸、審核結果自動分析、審核過程可互動。

蒙牛主動結合互聯網+，圍繞客戶生態圈、運營生態圈、管理生態圈，構建雲化生態資產，於二零一七年五月正式發佈「蒙牛雲」。「蒙牛雲」包括「員工雲」、「夥伴雲」、「渠道雲」、「消費者雲」、「基礎雲」五大核心，各個雲端之間互聯互通、數據共享，共同服務蒙牛三大價值生態圈。期內以蒙牛南北數據中心建設為代表的「基礎雲」已初具規模，並已順利開展以終端標準化及新OA (Office Automation)為核心的「員工雲」建設，為蒙牛2020戰略目標的達成保駕護航。



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Mengniu established the first Finance Shared Service Center of the dairy industry in China, which currently covers 59 subordinate units of Mengniu and the coverage will be expanded to branch companies in the future. Its functions included expense reimbursement, asset management, investment management, video e-management, payment management and budget control, covering five major business cycles from investment to assets, general ledger to statements, purchase to payables, sales to receivables and reimbursement of expenses. In the first half of 2017, it processed on average 30,000 billing documents a month, markedly improved the efficiency of financial processing. Backed by the innovative SAP-SSF (Share Service Framework) technology, the Group's business and finance systems are connected and a solid foundation has been laid for realizing subsequent sharing of human resources, information technology and procurement. The successful rollout of the finance shared platform fully supports financial management of the Group and will continue to promote upgrades of workflow at the shared service center so as to ensure the effectiveness of the management model, intensive cost saving, technology integration and innovation, and business transformation, etc. of the Group.

Sales channels

Mengniu continues to push ahead with integration of procurement, production and sales, taking its Route to Market ("RTM") project to greater depth and using consistently the sales operation model with distributors at the center complemented by the sales companies and CBUs. Through refining market layout and precise market grading, Mengniu has been able to penetrate county and village markets in a fast manner, achieving the largest market coverage as well as improving overall service level at terminal points-of-sales and the ability to control the core nodes in its sales network. Furthermore, Mengniu has built its unique distributor management system, which covers essentially development of distributors, enhancement of their capabilities, target management of distributors and evaluation of distributors. And, the BI platform is used for sales and marketing analysis to support closed-loop management of sales and marketing.

蒙牛建立了中國乳品企業第一家財務共享中心，目前覆蓋蒙牛59家下屬單位，未來將進一步納入分支公司，功能包括費用報銷、資產管理、投資管理、影像電子管理、付款管理、預算控制等，覆蓋了投資到資產、總帳到報表、採購到應付、銷售到應收、費用報銷的五大循環業務。截至二零一七年上半年，月均處理單據量達3萬張，財務處理效率得到大幅提升。蒙牛財務共享中心在全面應用SAP – SSF (Share Service Framework)創新技術的基礎上，全面打通業務及財務系統，同時為後期建立人力共享、IT共享、採購共享奠定了堅實的基礎。財務共享平台的成功上線，實現了對財務管理的全面支持，並將持續推進共享中心流程變革，為本集團管控模式、成本集約、技術融合與創新以及變革轉型等方面創造效益。

銷售渠道

蒙牛持續推進產供銷一體化運作，深化通路精耕 (Route to Market, 簡稱「RTM」) 項目，並繼續踐行以經銷商為主體，結合銷售公司和CBU的銷售運營模式。通過細化市場佈局和精準市場分級，快速滲入縣鎮村市場，實現蒙牛對市場的最大覆蓋，全面提升終端售點的服務水平及核心網點的掌控能力。此外，從經銷商開發、能力提升、目標管理和評估四個維度，構建蒙牛特有的經銷商管理體系，同時利用BI平台進行營銷分析，實現營銷閉環管理。

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WSP system tools are used by Mengniu to implement standardized and integrated retail network management, thus helping to strengthen the Group's omni-channel delicacy management system. During the period, the WSPs of sales companies and CBUs were completed, the finance and business integrated model began operation and real-time order assignment started, which together effectively boosted sales results.

Mengniu also focuses on strengthening Key Account ("KA") management structure and, by improving point-of-sales display and using lively marketing tactics, it has been able to consistently enhance average sales of single sales point. Mengniu further fortified cooperation with retailers by putting its differentiated marketing strategy to work and saw some preliminary result, earning for it the "Best Supplier in Shopping Experience" award from Wal-Mart Stores during the period. By forming a strategic alliance with major retailers, Mengniu and the retail outlets enjoy strong ties and a unified pool of resources for injecting into key markets and product categories to build a win-win platform for cooperation between business ecosystems.

Mengniu has been strengthening its e-commerce sales channel and interacting with consumers through the Internet, and through analyzing and sharing of consumer Big Data, integrating supply chain and replacing platform resources, it is capable of precise marketing. With the help of Big Data from the e-commerce platform, Mengniu can optimize creative content real-time and customize products to fit the characteristics of online consumer groups, such as the *Tianxiaohai* and special customized *Just Yoghurt* for Transformers IP series of products. Mengniu has found its targeted consumer communities for accurate direction of resources and as such has boosted sales by integrating the crowd tagging model of the Alibaba data center. Currently, Mengniu's products have well-established presence on different e-commerce platforms, including Tmall, JD, Suning.com, and Womai.com. During the period, Mengniu ranked first in sales of dairy products on platforms like Tmall, Suning.com, and Womai.com. In addition, on the day of the "618 Mid-Year Shopping for All Festival", its JD Mengniu self-operated flagship store, Tmall Mengniu official flagship store and Suning Mengniu official flagship store all ranked first in terms of sales of dairy products.

通過運用WSP系統工具，對零售網點實行標準化及一體化管理，強化蒙牛全渠道精細化管理體系。期內，完成銷售公司和CBU微銷售平台、財務業務一體化上線運行，以及啟動實時分配工單的項目，有效提升銷售效益。

蒙牛還著力強化重點客戶管理架構（Key Account，簡稱「KA」），憑藉終端陳列改善和生動化營銷，使單個銷售點的平均銷售份額不斷提升。蒙牛進一步鞏固與零售商的合作，推行差異化營銷策略漸見成效。期內，蒙牛榮獲沃爾瑪頒發的「購物體驗最佳供應商」大獎。透過與重點零售商組成「零供戰略聯盟」，使蒙牛與賣場緊密結合，集中雙方資源投入核心市場和品類，共同打造生態圈的合作共贏平台。

蒙牛加強電商銷售渠道，透過互聯網與消費者互動，藉著消費者大數據研究共享、供應鏈整合及平台資源置換，實現精準營銷。通過電商平台的大數據，蒙牛能實時優化創意內容，並可定制符合線上消費群的特性產品，如*甜小嗨*系列產品、變形金剛IP特別定制款*純甄*等。蒙牛還結合阿里數據中心針對人群標籤進行模型化，找到最精準的消費人群，大大提升資源投放的精準度，成功拉動銷售。現時，蒙牛產品已植根各大電商平台，包括天貓、京東、蘇寧易購及我買網等。期內，蒙牛在天貓、蘇寧易購及我買網等平台的乳製品銷售額排名第一。此外，「618全民年中購物節」當天，勇奪京東蒙牛自營旗艦店、天貓蒙牛官方旗艦店、蘇寧蒙牛官方旗艦店乳製品類目第一的佳績。



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At the end of 2016, Mengniu launched the new business division system to facilitate formulation of more professional sales strategy, allowing it to effectively integrate the resources of different sales regions and significantly improve cost efficiency. During the period, Mengniu focused on launching new products, enhancing overall market coverage, strengthening cooperation with distributors and developing more sales terminals. By adopting new channels and new business model, such as experience store and e-commerce, it unearthed new sales growth drivers. At the same time, with front-line and back-office staff working closely and in concert as well as giving their best support to the sales arm in meeting all market demands, overall sales performance significantly improved.

Mengniu has kept expanding its overseas business footprint. Its products are now available in Hong Kong, Macau, Singapore, Myanmar and Mongolia, and plans are in place to help it foray into other markets that it may perfect its business layout. Currently available room temperature products in overseas markets include *Milk Deluxe*, *Just Yoghurt*, *Fruit Milk Drink*, *Pure Milk* and *Low-Fat High Calcium Milk*; and chilled products mainly include *Yoyi C*; and ice cream products such as *Deluxe*, *Suibian* and *Mood for Green*, etc.

Brand strategy

Steadfast at upholding its brand concept of “A Little Happiness Matters”, Mengniu provides safe and nutritious high quality dairy products to consumers, tying consumers closely with Mengniu so as to pass on its brand values of health, happiness and care to consumers in the generations to come. Following social trends and with Big Data support, Mengniu mounts multi-dimensional marketing online and offline, achieving close interaction and two-way communication with consumers while planting the brand’s advocacy of valuing nature into consumers’ daily life, thereby boosting loyalty, trust and preference of consumers towards the Mengniu brand. At the same time, to implement the strategy of “internationalization”, Mengniu cooperates strategically with leading international brands, so that the “Mengniu” brand can gain global influence and build itself into a world-class Chinese brand. Mengniu is currently an official dairy product partner of NBA China, the Shanghai Disney Resort and Universal Beijing Resort.

蒙牛於二零一六年年尾推行的新事業部制使其可制定更專業的銷售策略，高效整合各銷售區域的資源，顯著提升費用使用效率。期內，蒙牛聚焦新品上市，全面提升市場覆蓋率，加強與經銷商合作力度，開拓更多終端網點。通過佈局體驗店及電子商務等新興渠道及新業務模式，成功挖掘銷量增長點。與此同時，前後台緊密配合，全力支持銷售，充分滿足市場需求，大大提高整體銷售表現。

蒙牛繼續拓展海外業務版圖，目前產品已覆蓋香港、澳門、新加坡、緬甸、蒙古，並計劃進軍其他市場，完善業務佈局。海外上市常溫產品包括特侖蘇、純甄、真果粒、純牛奶及低脂高鈣奶；低溫產品主要是優益C；冰淇淋產品包括蒂蘭聖雪、隨變、綠色心情等。

品牌策略

蒙牛堅守「只為點滴幸福」的品牌理念，為消費者提供安全營養的高品質乳製品，讓消費者與蒙牛緊密結合，將健康、幸福和關愛的品牌理念一直承傳。順應社會趨勢，蒙牛依託大數據支持，聯合線上線下進行多維度營銷，實現與消費者緊密互動和雙向交流，將蒙牛品牌主張自然滲透消費者生活，提升蒙牛品牌的黏附度、信任度和好感度。同時，蒙牛遵行國際化的發展戰略，通過與國際一線品牌的合作，落實品牌全球化，致力打造世界級的中國品牌。目前，蒙牛已經成為NBA中國官方市場、上海迪士尼度假區官方乳製品及北京環球主題度假區官方乳製品的合作夥伴。

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Dedicated to supporting aeronautic endeavors of the country with its resources, Mengniu has been providing nutritional support to Chinese astronauts for 14 consecutive years. It wears the title of “Strategic Partner of China’s Aerospace Program” presented to it by the China Space Foundation, adding to its brand image representative of high quality. During the period, Mengniu mounted aerospace-themed marketing under the “aeronautic quality, healthy China” banner, highlighting its commitment to providing products fit for astronauts to consumers in the future, publicizing the “aeronautic quality” concept among the public and letting consumers know they, the same as astronauts, can consume “aeronautic quality” dairy products provided by Mengniu.

Milk Deluxe continues to strengthen its high-end brand image by upgrading its organic milk series and developing a nature documentary zone with Tencent Video Documentary Channel, which allows it to plant brand messages innovatively in the content of the videos and, at the complement of WeChat and Weibo platforms, create more buzz, thus realizing integrated marketing. Also, *Milk Deluxe* has been a sponsor of the Boao Forum for 11 years in a row as the event’s sole official dairy product supplier. The high-profile cooperation with the Boao Forum platform has given *Milk Deluxe*’s high-end brand assets strong backing and helped fortify supremacy of the brand. On the strong brand advantage of *Milk Deluxe*, Mengniu has developed high-end yogurt, gradually expanding the *Milk Deluxe* family. During the period, *Milk Deluxe Yogurt* forged strategic partnership with the Top 10 Lawrence Champion Award and became its sole official dairy product. Apart from cross-segment cooperation with supreme sports award, *Milk Deluxe Yogurt* has gained the full support of a Michelin star chef, helping it to build a superb brand image that conveys perfectly the brand spirit of “Not all yogurts are *Milk Deluxe*”.

蒙牛聚焦航天資源，已連續14年為航天員提供營養支持，並獲中國航天基金會授予「中國航天事業戰略合作夥伴」榮譽，進一步彰顯蒙牛高品質的品牌形象。期內，蒙牛以「航天品質，健康中國」主題進行營銷，致力於在未來為廣大消費者提供符合航天標準的產品，將「航天品質」普及至大眾，使消費者亦與航天員一樣，享用具備「航天品質」的乳製品。

特侖蘇持續強化品牌高端性，全面升級有機奶，並攜手騰訊視頻紀錄片頻道，打造自然紀錄片專區，通過創新性的內容植入展現品牌訊息，輔以微信、微博平台深化話題傳播，實現整合營銷。同時，特侖蘇連續11年贊助博鰲論壇，為官方唯一指定乳品，通過與博鰲論壇開展高端平台合作，積累品牌高端資產背書，持續強化品牌高端性。此外，依託特侖蘇強大的品牌優勢，發展高端酸奶，逐步打造特侖蘇品牌家族。期內，特侖蘇酸奶與十佳勞倫斯冠軍獎達成戰略合作，成為唯一指定乳製品。除與體壇殿堂級大獎跨界合作，特侖蘇酸奶更獲米芝蓮星級主廚全力支持，打造品牌的頂級形象，完美詮釋「不是所有酸奶都是特侖蘇」的品牌精神。



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After the cooperation with “Independence Day: Resurgence” and “Ice Age: Collision Course”, Mengniu partnered with Hollywood movie again. *Just Yoghurt* was seamlessly incorporated into the Hollywood movie “Transformers: The Last Knight”, interacting with the heroes in the movie, and in association a special edition of *Just Yoghurt* was launched and related online and offline publicity activities were organized together with maoyan and Tmall to attract wide consumer interest. In addition, *Just Yoghurt* is one of the sponsors of the popular iQiyi show “U Can U Bibi Season 4” and delivering the brand attitude of “Dare not to add additives”. The strong exposure and excited discussion about the brand among consumers had successfully bolstered sales.

Future Star, the first milk product professionally tailored for kids in China has upgraded product formula of the product series, going back to agreeing with the human nutritional structure while delivering to kids the mother’s power. As a partner of Shanghai Disney Resort, *Future Star* has launched a limited-edition themed packaging and used QR code to open consumers to the “Together with *Future Star*, explore the wonderful world” activities. The first brand activity held in the Walt Disney Grand Theatre attracted a full-house. Moreover, *Future Star* cooperated with Jiangsu TV on the “Wings of Song” show, which enabled it to achieve a new height of entertainment marketing and, by implanting brand elements in the event, boost consumer awareness of the brand.

Yoyi C launched *LC-37* that caters particularly the professional probiotics beverage market, building with success its image as a professional functional probiotics brand. The brand secured super star Kris Wu as its brand ambassador to quickly enhance the reputation and influence of the brand, aiming to grab a share of the young consumer market and deliver to consumers the core brand concept of “This is a small but powerful bottle of *Yoyi C*”. In addition, in association with Dianping, Toutiao, Sina Weibo, Tencent and iQiyi, it launched the integrated digital marketing activity “Global Food Festival” to present the core brand proposition of “Healthy Intestines Keep You Young” and ultimately turns that into a new generation health declaration.

繼與《獨立日：捲土重來》及《冰川時代5：星際碰撞》合作後，蒙牛再次與好萊塢電影跨界合作，旗下品牌*純甄*與好萊塢電影《變形金剛5：最後的騎士》強勢合作，自然地將產品植入電影，成功與主角互動，並推出變形金剛特別定制包裝，聯合貓眼、天貓等線上資源及線下影院活動，全方位宣傳品牌，引發消費者廣泛關注。此外，*純甄*聯合贊助愛奇藝人氣節目《奇葩說》第四季，傳遞「敢於不添加」的品牌態度，透過品牌強勢曝光及消費者的熱話討論，成功帶動終端銷售。

中國第一款專業兒童牛奶*未來星*全面升級產品配方，回歸親和人體營養結構，向孩子傳遞媽媽的力量。*未來星*更與上海迪士尼度假區強強聯合，推出主題限量包裝，透過二維碼開啟「帶著*未來星*，探索奇妙世界」活動，於華特迪士尼劇院舉辦首次的品牌活動更全場爆滿。此外，*未來星*與江蘇衛視合作，以《歌聲的翅膀》刷新娛樂營銷新高度，將品牌元素植入活動，提升品牌認知度。

*優益C*針對專業型乳酸菌市場推出的*LC-37*，成功打造專業功能乳酸菌品牌形象。品牌力邀超級偶像吳亦凡擔任代言人，快速提升品牌知名度及影響力，搶佔年輕消費者市場，向消費者傳遞「這是一小瓶強大的*優益C*」核心品牌理念。此外，更聯合大眾點評、今日頭條、新浪微博、騰訊、愛奇藝等舉行「全球吃貨節」數字化整合營銷活動，向消費者傳遞「腸活動，常年輕」的核心品牌主張，打造新一代健康宣言。

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Mengniu's ice cream products kicked off the nationwide "Scan the code, Shake the red packet, Win a phone" activity. Via placement of TV commercials, the activity quickly gained a lot of attention. Mengniu overcame the communication barrier of traditional media and instead exchanged feelings with consumers on the mobile social platform, which has boosted the "good feeling" among consumers towards the brand. At the same time, by creating the Mengniu ice cream shake-shake song, a talk of the town was created and it spread far and wide, helping raise awareness of the brand and ignited a trend.

During the period, Mengniu focused on promoting the high-end ice cream brand *Deluxe*, upgrading it in multi-dimensionally including branding, product, packaging and marketing communications with the aim of building its image as the best high-end ice cream brand in China. The brand took advantage of the Disney IP to raise attention to it, starting the "Taste the Chinese high-end ice cream, enjoy your time at Shanghai Disney" activity and launched online the H5 scan code interactive activity, which received great feedback from consumers. *Deluxe* won the "Integrated Marketing Communication Award" and "Reputation Spreading Award" at the "17th IAI International Advertising Awards" and "6th Entertainment Marketing 5S Gold Award" respectively, speaking volume to the strong recognition it enjoys.

Mengniu's hard work has been time and again recognized by the society and the industry. For three years in a row, it made it among the top 20 on the BrandZ™ list of the most valuable Chinese brands. Also, Mengniu is one of the "TOP10 most effective brands" and "TOP10 most effective advertisement owners" at the "2017 Greater China Effie Awards", honoring its excellent performance in effective marketing. It was the only dairy enterprise to win accolades at the event.

蒙牛冰淇淋產品在全國啟動「掃碼搖紅包，贏手機大獎」活動，借勢電視廣告的投放，使活動火速受到關注。蒙牛打破傳統媒體的溝通壁壘，通過移動社交平台與消費者進行情感溝通，提升消費者對品牌的好感度。與此同時，透過打造蒙牛冰淇淋搖搖歌，成功製造話題及廣泛傳播，品牌關注度攀升，引領風潮。

期內，蒙牛著力推廣高端冰淇淋品牌蒂蘭聖雪，從品牌、產品、包裝及營銷傳播等各方面多維度升級，樹立中國最好的高端冰淇淋品牌形象。品牌借勢迪士尼IP，提升品牌關注度，開展「品中國高端冰淇淋，享上海迪士尼禮遇」活動，同時在線上發起H5掃碼互動，受到消費者的熱烈追捧。蒂蘭聖雪在第17屆IAI國際廣告獎及第六屆娛樂營銷5S金獎分別榮獲整合營銷傳播獎及口碑傳播力大獎，充分得到肯定。

蒙牛的努力一再得到社會和業界認同，蒙牛連續三年入選BrandZ™最具價值中國品牌20強，同時憑藉在實效營銷方面的出色表現，蒙牛榮獲2017大中華區艾菲獎最具實效品牌TOP10和最具實效廣告主TOP10，是唯一獲獎的乳製品企業。



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Financial Review

Revenue

Benefiting from product innovation, an optimized business structure and active marketing efforts, the Group recorded sales growth, with revenue for the six months ended 30 June 2017 amounting to RMB29,465.8 million (2016: RMB27,257.2 million), an increase of 8.1% year-on-year. *Milk Deluxe* and *Just Yoghurt* were the biggest contributors to revenue growth of the Group.

Gross profit

With raw milk price staying relatively low and a constantly improving product mix, the Group's gross profit for the period increased to RMB10,502.6 million (2016: RMB9,181.4 million) and gross profit margin increased by 1.9 percentage points to 35.6% as compared with the same period last year (2016: 33.7%).

Operating expenses

Facing intense market competition, the Group implemented proactive channel and brand promotion strategies during the period, which led to an increase in operating expenses to RMB8,824.0 million (2016: RMB7,825.9 million), representing an increase to 29.9% of the Group's revenue (2016: 28.7%).

During the period, selling and distribution expenses increased by 10.8% to RMB7,143.8 million (2016: RMB6,448.9 million), representing an increase of 0.5 percentage point to 24.2% of the Group's revenue (2016: 23.7%).

During the period, advertising and promotion expenses decreased by 6.3% to RMB2,647.9 million (2016: RMB2,825.7 million), representing a decrease to 9.0% of the Group's revenue (2016: 10.4%).

During the period, administrative and other operating expenses increased by 22.0% to RMB1,680.2 million (2016: RMB1,377.0 million), accounting for 5.7% (2016: 5.1%) of the Group's revenue.

財務回顧

收入

受益於產品創新、佈局完善以及積極的推廣營銷所帶來的銷量增長，截至二零一七年六月三十日止六個月，本集團收入為人民幣294.658億元（二零一六年：人民幣272.572億元），同比增長8.1%，其中特侖蘇及純甄對本集團收入增幅貢獻最大。

毛利

由於原奶價格維持相對較低水平及產品結構持續優化，本集團期內毛利上升至人民幣105.026億元（二零一六年：人民幣91.814億元），毛利率較去年同期上升1.9個百分點至35.6%（二零一六年：33.7%）。

經營費用

受市場高強度競爭影響，本集團期內採取積極的渠道及品牌宣傳推廣策略，使經營費用上升至人民幣88.240億元（二零一六年：人民幣78.259億元），佔本集團收入比例上升至29.9%（二零一六年：28.7%）。

期內銷售及經銷費用上升10.8%至人民幣71.438億元（二零一六年：人民幣64.489億元），佔本集團收入比例上升0.5個百分點至24.2%（二零一六年：23.7%）。

期內廣告及宣傳費用下降6.3%至人民幣26.479億元（二零一六年：人民幣28.257億元），佔本集團收入比例下降至9.0%（二零一六年：10.4%）。

期內行政及其他經營費用上升22.0%至人民幣16.802億元（二零一六年：人民幣13.770億元），佔本集團收入比例5.7%（二零一六年：5.1%）。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析**Profit from operating activities and net profit**

Although profit attributable to an associate recorded relatively significant loss and Yashili incurred loss during the period, with the revenue and gross profit of the Group's core business (including liquid milk and ice cream) increasing significantly and the Group's product optimized, EBITDA increased by 6.2% to RMB2,289.7 million (2016: RMB2,155.1 million), and EBITDA margin was 7.8% (2016: 7.9%).

Profit attributable to owners of the Company increased by 4.7% year-on-year to RMB1,127.9 million (2016: RMB1,077.3 million). Basic profit per share was RMB0.290 (2016: RMB0.277), up by 4.7% year-on-year.

Income tax expenses

For the six months ended 30 June 2017, income tax expense of the Group was RMB373.8 million (2016: RMB313.0 million), increased by 19.4% year-on-year. Effective income tax rate was 25.1% (2016: 20.9%), up by 4.2 percentage points year-on-year, mainly due to the loss contribution from a major associate to the Group and the accounting losses on deemed disposal of partial interests in associates by the Group.

Capital expenditure

For the six months ended 30 June 2017, capital expenditure ("CAPEX") of the Group was RMB5,313.2 million (2016: RMB2,706.5 million), up by 96.3% year-on-year. Of the total, RMB1,015.0 million was spent on building new production facilities and modifying existing ones and related investments, RMB79.9 million was spent on purchasing biological assets and RMB4,218.3 million was investment in new equity (mainly China Modern Dairy).

經營業務利潤及淨利潤

期內，雖然聯營公司應佔利潤本期錄得較大虧損，以及雅士利錄得虧損，但在本集團核心業務（包括液態奶及冰淇淋）的收入以及毛利顯著增加及產品優化的成效下，使本集團息稅折舊攤銷前利潤(EBITDA)上升6.2%至人民幣22.897億元(二零一六年：人民幣21.551億元)，EBITDA利潤率為7.8%(二零一六年：7.9%)。

本公司擁有人應佔利潤同比上升4.7%至人民幣11.279億元(二零一六年：人民幣10.773億元)。每股基本盈利為人民幣0.290元(二零一六年：人民幣0.277元)，同比上升4.7%。

所得稅支出

截至二零一七年六月三十日止六個月，本集團所得稅支出為人民幣3.738億元(二零一六年：人民幣3.130億元)，同比上升19.4%。所得稅有效稅率為25.1%(二零一六年：20.9%)，同比上升4.2個百分點，主要由於一間主要聯營公司對本集團的貢獻為虧損以及視同出售聯營公司部分權益之會計損失造成。

資本支出

截至二零一七年六月三十日止六個月，本集團資本支出為人民幣53.132億元(二零一六年：人民幣27.065億元)，同比上升96.3%。資本支出用於新建和改建生產設備及相關投入，達人民幣10.150億元；購入生物資產達人民幣0.799億元；及新增股權投資(主要包括中國現代牧業)達人民幣42.183億元。



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Working capital, financial resources and capital structure

For the six months ended 30 June 2017, the Group's net cash inflow from operating activities increased to RMB3,434.1 million (2016: RMB2,675.3 million), primarily due to continuous product structure optimization, cost control and enhanced working capital management.

For the six months ended 30 June 2017, outstanding bank loans and bonds of the Group increased to RMB14,177.6 million (31 December 2016: RMB8,587.6 million), of which bank loans repayable within one year amounted to RMB4,653.5 million (31 December 2016: RMB3,045.4 million).

Net borrowings (total amount of bank loans and bonds net of cash and bank balances) of the Group as at 30 June 2017 were RMB3,640.7 million (31 December 2016: RMB2,517.5 million).

The Group's total equity as at 30 June 2017 was RMB26,259.0 million (31 December 2016: RMB25,503.7 million). Its debt-to-equity ratio (total amount of bank loans and bonds over total equity) was 54.0% (31 December 2016: 33.7%).

Finance costs of the Group were RMB191.4 million (2016: RMB151.5 million), representing approximately 0.6% of the revenue (2016: 0.6%).

Products

Innovation is the key to sustainable improvement of an enterprise. Therefore, Mengniu attaches great importance to product innovation, research and development and meeting the demand of different consumer groups with premium, more nutritious and better tasting products. It also puts great efforts into integrating its resources and using leading international technologies, resources and platforms to build a world-class Chinese brand and regain consumers' trust in Chinese brands. During the period, Mengniu was devoted to developing functional and customized products that meet the demands of fine market segments, focusing specifically on enhancing such aspects as product variety, flavor and packaging so as to create new experiences for consumers.

營運資金、財務資源及資本架構

截至二零一七年六月三十日止六個月，本集團經營業務所產生的現金淨流入增加至人民幣34,341億元(二零一六年：人民幣26,753億元)，主要由產品結構持續優化、成本控制以及提升營運資金管理所致。

截至二零一七年六月三十日止六個月，本集團之未償還銀行貸款及債券增加至人民幣141,776億元(二零一六年十二月三十一日：人民幣85,876億元)，其中一年內償還的銀行貸款為人民幣46,535億元(二零一六年十二月三十一日：人民幣30,454億元)。

本集團於二零一七年六月三十日之淨借貸(銀行貸款及債券總額扣除現金及銀行存款)為人民幣36,407億元(二零一六年十二月三十一日：人民幣25,175億元)。

本集團於二零一七年六月三十日之總權益為人民幣262,590億元(二零一六年十二月三十一日：人民幣255,037億元)。債務權益比率(銀行貸款及債券總額除以總權益)為54.0%(二零一六年十二月三十一日：33.7%)。

本集團的融資成本為人民幣1,914億元(二零一六年：人民幣1,515億元)，佔收入比重約0.6%(二零一六年：0.6%)。

產品

創新是推動企業持續進步的關鍵點，因此蒙牛十分重視產品的創新和研發，以高端化、更營養、更美味的產品滿足不同消費人群的需求，並著力整合優勢資源，以國際領先的技術、資源及平台，打造世界級的中國品牌，重塑消費者對中國品牌的信心。期內，蒙牛按細分市場的需求，專注發展功能性和定制產品，從產品品類、口味及包裝等多方面進行提升，為消費者帶來全新體驗。

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

本集團主要業務分為液態奶、冰淇淋、奶粉及其他產品，期內表現如下：

Liquid milk 液態奶	Revenue amounted to RMB25,372.1 million (2016: RMB23,761.5 million), accounting for 86.1% of Mengniu's total revenue (2016: 87.2%) 收入為人民幣253.721億元（二零一六年：人民幣237.615億元），佔蒙牛總收入的86.1%（二零一六年：87.2%）
UHT milk UHT奶	<p>Revenue amounted to RMB11,797.2 million (2016: RMB11,513.8 million), accounting for 46.5% of the liquid milk segment revenue (2016: 48.4%) 收入為人民幣117.972億元（二零一六年：人民幣115.138億元），佔液態奶收入46.5%（二零一六年：48.4%）</p> <p>Upholding the brand attitude of "New Nutritional Level Makes a Better Life" and highlighting the concept of "Better Understanding of Natural Sciences, Better Organic Nutrition", Milk Deluxe upgraded its organic milk product and continued to boost its image as a high-end brand. 特侖蘇秉承「營養新高度，成就更好人生」的品牌態度，全線升級有機奶，突出「更懂自然科學，更好有機營養」的主張，持續強化品牌高端性。</p> <p>Key products: <ul style="list-style-type: none"> - Milk Deluxe - Mengniu Pure Milk - Prime Ranch Pure Milk - Future Star Kid Growth Milk - Awakening Youth Milk 重點產品： <ul style="list-style-type: none"> - 特侖蘇 - 蒙牛純牛奶 - 精選牧場純牛奶 - 未來星兒童成長牛奶 - 煥輕 </p>



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- Innovative research and development on the formula undertaken by *Future Star Kid Growth Milk* led it to return to that human nutritional structure to offer kids nutrients that can more easily be absorbed by their bodies, showing children the mother's power.
未來星兒童成長牛奶對其配方進行創新性研發，回歸親和人體營養結構，產品營養更易被孩子吸收，向孩子傳遞媽媽的力量。
- *Prime Ranch Pure Milk* in updated packaging was launched to the market. Adopting "One Pack, One Code" that entails the use of barcodes for access to product batch numbers, launch of the product marked the full application of product tracking technology by Mengniu.
精選牧場純牛奶新裝升級上市，真正實現「一包一碼」，二維碼與產品批次信息同步，可追溯技術全面落地。
- *Mengniu Pure Milk* took on an optimized packaging design, carrying an aerospace-themed label to emphasize the excellence of the product quality and incorporated into the product the brand concept of "Let's Enjoy Aeronautic Quality Milk".
蒙牛純牛奶全面優化包裝設計，增加航天背書標識，突顯產品品質卓越，將「航天品質，你我共享」的品牌主張自然植入。

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Milk beverages 乳飲料	<p>Revenue amounted to RMB4,910.3 million (2016: RMB4,915.9 million), accounting for 19.4% of the liquid milk segment revenue (2016: 20.7%) 收入為人民幣49.103億元（二零一六年：人民幣49.159億元），佔液態奶收入19.4%（二零一六年：20.7%）</p>	<p>Yoyi C launched LC-37 targeting the professional probiotics beverage market. Every 100ml of the product contains 50 billion active bacteria C, 500 times that of the national standard. It also has an exclusive 37°C highly active bacterial strain proof of it having overcome the technical bottleneck of the low temperature probiotics industry. LC-37 is a revolutionary new product, a perfect representation of Yoyi C's core brand concept of "This is a small but powerful bottle of Yoyi C". The brand secured super star Kris Wu as its brand ambassador to quickly improve the awareness and influence of the brand as it hit the market.</p>	<p>Key products: - Yoyi C - LC-37 - Fruit Milk Drink - Suan Suan Ru 重點產品： - 優益C - LC-37 - 真果粒 - 酸酸乳</p>
		<p>優益C針對專業型乳酸菌市場推出LC-37，每100毫升含有500億活的活力C菌，高於國家標準500倍，更擁有獨家37°C強活性的菌株特性，打破了低溫乳酸菌行業的技術瓶頸，成為顛覆活性乳酸菌品類的創新產品，完美演繹「這是一小瓶強大的優益C」核心品牌理念。品牌力邀超級偶像吳亦凡擔任代言人，快速提升品牌知名度及影響力，強勢登陸市場。</p>	
		<p>Fruit Milk Drink added the new flavor "Blueberry", with a promotional campaign themed "Bring Your Blue Friend Home" and the famous artist Li Yifeng as a spokesperson, making it the talk of the town.</p>	
		<p>真果粒圍繞藍莓味新品重點發力，以「帶藍朋友回家」為營銷主題，同時邀得著名藝人李易峰代言產品，造成社會熱話。</p>	



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Yogurt 酸奶	Revenue amounted to RMB8,664.6 million (2016: RMB7,331.8 million), accounting for 34.1% of the liquid milk segment revenue (2016: 30.9%) 收入為人民幣86.646億元 (二零一六年：人民幣73.318億元)，佔液態奶收入34.1% (二零一六年：30.9%)	<p>- Building on the strong brand advantage of <i>Milk Deluxe</i>, <i>Milk Deluxe Yogurt</i> was launched. The product is an ingenious yogurt, a combination of patented bacteria from the US, Danone's exclusive craftsmanship from France and premium ingredients from all over the world. It redefined yogurt and embodies the brand spirit of "Not all yogurts are <i>Milk Deluxe</i>". 依託特侖蘇強大的品牌優勢，推出特侖蘇酸奶，結合美國專利菌種、法國達能獨有工藝及全球優質食材打造的匠心酸奶，成就「不是所有酸奶都是特侖蘇」的品牌精神，為酸奶重新定義。</p> <p>- <i>Just Yoghurt</i> and the Hollywood movie "Transformers: The Last Knight" jointly launched the Transformers special edition packaging. 特侖蘇與好萊塢電影《變形金剛5：最後的騎士》強勢合作，推出變形金剛特別定制包裝。</p> <p>- <i>Champion</i> focused on optimizing product structure and launched a series of products including "Jianzhao", "Mailaoru" and "Xianlaoru", which were created with the brand's core asset "BB-12" bacteria to strengthen the "professional and functional" positioning of the product. 冠益乳聚焦產品結構，優化推出「健字號」、「麥酪乳」、「鮮酪乳」一系列產品，圍繞品牌核心資產「BB-12」菌種，強化「專業功能性」酸奶定位。</p>	<p>Key products:</p> <ul style="list-style-type: none"> - <i>Just Yoghurt</i> - <i>Milk Deluxe Yogurt</i> - <i>Champion</i> - <i>Future Star Kid Nutritious Flavored Yogurt</i> - <i>Inner Mongolia Solid Yogurt</i> <p>重點產品：</p> <ul style="list-style-type: none"> - 特侖蘇 - 特侖蘇酸奶 - 冠益乳 - 未來星兒童營養風味酸牛奶 - 內蒙古老酸奶
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MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析**Ice Cream**
冰淇淋

<p>Revenue amounted to RMB1,985.3 million (2016: RMB1,703.4 million), accounting for 6.7% of Mengniu's total revenue (2016: 6.2%)</p> <p>收入為人民幣19.853億元（二零一六年：人民幣17.034億元），佔蒙牛總收入6.7%（二零一六年：6.2%）</p>	<p>High-end ice cream brand <i>Deluxe</i> carried out multi-dimensional upgrades such as branding, products, packaging, marketing and communications to help it build the image of the best high-end ice cream brand in China. During the period, <i>Deluxe</i> created oatmeal ice cream, vanilla ice cream and milk ice cream and launched two new products, namely rose and cheese ice cream and durian golden ice cream cone.</p> <p>高端冰淇淋品牌蒂蘭聖雪從品牌、產品、包裝及營銷傳播等各方面進行多維度升級，樹立中國最好的高端冰淇淋品牌形象。期內，蒂蘭聖雪重點打造麥片雪糕、香草杯及牛奶杯，更推出玫瑰芝士冰淇淋和榴蓮金筒兩款新品。</p>	<p>Key products:</p> <ul style="list-style-type: none"> - <i>Deluxe</i> - <i>Mood for Green</i> - <i>Ice+</i> - <i>Suibian</i> <p>重點產品：</p> <ul style="list-style-type: none"> - 蒂蘭聖雪 - 綠色心情 - 冰+ - 隨變
<p>-</p>	<p><i>Mood for Green</i> launched sticky rice red bean ice cream made with a unique technique that allows the sticky rice dumplings to stay soft and chewy. The product won market acclaims.</p> <p>綠色心情推出糯米紅豆冰淇淋，採用行業獨創工藝，保證糯米團子Q彈狀態，獲得市場好評。</p>	<p>-</p>
<p>-</p>	<p>Mengniu launched a new <i>Russian Milk Ice Cream</i>, which brings out the original flavor of Russian ice cream. It has high milk content, a rich milk flavor and smooth texture promising to give the greatest delight to consumers' taste buds.</p> <p>蒙牛全新推出俄式奶純冰淇淋，還原俄羅斯冰淇淋風味，含奶量高，奶味濃郁，口感細膩，帶給味蕾極致般的享受。</p>	<p>-</p>



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Milk Formula

奶粉

- Revenue amounted to RMB1,786.4 million (2016: RMB1,660.0 million), accounting for 6.1% of Mengniu's total revenue (2016: 6.1%)
 收入為人民幣17.864億元（二零一六年：人民幣16.600億元），佔蒙牛總收入6.1%（二零一六年：6.1%）
- Yashily emphasizes the provision of basic nutrition. Imported from New Zealand, *Yashily Super α -Golden Stage* owns the patented INFAT active energy system and five international patents in relation to promotion of probiotics growth in the intestines of babies. The formula was launched in China and New Zealand simultaneously, hoping to rebuild consumer confidence with international quality milk formula
 雅士利品牌側重於基礎營養方向，其中新西蘭原裝進口的超級 α -金裝產品，擁有專利INFAT動態活力系統及五項國際專利，提升寶實腸道益生菌生長，產品同步在中國及新西蘭銷售，以世界品質重建消費者信心
 - *Oushi Mengniu's Ruijuen* continued to engage in differentiated competition and expand organic markets. It also kicked off large-scale road-shows that covered tier three and four cities in China and married online promotions and onsite product trials to help it reach target audience groups and improve brand reputation
 歐世蒙牛瑞哺恩品牌繼續致力於差異化競爭，拓展有機市場，並開展覆蓋國內三、四線城市的大規模路演活動，結合線上推廣與線下產品試用，準確觸及目標消費群，提升品牌知名度
 - The upgraded *Diamor* and *Precinutri* brands under *Dumex* are committed to building systematic professional formula solutions. To satisfy babies' special nutritional needs, these brands also offer series that pinpoint issues such as allergy, digestion and under-weight
 多美滋致粹、精確盈養品牌經過升級，致力於打造系統的專業配方解決方案。旗下還包括過敏系列、消化系列及低體重兒系列產品，滿足嬰幼兒的特殊營養需求
- Key products:
- *Yashily Super α -Golden Stage*
 - *Oushi Mengniu Ruijuen*
 - *Dumex Diamor*
 - *Arla Baby & Me*
 - *Yashily α -Golden Stage*
- 重點產品：
- 雅士利超級 α -金裝
 - 歐世蒙牛瑞哺恩
 - 多美滋致粹
 - *Arla Baby & Me*
 - 雅士利 α -金裝

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

- Baby & Me, the imported canned organic milk powder brought into China together with Arla Foods is originated in Denmark and targets the super high-end market in tier one and two cities, highlighting its royal origination and aiming for penetration in mother-and-baby stores 與Arla Foods合作的原罐原裝進口有機Baby & Me，源自丹麥，定位超高端市場，突出皇室御用概念，專攻一二線城市，推動在當地母嬰店的滲透率
- Yashili's R&D team has completed research of organic milk powder formulated for pregnant women and the product has entered the final leg of preparation for launch 雅士利研發團隊完成了有機孕產婦調製乳粉的開發研發工作，已進入產品上市後的繼續準備階段
- Mengniu and WhiteWave jointly created the plant-based protein beverage ZhiPuMoFang. Using the world-leading nanoparticles milling technique μ-Grind™ in cold water at 4°C, original nutrients of the nuts can be preserved, giving consumers a pleasing mouth feel. ZhiPuMoFang comes in two flavors, walnut and almond, and the Mellow Soy Milk series was added subsequently, all of which have been well received by consumers. 蒙牛和WhiteWave共同創立的植物蛋白飲品品牌植樸磨坊，採用全球領先技術，以攝氏4度冰水進行μ-Grind™微米級研磨，留住原果營養成分，帶來優質口感。植樸磨坊目前有核桃和巴旦木兩個系列口味，同時已推出醇香豆奶系列產品，均深受消費者歡迎。

Other Products
其他產品

Revenue amounted to RMB322.0 million (2016: RMB132.3 million), accounting for 1.1% of Mengniu's total revenue (2016: 0.5%)
收入為人民幣3.220億元（二零一六年：人民幣1.323億元），佔蒙牛總收入1.1%（二零一六年：0.5%）

Key products:
- ZhiPuMoFang
重點產品：
- 植樸磨坊



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Production

Mengniu deploys its production capacity according to market potential and its own product strategy. As at 30 June 2017, Mengniu had 37 production bases in China and 1 in New Zealand, which together has a total production capacity of 9.00 million tons (December 2016: 9.21 million tons).

Social Responsibility

Mengniu has been active in honoring its social responsibility and delivering the mission of “Focus on nutrition and health, deliver a drop of happiness for every moment and every day to more people”. It has made strenuous effort to strike a balance between business development and corporate social responsibility that consumers may come to appreciate the love and care it wishes to spread. In fulfilling its social responsibility, Mengniu has always been “people-oriented” from being responsible for product quality and green development to caring for employees and the society. It also shoulders such contemporary responsibilities as promoting sustainable development of the industry, giving back to nature and serving the community.

Answering actively to the call of the “Healthy China 2030 Planning Outline” issued by the State Council and supporting the “Milk Action for Affluence in China” jointly initiated by the Ministry of Agriculture and the Dairy Association of China, Mengniu kicked off the “Mengniu Inclusive Nutrition Plan”. In 2017, it launched a milk sponsorship charity program across the nation and committed to donate 4.8 million packs of student milk to rural schools in a hundred counties and cities in 22 provinces. As a part of the effort, experts were invited to give lectures to students and teachers to teach them professional nutritional knowledge, proper milk drinking habit and boost their health awareness. The activity covered 209 schools to date, benefitting approximately 28,000 students and approximately 150 thousand boxes of milk in all were donated.

生產

蒙牛根據市場潛力及產品策略佈局產能，截至二零一七年六月三十日，蒙牛於全國共設有生產基地37個，新西蘭設有生產基地1個，產能合共為900萬噸(二零一六年十二月：921萬噸)。

社會責任

蒙牛積極履行社會責任，貫徹實行「專注營養健康，每一天每一刻為更多人帶來點滴幸福」的使命，努力在發展業務與企業社會責任之間取得平衡，讓消費者感受到蒙牛傳遞的幸福和關愛。縱觀蒙牛的社會責任之路，從責任品質、綠色發展再到員工關懷成長以及社會關愛，蒙牛一貫秉承「以人為本」的理念，擔當起推動行業可持續發展、回饋自然、服務社會的時代責任。

蒙牛積極響應國務院印發的《健康中國2030規劃綱要》及支持農業部聯合中國奶業協會共同發起的「中國小康牛奶行動」，啟動「營養普惠計劃」，於二零一七年展開全國牛奶助學公益行動，並承諾向全國22個省份近百個縣城的鄉村學校捐贈480萬盒學生奶。在捐贈的過程中，通過專家授課等形式，為學生和老師們傳授專業的營養知識、培養正確的飲奶習慣，增強健康意識。現時活動已覆蓋209所學校、受惠學生約28,000人，捐贈共約15萬箱牛奶。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

With the most tender and loving care, Mengniu never hesitates to offer support to those in need of nutrition. During Lunar New Year 2017, Mengniu established “Nutrient Miles” volunteer teams which delivered 12,000 cartons of *Breakfast Milk* to the soldiers stationed at the border in Xinjiang Kashgar. In May 2017, earthquakes hit Xinjiang Kashgar area, affecting approximately 12,000 people. Mengniu voluntarily joined related relief effort and sent 32,000 cartons of Mengniu *Breakfast Milk* to the affected area within 35 hours after the disaster. Mengniu’s volunteer teams also set up a service station to distribute milk to the rescue teams and local residents to let them feel Mengniu’s care.

Mengniu has continued to push ahead with the “University of Ranchers”, “Star Ranchers” and “Golden Key of Milk Cow” projects, and Golden Key technology workshops and advanced seminars have been organized to enhance the professional skills of ranch staff and Mengniu’s partners. During the period, the “University of Ranchers” project ran six sessions of themed activity that stressed both theoretical and practical knowledge in six major areas in China, covering a broad range of content including rearing management, veterinary management, breeding management and equipment management. The “Star Ranchers” project has offered two sessions of mandatory courses on practical ranch management skills and advanced industry technologies. These courses were availed to ranchers and over 2,000 front line ranch personnel. As for Golden Key technology workshop, three technical demonstration sessions were arranged in the first half of 2017, with over 40 system experts invited to introduce latest breeding techniques to over 700 ranch staff in Shandong, Hebei and Inner Mongolia. In addition, Mengniu and the China Agricultural University became strategic partners and cooperated in organizing the fifth session 100-people advanced seminars to provide tailored programs to 100 outstanding front line technicians and ranchers from across the country. This period’s training session included for the first time internal training programs, giving internal trainers of milk source technology a solid foundation to work from.

蒙牛的愛心無微不至，總是義不容辭為有需要的人提供營養支持。二零一七年春節期間，蒙牛組成「營養萬里行」志願者小隊，為駐守新疆喀什的邊防戰士送上12,000盒早餐奶並進行慰問。二零一七年五月，新疆喀什地區連續發生多次地震，約12,000人受災，蒙牛自發參與救災，緊急調配32,000盒蒙牛早餐奶作為救災物資，在震後35小時成功送至災區；蒙牛志願者小分隊並搭建起企業服務站，為災區救援人員和當地群眾發放牛奶，讓他們感受到蒙牛的關懷。

蒙牛持續推行「牧場主大學」、「星牛人」和「奶牛金鑰匙」項目，並且舉辦金鑰匙技術示範專場和高級研修，以提升牧場人員和蒙牛合作夥伴的專業技能。期內，「牧場主大學」項目在中國六大區開展六期理論與實踐相結合的專題活動，內容包括飼養管理、獸醫管理、繁育管理和設備管理等方面的多維度知識講解。「星牛人」項目目前已開展兩期必學課，內容涵括牧場實踐管理及行業前端技術，覆蓋牧場主及一線人員2,000多人。蒙牛於二零一七年上半年已開展三期金鑰匙技術示範專場，邀請40多位體系專家，為山東、河北及內蒙古700多個牧場的人員介紹最新的養殖技術。另外，蒙牛與中國農業大學達成戰略合作，舉行第五期百人高級研修班，為來自全國的百位優秀一線技術人員及牧場主提供量身定制的課程內容。本期培訓班更首次設置內訓課程，為奶源技術內訓師打造堅實基礎。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Mengniu has continued to integrate love and responsibility into every aspect of its industrial chain. Its efforts of delivering happiness to the society are well recognized by different sectors of the community. During the period, Mr. Jeffrey, Minfang Lu, CEO of Mengniu, led the Group in continuing to contribute in the social responsibility arena and for that was presented the “Asian Social Caring Leadership Award” by the Social Enterprise Research Institute. In addition, Mengniu was among the “Community Enterprises of China 2016” named by the China Philanthropy Times and it was the only dairy enterprise to win the title. And at the China Business Sustainable Conference 2017 and the “Third China Industry CSR Five-star Rating 2016” hosted by the China Federation of Industrial Economics, Mengniu was named the “National Five-star Rating Responsible Enterprise” yet again and also again made the “CSR Fulfillment Star Enterprise”, which showed that Mengniu’s tireless pursuit of quality responsibility as well as green and low-carbon development has earned unanimous industry recognition. Furthermore, Mengniu ranked first in the Chinese dairy enterprise corporate social responsibility fulfillment level index in the “Blue Book of China Corporate Social Responsibility (2016)” and was the only dairy enterprise that received five-star rating in the “White Book of China Corporate Social Responsibility Report (2016)” published later. These accolades are evidence of the high recognition of authoritative organizations for Mengniu’s steadfast commitment to fulfilling social responsibility.

Human Resources

As at 30 June 2017, the Group had a total of about 40,483 employees in China and Hong Kong, including around 2,723 employees of Yashili. During the period, total staff costs (including salaries of directors and senior executives) amounted to approximately RMB2,395.7 million (2016: RMB2,113.9 million).

To let each business unit develop in a more focused and balanced manner, Mengniu started to adjust the organizational structure and set up the new business division structure at the end of 2016, turning the original core business segments into independent business segments of room temperature products, chilled products and ice cream products. At the same time, Mengniu combined the control and operation models under the organizational structure of the new business division system, established new job grading system and completed the value assessment of each management position in the new system and the change in job grades of employees transferring from the original to the new system.

蒙牛不斷將愛與責任融入全產業鏈多個領域，給予社會點滴幸福的努力備受各界認可。期內，蒙牛總裁盧敏放先生帶領本集團持續在社會責任範疇作出貢獻，獲社會企業研究所頒發「亞洲社會關愛領袖獎」。此外，蒙牛榮獲由《公益時報》頒發的「2016年度中國公益企業」大獎，為唯一獲獎乳企。而在中國工業經濟聯合會舉辦的2017中國企業可持續發展大會及「2016第三屆中國工業企業履責星級榜」上，蒙牛再次獲頒「國家級責任五星榜」榮譽，並再度名列「履責星級榜」，可見蒙牛對品質責任及綠色低碳發展的不懈追求得到行業一致肯定。同時，蒙牛在《中國企業社會責任藍皮書(2016)》公佈的中國乳品企業社會責任發展指數中位居乳品行業第一，並在其後的《中國企業社會責任報告白皮書(2016)》中成為唯一獲得五星級評定的乳品企業，種種殊榮均顯示了權威機構對蒙牛堅定履行社會責任的高度評價。

人力資源

於二零一七年六月三十日，本集團於中國大陸及香港合共聘用僱員約40,483名，包括雅士利僱員約2,723名。期內僱員總成本(包括董事及高級行政人員薪金)約為人民幣23.957億元(二零一六年：人民幣21.139億元)。

為了讓每個業務單元可更專注、更均衡地發展，蒙牛於二零一六年底啟動了新事業部制組織架構調整，將原核心業務板塊調整為常溫、低溫及冰淇淋產品獨立運營的新業務板塊。同時，蒙牛把新事業部制組織架構下的管控與運營模式結合，建立新崗位職級體系，並已完成新體系下各管理崗位的價值評估及員工新舊職級切換工作。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

With the design of the dual channel for professional development completed in 2016, the training curriculum system of Mengniu is gradually taking shape. The system entails regular offer of career development related courses that can effectively match the need for enhancement of skills of employees at all levels. In 2017, Mengniu continued to optimize and roll out its unique personnel training system, providing curriculum system in relation to induction, cultural training, general career development skills and leadership, etc. The more systematic and focused training ensures every employee of Mengniu is in sync with the Group's philosophy, behavior and language. Through system building and implementation of leadership development programs, Mengniu is able to develop a strong talent stream and enhance the ability of managers at all levels. General career development courses and high potential leadership programs were provided as planned in the first half of 2017. In addition, Mengniu developed a four-in-one mobile learning platform called "Zhi De", meaning customized training is offered both offline and online for employees' access anytime, anywhere.

Mengniu launched an "Employee Happiness Program" with each project targeting to take care of employees and their family members' daily needs and provide them with diverse thoughtful benefits, the aim of which is to create a caring corporate culture atmosphere that can enhance employees' satisfaction and dedication to working for the Group. Mengniu has improved the menu of the staff canteen, adding over a hundred new dishes and nutritious set meals, and also the working environment, setting up leisure zone, activity room, café and bookstore; a library with child education books has been set up and scientific parenting training is available. Mengniu helped 175 children of employees, including those at Helin headquarters, Tai'an and Jiaozuo, solve the enrollment in schools and free milk powder had been offered to almost 1,300 pregnant female employees. At the same time, Mengniu has established the "Community Care Fund" and "Mutual Aid Fund" to provide financial assistance to employees in need.

To ensure the Group has the support required to achieve its five-year strategic goal, Mengniu launched a retention plan for key management personnel, using the award of restricted shares as incentive to retain and reward staff in core key positions at level four or above of the Group and also those affording excellent performance and strong potential.

本集團於二零一六年完成職業雙通道工具設計，逐步形成蒙牛培訓課程體系，定期開展與職業發展相關的課程，有效覆蓋各層級能力提升需求。二零一七年，蒙牛持續優化並實施具有蒙牛企業特色的人才培養體系，為各層級員工推行入職、文化培養、通用職業發展技能及領導力等課程體系。在更系統化及更具針對性的培訓教育下，致力讓每一名員工與蒙牛的理念、行為和語言同步。蒙牛並通過系統構建和實施領導力發展項目，加強人才梯隊建設及提升各層級管理者能力，通用公開課及高潛領導力項目已於二零一七年上半年按照計劃實施。蒙牛同時開發「值得」四合一移動學習平台，線下與線上的培訓並行，實現隨時隨地定制化學習。

蒙牛推出「員工幸福計劃」，各個項目悉心關顧員工及其家庭成員的衣食住行和提供多樣化的貼心福利，旨在創造一個關懷員工的企業文化氛圍，以全面提升員工對本集團的滿意度和敬業度。蒙牛在員工食堂進行菜品改善計劃，新增菜品百餘種和營養套餐；改善辦公環境，包括設置樂享休閒吧、活動室、咖啡廳和書屋等設施；設置兒童教育書庫、開展科學育兒培訓，並於和林基地、泰安和焦作等事業部駐地幫助175名員工子女解決入學困難，為本集團近1,300名孕產婦員工發放愛心奶粉。同時，蒙牛設立「愛心關愛基金」和「愛心互助基金」，為有需要員工提供經濟援助。

為支持本集團達成五年戰略目標，蒙牛推行關鍵崗位員工留任計劃，通過限制性股票激勵實施留任計劃，保留和激勵本集團四層級及以上核心關鍵崗位、具高績效及高潛質的員工。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Mengniu also exerted in planning a quality personnel training scheme and implemented in 2017 the 100 series personnel training plan to rebuild the quality 100 training system in such aspects as staff selection, curriculum design, class management, personnel training system and standards, curriculum arrangement, and appraisal and certification, etc., in order to provide solid manpower support to the Group for attaining sustainable development.

Prospects

China's dairy market is gradually recovering. With the further improvement of laws and regulations on the industry and adjustment in consumption structure, consumers today are looking for higher end and customized dairy products. As a global top 10 dairy enterprises, Mengniu holds fast to its quality as core value and has its eye set on the global market. With the spirit of the "Craftsman of Milk", it is dedicated to providing consumers with more nutritious and healthier products of "aeronautic quality".

Looking ahead, Mengniu will continue to emphasize the theme of "Focusing on Development and Gathering Strengths" and keep on developing the various product segments on its new professional business division platform. At the same time, it will continue to optimize its channels and integrate resources. Upholding the principles of "Quality, Innovation, Internationalization", it will strive for excellence in milk sources, products, production and operation, system management, brand strategy and sales channels, etc. Mengniu endeavors to promote the global deployment of milk sources and research and development, and align with international dairy product standards with the ultimate goal of taking the quality of Chinese dairy products to new heights.

Mengniu will continue to push for sustainable development of milk sources and integrate upstream supply chain resources to ensure stable supply of quality milk sources. To diversify its raw milk source, Mengniu has expanded source areas to cover also such major milk supplier countries as Denmark, Australia and New Zealand. Moreover, Mengniu will bring in advanced international technologies and management models to help it match or even surpass international standards, while pursuing innovation based on local needs, thereby constantly providing the Group with impetus to develop.

蒙牛並策劃質量人才培養規劃，執行二零一七年100系列人才培養規劃，按照人員選拔、課程設計、班級管理、人才培養體系及標準、課程安排、考評驗證等環節，重新建立質量100培訓體系，為本集團持續發展提供堅實的人才支援。

展望

中國乳製品市場正逐步復甦，隨著行業法律法規的進一步完善及消費結構調整，消費者對於乳製品有更高端及個性化的需求。作為全球乳業十強，蒙牛堅守品質核心，放眼全球佈局，以「牛奶工匠」的精神專注為消費者提供更營養健康的「航天品質」產品。

展望未來，蒙牛將繼續圍繞「聚焦聚勢、凝心凝力」主題，以專業化運營的新事業部平台專注各個品類，同時持續優化渠道及整合資源。圍繞「品質、創新、國際化」，精益求精打造奶源、產品、生產運營、系統管理、品牌策略、銷售渠道等方面，推進全球奶源和研發佈局，實現與國際標準接軌，刷新中國乳品品質高度。

蒙牛持續推進奶源的可持續發展，不斷整合上游供應鏈資源，確保奶源供應的優質穩定。蒙牛多樣化奶源佈局，將奶源地拓展至丹麥、澳大利亞、新西蘭等黃金奶源帶。同時引進國際先進的技術和管理模式，對標及超越國際標準，並因地制宜的發展創新，為企業帶來源源不斷的發展動力。

MANAGEMENT DISCUSSION AND ANALYSIS
管理層討論及分析

Mengniu will continue to join hands with its three major shareholders, namely COFCO Group, Danone Group and Arla Foods, and leading international partners including WhiteWave and UC Davis from the United States. “Internationalization” is its new normal and Mengniu will leverage the advanced world-class resources and platforms to become a world-class dairy products enterprise. Through deploying an internationalized industrial chain, Mengniu will utilize overseas resources to reinforce its advantages in the industry.

As consumers are looking for higher end and customized products, Mengniu will continue to strengthen product research and development and innovation, adjust its product segment structures and hasten brand upgrade, so as to offer consumers higher end, healthier, and more nutritious and tasty products as well as perfect experience to strengthen their trust in the brand. Mengniu will continue to reinforce its market advantages as a high-end brand and actively develop its chilled and ice cream products. Building on its relationship with Shanghai Disney Resort and Universal Beijing Resort as their exclusive official dairy product partner and the strength of its brand and product quality assurance, Mengniu’s international clout will be further enhanced.

Mengniu precisely obtains consumption data based on Big Data platform and its exclusive “Mengniu Cloud” in a bid to maintain close interaction with consumers and is provided with a concrete foundation for innovative digital marketing. Mengniu will continue to pursue digitalization to seize the first opportunities in Internet+ environment.

Mengniu will focus on boosting product quality and its brand, shoulder the responsibility of contributing to the health and nutritional well-being of the Chinese people, as well as ingeniously providing high quality Chinese milk products and march in steady strides towards realizing its “2020 Strategy”. With the aspiration of developing into China’s most dynamic and internationalized hundred-billion-dollar dairy enterprise, Mengniu will continue to make effort to achieve the objective of becoming a world-class dairy product enterprise.

蒙牛將繼續攜手三大股東中糧集團、Danone集團及Arla Foods，以及美國WhiteWave、UC Davis等國際領先的合作夥伴，以國際化作為新常態，利用世界先進的資源及平台打造世界級的乳品企業。通過全產業鏈的國際化佈局，利用海外資源鞏固行業優勢。

隨著消費高端化及個性化趨勢，蒙牛將繼續加強產品研發及創新，調整產品品類結構，加快品牌升級，致力為消費者提供高端化、更營養、更健康、更美味的完美體驗，加強消費者對於品牌的信任度。蒙牛將繼續鞏固現有高端品牌的市場優勢，同時積極拓展低溫、冰品的發展。作為上海迪士尼度假區及北京環球主題度假區的獨家官方乳品合作夥伴，蒙牛憑藉品牌實力及品質保障，國際影響力將得到進一步的提升。

蒙牛通過大數據平台及獨有的「蒙牛雲」精確抓取消費數據，與消費者保持緊密互動，為創新的數字化營銷提供堅實基礎。蒙牛將繼續推進數字化建設，以在互聯網+大環境中搶佔先機。

蒙牛將聚焦品質及品牌，肩負國民營養健康的責任，匠心獨運鑄造高品質的中國好牛奶，穩步邁向本集團「2020戰略」，打造中國最具活力的千億級國際乳企，為實現世界級乳品企業的目標而努力。



REPORT OF THE DIRECTORS

董事會報告

The board (the “Board”) of directors (the “Directors”) of the Company has the pleasure in submitting the interim report together with the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017 (the “Interim Financial Statements”).

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil) and propose that the profit for the six months ended 30 June 2017 be retained.

Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) (the “Associated 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 Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules were as follows:

本公司董事(「董事」)會(「董事會」)欣然提呈其中期報告，連同本公司及其子公司(統稱「本集團」)截至二零一七年六月三十日止六個月的未經審核簡明綜合財務報表(「中期財務報表」)。

中期股息

董事不建議派發截至二零一七年六月三十日止六個月的中期股息(截至二零一六年六月三十日止六個月：無)，並建議保留截至二零一七年六月三十日止六個月的利潤。

董事及主要行政人員於股份、相關股份及債權證之權益及淡倉

於二零一七年六月三十日，本公司董事及主要行政人員及各自之聯繫人士於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)(「相聯法團」)之股份、相關股份及債權證中，擁有須登記在根據證券及期貨條例第352條規定存置的登記冊內之權益及淡倉，或根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)知會本公司和香港聯合交易所有限公司(「聯交所」)之權益及淡倉如下：

REPORT OF THE DIRECTORS
董事會報告

Long positions in the shares of the Company or any of the Associated Corporations (not including options granted under the Company's share option scheme):

於本公司或其任何相聯法團股份之好倉(不包括根據本公司購股權計劃授出的購股權)：

Name of Director 董事姓名	Company / Name of Associated Corporation 本公司／相聯法團名稱	Nature of Interest 權益性質	Total Number of Ordinary Shares 普通股總數	Percentage of the Company's/ Associated Corporation's Issued Share Capital 佔本公司／相聯法團 已發行股本的百分比
Bai Ying 白瑛	The Company 本公司	Personal Interest 個人權益	4,649,719(L) ⁽¹⁾	0.12% ⁽²⁾
	Inner Mongolia Mengniu Dairy (Group) Company Limited ("Inner Mongolia Mengniu") 內蒙古蒙牛乳業(集團)股份 有限公司(「內蒙蒙牛」)	Personal Interest 個人權益	336,151(L)	0.02%

Notes:

- (1) It included shares granted to Mr. Bai Ying under the restricted share award scheme and the key management retention plan of the Company.
- (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. 3,925,990,734 shares) as at 30 June 2017.
- (L) Indicates a long position.

附註：

- (1) 該數目包括根據本公司限制性股票獎勵計劃及關鍵崗位員工留任方案授予白瑛先生的股票。
- (2) 按照股份數目佔本公司於二零一七年六月三十日已發行股份總數(即3,925,990,734股股份)之百分比計算得出。
- (L) 表示好倉。



REPORT OF THE DIRECTORS 董事會報告

Certain Directors have been granted options under the Company's share option scheme and shares under share award scheme of the Company respectively, details of which are set out in the sections headed "Share Option Scheme" and "Share Award Scheme", respectively below.

Save as disclosed above and as set out in the section headed "Share Option Scheme" below, as at 30 June 2017, none of the Directors and the chief executive of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of the Associated Corporations as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

As at 30 June 2017, the interests or short positions of substantial shareholders, other than the Directors or the chief executive of the Company whose interests and short positions in the shares of the Company and of the Associated Corporations are set out above, in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO were as follows:

若干董事分別根據本公司之購股權計劃獲授購股權及根據本公司之股票獎勵計劃獲授股票，詳情分別載於下文「購股權計劃」及「股票獎勵計劃」各節。

除上文所披露及下文「購股權計劃」一節所載者外，於二零一七年六月三十日，本公司各董事及主要行政人員及各自之聯繫人士於本公司或任何相聯法團之股份、相關股份及債權證中，概無擁有任何須登記在根據證券及期貨條例第352條規定存置的登記冊內，或根據標準守則須知會本公司和聯交所之權益及淡倉。

主要股東權益

於二零一七年六月三十日，根據證券及期貨條例第336條規定存置之登記冊所記錄，主要股東（於本公司及相聯法團的股份中所擁有的權益及淡倉已於上文載列的本公司董事或主要行政人員除外）於本公司股份及相關股份中的權益或淡倉如下：

Name of Substantial Shareholder	主要股東名稱	Number of Ordinary Shares 普通股數目	Percentage of the Company's Issued Share Capital ⁽⁷⁾
			佔本公司已發行股本百分比 ⁽⁷⁾
COFCO Corporation	中糧集團有限公司	1,234,500,758(L) ⁽¹⁾	31.44%
COFCO (Hong Kong) Limited	中糧集團(香港)有限公司	1,233,700,758(L) ⁽²⁾	31.42%
China Foods (Holdings) Limited	中國食品(控股)有限公司	1,233,700,758(L) ⁽³⁾	31.42%
Farwill Limited	志遠有限公司	1,233,700,758(L) ⁽²⁾	31.42%
Colour Spring Limited	彩泉有限公司	1,233,700,758(L) ⁽²⁾	31.42%
COFCO Dairy Holdings Limited	中糧乳業控股有限公司	1,233,700,758(L) ⁽²⁾⁽⁴⁾	31.42%
COFCO Dairy Investments Limited	中糧乳業投資有限公司	1,233,700,758(L) ⁽²⁾⁽⁵⁾	31.42%
Prominent Achiever Limited	互達有限公司	1,233,700,758(L) ⁽²⁾⁽⁵⁾	31.42%
Arla Foods amba	Arla Foods amba	1,233,700,758(L) ⁽²⁾	31.42%
Danone SA	Danone SA	1,233,700,758(L) ⁽⁶⁾	31.42%
Danone Asia Pte Ltd	達能亞洲有限公司	1,233,700,758(L) ⁽²⁾	31.42%
Commonwealth Bank of Australia	Commonwealth Bank of Australia	396,671,000(L)	10.10%
JPMorgan Chase & Co.	JPMorgan Chase & Co.	233,850,876(L)	5.96%
		3,341,689(S)	0.09%
		211,595,293(P)	5.39%

REPORT OF THE DIRECTORS
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Notes:

- (1) COFCO Corporation is deemed interested in an aggregate of 1,234,500,758 shares in the Company, comprising (a) 1,233,700,758 shares in the Company through its wholly-owned subsidiary, COFCO (Hong Kong) Limited and (b) 800,000 shares in the Company through another of its wholly-owned subsidiary, COFCO (BVI) Limited. COFCO (BVI) Limited is deemed interested in 800,000 shares in the Company through its wholly-owned subsidiary, COFCO (BVI) No. 9 Limited.
- (2) COFCO (Hong Kong) Limited, Farwill Limited, Colour Spring Limited, COFCO Dairy Holdings Limited, COFCO Dairy Investments Limited, Prominent Achiever Limited, Arla Foods amba, Danone Asia Pte Ltd are deemed interested in an aggregate of 1,233,700,758 shares in the Company under section 317 of the SFO.
- (3) China Foods (Holdings) Limited (previously known as COFCO (BVI) No. 108 Limited) is deemed interested in 1,233,700,758 shares in the Company through its wholly-owned subsidiary, Farwill Limited.
- (4) COFCO Dairy Holdings Limited is deemed interested in 1,233,700,758 shares in the Company through its subsidiary, COFCO Dairy Investments Limited.
- (5) COFCO Dairy Investments Limited is deemed interested in 296,028,044 shares in the Company through its wholly-owned subsidiary, Prominent Achiever Limited.
- (6) Danone SA is deemed interested in 1,233,700,758 shares in the Company through its subsidiary, Danone Asia Pte Ltd.
- (7) The total issued shares of the Company as at 30 June 2017 was 3,925,990,734.
- (L) Indicates a long position.
- (S) Indicates a short position.
- (P) Indicates a put position.

Save as disclosed above, as at 30 June 2017, 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.

附註：

- (1) 中糧集團有限公司被視為於本公司合共1,234,500,758股股份中擁有權益，當中包括(a)透過其全資子公司中糧集團(香港)有限公司於本公司1,233,700,758股股份及(b)透過其另一全資子公司COFCO (BVI) Limited於本公司800,000股股份中擁有權益。COFCO (BVI) Limited被視為透過其全資子公司COFCO (BVI) No. 9 Limited於本公司800,000股股份中擁有權益。
- (2) 根據證券及期貨條例第317條，中糧集團(香港)有限公司、志遠有限公司、彩泉有限公司、中糧乳業控股有限公司、中糧乳業投資有限公司、互達有限公司、Arla Foods amba、達能亞洲有限公司被視為於本公司合共1,233,700,758股股份中擁有權益。
- (3) 中國食品(控股)有限公司(前稱COFCO (BVI) No. 108 Limited)被視為透過其全資子公司志遠有限公司於本公司1,233,700,758股股份中擁有權益。
- (4) 中糧乳業控股有限公司被視為透過其子公司中糧乳業投資有限公司擁有本公司1,233,700,758股股份之權益。
- (5) 中糧乳業投資有限公司被視為透過其全資子公司互達有限公司擁有本公司296,028,044股股份之權益。
- (6) Danone SA被視為透過其子公司達能亞洲有限公司於本公司1,233,700,758股股份中擁有權益。
- (7) 於二零一七年六月三十日，本公司已發行股份總數為3,925,990,734股。
- (L) 表示好倉。
- (S) 表示淡倉。
- (P) 表示認沽倉盤。

除上文所披露者外，於二零一七年六月三十日，根據證券及期貨條例第336條規定存置之登記冊所記錄，概無任何其他於本公司股份或相關股份中之權益或淡倉。



REPORT OF THE DIRECTORS
董事會報告

Share Option Scheme

The Company adopted a share option scheme (the “2005 Share Option Scheme”) on 28 June 2005 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The 2005 Share Option Scheme has expired on 27 June 2015. The following share options are granted under the 2005 Share Option Scheme and are valid and exercisable during the period:

購股權計劃

本公司於二零零五年六月二十八日採納一項購股權計劃(「二零零五年購股權計劃」)，藉此向對本集團業務成功有貢獻之合資格參與者作出鼓勵及獎賞。二零零五年購股權計劃已於二零一五年六月二十七日屆滿。期內，根據二零零五年購股權計劃授出且有效及可被行使之購股權如下：

Name or category of participant 參與者姓名或類別	Number of share options 購股權數目					As at 30 June 2017 於二零一七年 六月三十日	Date of grant of share options 授出購股權日期	Exercise period of share options (both dates inclusive) 購股權行使期間 (包括首尾兩天)	Exercise price of share options 購股權行使價 HK\$ 港元
	As at 1 January 2017 於二零一七年 一月一日	Granted during the period 期內授出	Exercised during the period 期內行使	Lapsed during the period 期內失效	Cancelled during the period 期內註銷				
	Executive Director 執行董事								
Bai Ying 白瑛	963,548	-	(963,548)	-	-	10.10.2011 二零一一年 十月十日	10.10.2015 to 9.10.2018 ⁽¹⁾ 二零一五年十月十日 至 二零一八年十月九日 ⁽¹⁾	12.05	
Employees in Aggregate 僱員總計	1,370,398	-	-	-	-	10.10.2011 二零一一年 十月十日	10.10.2015 to 9.10.2018 ⁽¹⁾ 二零一五年十月十日 至 二零一八年十月九日 ⁽¹⁾	12.05	
	2,333,946	-	(963,548) ⁽²⁾	-	-	1,370,398			

Notes:

附註：

- The share options will be vested in two equal batches with 50% of the share options granted vesting on the fourth and fifth anniversaries of the date of the grant. In addition, the share options will only be vested if and when the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Unless all of these targets are met, the share options will lapse.
- The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$14.46.

- 購股權將分為兩等份歸屬，50%購股權分別於由授出日起第四及五個週年歸屬。此外，倘若達到本集團、承授人所屬部門及承授人之預定表現目標，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。
- 本公司股份於緊接購股權行使日期前之加權平均收市價為14.46港元。

REPORT OF THE DIRECTORS
董事會報告

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.

During the six months ended 30 June 2017, no share option was granted under the 2016 Share Option Scheme.

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

Save as disclosed above, none of the Directors or the chief executive (including their spouses and children under the age of 18) during the six months ended 30 June 2017, held any interest in, or were granted any right to subscribe for, the securities of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Share Award Scheme

1) Restricted Share Award Scheme

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

Up to 30 June 2017, the total number of shares of the Company granted to selected participants before bonus issue was 32,349,400 and that after bonus issue was 10,653,825, of which 2,229,500 (before bonus issue) shares were granted to Mr. Bai Ying, the executive Director. For further details of the grant of shares, please refer to the Company’s announcements dated 29 April 2013, 22 April 2014, 19 September 2014, 8 April 2015, 30 September 2015 and 22 September 2016. Further details of the restricted share award scheme are also set out in note 27 to the Interim Financial Statements.

於二零一六年六月三日，本公司股東批准採納新購股權計劃（「二零一六年購股權計劃」），以使本集團能繼續向優秀僱員提供獎勵，以吸引並挽留彼等效力本集團，以提高本公司股份的價值。二零一六年購股權計劃自二零一六年六月三日起生效，有效期為十年，並將於二零二六年六月二日失效。

截至二零一七年六月三十日止六個月，概無購股權根據二零一六年購股權計劃授出。

除上文披露者外，本公司或其任何子公司於報告期內概無訂立任何安排，使本公司董事或主要行政人員或各自之聯繫人士可藉收購本公司或任何其他法團之股份或債權證而獲得利益。

除上文披露者外，於截至二零一七年六月三十日止六個月期間，概無任何董事或主要行政人員（包括彼等之配偶及18歲以下子女）持有或獲授予本公司及其相聯法團（定義見證券及期貨條例）證券之任何權益或認購權利，亦無行使任何該等權利。

股票獎勵計劃

1) 限制性股票獎勵計劃

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

截至二零一七年六月三十日止，於紅股發行前已授予經選定參與者的本公司總股票數目為32,349,400股及於紅股發行後為10,653,825股，當中2,229,500股（紅股發行前）股票授予執行董事白瑛先生。有關授出股票的進一步詳情，請參閱本公司日期為二零一三年四月二十九日、二零一四年四月二十二日、二零一四年九月十九日、二零一五年四月八日、二零一五年九月三十日及二零一六年九月二十二日之公告。有關限制性股票獎勵計劃的進一步詳情亦載於中期財務報表附註27。



REPORT OF THE DIRECTORS 董事會報告

2) Key Management Retention Plan

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

As at 30 June 2017, the aggregate number of shares of the Company granted to selected participants under the Retention Plan was 14,492,753, of which 466,521 shares were granted to Mr. Bai Ying, the executive Director. For further details of the Retention Plan, please refer to the Company's announcement dated 11 April 2016. Further details of the Retention Plan are also set out in Note 27 to the Interim Financial Statements.

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 30 June 2017, substantially all of the Group's assets and liabilities were denominated in RMB except for the cash and bank balances of approximately RMB179,470,000 (31 December 2016: RMB204,524,000), RMB372,707,000 (31 December 2016: RMB611,330,000), RMB2,165,000 (31 December 2016: RMB33,649,000), RMB6,000 (31 December 2016: RMB8,083,000) and RMB21,102,000 (31 December 2016: RMB16,014,000) which were denominated in United States dollars, Hong Kong dollars, Euro, New Zealand dollars and Danish Krone, respectively, a pledged deposit of approximately RMB13,067,000 (31 December 2016: RMB11,366,000) which was denominated in United States dollars, and the interest-bearing bank and other borrowings of approximately RMB3,367,439,000 (31 December 2016: RMB69,325,000), RMB6,255,125,000 (31 December 2016: RMB5,605,820,000), RMB14,682,000 (31 December 2016: RMB14,899,000) and RMB86,558,000 (31 December 2016: Nil) which were denominated in Hong Kong dollars, United States dollars, Euro and New Zealand dollars, respectively. As at 31 December 2016, an investment deposit of approximately RMB4,473,000 was denominated in Hong Kong 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.

2) 關鍵崗位員工留任方案

本公司採納關鍵崗位員工留任方案(「留任方案」)以挽留和激勵本集團內具有高潛質的關鍵管理崗位人員和僱員及推動本公司戰略目標的實現。根據留任方案，本公司將就留任方案的執行最多出資人民幣150百萬元。

於二零一七年六月三十日，本公司向留任方案下的經選定參與者合共授出14,492,753股本公司股份，當中有466,521股股份授予執行董事白瑛先生。有關留任方案的進一步詳情，請參閱本公司日期為二零一六年四月十一日的公告。留任方案的進一步詳情亦載於中期財務報表附註27。

外幣風險

本集團的業務主要位於中國大陸，除了購置進口機器及設備以及向香港和澳門出售乳製品外，幾乎全部交易均以人民幣為貨幣單位。於二零一七年六月三十日，除了為數約人民幣179,470,000元(二零一六年十二月三十一日：人民幣204,524,000元)、人民幣372,707,000元(二零一六年十二月三十一日：人民幣611,330,000元)、人民幣2,165,000元(二零一六年十二月三十一日：人民幣33,649,000元)、人民幣6,000元(二零一六年十二月三十一日：人民幣8,083,000元)及人民幣21,102,000元(二零一六年十二月三十一日：人民幣16,014,000元)的現金及銀行結存分別以美元、港元、歐元、新西蘭元及丹麥克朗計值，保證金存款約人民幣13,067,000元(二零一六年十二月三十一日：人民幣11,366,000元)以美元計值，及為數約人民幣3,367,439,000元(二零一六年十二月三十一日：人民幣69,325,000元)、人民幣6,255,125,000元(二零一六年十二月三十一日：人民幣5,605,820,000元)、人民幣14,682,000元(二零一六年十二月三十一日：人民幣14,899,000元)及人民幣86,558,000元(二零一六年十二月三十一日：零)的計息銀行及其他借貸分別以港元、美元、歐元及新西蘭元計值外，本集團幾乎全部資產及負債均以人民幣計值。於二零一六年十二月三十一日，為數約人民幣4,473,000元的投資存款以港元計值。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。

REPORT OF THE DIRECTORS
董事會報告

Pledge of Assets

As at 30 June 2017, the Group has pledged certain pledged deposits, other current assets and non-current assets aggregating to approximately RMB3,032,605,000 (31 December 2016: RMB1,641,618,000).

Contingent Liabilities and Capital Commitments

Details of contingent liabilities and capital commitments are set out in Note 29 to the Interim Financial Statements.

Change in Information of Directors

Mr. Lu Minfang, the chief executive officer & executive director of the Company, has been appointed as a non-executive director and chairman of China Modern Dairy Holdings Ltd., a company listed on the Stock Exchange, with effect from 29 March 2017.

Corporate Governance

The Company is dedicated to ensure high standards of corporate governance with an emphasis on a diligent Board, sound internal control, and increasing transparency and accountability to shareholders. The Board acknowledges that good corporate governance practices and procedures are beneficial to the Group and its shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code during the period (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance practices.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code during the six months ended 30 June 2017, except that the Group has deviated from the Code Provision A.5.1 with the reasons explained below.

資產抵押

於二零一七年六月三十日，本集團已抵押之若干保證金存款、其他流動資產及非流動資產合共約人民幣3,032,605,000元(二零一六年十二月三十一日：人民幣1,641,618,000元)。

或然負債及資本承擔

或然負債及資本承擔的詳情載於中期財務報表附註29。

董事資料變更

本公司總裁兼執行董事盧敏放先生已獲委任為聯交所上市公司中國現代牧業控股有限公司之非執行董事兼主席，自二零一七年三月二十九日起生效。

企業管治

本公司致力確保企業管治達致高水平，尤其著重組建勤勉盡職的董事會和健全的內部監控制度，以及提高透明度和對股東之間責任性。董事會知悉，良好企業管治常規及程序對本集團及其股東有利。

本公司於期內已採納聯交所證券上市規則(「上市規則」)附錄14所載企業管治守則(「企業管治守則」)的守則條文，作為其本身的企業管治常規守則。

董事會已檢討本公司之企業管治常規，並確信本公司於截至二零一七年六月三十日止六個月期間，除偏離守則條文第A.5.1條外，已全面遵守企業管治守則之適用守則條文。以下為偏離該守則條文的原因。



REPORT OF THE DIRECTORS 董事會報告

Code Provision A.5.1 of the Corporate Governance Code provides that an issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. With effect from 15 September 2016, each of Mr. JIAO Shuge and Mr. ZHANG Xiaoya (each an independent non-executive Director) ceased to be a member of the Nomination Committee, and each of Mr. Tim Ørting JØRGENSEN and Mr. Filip KEGELS (each a non-executive Director) became a member of the Nomination Committee. As such, less than half of the members of the Nomination Committee are independent non-executive Directors starting from 15 September 2016. The Directors are of the view that each of Mr. Tim Ørting JØRGENSEN and Mr. Filip KEGELS is able to carry out his responsibilities as a member of the Nomination Committee in the best interest of the Shareholders notwithstanding that he is not an independent non-executive director as required under Code Provision A.5.1.

Board of Directors

As at the date of this interim report, the Board currently comprises three executive Directors, namely, Mr. Lu Minfang (chief executive officer), Mr. Bai Ying and Ms. Wu Wenting; four non-executive Directors, namely, Mr. Ma Jianping (Chairman), Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Filip Kegels; and four independent non-executive Directors, namely, Mr. Jiao Shuge (alias Jiao Zhen) (Vice-Chairman), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi.

Securities Transactions of Directors

The Company has adopted, in terms no less exacting than, the standards required by the Model Code set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. The Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

企業管治守則守則條文第A.5.1條規定發行人必須設立由董事會主席或獨立非執行董事擔任主席的提名委員會，成員須以獨立非執行董事佔大多數。自二零一六年九月十五日起，獨立非執行董事焦樹閣先生及張曉亞先生不再擔任提名委員會成員，並由非執行董事Tim Ørting JØRGENSEN先生及Filip KEGELS先生出任提名委員會成員。因此，自二零一六年九月十五日起，提名委員會中，獨立非執行董事人數不足一半。董事認為，儘管Tim Ørting JØRGENSEN先生及Filip KEGELS先生均並非守則條文第A.5.1條規定的獨立非執行董事，但彼等均有能力履行提名委員會成員的職責，並以股東的最大利益行事。

董事會

於本中期報告之日期，董事會現包括三位執行董事，分別為盧敏放先生(總裁)、白瑛先生及吳文婷女士；四位非執行董事，分別為馬建平先生(主席)、牛根生先生、Tim Ørting Jørgensen先生及Filip Kegels先生；及四位獨立非執行董事，分別為焦樹閣(又名焦震)先生(副主席)、Julian Juul Wolhardt先生、張曉亞先生及邱家賜先生。

董事的證券交易

本公司已採納條款不遜於上市規則附錄10所載之標準守則為規管本公司所有董事進行本公司證券交易的行為守則和規則。本公司向所有董事作出特定查詢後，董事確認，彼等於截至二零一七年六月三十日止六個月內一直遵守標準守則之規定準則。

REPORT OF THE DIRECTORS
董事會報告**Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

Audit Committee

The audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Mr. Yau Ka Chi (chairman), Mr. Julian Juul Wolhardt and Mr. Zhang Xiaoya. The Audit Committee has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2017.

Investor Relations and Communications

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development.

By order of the Board

Jeffrey, Minfang Lu

Chief Executive Officer & Executive Director

Hong Kong, 30 August 2017

購買、出售或贖回本公司上市證券

本公司或其任何子公司於截至二零一七年六月三十日止六個月內概無購買、贖回或出售本公司任何上市證券。

審核委員會

本公司審核委員會(「審核委員會」)成員現包括三位獨立非執行董事，分別為邱家賜先生(主席)、Julian Juul Wolhardt先生及張曉亞先生。審核委員會已與本公司管理層及外部核數師審閱本公司採納的會計原則與慣例，並討論審核、風險管理、內部監控、舉報政策及系統以及財務報告事宜，其中包括審閱本集團截至二零一七年六月三十日止六個月的未經審核中期財務報表。

投資者關係與溝通

本公司採取積極政策推動投資者關係及增進溝通。本公司定期與機構投資者及財務分析員舉行會議，以確保就本公司的表現及發展維持雙向的溝通。

承董事會命

盧敏放

總裁兼執行董事

香港，二零一七年八月三十日



INDEPENDENT REVIEW REPORT

獨立審閱報告



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To the Board of Directors

China Mengniu Dairy Company Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 58 to 124, 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 2017 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months 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.

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.

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)

緒言

我們已審閱刊於第58頁至124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，其中包括於二零一七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。

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。

INDEPENDENT REVIEW REPORT
獨立審閱報告

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong
30 August 2017

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隨附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。

執業會計師

香港
二零一七年八月三十日



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

中期簡明綜合損益表

Unaudited
未經審核
For the six months ended 30 June
截至六月三十日止六個月

		Notes	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
		附註		
Revenue	收入	4	29,465,755	27,257,154
Cost of sales	銷售成本		(18,963,182)	(18,075,749)
Gross profit	毛利		10,502,573	9,181,405
Other income and gains	其他收入及收益	4	127,073	169,963
Selling and distribution expenses	銷售及經銷費用		(7,143,794)	(6,448,888)
Administrative expenses	行政費用		(1,087,499)	(1,135,934)
Other expenses	其他費用	5	(592,749)	(241,078)
Interest income	利息收入		229,331	278,098
Finance costs	融資成本	7	(191,404)	(151,460)
Share of losses of associates	應佔聯營公司虧損		(354,600)	(154,555)
Profit before tax	稅前利潤	6	1,488,931	1,497,551
Income tax expense	所得稅支出	8	(373,846)	(313,030)
Profit for the period	本期利潤		1,115,085	1,184,521
Attributable to:	以下各方應佔：			
Owners of the Company	本公司擁有人		1,127,900	1,077,290
Non-controlling interests	非控股股東權益		(12,815)	107,231
			1,115,085	1,184,521
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	本公司普通股擁有人應佔每股盈利 (以每股人民幣元計)	10		
Basic	基本		0.290	0.277
Diluted	攤薄		0.290	0.277

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

中期簡明綜合全面收益表

Unaudited
未經審核
For the six months ended 30 June
截至六月三十日止六個月

	Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit for the period	本期利潤	1,115,085	1,184,521
Other comprehensive income/(loss)	其他全面收益/(虧損)		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>	其後期間重新分類至損益的其他全面收益：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	129,606	11,177
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	其後期間重新分類至損益的其他全面收益淨額	129,606	11,177
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>	其後期間不會重新分類至損益的其他全面虧損：		
Equity investments designated as 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	(176,888)	(67,100)
	16(a)/(b)		
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	其後期間不會重新分類至損益的其他全面虧損淨額	(176,888)	(67,100)
Other comprehensive loss, net of tax	其他全面虧損，扣除稅項	(47,282)	(55,923)
Total comprehensive income for the period	本期全面收益總額	1,067,803	1,128,598
Attributable to:	以下各方應佔：		
Owners of the Company	本公司擁有人	1,060,783	988,488
Non-controlling interests	非控股股東權益	7,020	140,110
		1,067,803	1,128,598



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

			Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT ASSETS				
非流動資產				
Property, plant and equipment	物業、廠房及設備	12	12,560,899	12,698,374
Construction in progress	在建工程	13	1,207,259	1,271,844
Investment properties	投資物業		30,629	67,486
Land use rights	土地使用權		1,012,376	983,794
Goodwill	商譽	14	4,531,397	4,527,518
Other intangible assets	其他無形資產		2,105,467	2,086,247
Investments in associates	於聯營公司的投資	15	7,648,508	4,132,099
Deferred tax assets	遞延稅項資產		630,658	529,123
Biological assets	生物資產		519,811	479,386
Derivative financial instruments	衍生金融工具	23	25,518	-
Non-current financial assets	非流動金融資產	16	1,583,502	2,495,681
Long term prepayments	長期預付款		6,762	15,566
Total non-current assets	總非流動資產		31,862,786	29,287,118
CURRENT ASSETS				
流動資產				
Other current financial assets	其他流動金融資產	16	4,054,646	4,195,737
Derivative financial instruments	衍生金融工具	23	2,178	36,501
Inventories	存貨	17	3,323,288	3,314,282
Trade and bills receivables	應收賬款及票據	18	2,748,596	2,340,099
Prepayments, deposits and other receivables	預付款、按金及其他應收款項		2,078,743	2,704,611
Pledged deposits	保證金存款	19	1,025,178	960,863
Cash and bank balances	現金及銀行結存	19	10,536,883	6,070,078
Assets of a disposal group classified as held for sale	分類為持有待售的處置組內資產	9	214,570	215,138
Total current assets	總流動資產		23,984,082	19,837,309

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
中期簡明綜合財務狀況表

		Notes 附註	Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
CURRENT LIABILITIES	流動負債			
Trade and bills payables	應付賬款及票據	20	6,594,312	5,405,620
Other payables and accruals	其他應付款項及預提費用	21	5,645,986	6,510,886
Interest-bearing bank and other borrowings	計息銀行及其他借貸	22	4,653,519	3,045,417
Other loans	其他貸款		24,234	52,559
Derivative financial instruments	衍生金融工具	23	3,174	-
Deferred income	遞延收入		148,069	135,093
Income tax payable	應付所得稅		209,009	145,242
			17,278,303	15,294,817
Liabilities directly associated with the assets classified as held for sale	與分類為持有待售的資產直接相關的負債	9	7,209	7,852
Total current liabilities	總流動負債		17,285,512	15,302,669
NET CURRENT ASSETS	淨流動資產		6,698,570	4,534,640
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		38,561,356	33,821,758
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	22	9,524,059	5,542,163
Long term payables	長期應付款項		21,655	36,914
Deferred income	遞延收入		627,619	533,385
Deferred tax liabilities	遞延稅項負債		62,244	62,190
Other non-current financial liabilities	其他非流動金融負債	24	2,066,780	2,143,378
Total non-current liabilities	總非流動負債		12,302,357	8,318,030
NET ASSETS	淨資產		26,258,999	25,503,728



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 中期簡明綜合財務狀況表

		Notes 附註	Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	25	357,457	357,374
Treasury shares held under share award scheme	股票獎勵計劃下持有的庫存股份		(354,409)	(354,409)
Other reserves	其他儲備	26	12,636,978	12,940,822
Retained earnings	保留利潤		9,029,026	7,901,126
			21,669,052	20,844,913
Non-controlling interests	非控股股東權益		4,589,947	4,658,815
TOTAL EQUITY	總權益		26,258,999	25,503,728

Ma Jianping
 馬建平
 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

截至二零一七年六月三十日止六個月(未經審核)

For the six months ended 30 June 2017 (unaudited)

Notes	Attributable to owners of the Company											Total equity	
	Share capital	Treasury shares held under share award scheme	Share premium	Contributed surplus	Statutory reserves	Foreign currency translation reserve	Financial asset revaluation reserve	Share option reserve/ share award reserve	Share of other changes in equity of an associate	Puttable non-controlling interest	Equity controlling reserve		Retained earnings
	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
附註	357,374	(354,409)	10,595,136*	294,677*	3,000,378*	(653,300)*	123,668*	89,515*	1,084,189*	(1,237,351)*	7,901,126	20,844,513	4,638,815
於二零一七年一月一日													25,503,728
本期利潤	-	-	-	-	-	-	-	-	-	-	1,127,900	1,127,900	(12,815)
本期綜合全面收益/(虧損)*:													1,115,085
Other comprehensive income/(loss) for the period:													
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	103,771	-	-	-	-	-	-	19,835
於二零一七年六月三十日	357,467	(354,409)	10,263,539*	294,677*	3,000,378*	(745,619)*	(47,220)*	88,851*	1,037,248*	(1,167,570)*	9,029,026	21,689,032	4,589,947
於二零一七年六月三十日													26,239,959

* These reserve accounts comprise the consolidated other reserves of RMB12,636,978,000 (31 December 2016: RMB12,940,822,000) 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幣12,636,978,000元(二零一六年十二月三十一日: 人民幣12,940,822,000元)。



截至二零一六年六月三十日止六個月(未經審核)

For the six months ended 30 June 2016 (unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
中期簡明綜合權益變動表

		Attributable to owners of the Company 本公司擁有人應佔												
	Share capital 股本	Treasury shares held under share award scheme 股票獎勵計劃下 庫存股份	Share premium 股份溢價	Contributed surplus 實收盈餘	Statutory reserves 法定儲備	Foreign currency translation reserve 貨幣兌換儲備	Financial asset revaluation reserve 金融資產重估儲備	Share option reserve/ share award reserve 購股權儲備/股份獎勵儲備	Equity transaction reserve 權益交易儲備	Puttable non-controlling interest reserve 可沽非控股股東權益儲備	Retained earnings 保留利潤	Total 合計	Non-controlling interests 非控股股東權益	Total equity 總權益
Notes	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 2016 於二零一六年一月一日	357,262	(415,762)	11,444,136*	204,677*	2,809,000*	(688,121)*	35,297*	112,332*	1,222,828*	(1,517,899)*	8,673,599	22,136,239	4,478,915	26,615,154
Profit for the period 本期利潤	-	-	-	-	-	-	-	-	-	-	1,077,290	1,077,290	107,231	1,184,521
Other comprehensive income/(loss) for the period Other comprehensive income/(loss) for the period: 本報其他全面收益/(虧損):	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations 換算海外業務的匯兌差額	-	-	-	-	-	(21,702)	-	-	-	-	-	-	-	-
Changes in fair value of equity investments 指定為公允價值計量的其變動計入其他全面收益的股本投資	-	-	-	-	-	(21,702)	-	-	-	-	-	-	-	-
Designated at fair value through other comprehensive income, net of tax 指定公允價值變動，扣除稅項	-	-	-	-	-	-	(67,100)	-	-	-	-	(67,100)	-	(67,100)
Total comprehensive income/(loss) for the period Total comprehensive income/(loss) for the period	-	-	-	-	-	(21,702)	(67,100)	-	-	-	1,077,290	988,488	140,110	1,128,598
Shares issued under equity-settled share option arrangements 發行股份	138	-	16,484	-	-	-	-	-	-	-	-	16,622	-	16,632
Transfer of share option reserve upon exercise of share options 行使購股權時轉出購股權儲備	-	-	-	-	-	-	-	(5,444)	-	-	-	-	-	-
Shares purchased for share award scheme 若股票獎勵計劃之公允價值變動	-	(16,916)	-	-	-	-	-	-	-	-	-	(16,916)	-	(16,916)
Fair value amortisation of share award scheme 股票獎勵計劃之公允價值攤銷	27	-	-	-	-	-	-	50,546	-	-	-	50,546	-	50,546
Shares repurchased and cancelled 股份贖回及註銷	(623)	-	(57,619)	-	-	-	-	-	-	-	-	(68,142)	-	(68,142)
Dividends paid to owners of the Company 已向本公司擁有人派付股息	-	-	(552,697)	-	-	-	-	-	-	-	-	(552,697)	-	(552,697)
Dividends paid/payable to non-controlling interests 向非控股股東派付/派付股息/應付股息	-	-	-	-	-	-	-	-	-	-	-	-	(54,195)	(54,195)
Acquisition of non-controlling interests 收購非控股股東權益	-	-	-	-	-	-	-	-	(1,110)	-	-	(1,110)	(1,608)	(2,718)
Acquisition of subsidiaries 收購子公司	-	-	-	-	-	-	-	-	-	-	-	-	2,399	2,399
Capital injection from non-controlling interests 非控股股東權益注資	-	-	-	-	-	-	-	-	-	-	-	-	26,138	26,138
De-recognition of puttable non-controlling interests 終止確認可沽非控股股東權益	-	-	-	-	-	-	-	-	-	(278,808)	-	(278,808)	(94,650)	(373,458)
At 30 June 2016 於二零一六年六月三十日	356,877	(432,678)	10,555,758*	204,677*	2,809,000*	(710,823)*	(61,803)*	157,434*	1,221,518*	(1,795,677)*	9,950,889	22,284,232	4,497,109	26,781,341

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

中期簡明綜合現金流量表

Unaudited
未經審核
For the six months ended 30 June
截至六月三十日止六個月

	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash flows from operating activities			
Profit before tax:		1,488,931	1,497,551
Adjustments for:			
Interest income		(229,331)	(278,098)
Finance costs	7	191,404	151,460
Depreciation of items of property, plant and equipment	6	800,106	752,094
Depreciation of investment properties	6	1,293	2,474
Amortisation of land use rights	6	13,292	11,505
Amortisation of other intangible assets	6	24,039	18,080
Loss/(gain) on disposal of items of property, plant and equipment	4/5	13,062	(2,475)
Gain on disposal of a disposal group classified as held for sale	4	-	(29,127)
Provision for trade receivables and other receivables	5	9,902	6,873
Write-back of provision for trade receivables and other receivables	5	(859)	(21,740)
Provision for property, plant and equipment	5	1,814	-
Write-down of inventories to net realisable value	5	38,594	57,535
Amortisation of deferred income – assets other than biological assets	4	(44,183)	(15,837)
Losses on deemed disposal of partial interests in associates	5	125,439	-
Loss on disposal of a subsidiary	5	11,698	-
Share of losses of associates		354,600	154,555
Losses arising from changes in fair value less cost to sell of dairy cows	5	33,026	22,285
Net fair value gain on zero coupon exchangeable bonds due 2022	4	(2,777)	-
Foreign exchange losses/(gains), net	4/5	99,315	(30,897)
Net fair value loss on forward currency contracts	5	2,080	5,011
Fair value amortisation of share award scheme	27	2,611	50,546
		2,934,056	2,351,795
Decrease/(increase) in other financial assets – entrusted loans to certain dairy farmers		28,917	(13,520)
Decrease/(increase) in inventories		(43,681)	907,501
Increase in trade and bills receivables		(395,364)	(1,233,189)
Decrease/(increase) in pledged deposits		(67,559)	67,633
Decrease in prepayments, deposits and other receivables		743,394	207,330
Increase in trade and bills payables		1,219,158	1,089,455
Decrease in other payables and accruals		(388,458)	(196,992)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 中期簡明綜合現金流量表

Unaudited
 未經審核
For the six months ended 30 June
 截至六月三十日止六個月

		Notes	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
		附註		
Cash generated from operations	經營業務產生的現金		4,030,463	3,180,013
Interest paid	支付利息		(185,898)	(142,805)
Income taxes paid	支付所得稅		(410,416)	(361,873)
Net cash flows from operating activities	經營業務產生的淨現金流量		3,434,149	2,675,335
Cash flows from investing activities	投資活動產生的現金流量			
Proceeds from disposal of items of property, plant and equipment	處置物業、廠房及設備所得款項		138,559	99,762
Proceeds from disposal of biological assets	處置生物資產所得款項		6,468	1,935
Proceeds from disposal of land use rights	處置土地使用權所得款項		2,495	-
Proceeds from disposal of other intangible assets	處置其他無形資產所得款項		11	-
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		-	98,000
Purchase of items of property, plant and equipment	購置物業、廠房及設備		(491,096)	(457,258)
Purchase of construction in progress	購置在建工程	13	(467,540)	(1,007,994)
Purchase of other intangible assets	購置其他無形資產		(10,974)	(2,421)
Purchase of land use rights	購置土地使用權		(45,341)	(15,241)
Purchase of biological assets	購置生物資產		(79,919)	(87,640)
Disposal of unit trust investments	出售單位信託投資		-	150,000
Decrease of long term time deposits	長期定期存款減少		704,907	243,617
Purchase of time deposits with original maturity of more than three months	購買原到期日為三個月以上的定期存款		(3,223,785)	(615,963)
Purchase of investment deposits	購置投資存款		(3,339,702)	(6,582,036)
Withdrawal of investment deposits	收回投資存款		3,858,392	4,799,536
Increase in other financial assets	其他金融資產增加			
- entrusted loans other than loans to certain dairy farmers	- 委託貸款(授予若干奶農的貸款除外)		(377,000)	-
Interest received	收取利息		119,076	224,590
Increase in investments in associates	於聯營公司的投資增加		(4,194,003)	-
Dividends received from associates	收取聯營公司股息		1,198	3,698
Acquisition of subsidiaries	收購子公司		(24,355)	(1,085,941)
Disposal of a subsidiary	出售一家子公司		4,747	-
Payment of contingent considerations	或然代價付款		-	(50,000)
Receipt of government grants related to purchase of fixed assets and biological assets	收取購買固定資產及生物資產相關之政府補助金		112,784	73,875
Net cash used in investing activities	投資活動所用淨現金		(7,305,078)	(4,209,481)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
中期簡明綜合現金流量表

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註		
Cash flows from financing activities	融資活動產生的現金流量		
Proceeds from interest-bearing bank loans	計息銀行貸款所得款項	17,530,853	2,513,019
Repayment of interest-bearing bank loans	償還計息銀行貸款	(13,153,315)	(3,522,035)
Proceeds from zero coupon exchangeable bonds issued	發行零息可換股債券所得款項	1,317,061	-
Decrease/(increase) in pledged deposits for bank loans	銀行貸款的保證金存款減少/(增加)	3,244	(93,040)
Repayment of other loans	償還其他貸款	(17,000)	(18,000)
Repayment of long term payables	償還長期應付款項	(34,083)	(38,633)
Acquisition of non-controlling interests	收購非控股股東權益	(132,788)	(2,718)
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)	450	-
Capital injection from non-controlling interests	非控股股東權益注資	-	28,537
Shares purchased for share award scheme	為股票獎勵計劃購股	-	(16,916)
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	10,077	16,632
Shares repurchased and cancelled	股份購回及註銷	-	(58,142)
Dividends paid to owners of the Company	支付本公司擁有人的股息	(344,816)	(552,697)
Dividends paid to non-controlling interests	支付非控股股東權益的股息	(54,165)	(54,994)
Net cash flows from/(used in) financing activities	融資活動產生/(所用)淨現金流量	5,125,518	(1,798,987)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	1,254,589	(3,333,133)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	3,355,537	6,833,608
Effect of foreign exchange rate changes, net	匯率變動的影響(淨額)	(11,569)	33,043
Cash and cash equivalents at 30 June	於六月三十日的現金及現金等價物	4,598,557	3,533,518
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash and bank balances as stated in the 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	19 10,536,883	5,206,881
Time deposits with original maturity more than three months	原到期日為三個月以上的定期存款	(5,938,326)	(1,673,363)
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	19 4,598,557	3,533,518



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

中期簡明綜合財務報表附註

1. Corporate Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The Company is an investment holding company and its subsidiaries are engaged in the manufacture and distribution of dairy products mainly in the People's Republic of China (the "PRC").

2. Basis of Preparation and Changes to the Group's Accounting Policies

Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the disclosure requirements of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those in the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of the following new and revised standards effective as at 1 January 2017.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standards or amendments is described below:

1. 公司資料

本公司為在開曼群島註冊成立的獲豁免有限公司。本公司乃一所投資控股公司，而其子公司主要在中華人民共和國（「中國」）從事乳製品生產及經銷業務。

2. 編製基準及本集團會計政策變動

編製基準

截至二零一七年六月三十日止六個月的未經審核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之披露規定編製。

本未經審核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，故應與本集團截至二零一六年十二月三十一日止年度的年度財務報表一併閱覽。

本集團採納之新準則、詮釋及修訂

除因採納以下於二零一七年一月一日生效的新頒佈及經修訂的準則外，編製該等中期簡明綜合財務報表所採納的會計政策，與編製本集團截至二零一六年十二月三十一日止年度的年度財務報表所採納者保持一致。

該等變動的性質及影響於下文披露。以下新準則及修訂於二零一七年首次應用，然而，該等新準則及修訂並無對本集團的年度綜合財務報表或中期簡明綜合財務報表產生重大影響。各項新準則或修訂的性質及影響於下文詳述：

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

2. Basis of Preparation and Changes to the Group's Accounting Policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, such application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

2. 編製基準及本集團會計政策變動 (續)

本集團採納之新準則、詮釋及修訂(續)

國際會計準則第7號的修訂「現金流量表：披露計劃」

該等修訂規定實體提供有關融資活動所產生的負債變動的披露事項，包括現金流量所產生的變動及非現金變動(如匯兌收益或虧損)。於首次應用該修訂時，實體毋須提供之前期間的比較資料。本集團毋須於其簡明中期綜合財務報表中提供額外披露事項，但將於其截至二零一七年十二月三十一日止年度的年度綜合財務報表中披露額外資料。

國際會計準則第12號的修訂「所得稅：就未實現虧損確認遞延稅項資產」

該等修訂澄清，實體需要考慮稅務法例是否對於可扣減暫時差額撥回時可用作抵扣的應課稅溢利的來源有所限制。此外，該等修訂就實體應如何釐定未來應課稅溢利提供指引，並解釋應課稅溢利可包括以超過賬面值收回部分資產的情況。

實體需追溯應用該等修訂。然而，首次採用該等修訂時，最早比較期間之期初權益變動可確認為期初保留利潤(或權益的另一適當組成部分)，而毋須在期初保留利潤及權益的其他組成部分之間分配該變動。採用該豁免的實體必須披露這一事實。

本集團追溯應用該等修訂。然而，由於本集團在該等修訂範圍內不存在任何可抵扣暫時性差異或資產，應用該等修訂將不會對本集團的財務狀況及表現造成任何影響。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

2. Basis of Preparation and Changes to the Group's Accounting Policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements Cycle – 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10 to B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. As the disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group did not provide these disclosures in its condensed interim consolidated financial statements and will disclose the required information in its annual consolidated financial statements for the year ending 31 December 2017.

2. 編製基準及本集團會計政策變動 (續)

本集團採納之新準則、詮釋及修訂 (續)

二零一四年至二零一六年週期的年度改進

國際財務報告準則第12號的修訂「其他實體權益的披露：對國際財務報告準則第12號中披露規定之範圍的澄清」

該等修訂澄清，國際財務報告準則第12號中的披露要求(除B10-B16段外)適用於已分類為(或包括在出售組別，且該組別分類為)持有待售之實體在子公司、合營企業或聯營公司中的權益(或其在合營企業或聯營公司中的部分權益)。

本集團已追溯採納該等修訂。由於國際財務報告準則第12號中的披露規定並非具體適用於中期簡明綜合財務報表，本集團並無於其簡明中期綜合財務報表中作出此等披露，及將會在截至二零一七年十二月三十一日止年度之年度綜合財務報表中披露所需資料。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

3. 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 and yogurt
- 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 and plant-based nutrition product business and trading business

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 before tax except that interest income, finance costs, share of losses of associates, income tax expense, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude equity investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. 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
- 其他分部 – 主要為本集團奶酪及植物基營養品業務及貿易業務

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計量方式一致，惟利息收入、融資成本、應佔聯營公司虧損、所得稅支出及總部以及公司支出不計入該計量內。

分部資產並無包括股本投資，以及其他不分部的總部及公司資產，因該等資產按集團層面管理。

分部負債並無包括其他不分部的總部及公司負債，因該等負債按集團層面管理。

分部間銷售及轉讓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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

3. Segment Information (continued)

The following tables present the revenue, profit and certain asset and liability information for the Group's operating segments:

3. 分部資料(續)

下表呈列了本集團的經營分部的收入、利潤及部分資產及負債的資料：

For the six months ended 30 June 2017 (unaudited) 截至二零一七年六月三十日止六個月(未經審核)		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	Consolidated 綜合 RMB'000 人民幣千元
Segment revenue:	分部收入：					
Sales to external customers	銷售予外部客戶	25,372,096	1,985,259	1,786,355	322,045	29,465,755
Intersegment sales	分部間銷售	287,804	58,345	32,538	160,339	539,026
		25,659,900	2,043,604	1,818,893	482,384	30,004,781
Reconciliation: Elimination of intersegment sales	調整： 對銷分部間銷售					(539,026)
Total revenue	總收入					29,465,755
Segment results	分部業績	2,038,688	190,754	(181,140)	(33,180)	2,015,122
Reconciliation:	調整：					
Interest income	利息收入					229,331
Finance costs	融資成本					(191,404)
Share of losses of associates	應佔聯營公司虧損					(354,600)
Corporate and other unallocated expenses	公司及其他不分部的支出					(209,518)
Profit before tax	稅前利潤					1,488,931
Income tax expense	所得稅支出					(373,846)
Profit for the period	本期利潤					1,115,085
At 30 June 2017 (unaudited)	於二零一七年六月三十日 (未經審核)					
Segment assets	分部資產	31,503,283	2,738,644	13,158,152	678,200	48,078,279
Reconciliation:	調整：					
Elimination of intersegment receivables	對銷分部間應收款項					(11,121,616)
Corporate and other unallocated assets	公司及其他不分部的資產					18,675,635
Assets related to a disposal group	涉及處置組之資產					214,570
Total assets	總資產					55,846,868
Segment liabilities	分部負債	15,275,733	2,472,598	3,402,353	980,400	22,131,084
Reconciliation:	調整：					
Elimination of intersegment payables	對銷分部間應付款項					(11,121,616)
Corporate and other unallocated liabilities	公司及其他不分部的負債					18,571,192
Liabilities related to a disposal group	涉及處置組之負債					7,209
Total liabilities	總負債					29,587,869

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

3. Segment Information (continued)

3. 分部資料(續)

For the six months ended 30 June 2016 (unaudited) 截至二零一六年六月三十日止六個月(未經審核)	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	Consolidated 綜合 RMB'000 人民幣千元	
Segment revenue:	分部收入：					
Sales to external customers	23,761,520	1,703,333	1,660,036	132,265	27,257,154	
Intersegment sales	369,487	59,854	-	105,508	534,849	
	24,131,007	1,763,187	1,660,036	237,773	27,792,003	
Reconciliation:	調整：					
Elimination of intersegment sales					(534,849)	
Total revenue	總收入					27,257,154
Segment results	分部業績					
Reconciliation:	調整：					
Interest income	1,674,697	37,719	(99,938)	(59,493)	1,552,985	
Finance costs					278,098	
Share of losses of associates					(151,460)	
Corporate and other unallocated expenses					(154,555)	
					(27,517)	
Profit before tax	稅前利潤					1,497,551
Income tax expense	所得稅支出					(313,030)
Profit for the period	本期利潤					1,184,521
At 31 December 2016 (audited)	於二零一六年十二月三十一日 (經審核)					
Segment assets	分部資產					
Reconciliation:	調整：					
Elimination of intersegment receivables	28,933,430	2,309,669	12,829,812	632,420	44,705,331	
Corporate and other unallocated assets					(8,691,755)	
Assets related to disposal groups					12,895,713	
					215,138	
Total assets	總資產					49,124,427
Segment liabilities	分部負債					
Reconciliation:	調整：					
Elimination of intersegment payables	14,579,687	2,183,081	3,010,372	903,729	20,676,869	
Corporate and other unallocated liabilities					(8,691,755)	
Liabilities related to disposal groups					11,627,733	
					7,852	
Total liabilities	總負債					23,620,699



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

4. Revenue, Other Income and Gains

Revenue represents the net invoiced value of goods sold, after allowances for goods returns and trade discounts, and after eliminations of all significant intra-group transactions.

An analysis of the Group's revenue, other income and gains is as follows:

4. 收入、其他收入及收益

收入指已售出商品的發票淨值，經扣除退貨及貿易折扣，以及抵銷集團內所有公司間之重大交易後所得的數額。

本集團的收入、其他收入及收益的分析如下：

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註		
Revenue:	收入：		
Sale of goods	商品銷售	29,465,755	27,257,154
Other income and gains:	其他收入及收益：		
Government grants related to	政府補助金		
– Recognition of deferred income	– 與確認遞延收入有關	(a) 44,183	15,837
– Income and biological assets	– 與收入及生物資產有關	(b) 45,929	39,052
Gain on disposal of a disposal group classified as held for sale	出售分類為持有待售的處置組收益	–	29,127
Gain on disposal of items of property, plant and equipment	處置物業、廠房及設備收益	–	2,475
Foreign exchange gains, net	匯兌收益淨額	–	30,897
Net fair value gain on exchangeable bonds	可換股債券的公允值收益淨額	22(c) 2,777	–
Others	其他	34,184	52,575
		127,073	169,963
		29,592,828	27,427,117

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

4. Revenue, Other Income and Gains (continued)

Notes:

- (a) The Group has received certain government grants in forms of property, plant and equipment donations, cash donations to purchase items of property, plant and equipment, and cash donations with certain conditions attaching to. These grants are initially recorded as deferred income. The grants relating to property, plant and equipment are amortised to match the depreciation charge of the underlying property, plant and equipment in accordance with estimated useful lives of the assets. The cash donations with unfulfilled conditions or contingencies are only recognised in profit or loss when the Group satisfies the attached conditions.
- (b) The government grants in the form of cash donations have been received for the Group's contribution to the development of the local dairy product industry. There are no unfulfilled conditions or contingencies attaching to these grants.

5. OTHER EXPENSES

4. 收入、其他收入及收益(續)

附註：

- (a) 政府以物業、廠房及設備捐獻或現金捐獻以購買物業、廠房及設備及現金捐獻的方式，向本集團授予若干補助，並附帶若干條件。此等補助金初步記錄為遞延收入。有關物業、廠房及設備的補助根據資產的估計可使用年期攤銷，以配對相關物業、廠房及設備的折舊開支。未能達到所附帶的條件或或然事項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。
- (b) 本集團因對當地乳製品行業的發展有所貢獻，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。

5. 其他費用

Unaudited
未經審核
For the six months ended 30 June
截至六月三十日止六個月

	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Provision for trade receivables and other receivables	應收賬款及其他應收款項撥備	9,902	6,873
Write-back of provision for trade receivables and other receivables	撥回應收賬款及其他應收款項撥備	(859)	(21,740)
Write-down of inventories to net realisable value	存貨撇減至可變現淨值	38,594	57,535
Provision for property, plant and equipment	物業、廠房及設備撥備	12 1,814	—
Losses on disposal of items of property, plant and equipment	處置物業、廠房及設備虧損	13,062	—
Donations	捐贈支出	1,000	3,317
Educational surcharges, city construction tax, and other taxes	教育費附加、城市維護建設稅及其他稅項	203,358	119,816
Losses arising from changes in fair value less cost to sell of dairy cows	乳牛公允價值減銷售成本之變動產生的虧損	33,026	22,285
Net fair value loss on forward currency contracts	遠期外幣合約公允價值虧損淨額	23(a) 2,080	5,011
Foreign exchange losses, net	匯兌虧損淨額	99,315	—
Loss on disposal of a subsidiary	出售一家子公司之虧損	11,698	—
Losses on deemed disposal of partial interests in associates	視作出售部分聯營公司權益之虧損	(a) 125,439	—
Others	其他	54,320	47,981
		592,749	241,078



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

5. Other Expenses (continued)

Note:

- (a) On 6 January 2017, due to the execution of share award scheme of Inner Mongolia Fuyuan International Industrial Co., Ltd., the Group's shareholding in Inner Mongolia Fuyuan International Industrial Co., Ltd. was diluted from 43.35% to 42.30%, resulting in a loss of RMB21,320,000 recognised in profit or loss.

On 25 January 2017, China Modern Dairy Holdings Ltd. ("China Modern Dairy") acquired an additional 45% equity interest in a subsidiary at the consideration of 338,602,205 shares in China Modern Dairy issued to the sellers. The acquisition diluted the Group's shareholding in China Modern Dairy from 25.41% to 23.88%, resulting in a loss of RMB53,381,000 recognised in profit or loss.

On 6 February 2017, pursuant to the exercise of the investor option granted to its investor, China Modern Dairy issued 488,036,618 consideration shares and paid a cash consideration of US\$13,424,231 to the then investor. The transaction diluted Group's shareholding in China Modern Dairy from 23.88% to 21.98%, resulting in a loss of RMB50,738,000 recognised in profit or loss.

5. 其他費用(續)

附註：

- (a) 於二零一七年一月六日，由於內蒙古富源國際實業有限公司行使股票獎勵計劃，本集團於內蒙古富源國際實業有限公司的股權由43.35%攤薄至42.30%，導致人民幣21,320,000元虧損於損益確認。

於二零一七年一月二十五日，中國現代牧業控股有限公司(「中國現代牧業」)以中國現代牧業向賣家發行338,602,205股股份為代價收購一家子公司額外45%股權。該收購使本集團於中國現代牧業的股權由25.41%攤薄至23.88%，導致人民幣53,381,000元虧損於損益確認。

於二零一七年二月六日，根據向當時的投資者授予的投資者購股權之行使，中國現代牧業發行488,036,618股代價股份及向當時的投資者支付現金代價13,424,231美元。該交易使本集團於中國現代牧業的股權由23.88%攤薄至21.98%，導致人民幣50,738,000元虧損於損益確認。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

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：

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
		Notes 附註	
Cost of inventories sold	銷售存貨成本		18,950,843
Realised and unrealised fair value losses of commodity future contracts, net	變現及未變現商品期貨合約公允值虧損淨額	23(b)	2,584
			18,963,182
Cost of sales	銷售成本		18,075,749
Depreciation of items of property, plant and equipment	物業、廠房及設備折舊	12	752,094
Depreciation of investment properties	投資物業折舊		2,474
Amortisation of land use rights	土地使用權攤銷		11,505
Amortisation of other intangible assets	其他無形資產攤銷		18,080
Outsourcing expenses	外包費用	(a)	169,136
Minimum lease payments under operating leases	經營租賃最低租金		95,846
Display space leasing fees	陳列空間租賃費		388,578
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)		2,113,927
			2,395,742

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 STATEMENTS
 中期簡明綜合財務報表附註

7. Finance Costs

An analysis of finance costs is as follows:

7. 融資成本

融資成本分析如下：

Unaudited
 未經審核
For the six months ended 30 June
 截至六月三十日止六個月

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest on bank loans	銀行貸款利息	102,693	84,068
Interest on US\$500,000,000 3.50% bond due 2018	息率3.50%於二零一八年 到期之500,000,000美元 債券之利息	63,127	61,810
Interest on long term payables	長期應付款項利息	2,387	3,715
Increase in discounted amounts of contingent consideration arising from the passage of time	因時間流逝而增加或 然代價的折現現值	-	275
Net fair value loss/(gain) on interest rate forward contracts (note 23(a))	利率遠期合約的公允值虧損/ (收益)淨額(附註23(a))	(2,440)	1,592
Bonds issuance cost and others	債券之發行成本及其他	25,637	-
		191,404	151,460

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

8. Income Tax Expense

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

8. 所得稅支出

中期簡明綜合損益表內所得稅支出的主要成分為：

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current income tax	即期所得稅		
Current income tax charge	即期所得稅支出	474,183	405,438
Deferred income tax	遞延所得稅		
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	(100,337)	(92,408)
		373,846	313,030

During the period, certain PRC subsidiaries were subject to tax concessions in accordance with (i) the PRC corporate income tax 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。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

9. A Disposal Group Classified as Held for Sale

As at 31 December 2015, Yashili International Holdings Ltd. (“Yashili”) planned to dispose, in the next 12 months, of Scient (China) Baby Nourishment Co., Ltd. (“Scient China”), which no longer operated as at 31 December 2015. Scient China was principally engaged in the production and sale of paediatric milk formula products. The proposed disposal is pursued in view of the key strategic deployment of Yashili in the next five years, with an aim to provide a highly efficient and modern production layout through attaining an optimised and reasonable production capacity. As at 31 December 2016 and 30 June 2017, the negotiation for the sale of Scient China was still in progress. As such, the net assets of Scient China were classified as a disposal group held for sale as at 31 December 2015 and 2016, and 30 June 2017.

9. 分類為持有待售的處置組

於二零一五年十二月三十一日，雅士利國際控股有限公司（「雅士利」）計劃於未來十二個月出售其於二零一五年十二月三十一日已不再經營的施恩（中國）嬰幼兒營養品有限公司（「施恩中國」）。施恩中國主要從事生產及銷售嬰幼兒配方奶粉產品。進行建議出售旨在達成雅士利未來五年的策略性發展，旨在透過達致最佳及合理產能提供一個高效率的現代化生產佈局。於二零一六年十二月三十一日及二零一七年六月三十日，仍就出售施恩中國進行磋商。故此，於二零一五年及二零一六年十二月三十一日及二零一七年六月三十日，施恩中國的淨資產被分類為持有待售的處置組。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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10. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

(a) Basic earnings per share

The basic earnings per share amount 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:

10. 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：

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 Number of shares 股份數目 (in thousand) (千股)	2016 二零一六年 Number of shares 股份數目 (in thousand) (千股)
Issued ordinary shares at 1 January	於一月一日已發行普通股	3,925,027	3,923,977
Effect of shares repurchase and cancellation	股份購回及註銷的影響	-	(3,976)
Effect of share options exercised	已行使購股權的影響	277	655
Effect of shares purchased under share award scheme	根據股票獎勵計劃回購股份的影響	(30,994)	(34,492)
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	3,894,310	3,886,164



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

10. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

(continued)

(b) Diluted earnings per share

The diluted earnings per share amount 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:

10. 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：

Unaudited
 未經審核
For the six months ended 30 June
 截至六月三十日止六個月

		2017 二零一七年 Number of shares 股份數目 (in thousand) (千股)	2016 二零一六年 Number of shares 股份數目 (in thousand) (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	3,894,310	3,886,164
Weighted average number of ordinary shares, assuming issued at no consideration on the deemed exercise of all share options during the period	假設期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	423	55
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	3,894,733	3,886,219

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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11. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

During the six months ended 30 June 2017, the Company declared and paid a final dividend of RMB0.089 (six months ended 30 June 2016: RMB0.14) per ordinary share as proposed for the year ended 31 December 2016 to the shareholders of the Company.

12. Property, Plant and Equipment

Movements of property, plant and equipment during the period are as follows:

11. 股息

董事並不建議派發截至二零一七年六月三十日止六個月的中期股息(截至二零一六年六月三十日止六個月：無)。

截至二零一七年六月三十日止六個月，本公司按照建議就截至二零一六年十二月三十一日止年度向本公司股東宣派及派付期末股息每股普通股人民幣0.089元(截至二零一六年六月三十日止六個月：人民幣0.14元)。

12. 物業、廠房及設備

物業、廠房及設備於本期內變動如下：

		Unaudited 未經審核	Unaudited 未經審核
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	12,698,374	11,637,977
Additions	增加	244,999	206,867
Transfers from construction in progress (note 13)	轉撥自在建工程(附註13)	512,736	454,845
Transfers from investment properties	轉撥自投資物業	35,564	8,492
Transfers from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的處置組內資產	302	-
Transfers to construction in progress (note 13)	轉撥至在建工程(附註13)	(14,789)	(7,298)
Transfers to investment properties	轉撥至投資物業	-	(18,654)
Disposals	處置	(120,302)	(194,539)
Acquisition of subsidiaries	收購子公司	312	68,319
Disposal of a subsidiary	出售一家子公司	(25,289)	-
Depreciation charge for the period (note 6)	本期折舊費用(附註6)	(800,106)	(752,094)
Impairment (note 5)	減值(附註5)	(1,814)	-
Exchange realignment	匯兌調整	30,912	73,382
Carrying amount at 30 June	於六月三十日的賬面值	12,560,899	11,477,297



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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12. Property, Plant and Equipment (continued)

As at 30 June 2017, certain property, plant and equipment of the Group with net book values of approximately RMB141,499,000 (31 December 2016: RMB184,937,000) and RMB212,112,000 (31 December 2016: RMB211,681,000) have been pledged to secure the Group's long term payables, and long term bank loans (note 22), respectively. As at 31 December 2016, property, plant and equipment amounting to RMB117,245,000 were pledged to secure the Group's short term bank loans (note 22).

13. Construction in Progress

Movements of construction in progress are as follows:

12. 物業、廠房及設備(續)

於二零一七年六月三十日，本集團若干賬面淨值約為人民幣141,499,000元(二零一六年十二月三十一日：人民幣184,937,000元)及人民幣212,112,000元(二零一六年十二月三十一日：人民幣211,681,000元)的物業、廠房及設備已分別用作本集團獲得長期應付款項及長期銀行貸款(附註22)的抵押品。於二零一六年十二月三十一日，人民幣117,245,000元的物業、廠房及設備已用作本集團獲得短期銀行貸款(附註22)的抵押品。

13. 在建工程

在建工程變動如下：

		Unaudited 未經審核 2017 二零一七年 RMB'000 人民幣千元	Unaudited 未經審核 2016 二零一六年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	1,271,844	900,939
Additions	增加	467,540	1,007,994
Transfers from property, plant and equipment (note 12)	轉撥自物業、廠房及設備(附註12)	14,789	7,298
Transfers from assets of a disposal group classified as held for sale	轉撥自分類為持有待售的處置組內資產	634	-
Transfers to property, plant and equipment (note 12)	轉撥至物業、廠房及設備(附註12)	(512,736)	(454,845)
Transfers to other intangible assets	轉撥至其他無形資產	(34,802)	-
Acquisition of subsidiaries	收購子公司	-	130,627
Disposal of a subsidiary	出售一家子公司	(41)	-
Exchange realignment	匯兌調整	31	216
Carrying amount at 30 June	於六月三十日的賬面值	1,207,259	1,592,229

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14. Goodwill

14. 商譽

		Unaudited 未經審核 2017 二零一七年 RMB'000 人民幣千元	Unaudited 未經審核 2016 二零一六年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	4,527,518	5,850,599
Acquisition of a subsidiary	收購一間子公司	3,879	718,476
Carrying amount at 30 June	於六月三十日的賬面值	4,531,397	6,569,075

On 1 June 2017, the Group acquired an additional 25% equity interest in Nanchang Mengniu Dairy Sales Co., Ltd. ("Nanchang Mengniu") from a third party, increasing the Group's interest in Nanchang Mengniu from 45% to 70%. Nanchang Mengniu is engaged in the sale of dairy products. The purchase consideration was RMB7,757,000 in cash. The acquisition was accounted for as business combination and gave rise to a goodwill of RMB3,879,000.

On 31 May 2016, the Group acquired a 100% equity interest in Dumex Baby Food Co., Ltd. ("Dumex China") from Danone Asia Pacific Holdings Pte. Ltd. ("Danone"). Dumex China is mainly engaged in the manufacture and sale of infant milk formula products of Dumex 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 of the acquisition was in the form of cash, with RMB1,099,695,000 paid at the acquisition date and RMB72,437,000 of purchase price adjustments received from Danone after the closing of the transaction. The acquisition gave rise to a goodwill of RMB718,476,000.

As at 31 December 2016, due to the deterioration of the performance of the Group's milk powder product cash-generating units group ("milk powder product CGU Group"), the Group recognised an impairment loss of RMB2,253,794,000 relating to goodwill allocated to the milk powder product CGU Group.

於二零一七年六月一日，本集團向一名第三方收購南昌蒙牛乳業銷售有限責任公司（「南昌蒙牛」）額外25%股權，使本集團所持有的南昌蒙牛股權由45%增加至70%。南昌蒙牛從事銷售乳製品。購買代價為現金人民幣7,757,000元。該收購列為業務合併並產生商譽人民幣3,879,000元。

於二零一六年五月三十一日，本集團向Danone Asia Pacific Holdings Pte. Ltd.（「Danone」）收購多美滋嬰幼兒食品有限公司（「多美滋中國」）100%股權。多美滋中國主要從事多美滋品牌的嬰幼兒配方奶粉產品的製造及銷售。進行收購事項為本集團擴大其中國內地的嬰幼兒配方奶粉產品的市場份額的策略之一環。收購之購買代價以現金形式支付，於收購日期支付人民幣1,099,695,000元，購買價格調整人民幣72,437,000元於交易完成後向Danone收取。該收購產生商譽人民幣718,476,000元。

於二零一六年十二月三十一日，由於本集團奶粉產品現金產生單位組別（「奶粉產品現金產生單位組別」）表現倒退，本集團就分配予奶粉產品現金產生單位組別的商譽確認減值虧損人民幣2,253,794,000元。



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15. 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 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 total cash consideration of HK\$2,846,376,965 (equivalent to RMB2,526,985,000). As such, 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 represented the Company was 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.

15. 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及液態奶產品生產及銷售的策略伙伴。

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。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註**15. 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 represent 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 shall pass from the lender to the borrower.

Aggregating the effect of the Group’s shareholdings of 61.25%, the potential voting rights of 11.24% shares underlying the Exchangeable Bonds when exchanged and the outstanding vested management share options (which, when exercised, shall result in issuance of 50,930,832 ordinary shares of China Modern Dairy at the exercise price of HK\$0.86, representing approximately 0.82% of the enlarged issued share capital), management is of the opinion that the Group has less than 50% substantive voting rights over China Modern Dairy.

When assessing whether the Group control China Modern Dairy, management considered all facts and circumstance, 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.

15. 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換股債券(「可換股債券」)，其可按照初步名義交換價(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。就發行可換股債券，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。

經計及本集團所持61.25%股權、可換股債券轉換後的11.24%股份的潛在投票權及尚未行使的已歸屬管理層購股權(倘獲行使按0.86港元的行使價應導致發行中國現代牧業50,930,832股普通股，佔經擴大已發行股本約0.82%)之影響，管理層判定本集團持有的中國現代牧業的實質性投票權少於50%。

在評估本集團是否控制中國現代牧業時，管理層審議了所有事實及情況，包括但不限於於中國現代牧業的實質性投票權、借出證券所附有投票權及其將無法由本集團行使，及本集團於中國現代牧業董事會的代表。經考慮此等因素，管理層判定在上述一系列連鎖交易完成後，本集團對中國現代牧業並無控制權。因此，中國現代牧業繼續作為一家聯營公司以權益法入賬。



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15. Investments in Associates (continued)

As disclosed in the unaudited interim condensed consolidated financial statements of China Modern Dairy for the six months ended 30 June 2017, China Modern Dairy recorded a net loss of RMB687,513,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: a loss of RMB589,878,000) and had net assets of RMB7,385,781,000 as of 30 June 2017 (31 December 2016: RMB7,122,896,000).

For the six months ended 30 June 2017, the Group shared a loss of RMB362,312,000 (six months ended 30 June 2016: a loss of RMB155,997,000) of the net loss of China Modern Dairy, which was included in "Share of losses of associates" in the condensed consolidated statement of profit or loss. As of 30 June 2017, the carrying amount of the Group's investment in China Modern Dairy was RMB6,703,961,000 (31 December 2016: RMB3,166,304,000).

Subsequent to the 30 June 2017, 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.

15. 於聯營公司的投資(續)

誠如中國現代牧業截至二零一七年六月三十日止六個月之未經審核中期簡明綜合財務報表所披露，中國現代牧業於截至二零一七年六月三十日止六個月錄得淨虧損人民幣687,513,000元(截至二零一六年六月三十日止六個月：虧損人民幣589,878,000元)及於二零一七年六月三十日錄得淨資產人民幣7,385,781,000元(二零一六年十二月三十一日：人民幣7,122,896,000元)。

截至二零一七年六月三十日止六個月，本集團應佔中國現代牧業淨虧損人民幣362,312,000元(截至二零一六年六月三十日止六個月：虧損人民幣155,997,000元)，已包括在簡明綜合損益表之「應佔聯營公司虧損」。於二零一七年六月三十日，本集團於中國現代牧業之投資賬面值為人民幣6,703,961,000元(二零一六年十二月三十一日：人民幣3,166,304,000元)。

於二零一七年六月三十日後，於二零一七年八月二十九日，本集團出售中國現代牧業30,000,000股股份，佔已發行股本約0.49%。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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16. Other Financial Assets

16. 其他金融資產

			Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
		Notes 附註		
At fair value through other comprehensive income:	以公允值計量且其變動計入其他全面收益：			
Hong Kong listed equity investments in YuanShengTai	投入原生態的香港上市股本投資	(a)	55,323	78,592
Hong Kong listed equity investments in China Shengmu	投入中國聖牧的香港上市股本投資	(b)	365,384	519,003
			420,707	597,595
At fair value through profit or loss:	以公允值計量且其變動計入損益：			
Unlisted equity investments	非上市股本投資		38,529	38,529
Short term investment deposits	短期投資存款	(c)	3,620,800	4,139,490
			3,659,329	4,178,019
At amortised cost:	按攤銷成本：			
Short term entrusted loans	短期委託貸款	(d)	377,000	-
Long term entrusted loans	長期委託貸款	(d)	72,414	101,930
Long term entrusted loans due within one year	於一年內到期之長期委託貸款	(d)	56,846	56,247
Long term receivables	長期應收款項	(e)	122,821	123,689
Long term time deposits	長期定期存款	(f)/19	929,031	1,633,938
			1,558,112	1,915,804
Total other financial assets	其他金融資產總額		5,638,148	6,691,418
Current	流動		4,054,646	4,195,737
Non-current	非流動		1,583,502	2,495,681
			5,638,148	6,691,418



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16. Other Financial Assets (continued)

Notes:

- (a) On 25 November 2013, the Company acquired 172,275,000 shares of, representing a 4.41% equity interest in, YuanShengTai Dairy Farm Limited, a Hong Kong listed dairy company, at approximately HK\$469,831,000, equivalent to RMB369,396,000. 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 fair value of the listed equity securities was determined by reference to published quotations. A decrease in fair value for the six months ended 30 June 2017 and an accumulated decrease in fair value as at 30 June 2017 in amounts of RMB23,269,000 (six months ended 30 June 2016: RMB24,700,000) and RMB314,073,000 (as at 30 June 2016: RMB304,612,000), 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 at 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 of 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 a 4.25% equity interest in China Shengmu. The fair value of the listed equity securities was determined by reference to published quotations. An decrease in fair value for the six months ended 30 June 2017 and an accumulated increase in fair value as at 30 June 2017 in amounts of RMB153,619,000 (six months ended 30 June 2016: RMB42,400,000) and RMB266,853,000 (as at 30 June 2016: RMB272,809,000), respectively, had been recognised in other comprehensive income.

16. 其他金融資產(續)

附註：

- (a) 於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的 172,275,000 股股份，佔其 4.41% 股權。於二零一四年一月一日首次應用國際財務報告準則第 9 號（二零零九年）時，管理層將該項股本投資指定為以公允值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。該等上市股本證券的公允值乃經參考所公佈報價釐定。截至二零一七年六月三十日止六個月公允值減少人民幣 23,269,000 元（截至二零一六年六月三十日止六個月：人民幣 24,700,000 元）及於二零一七年六月三十日公允值累計減少人民幣 314,073,000 元（於二零一六年六月三十日：人民幣 304,612,000 元），已於其他全面收益確認。
- (b) 於二零一一年五月二十五日，本公司以約 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的 5.81% 股權。於二零一四年一月一日首次應用國際財務報告準則第 9 號（二零零九年）時，管理層將該項股本投資指定為以公允值計量且其變動計入其他全面收益的金融資產，此乃由於管理層認為其屬於一項策略投資，旨在確保優質原奶的長遠供應。於中國聖牧有機奶業有限公司（「中國聖牧」）於二零一四年七月十五日在香港聯合交易所有限公司主板首次公開發售後，該項股權其後轉換為中國聖牧的 269,865,600 股股份，佔中國聖牧 4.25% 股權。該等上市股權的公允值乃經參考所公佈報價而釐定。截至二零一七年六月三十日止六個月公允值減少人民幣 153,619,000 元（截至二零一六年六月三十日止六個月：人民幣 42,400,000 元）及於二零一七年六月三十日公允值累計增加人民幣 266,853,000 元（於二零一六年六月三十日：人民幣 272,809,000 元），已於其他全面收益確認。

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16. Other Financial Assets (continued)

Notes: (continued)

- (c) The Group from time to time purchases various investment deposits from commercial banks for treasury management purpose. As at 30 June 2017, the Group held investment deposits of RMB3,454,938,000 (31 December 2016: RMB3,839,490,000) with principal guaranteed and RMB165,862,000 (31 December 2016: RMB300,000,000) with no principal guaranteed.
- (d) Entrusted loans mainly represent the Group's loans to certain dairy farmers and China Modern Dairy via banks. The above entrusted loans are unsecured, with annual interest rates ranging from 3.96% to 8.96% (31 December 2016: 4.75% to 8.96%). As at 30 June 2017, these entrusted loans were neither past due nor impaired and had no recent history of default.
- (e) Long term receivables represent the receivables arising from disposal of certain property, plant and equipment to independent third parties. As at 30 June 2017, those long term receivables were neither past due nor impaired.
- (f) The effective interest rates on long term time deposits as at 30 June 2017 varied from 2.94% to 5.23% (31 December 2016: 2.94% to 5.23%) per annum and the deposits would mature in two to five years.

16. 其他金融資產(續)

附註：(續)

- (c) 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。於二零一七年六月三十日，本集團持有為數人民幣3,454,938,000元(二零一六年十二月三十一日：人民幣3,839,490,000元)設有本金保證的投資存款，以及為數人民幣165,862,000元(二零一六年十二月三十一日：人民幣300,000,000元)不設本金保證的投資存款。
- (d) 委託貸款主要指本集團通過銀行向若干奶農及中國現代牧業提供的貸款。以上委託貸款屬無抵押，年利率介乎3.96%至8.96%(二零一六年十二月三十一日：4.75%至8.96%)。於二零一七年六月三十日，該等委託貸款尚未逾期亦無減值，近期亦無拖欠記錄。
- (e) 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。於二零一七年六月三十日，該等長期應收款項並無逾期亦無減值。
- (f) 於二零一七年六月三十日，長期定期存款的實際年利率介乎2.94%至5.23%(二零一六年十二月三十一日：2.94%至5.23%)，而存款將於兩至五年內到期。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17. Inventories

17. 存貨

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
		Notes 附註	
Raw materials	原材料	2,498,162	2,007,684
Finished goods	製成品	825,126	1,306,598
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量的存貨總額	3,323,288	3,314,282

18. 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 and bills 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 of the Group, based on the invoice date and net of provision, is as follows:

18. 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及票據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。

本集團經扣除撥備的應收賬款及票據按發票日期的賬齡分析如下：

		Unaudited 未經審核 2017 二零一七年 RMB'000 人民幣千元	Audited 經審核 2016 二零一六年 RMB'000 人民幣千元
Within 3 months	3個月以內	2,433,165	2,041,533
4 to 6 months	4至6個月	186,569	224,670
7 to 12 months	7至12個月	88,078	63,584
Over 1 year	1年以上	40,784	10,312
		2,748,596	2,340,099

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19. Cash and Bank Balances and Other Deposits

19. 現金及銀行結存及其他存款

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Cash and cash equivalents as stated in the interim condensed 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	4,598,557	3,355,537
Pledged deposits	保證金存款	1,025,178	960,863
Time deposits	定期存款	6,867,357	4,348,479
		12,491,092	8,664,879
Less: Short term pledged deposits	減：短期保證金存款	(1,025,178)	(960,863)
Less: Long term time deposits (note 16)	減：長期定期存款(附註16)	(929,031)	(1,633,938)
Cash and bank balances as stated in the interim condensed 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	10,536,883	6,070,078

Note:

附註：

The Group's pledged deposits were as follows:

本集團的保證金存款列示如下：

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Pledged to secure bills payable (note 20)	抵押以獲得應付票據(附註20)	173,974	137,136
Pledged to secure interest-bearing bank and other borrowings (note 22)	抵押以獲得計息銀行及其他借貸(附註22)	808,027	811,271
Pledged to secure letter of credit	抵押以獲得信用證	43,177	12,456
		1,025,178	960,863



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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20. Trade and Bills Payables

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, is as follows:

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Within 3 months	3個月以內	5,847,098	4,733,321
4 to 6 months	4至6個月	522,028	638,773
7 to 12 months	7至12個月	213,071	23,768
Over 1 year	1年以上	12,115	9,758
		6,594,312	5,405,620

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 RMB370,622,000 (31 December 2016: RMB345,704,000) were secured by the pledge of certain of the Group's deposits amounting to approximately RMB173,974,000 (31 December 2016: RMB137,136,000) (note 19). Except for the above, bills payable are unsecured, non-interest-bearing and payable when due ranging from 3 to 12 months.

20. 應付賬款及票據

本集團應付賬款及票據根據發票日期的賬齡分析如下：

本集團的應付賬款為無抵押、免息及須應要求隨時償還。

在上述結餘中，合計約人民幣370,622,000元(二零一六年十二月三十一日：人民幣345,704,000元)的應付票據結餘乃以本集團為數約人民幣173,974,000元(二零一六年十二月三十一日：人民幣137,136,000元)的若干存款(附註19)作抵押。除上文所述外，其餘的應付票據為無抵押、免息及須於3至12個月到期時償還。

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21. Other Payables and Accruals

21. 其他應付款項及預提費用

		Unaudited 未經審核	Audited 經審核
		30 June 2017 二零一七年 六月三十日	31 December 2016 二零一六年 十二月三十一日
		RMB'000 人民幣千元	RMB'000 人民幣千元
Advances from customers	客戶預付款	549,802	1,717,628
Salary and welfare payables	應付薪金及福利費	721,575	911,725
Other payables	其他應付款項	4,374,609	3,881,533
		5,645,986	6,510,886

The Group's other payables are non-interest-bearing and payable on demand.

本集團的其他應付款項為免息及須應要求隨時償還。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

22. Interest-Bearing Bank and Other Borrowings

22. 計息銀行及其他借貸

		Unaudited 未經審核	Audited 經審核
		30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Current:	即期：		
Short term bank loans, secured	短期銀行貸款，有抵押	851,791	903,091
Short term bank loans, unsecured	短期銀行貸款，無抵押	3,600,757	2,002,061
Current portion of long term bank loans, secured	長期銀行貸款即期部分，有抵押	40,271	39,966
Current portion of long term bank loans, unsecured	長期銀行貸款即期部分，無抵押	160,700	100,299
		4,653,519	3,045,417
Non-current:	非即期：		
Long term bank loans, secured	長期銀行貸款，有抵押	250,205	171,618
Long term bank loans, unsecured	長期銀行貸款，無抵押	4,581,615	1,918,553
US\$500,000,000 3.5% bonds issued in 2013	於二零一三年發行之 500,000,000美元 票息率3.5%之債券	3,375,363	3,451,992
US\$194,800,000 zero coupon exchangeable bonds issued in 2017 (note (c) and note 15)	於二零一七年發行之 194,800,000美元 零息可換股債券 (附註(c)及附註15)	1,316,876	-
		9,524,059	5,542,163
		14,177,578	8,587,580

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

22. Interest-Bearing Bank and Other Borrowings (continued)

Notes:

- (a) As at 30 June 2017 and 31 December 2016, the Group's interest-bearing bank and other borrowings were secured as follows:

22. 計息銀行及其他借貸(續)

附註：

- (a) 於二零一七年六月三十日及二零一六年十二月三十一日，本集團之計息銀行及其他借貸抵押情況如下：

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Secured by pledged deposits	以保證金存款抵押	620,111	699,317
Secured by dairy cows, land use rights and property, plant and equipment	以奶牛、土地使用權以及物業、廠房及設備抵押	424,331	415,358
Secured by all present and after acquired property of Yashili New Zealand Dairy Co., Limited	以雅士利新西蘭乳業有限公司的所有現時及之後獲得的物業作抵押	97,825	-
Unsecured	無抵押	13,035,311	7,472,905
		14,177,578	8,587,580



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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22. Interest-Bearing Bank and Other Borrowings (continued)

Notes: (continued)

- (b) The carrying amounts of the Group's interest-bearing bank and other borrowings are denominated in the following currencies:

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Hong Kong dollars	港元	3,367,439	69,325
United States dollars	美元	6,255,125	5,605,820
Euro	歐元	14,682	14,899
New Zealand dollars	新西蘭元	86,558	-
RMB	人民幣	4,453,774	2,897,536
		14,177,578	8,587,580

- (c) 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 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 six months ended 30 June 2017, a net fair value gain of RMB2,777,000 was recognised in other income and gains (note 4).

22. 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) 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換股債券，其可按照初步名義交換價(每股股份2.1995港元)轉換為689,438,782股股份。本集團分類可換股債券為以公允值計量且其變動計入損益的金融負債。於截至二零一七年六月三十日止六個月，公允值收益淨額人民幣2,777,000元於其他收入及收益中確認(附註4)。

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23. Derivative Financial Instruments

23. 衍生金融工具

			Unaudited 未經審核		Audited 經審核	
			30 June 2017 二零一七年六月三十日		31 December 2016 二零一六年十二月三十一日	
			Assets 資產	Liability 負債	Assets 資產	Liability 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
		Notes 附註				
Forward currency contracts	遠期外幣合約	(a)/5	2,178	1,618	2,640	–
Interest rate forward contracts	利率遠期合約	(a)/7	25,518	–	23,078	–
Commodity futures contracts	商品期貨合約	(b)	–	1,556	10,783	–
			27,696	3,174	36,501	–
Portion classified as non-current:	分類為非流動的部份：					
Interest rate forward contracts	利率遠期合約		25,518	–	–	–
Current portion	即期部份		2,178	3,174	36,501	–

Notes:

- (a) The Group has entered into various forward currency 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.
- (b) To manage its price exposure to future purchase of commodities as raw materials, such as white sugar, palm oil and raw milk powder, the Group entered into various commodity futures contracts. The Group accounted for these commodity futures contracts at fair value with changes recognised in profit or loss. During the six months ended 30 June 2017, a net fair value loss of RMB12,339,000 (six months ended 30 June 2016: RMB2,584,000) was charged to cost of sales (note 6).

附註：

- (a) 本集團已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，乃按公允值計量且其變動計入損益。
- (b) 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。截至二零一七年六月三十日止六個月，公允值虧損淨額人民幣12,339,000元(截至二零一六年六月三十日止六個月：人民幣2,584,000元)已在銷售成本中扣除(附註6)。



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24. Other Non-Current Financial Liabilities

24. 其他非流動金融負債

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
	Notes 附註		
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	(a)/(b) 2,066,780	2,143,378

Notes:

- (a) According to the equity purchase agreement entered into among the Group, Shijiazhuang Junlebao Dairy Co., Ltd. ("Junlebao") and the non-controlling shareholders of Junlebao dated 30 November 2010, the Group granted a put option to the non-controlling shareholders under which the non-controlling shareholders have the right to sell, and the Group has an obligation to buy the 49% equity interest in Junlebao in the year ended 31 December 2016 and year ending 31 December 2017 and 2018. During 2016, the non-controlling shareholders of Junlebao did not exercise its right of selling the 16.33% equity interest in Junlebao. As at 30 June 2017, the Group derecognised the carrying amount of non-controlling interests of RMB202,890,000 (31 December 2016: RMB186,425,000) and recognised the present value of the amount payable upon exercise of the option of RMB443,423,000 (31 December 2016: RMB312,705,000) as a financial liability and accounted for the difference in equity.
- (b) 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 (including the Listing Rules) by the Company, including the then relevant Listing Rules in connection with connected transactions. As at 30 June 2017, the Group derecognised a non-controlling interest of RMB588,622,000 (31 December 2016: RMB581,912,000) and recognised a present value of the amount payable upon exercise of the option of RMB1,623,357,000 (31 December 2016: RMB1,830,673,000) as a financial liability and accounted for the difference in equity.

附註：

- (a) 根據本集團、石家莊君樂寶乳業有限公司（「君樂寶」）及君樂寶的非控股股東訂立日期為二零一零年十一月三十日的股本購買協議，本集團向非控股股東授出認沽權，據此，於截至二零一六年十二月三十一日止年度以及於截至二零一七年及二零一八年十二月三十一日止年度，非控股股東有權出售，及本集團有責任購買君樂寶49%股權。於二零一六年，君樂寶的非控股股東並無行使其出售君樂寶16.33%股權之權利。於二零一七年六月三十日，本集團終止確認非控股股東權益的賬面值人民幣202,890,000元（二零一六年十二月三十一日：人民幣186,425,000元）及按行使認沽權時應付款項的現值人民幣443,423,000元（二零一六年十二月三十一日：人民幣312,705,000元）確認為金融負債，並將差額計入權益。
- (b) 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，可在經修訂及重訂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（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。於二零一七年六月三十日，本集團終止確認非控股股東權益人民幣588,622,000元（二零一六年十二月三十一日：人民幣581,912,000元）及按行使選擇權時應付款項的現值人民幣1,623,357,000元（二零一六年十二月三十一日：人民幣1,830,673,000元）確認為金融負債，並將差額計入權益。

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25. Share Capital

25. 股本

		Notes	Number of ordinary shares 普通股數目 '000 千股	RMB'000 人民幣千元
		附註		
Issued and fully paid:	已發行及繳足：			
At 1 January 2017 (Audited)	於二零一七年一月一日 (經審核)		3,925,027	357,374
Shares issued under equity-settled share option scheme	根據以股份支付的購股權 計劃發行股份	(a)	964	83
At 30 June 2017 (Unaudited)	於二零一七年六月三十日 (未經審核)		3,925,991	357,457
At 1 January 2016 (Audited)	於二零一六年一月一日 (經審核)		3,923,977	357,262
Shares issued under equity-settled share option scheme	根據以股份支付的購股權 計劃發行股份	(a)	1,615	138
Shares repurchased and cancelled	股份購回及註銷	(b)	(6,116)	(523)
At 30 June 2016 (Unaudited)	於二零一六年六月三十日 (未經審核)		3,919,476	356,877

Notes:

- (a) During the six months ended 30 June 2017, 963,548 share options (six months ended 30 June 2016: 1,614,952 share options) have been exercised, resulting in the issue of 963,548 ordinary shares (equivalent to share capital of RMB83,000) of the Company (six months ended 30 June 2016: 1,614,952 ordinary shares, equivalent to share capital of RMB138,000) and share premium of RMB9,994,000 (six months ended 30 June 2016: RMB16,494,000). The weighted average share price at the date of exercise for these options was HK\$14.70 (six months ended 30 June 2016: HK\$12.67) per share.
- (b) During the six months ended 30 June 2016, an aggregate of 6,116,000 shares were repurchased and cancelled by the Company, resulting in the decrease in share capital of RMB523,000 and share premium of RMB57,619,000.

附註：

- (a) 於截至二零一七年六月三十日止六個月，963,548份(截至二零一六年六月三十日止六個月：1,614,952份)購股權獲行使，導致發行本公司963,548股普通股(相當於股本人民幣83,000元)(截至二零一六年六月三十日止六個月：1,614,952股普通股，相當於股本人民幣138,000元)及股份溢價人民幣9,994,000元(截至二零一六年六月三十日止六個月：人民幣16,494,000元)。該等購股權於行使日之加權平均股價為每股14.70港元(截至二零一六年六月三十日止六個月：每股12.67港元)。
- (b) 於截至二零一六年六月三十日止六個月，本公司購回及註銷合共6,116,000股股份，導致股本減少人民幣523,000元及股份溢價減少人民幣57,619,000元。



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26. Other Reserves

- (a) On 25 January 2017, China Modern Dairy acquired an additional 45% equity interest in a subsidiary at a consideration of 338,602,205 shares issued to the sellers. The acquisition was accounted for as an equity transaction, and as a consequence RMB555,297,000, representing the difference of the fair value of the consideration shares over the amount by which the non-controlling interests were adjusted, was charged directly in equity of China Modern Dairy. Accordingly, an amount of RMB132,631,000, representing the Group's share of the change of interest in the equity of China Modern Dairy, was accounted for directly in the Group's other reserves.
- (b) On 14 February 2017, the Group made a conditional mandatory Option Offer for the cancellation of all outstanding share options of China Modern Dairy (note 15). On the final closing date of the Option Offer on 21 March 2017, 264,320,873 options of China Modern Dairy were acquired and cancelled. The cancellation of share options of China Modern Dairy resulted in transferring an amount of RMB204,543,000 accumulated share option reserve in respect of these cancelled share options to retained earnings of China Modern Dairy. Accordingly, an amount of RMB125,283,000 was accounted for directly in the Group's other reserves.

26. 其他儲備

- (a) 於二零一七年一月二十五日，中國現代牧業收購一家子公司額外45%股權，代價為向賣家發行338,602,205股股份。有關收購計為股權交易，故此，人民幣555,297,000元（為代價股份的公允值超出非控股股東權益經調整後的金額之差額）已直接從中國現代牧業之權益中扣除。因此，人民幣132,631,000元（為本集團應佔中國現代牧業股權之權益變動）已直接於本集團其他儲備中列賬。
- (b) 於二零一七年二月十四日，本集團提出有條件強制性購股權要約以註銷所有中國現代牧業未兌現購股權（附註15）。於購股權要約的最後截止日期二零一七年三月二十一日，264,320,873份中國現代牧業購股權獲收購並註銷。註銷中國現代牧業之購股權導致就該等已註銷購股權的累計購股權儲備人民幣204,543,000元轉讓予中國現代牧業的保留盈餘。因此，人民幣125,283,000元直接於本集團其他儲備中列賬。

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27. Share Award Scheme

Particulars and movements of share award scheme:

2017

Date of grant	授出日期	Fair value per share		As at	Granted	Vested	As at
		(HK\$)	(HK\$)	1 January	during	during	30 June
		Before	After	Number	Number	Number	Number
		bonus issue	bonus issue	of shares	of shares	of shares	of shares
		發行紅股前	發行紅股後	股份數目	股份數目	股份數目	股份數目
2 April 2015	二零一五年四月二日	40.10	20.05	2,131,822	-	-	2,131,822
11 April 2016	二零一六年四月十一日	n/a不適用	12.42	7,656,903	-	-	7,656,903

27. 股票獎勵計劃

股票獎勵計劃詳情及變動：

二零一七年

2016

二零一六年

Date of grant	授出日期	Fair value per share		As at 1	Granted	Vested	As at
		(HK\$)	(HK\$)	January	during	during	30 June
		Before	After	Number	Number	Number	Number
		bonus issue	bonus issue	of shares	of shares	of shares	of shares
		發行紅股前	發行紅股後	股份數目	股份數目	股份數目	股份數目
26 April 2013	二零一三年四月二十六日	21.65	10.83	9,345,600	-	-	9,345,600
2 April 2015	二零一五年四月二日	40.10	20.05	3,738,210	-	-	3,738,210
11 April 2016	二零一六年四月十一日	n/a不適用	12.42	-	14,492,753	-	14,492,753

As at 30 June 2017, 2,131,822 (30 June 2016: Nil) shares are expected to be lapsed due to the unfulfilment of vesting condition under the share award scheme.

於二零一七年六月三十日，2,131,822股股份（二零一六年六月三十日：無）預期將因股票獎勵計劃項下的歸屬條件未獲達成而失效。



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27. 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. During the period, there was an expense of RMB22,346,000 (six months ended 30 June 2016: RMB50,546,000) relating to the share award scheme, and a reversal of expense of RMB19,735,000 (six months ended 30 June 2016: Nil) due to the unfulfilment of vesting conditions under the share award scheme. In aggregate, the Group recognised a net expense of RMB2,611,000 (six months ended 30 June 2016: RMB50,546,000) relating to the share award scheme in the interim condensed consolidated statement of profit or loss during the period.

28. Business Combination

Acquisition of Dumex China

On 31 May 2016, Yashili, a 51.01% indirectly owned subsidiary of the Company, acquired an 100% equity interest in Dumex Baby Food Co., Ltd. ("Dumex China") from Danone Asia Pacific Holdings Pte. Ltd. ("Danone"). Dumex China is mainly engaged in the manufacture and sale of infant milk formula products of Dumex 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.

27. 股票獎勵計劃(續)

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22,346,000元(截至二零一六年六月三十日止六個月：人民幣50,546,000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19,735,000元(截至二零一六年六月三十日止六個月：無)。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2,611,000元(截至二零一六年六月三十日止六個月：人民幣50,546,000元)。

28. 業務合併

收購多美滋中國

於二零一六年五月三十一日，本公司間接擁有51.01%權益的子公司雅士利向Danone Asia Pacific Holdings Pte. Ltd. (「Danone」)收購多美滋嬰幼兒食品有限公司(「多美滋中國」)100%股權。多美滋中國主要從事多美滋品牌的嬰幼兒配方奶粉產品的製造及銷售。該項收購為本集團擴大其中國內地的嬰幼兒配方奶粉產品的市場份額的策略之一環。

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28. Business Combination (continued)

Acquisition of Dumex China (continued)

The fair values of the identifiable assets and liabilities of Dumex China as at the date of acquisition were as follows:

28. 業務合併(續)

收購多美滋中國(續)

於收購事項日期，多美滋中國的可識別資產及負債的公允值如下：

		Note	Fair value recognised on acquisition 收購時確認 之公允值 RMB'000 人民幣千元
Assets	資產		
Property, plant and equipment	物業、廠房及設備		68,290
Construction in progress	在建工程		7,473
Land use rights	土地使用權		41,527
Intangible assets	無形資產		283,120
Inventories	存貨		64,945
Trade and bills receivables	應收賬款及票據		63,887
Prepayments, deposits and other receivables	預付款、按金及其他應收款項		14,116
Cash and bank balances	現金及銀行結存		112,071
Total assets	總資產		655,429
Liabilities	負債		
Trade payables	應付賬款		(43,626)
Other payables and accruals	其他應付款項及預提費用		(302,909)
Income tax payable	應付所得稅		(112)
Total liabilities	總負債		(346,647)
Total identifiable net assets at fair value	按公允值計算之可識別 淨資產總額		308,782
Add: Goodwill arising on acquisition	加：收購產生的商譽	14	718,476
Purchase consideration at fair value	按公允值計算之購買代價		1,027,258



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 中期簡明綜合財務報表附註

28. Business Combination (continued)

Acquisition of Dumex China (continued)

An analysis of the cash flows in respect of the acquisition of Dumex China for the six months ended 30 June 2016 was as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	1,099,695
Cash and cash equivalents acquired	收購所得現金及現金等價物	(112,071)
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	987,624
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	5,510
		993,134

29. Commitments and Contingent Liabilities

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:

29. 承擔及或有負債

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：

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Contracted, but not provided for	已訂約但未撥備	737,181	643,196

Aside from the disclosure in note 24, the Group had no significant contingent liabilities not provided for in the interim condensed consolidated financial statements.

除附註24所披露外，本集團概無重大或有負債未於中期簡明綜合財務報表中撥備。

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
中期簡明綜合財務報表附註

30. Related Party Transactions

- (a) In addition to the transactions and balances which are disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following significant transactions with its associates and other related parties.

30. 關聯人士交易

- (a) 除於中期簡明綜合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。

		Unaudited 未經審核	
		For the six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註		
(I) Sale of liquid milk products to associates	(I) 向聯營公司銷售液態奶產品 (i)	755,548	1,291,580
(II) Sale of ice cream products to associates	(II) 向聯營公司銷售冰淇淋產品 (i)	25,623	22,495
(III) Sale of other dairy products to associates	(III) 向聯營公司銷售其他乳類產品 (i)	104	663
(IV) Sale of products to affiliates of a major shareholder of the Company	(IV) 向本公司一名主要股東的聯屬公司出售產品 (i)	5,467	5,466
(V) Purchase 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)	310,256	120,145
(VI) Purchase of raw materials from associates	(VI) 向聯營公司購買原材料 (i)	2,082,297	1,539,957
(VII) Purchase of liquid milk products from an associate	(VII) 向一家聯營公司購買液態奶產品 (i)	23,629	-
(VIII) Purchase of outsourcing services from an associate	(VIII) 向一家聯營公司購買外包服務 (i)	109	-

Note:

- (i) The considerations were determined with reference to the prevailing market prices/rates and the prices charged to third parties.

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。



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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30. Related Party Transactions (continued)
 (b) Compensation of key management personnel of the Group

30. 關聯人士交易 (續)
 (b) 本集團的主要管理人員的報酬

Unaudited
 未經審核
For the six months ended 30 June
 截至六月三十日止六個月

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Directors' fees 董事袍金	605	880
Salaries and allowances 薪金及津貼	7,609	4,919
Retirement benefit contributions 退休福利供款	682	367

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 above table, during the period from 2013 to 2016, 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 at the grant date of the shares 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, due to the unfulfilment of vesting conditions under the share award scheme, there was a reversal of the share-based payments expenses relating to the shares granted to these directors and senior executives of RMB16,818,000 (six months ended 30 June 2016: recognised an expense of RMB26,655,000).

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，於二零一三年至二零一六年期間，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票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，由於股票獎勵計劃項下的歸屬條件未獲達成，撥回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人民幣16,818,000元(截至二零一六年六月三十日止六個月：人民幣26,655,000元確認為支出)。

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30. Related Party Transactions (continued)

(c) As at 30 June 2017 and 31 December 2016, the balances arising from related party transactions are as follows:

Trade and bills receivables from: 應收下列各方的賬款及票據：		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Associates	聯營公司	579,233	526,848
Affiliates of a major shareholder of the Company	本公司一名主要股東的 聯屬公司	2,893	3,491
		582,126	530,339
Prepayments, deposits and other receivables from: 應收下列各方的預付款、按金及其他應收賬款：		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Associates	聯營公司	125,507	199,240
Affiliates of a major shareholder of the Company	本公司一名主要股東的 聯屬公司	–	564
		125,507	199,804

30. 關聯人士交易(續)

(c) 於二零一七年六月三十日及二零一六年十二月三十一日，關聯人士交易產生的結餘如下：



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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30. Related Party Transactions (continued)

(c) (continued)

		Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Trade and bills payables to: 應付下列各方的賬款及票據：			
Associates	聯營公司	352,227	163,011
Affiliates of a major shareholder of the Company	本公司一名主要股東的 聯屬公司	127,345	47,196
		479,572	210,207
Other payables and accruals to: 應付下列各方的其他應付款項及預提費用：			
Associates	聯營公司	39,490	11,371

The above balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to or by independent third parties.

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。

30. 關聯人士交易 (續)

(c) (續)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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As at 30 June 2017, the Group had entrusted loans of RMB14,464,000 (31 December 2016: RMB33,086,000) due to certain associates included in “Interest-bearing bank and other borrowings”. The Group obtained those loans from certain associates via banks. The balances are unsecured, with an annual interest rate of 1.15% (31 December 2016: 1.15%).

As at 30 June 2017, the Group had entrusted loans of RMB377,000,000 (31 December 2016: Nil) due from China Modern Dairy included in “Other financial assets”. The Group loaned out the money via banks. The entrusted loans are unsecured, with annual interest rates ranging from 3.96% to 4.00% (31 December 2016: Nil).

30. 關聯人士交易 (續)**(d) 與聯營公司的委託貸款**

於二零一七年六月三十日，本集團擁有應付若干聯營公司委託貸款人民幣14,464,000元(二零一六年十二月三十一日：人民幣33,086,000元)，並已計入「計息銀行及其他借貸」。本集團透過銀行從若干聯營公司取得該等貸款。結餘為無抵押，年利率為1.15%(二零一六年十二月三十一日：1.15%)。

於二零一七年六月三十日，本集團擁有應收中國現代牧業委託貸款人民幣377,000,000元(二零一六年十二月三十一日：無)，並已計入「其他金融資產」。本集團透過銀行借出該款項。該委託貸款為無抵押，年利率介乎3.96%至4.00%(二零一六年十二月三十一日：無)。



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31. 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 2017

Financial assets:

31. 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值如下：

於二零一七年六月三十日

金融資產：

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤銷成本	按公允值計量且其變動計入損益	按公允值計量且其變動計入其他全面收益	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	2,748,596	-	-	2,748,596
Financial assets included in prepayments, deposits and other receivables	包括於預付款、按金及其他應收款項的金融資產	950,251	-	-	950,251
Equity investments	股本投資	-	38,529	420,707	459,236
Entrusted loans	委託貸款	506,260	-	-	506,260
Derivative financial instruments	衍生金融工具	-	27,696	-	27,696
Investment deposits	投資存款	-	3,620,800	-	3,620,800
Pledged deposits	保證金存款	1,025,178	-	-	1,025,178
Long term receivables	長期應收款項	156,587	-	-	156,587
Cash and cash equivalents	現金及現金等價物	4,598,557	-	-	4,598,557
Time deposits	定期存款	6,867,357	-	-	6,867,357
		16,852,786	3,687,025	420,707	20,960,518

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中期簡明綜合財務報表附註

31. Financial Instruments by Category (continued)

As at 30 June 2017 (continued)

Financial liabilities:

		Amortised cost	Fair value through profit or loss 按公允值計量 且其變動 計入損益	Total
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Trade and bills payables	應付賬款及票據	6,594,312	-	6,594,312
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	4,333,935	-	4,333,935
Interest-bearing bank and other borrowings excluding zero coupon exchangeable bonds	計息銀行及其他借貸 (不包括零息可換股債券)	12,860,702	-	12,860,702
Zero coupon exchangeable bonds	零息可換股債券	-	1,316,876	1,316,876
Other loans	其他貸款	24,234	-	24,234
Derivative financial instruments	衍生金融工具	-	3,174	3,174
Long term payables	長期應付款項	62,329	-	62,329
Other non-current financial liabilities	其他非流動金融負債	2,066,780	-	2,066,780
		25,942,292	1,320,050	27,262,342

31. 按類別劃分的金融工具 (續)

於二零一七年六月三十日(續)

金融負債：



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31. Financial Instruments by Category (continued)
As at 31 December 2016

31. 按類別劃分的金融工具 (續)
 於二零一六年十二月三十一日

Financial assets:

金融資產：

		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
		攤銷成本	按公允值計量 且其變動 計入損益	按公允值計量 且其變動計入 其他全面收益	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	2,340,099	-	-	2,340,099
Financial assets included in prepayments, deposits and other receivables	包括於預付款、按金 及其他應收款項的 金融資產	859,682	-	-	859,682
Equity investments	股本投資	-	38,529	597,595	636,124
Entrusted loans	委託貸款	158,177	-	-	158,177
Derivative financial instruments	衍生金融工具	-	36,501	-	36,501
Investment deposits	投資存款	-	4,139,490	-	4,139,490
Pledged deposits	保證金存款	960,863	-	-	960,863
Long term receivables	長期應收款項	183,960	-	-	183,960
Cash and cash equivalents	現金及現金等價物	3,355,537	-	-	3,355,537
Time deposits	定期存款	4,348,479	-	-	4,348,479
		12,206,797	4,214,520	597,595	17,018,912

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31. Financial Instruments by Category (continued)

As at 31 December 2016 (continued)

Financial liabilities:

31. 按類別劃分的金融工具 (續)

於二零一六年十二月三十一日 (續)

金融負債：

		Amortised cost	Fair value through profit or loss 按公允值計量 且其變動 計入損益	Total
		攤銷成本 RMB'000 人民幣千元	RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Trade and bills payables	應付賬款及票據	5,405,620	–	5,405,620
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	3,824,422	–	3,824,422
Interest-bearing bank and other borrowings	計息銀行及其他借貸	8,587,580	–	8,587,580
Other loans	其他貸款	52,559	–	52,559
Derivative financial instruments	衍生金融工具	–	–	–
Long term payables	長期應付款項	94,025	–	94,025
Other non-current financial liabilities	其他非流動金融負債	2,143,378	–	2,143,378
		20,107,584	–	20,107,584



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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32. 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, 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 time deposits, long term receivables, the non-current portion of interest-bearing bank loans and long term payables and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of other borrowings are measured using valuation technical methods and by reference to quoted prices.

The fair 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, forward currency contracts and interest rate forward contracts, are measured using quoted prices from financial institutions with which the forward currency contracts and interest rate forward contracts are entered into. The carrying amounts of commodity futures contracts, forward currency contracts and interest rate forward contracts are the same as their fair values.

32. 金融工具之公允值及公允值層級

公允值

金融資產及負債之公允值是市場參與者在現時進行之交易(強迫或清算銷售除外)中可出售資產或轉讓負債之金額。

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、包括於預付款、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、長期定期存款、長期應收款項、計息銀行貸款及長期應付款項的非流動部分以及其他非流動金融負債的公允值乃採用類似條款、信貸風險及餘下到期日的工具現時可獲得的利率折現預期未來現金流量的方式計算。其他借貸的公允值乃使用估值技術方法及經參考報價計量。

上市股本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、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、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 STATEMENTS
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32. 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, which falls within level 3 of the fair value hierarchy, as well as the significant unobservable inputs used in the valuation.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
	估值技術	重大不可觀察輸入數據	範圍	輸入數據對公允值的影響
Investment deposits	Discounted cash flow method	Expected yield	0.55% to 4.65%	10% (31 December 2016: 10%)
投資存款	折現現金流量法	預期收益率	(31 December 2016: 0.13% to 4.00%)	increase (decrease) in expected yield would result in increase (decrease) in fair value by RMB1,358,000
			0.55%至4.65%	(31 December 2016: RMB2,807,000)
			(二零一六年十二月三十一日: 0.13%至4.00%)	預期收益率增加(減少)10% (二零一六年十二月三十一日: 10%) 將導致公允值增加(減少) 人民幣1,358,000元 (二零一六年十二月三十一日: 人民幣2,807,000元)
		Discount rate	0.55% to 4.65%	10% (31 December 2016: 10%)
		折現率	(31 December 2016: 0.13% to 4.00%)	increase (decrease) in discount rate would result in decrease (increase) in fair value by RMB1,357,000
			0.55%至4.65%	(31 December 2016: RMB2,803,000)
			(二零一六年十二月三十一日: 0.13%至4.00%)	折現率增加(減少)10% (二零一六年十二月三十一日: 10%) 將導致公允值減少(增加) 人民幣1,357,000元 (二零一六年十二月三十一日: 人民幣2,803,000元)

32. 金融工具之公允值及公允值層級 (續)

公允值(續)

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。



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32. 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:

32. 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		Fair values	
	賬面值		公允值	
	Unaudited	Audited	Unaudited	Audited
	未經審核	經審核	未經審核	經審核
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	二零一七年	二零一六年	二零一七年	二零一六年
	六月三十日	十二月三十一日	六月三十日	十二月三十一日
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Financial assets				
	金融資產			
Long term entrusted loans	72,414	101,930	71,276	99,324
Long term receivables	122,821	123,689	121,908	132,182
Long term time deposits	929,031	1,633,938	925,968	1,630,006
	1,124,266	1,859,557	1,119,152	1,861,512

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中期簡明綜合財務報表附註

32. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value (continued)

32. 金融工具之公允值及公允值層級 (續) 公允值(續)

	Carrying amounts 賬面值		Fair values 公允值	
	Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元	Unaudited 未經審核 30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元
Financial liabilities				
Other non-current financial liabilities	2,066,780	2,143,378	2,066,780	2,143,378
Interest-bearing bank and other borrowings – non-current portion excluding zero coupon exchangeable bonds	8,207,183	5,542,163	8,157,898	5,751,298
Long term payables	21,655	36,914	20,619	35,260
	10,295,618	7,722,455	10,245,297	7,929,936

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)

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(不可觀察輸入數據)



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32. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value:

		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	Unaudited 30 June 2017 未經審核 二零一七年 六月三十日 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	420,707	-	-	420,707
Unlisted equity investments	非上市股本投資	-	-	38,529	38,529
Investment deposits	投資存款	-	-	3,620,800	3,620,800
Derivative financial instruments	衍生金融工具	-	27,696	-	27,696
		420,707	27,696	3,659,329	4,107,732

		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	Audited 31 December 2016 經審核 二零一六年 十二月三十一日 RMB'000 人民幣千元
Hong Kong listed equity investments	香港上市股本投資	597,595	-	-	597,595
Unlisted equity investments	非上市股本投資	-	-	38,529	38,529
Investment deposits	投資存款	-	-	4,139,490	4,139,490
Derivative financial instruments	衍生金融工具	10,783	25,718	-	36,501
		608,378	25,718	4,178,019	4,812,115

32. 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：

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32. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

32. 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：

		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Unaudited 30 June 2017
		於活躍市場的報價第一級	重大可觀察輸入數據第二級	重大不可觀察輸入數據第三級	未經審核二零一七年六月三十日
		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
Zero coupon exchangeable bonds included in interest-bearing bank and other borrowings	包括在計息銀行及其他借貸的零息可換股債券	-	1,316,876	-	1,316,876
Derivative financial instruments	衍生金融工具	1,556	1,618	-	3,174
		1,556	1,318,494	-	1,320,050



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32. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

		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	Unaudited 30 June 2017 未經審核 二零一七年 六月三十日 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	-	71,276	-	71,276
Long term receivables	長期應收款項	-	121,908	-	121,908
Long term time deposits	長期定期存款	-	925,968	-	925,968
		-	1,119,152	-	1,119,152

		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	Audited 31 December 2016 經審核 二零一六年 十二月三十一日 RMB'000 人民幣千元
Long term entrusted loans	長期委託貸款	-	99,324	-	99,324
Long term receivables	長期應收款項	-	132,182	-	132,182
Long term time deposits	長期定期存款	-	1,630,006	-	1,630,006
		-	1,861,512	-	1,861,512

32. 金融工具之公允值及公允值層級

(續)

公允值層級(續)

有披露公允值之資產：

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32. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Unaudited 30 June 2017
	於活躍市場的報價第一級	重大可觀察輸入數據第二級	重大不可觀察輸入數據第三級	未經審核二零一七年六月三十日
	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
Other non-current financial liabilities	-	2,066,780	-	2,066,780
Interest-bearing bank and other borrowings – non-current portion excluding zero coupon exchangeable bonds	-	8,157,898	-	8,157,898
Long term payables	-	20,619	-	20,619
	-	10,245,297	-	10,245,297

32. 金融工具之公允值及公允值層級 (續)

公允值層級(續)

有披露公允值之負債：

	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Audited 31 December 2016
	於活躍市場的報價第一級	重大可觀察輸入數據第二級	重大不可觀察輸入數據第三級	經審核二零一六年十二月三十一日
	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
Other non-current financial liabilities	-	2,143,378	-	2,143,378
Interest-bearing bank and other borrowings – non-current portion	-	5,751,298	-	5,751,298
Long term payables	-	35,260	-	35,260
	-	7,929,936	-	7,929,936



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33. Events After the Reporting Period

- (a) On 13 July 2017, the Company granted 6,998,575 shares under share award scheme to selected participants, representing approximately 0.2% of the issued share capital of the Company as at the grant date. These granted shares will vest in two equal batches each on the first and second anniversaries of the grant date in accordance with certain vesting conditions.

On 13 July 2017, the Company offered to grant an aggregate of 10,930,005 share options to eligible grantees under its share option scheme adopted on 3 June 2016. The exercise price per share option is HK\$14.812. The share options will vest in two equal batches each on the first and second anniversaries of the grant date in accordance with certain vesting conditions.

- (b) On 5 August 2017, the Group entered in to an equity transfer agreement to sell 30,000,000 shares of China Modern Dairy, representing 0.49% of the issued share capital, for a cash consideration of HK\$41,400,000, which was equivalent to HK\$1.38 per share.

34. Approval of the Interim Financial Statements

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 August 2017.

33. 報告期後事項

- (a) 於二零一七年七月十三日，本公司根據股票獎勵計劃向經選定參與者授予 6,998,575 股股份，約佔於授出日期本公司已發行股本 0.2%。該等授出的股份將分為兩等份歸屬，根據若干歸屬條件，於由授出日期起第一及二個週年歸屬。

於二零一七年七月十三日，本公司根據二零一六年六月三日採納之購股權計劃向合資格承授人授出合共 10,930,005 份購股權。每份購股權行使價為 14.812 港元。購股權將分為兩等份歸屬，根據若干歸屬條件，於由授出日期起第一及二個週年歸屬。

- (b) 於二零一七年八月五日，本集團訂立股權轉讓協議以現金代價 41,400,000 港元出售中國現代牧業 30,000,000 股份，相當於每股 1.38 港元，佔其已發行股本 0.49%。

34. 批准中期財務報表

董事會已於二零一七年八月三十日批准及授權刊發未經審核中期簡明綜合財務報表。



只為點滴幸福

China Mengniu Dairy Company Limited
中國蒙牛乳業有限公司*

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

Stock Code 股份代號 : 2319

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