

雅士利®

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

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
Stock Code 股份代號: 01230



FIFA WORLD CUP
RUSSIA
2018

2018 FIFA 世界杯官方奶粉



2017 ANNUAL REPORT 年報



2018 FIFA 世界杯官方奶粉

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

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

as a whole is a domestically leading professional infant formula producer with international presence that produces and sells premium infant formula and nutrition food in China.

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

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

本集團在廣東、上海、山西、內蒙古、新西蘭等地擁有工廠，通過雅士利、瑞哺恩、多美滋、Arla 及施恩等廣受認可品牌銷售嬰配奶粉產品，並出售包括成人奶粉及沖調產品在內的多種營養食品。





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CORPORATE INFORMATION As at 26 March 2018

公司資料 於2018年3月26日

BOARD OF DIRECTORS

Non-executive directors

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

Executive director

Mr. Chopin Zhang (*Chief Executive Officer*)

Independent non-executive directors

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

董事會

非執行董事

盧敏放先生(*主席*)
秦鵬先生
張平先生
林碧寶女士

執行董事

張平(Chopin Zhang)先生(*行政總裁*)

獨立非執行董事

莫衛斌先生
程守太先生
李港衛先生

提名委員會

盧敏放先生(*主席*)
莫衛斌先生
程守太先生

薪酬委員會

莫衛斌先生(*主席*)
盧敏放先生
秦鵬先生
程守太先生
李港衛先生

審核委員會

李港衛先生(*主席*)
莫衛斌先生
張平先生

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

AUTHORIZED REPRESENTATIVES

Mr. Chopin Zhang
Mr. Zhang Ping⁽¹⁾

授權代表

張平(Chopin Zhang)先生
張平先生⁽¹⁾

COMPANY SECRETARY

Ms. Katrina Wu⁽²⁾

公司秘書

胡妙華女士⁽²⁾

PRINCIPAL PLACE OF BUSINESS IN THE PRC

9/F Nova Tower
No. 185 Yuexiu Road South
Yuexiu District, Guangzhou City
Guangdong Province, 510057
The People's Republic of China (the "PRC")

中國主要營業地點

中華人民共和國(「中國」)
廣東省
廣州市越秀區越秀南路185號
創舉商務大廈9樓
(郵編：510057)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

香港主要營業地點

香港
銅鑼灣
告士打道262號
中糧大廈
32樓A室

REGISTERED ADDRESS OF THE COMPANY

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

公司註冊地址

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



CORPORATE INFORMATION (CONTINUED)

公司資料(續)

HONG KONG BRANCH SHARE REGISTRAR

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

INVESTOR RELATIONS DEPARTMENT

Office of the Board

INVESTOR ENQUIRY HOTLINE

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

INVESTOR ENQUIRY EMAIL ADDRESS

ir@yashili.cn

STOCK CODE

Hong Kong Stock Exchange 01230

COMPANY'S WEBSITE

www.yashili.hk

香港股份過戶登記分處

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

投資者關係部門

董事會辦公室

投資者諮詢熱線

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

投資者諮詢郵箱

ir@yashili.cn

股份代碼

香港聯合交易所01230

公司網站

www.yashili.hk

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

PRINCIPAL BANKERS

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

LEGAL ADVISERS

As to Hong Kong law

Sullivan & Cromwell (Hong Kong) LLP

As to Cayman law

Conyers, Dill & Pearman

AUDITORS

Ernst & Young, Certified Public Accountants

主要往來銀行

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

法律顧問

香港法律

蘇利文•克倫威爾律師事務所(香港)有限
法律責任合夥

開曼法律

康德明律師事務所

核數師

安永會計師事務所，執業會計師

Notes:

- (1) Appointed on 16 March 2018
- (2) Appointed on 14 December 2017

附註：

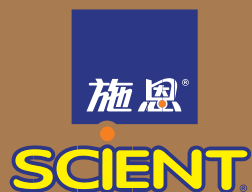
- (1) 於2018年3月16日獲委任
- (2) 於2017年12月14日獲委任

GOOD & HEALTHY LIFE

健康 優質生活



丹麦皇室御用品牌





On behalf of the board of directors (the "Board") of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2017 to all shareholders of the Company (the "Shareholders").

本人謹代表雅士利國際控股有限公司董事會(「董事會」)，在此向本公司全體股東(「股東」)提呈本集團截至2017年12月31日止年度之年報。

CHAIRMAN
主席



LETTER TO SHAREHOLDERS

致股東的信





LETTER TO SHAREHOLDERS 致股東的信

DEAR SHAREHOLDERS,

On behalf of the board of directors (the “Board”) of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2017 to all shareholders of the Company (the “Shareholders”).

In 2017, Yashili continued to pursue for transformation through consolidation with a focus on refined market segments, in an effort to rebuild core competitiveness and brand differentiation, so as to achieve its strategic competition goal. With the implementation of The Administrative Measures for the Registration of Recipes of Infant Formula Milk Powder Products (the “Recipe Registration Requirement”), dubbed “The Most Stringent Policy for Milk Powder Products”, Yashili Group completed recipe registration for 39 recipes of 13 product series, having the most approved recipes on the first batch list. 2017 turned out to be quite challenging for the milk powder industry. However, driven by the positive effects brought by the implementation of new regulatory policies such as the Recipe Registration Requirement, consumption upgrade and the nationwide two-child policy, we witnessed recovery in the infant formula market in China.

On market performance, we achieved continuous self-improvement and increasing sophistication in brand upgrading, channel transformation, product development, quality management and system support, and consolidated our online and offline resources to push ahead the integration of online and offline channels. By promoting sales model optimization and channel transformation, Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. (“Oushi Mengniu”) achieved rapid and steady growth, and the organic brand Reeborne won the Award of the Most Trustworthy Mother-and-infant Brand for 2017 organized by Mama.cn (媽媽網) (媽媽網母嬰品牌2017年度口碑王) for its organic and nutritional milk formula. The Dumex brand was reshaped and upgraded with increased awareness of its image highlighting body defenses. As part of the strategic cooperation between the Group and Arla Foods, the super-premium organic product series “Baby & Me” and the series “Doraler” introduced from Australia have enjoyed rapid growth with fast growing market share.

尊敬的各位股東：

本人僅代表雅士利國際控股有限公司董事會(「董事會」)，在此向本公司全體股東(「股東」)提呈本集團截止2017年12月31日止年度之年報。

2017年，雅士利繼續在整合中積極尋求變革，以精準細分市場尋求突破，重新打造核心競爭力與品牌差異化，實現其競爭戰略目標。在被稱為「史上最嚴奶粉新政」下，雅士利集團在《嬰幼兒配方乳粉產品配方註冊管理辦法》(「配方註冊」)中獲得13個系列39個配方通過配方註冊，成為首批名單中獲得配方註冊數量最多的企業。2017年，是奶粉業比較艱難的一年，但在配方註冊制等新監管政策、消費升級及全面二孩政策利好下，我國嬰幼兒奶粉市場迎來了復蘇。

市場表現方面，我們在品牌升級、渠道轉型、產品研發、質量管理及系統支持方面不斷自我完善，並走向成熟，全面整合線上線下全渠道資源，推進線上線下一體化。並在積極推行銷售模式優化和渠道轉型中，內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)得以快速穩步發展，瑞哺恩有機憑藉自然營養有機配方的真實力，榮膺「媽媽網母嬰品牌2017年度口碑王」大獎。多美滋品牌重塑與升級，抵抗力形象得到深化。本集團與Arla Foods的戰略合作有機超高端產品「寶貝與我」以及從澳洲引入的「朵拉小羊」獲得快速培育，助力公司快速拓展市場份額。

LETTER TO SHAREHOLDERS (CONTINUED)

致股東的信(續)

During the past year, Yashili continued to receive strong support from shareholders Mengniu and Danone. In addition to the resulting advantages in supply chain coordination and brand value, Yashili joined hand with Mengniu to become the official milk powder of 2018 FIFA World Cup, demonstrating the recognition of our brand and product quality by the Federation International of Football Association, and also presenting us an important opportunity to introduce Chinese milk brands to the world. Moreover, Yashili introduced from Arla Foods the world's top organic infant formula series "Baby & Me" and also introduced from Australia the premium infant formula goat milk powder series "Doraler", successfully expanding to the high-end market. Meanwhile, at the production side, the New Zealand factory of Yashili signed a strategic cooperation supply agreement with Danone to further improve capacity utilization rate and reduce fixed production costs, so as to enhance the synergy between the Group and Danone Group. The Group also signed a research and development support and service agreement for the transitional period with Danone Group to gain access to Danone's research data, thus further consolidating its R&D strength.

In 2018, with the official implementation of the new policy of milk powder products, the dairy industry will reach new milestones. Facing the new opportunities and challenges in the market, the Group is well positioned to address changes in market condition through production innovation, brand upgrading and channel development. During the year, we have introduced the business partner mechanism under which the business partners will undertake risks with the Company, giving the staff a stronger and more direct sense of the operation performance. The business partner mechanism nurtures not only dedicated executives but entrepreneurial talent. This mechanism provides a significant foundation and safeguard either in terms of the efficiency and benefits of our existing operations, or innovations and exploration of new businesses.

在過去的一年中，雅士利繼續獲得股東蒙牛及達能的大力支持。除在供應鏈協同及品牌增值等方面享有優勢，依托蒙牛攜手世界杯，雅士利成為2018年FIFA世界杯官方奶粉，這是國際足聯對蒙牛雅士利品牌及產品品質的高度認可，更是向全球展現中國乳業品牌的重要機會。同時，我們從Arla Foods引入全球頂級有機嬰幼兒配方系列「寶貝與我」以及從澳洲引入高端嬰幼兒配方羊奶系列「朵拉小羊」，成功拓展超高端品類市場；在生產端，雅士利新西蘭工廠與達能方簽訂戰略合作供應協議，進一步提升產能利用率，降低固定生產成本，增強本集團與達能集團之間協同效益；本集團與達能集團簽訂的過渡時期研發支援及服務協議，使本集團獲得達能方研究數據共享，進一步夯實研發實力。

2018年，隨著奶粉新政的正式實施，乳品行業將迎來新里程碑。面對市場出現的新機遇與挑戰，本集團都在積極應對，無論是在產品創新、品牌升級及渠道培養上我們做好充分應對市場的準備。今年，我們推出了事業合夥人機制，這意味著，事業合夥人將與公司共同承擔風險，團隊能夠更真切、更直接地感受到經營的好壞。事業合夥人機制的推行，不僅是忠於職守的職業經理，更是具備企業家精神和企業家才能的經營者。無論從現有業務的效率、效益提升角度來看，還是從新業務的創新、創業來看，事業合夥人機制都是重要的基礎和保障。



LETTER TO SHAREHOLDERS (CONTINUED)

致股東的信(續)

By making improvements during the course of action, we are determined to push forward through dedication and transformation. Looking ahead into 2018, the Group will continue to partner with large resource platforms such as COFCO, Mengniu, Danone and Arla Foods to create a sound ecological chain in the dairy industry, aiming to develop premium infant formula milk powder products that are more suitable for Chinese babies.

In 2018, Yashili will consolidate global resources to provide super-quality products for our customers.

Jeffrey, Minfang Lu

Chairman

Hong Kong, 26 March 2018

我們堅信，通過一步步堅持不懈的行動和改變，在行動中思考，不斷前行，不斷進步！2018年，雅士利將繼續聯合中糧、蒙牛、達能和Arla Foods等大資源平台，共同營造一個良好的乳業生態鏈，潛心研發「更適合中國寶實體質」的高端嬰幼兒奶粉。

2018年，雅士利「集全球資源，只為這一罐」！

盧敏放

主席

香港，2018年3月26日

SELECTED FINANCIAL DATA

挑選的財務數據

Year ended 31 December 截至12月31日止年度

		2017	2016	Percentage change 變動比例
(All amounts in Renminbi ("RMB") million unless otherwise stated)	(除特別列明外，所有金額以 人民幣(「人民幣」) 百萬元列示)			
Key results	主要業績			
Revenue	營業額	2,254.7	2,203.3	2.3%
Gross profit	毛利	922.2	1,037.3	-11.1%
Operating profit	經營溢利	-335.0	-444.0	-24.5%
Earnings before interest, tax, depreciation and amortization (EBITDA)	息稅折舊攤銷前利潤	-156.4	-274.3	-43.0%
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	-179.8	-320.2	-43.8%
Net operating cash flow (Note 1)	經營現金流量淨額(附註1)	-254.9	-477.2	-46.6%
Basic earnings per share (RMB cents) (Note 2)	每股基本盈利(人民幣分) (附註2)	-3.8	-6.7	-43.3%
Net asset value per share (RMB) (Note 3)	每股淨資產(人民幣元) (附註3)	1.2	1.2	—
Proposed final dividend	建議末期股息	—	—	—
Dividend payout ratio	股息分派比率	—	—	—
Key performance ratios	主要業績比率			
<i>Profitability ratios</i>	<i>盈利比率</i>			
Gross profit margin	毛利率	40.9%	47.1%	
Operating profit margin	經營溢利率	-14.9%	-20.2%	
Net profit margin	純利率	-8.0%	-14.5%	
Margin of profit attributable to equity holders	股權持有人應佔溢利率	-8.0%	-14.5%	
Return on net assets	淨資產回報率	-3.3%	-5.6%	
Net profit to total assets (Note 10)	淨利潤總資產率(附註10)	-2.4%	-4.0%	
<i>Asset ratios</i>	<i>資產比率</i>			
Current ratio (Note 4)	流動比率(附註4)	2.1	1.8	
Inventory turnover days (Note 5)	存貨周轉天數(附註5)	215	194	
Trade receivable turnover days (Note 6)	貿易應收款周轉天數 (附註6)	23	27	
Trade payable turnover days (Note 7)	貿易應付款周轉天數(附註7)	93	74	
Debt to equity ratio (Note 8)	負債對權益比率(附註8)	35.3%	39.7%	
Gearing ratio (Note 9)	資產負債比率(附註9)	7.1%	14.3%	



SELECTED FINANCIAL DATA (CONTINUED)

挑選的財務數據(續)

Year ended 31 December 截至12月31日止年度

Notes:

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

附註：

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

PRODUCT INNOVATION

健康 創新





MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論與分析

INDUSTRY REVIEW

In 2017, China's economy operated within an appropriate range of stable and positive macro statistical indicators, beating market expectations. According to data released by the National Bureau of Statistics of China on 18 January 2018, the gross domestic products ("GDP") of China for 2017 reached RMB82,712.2 billion which broke the threshold of RMB80 trillion for the first time in history, and represented an increase of 6.9% from the previous year. The GDP growth rate increased by 0.2 percentage point as compared with that of 2016, marking the first acceleration in economic growth since 2010.

From the demographic perspective, the total population grew steadily in 2017 with 17.23 million newborns for the full year and a birth rate of 12.43%, which represented a decrease of 0.52% as compared to 12.95% for 2016, but still higher than 12.07% as recorded in 2015. With the accelerating growth in residents' income, the annual national disposable income per capita for 2017 was RMB25,974, representing a nominal growth of 9.0% from the previous year, and a real growth of 7.3% after excluding price factors which increased by 1.0 percentage point as compared with last year. The annual national consumption expenditure per capita amounted to RMB18,322, representing a nominal growth of 7.1% from the previous year and a real growth of 5.4% after excluding price factors.

While China's economy is developing steadily, the domestic infant formula milk market is also undergoing "Quality Revolution". The Recipe Registration Requirement, known as "The Most Stringent New Policy for Milk Powder Products" was implemented on 1 January 2018. It strictly monitored the source of product and strengthened the supervision over the production of milk powder enterprises from both China and foreign capital, and it also requires that every enterprise, in principle, shall not have more than three product series or nine product recipes, triggering reshuffle to "survive for the fittest" in the domestic infant formula milk industry.

As at 29 December 2017, China Food and Drug Administration received a total of 1,330 applications for infant formula milk powder products, of which 952 applications had been approved, which involved 130 enterprises. The first batch of approved recipes included infant formula milk powder products produced by Yashili, Beingmate, Mead Johnson and other companies. The stringent new policy was implemented so as to promote the healthy competition of the domestic milk powder industry, laying a solid foundation to restore consumer confidence. Many expensive and small

行業回顧

2017年，中國經濟運行保持在合理區間，宏觀指標穩中向好，超出預期。中國國家統計局2018年1月18日公佈，2017年中國國內生產總值（「GDP」）總量為人民幣827,122億元，首次跨過人民幣80萬億元大關，同比增長6.9%，增速較2016年提高0.2個百分點，是自2010年以來經濟增長首次加速。

從人口看，2017年人口總量平穩增長，全年出生人口1,723萬人，人口出生率為12.43%，比2016年12.95%下降0.52%，仍高於2015年的12.07%。從居民收入看，居民收入增長加快，2017年全年全國居民人均可支配收入人民幣25,974元，比上年名義增長9.0%；扣除價格因素實際增長7.3%，比上年加快1.0個百分點。全年全國居民人均消費支出人民幣18,322元，比上年名義增長7.1%，扣除價格因素實際增長5.4%。

中國經濟面正平穩向好發展的同時，國內的嬰幼兒配方乳粉市場也蘊釀「品質大革命」。號稱「史上最嚴奶粉新政」的配方註冊於2018年1月1日實施，嚴格從生產源頭把關，加強對中外奶粉企業生產的監管，並規定每個企業原則上不得超過3個配方系列、9種產品註冊配方，引發嬰幼兒配方乳粉行業「汰弱留強」的大洗牌。

截至2017年12月29日，國家食品藥品監督管理總局共受理嬰幼兒配方乳粉產品配方申請1,330個，952個獲准註冊，涉及企業130家。首次獲批的配方包括來自雅士利、貝因美、美贊臣等企業旗下的嬰幼兒配方乳粉。嚴厲新政的實施，推動國內奶粉行業良性競爭，為恢復消費者信心奠定了基礎。未通過配方註冊的眾多高價進口小品牌將被大規模清貨

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

imported brands that are rejected in the recipe registration procedure would be squeezed out of the market through large-scale promotion campaigns, leaving huge market space worth tens of billions, which will offer an excellent opportunity for the major milk powder producers to grasp market share with focused sources. With the increased entry barrier, rigorous production regulation and channels transformation, the competition landscape of the industry is shifting. To gain market share, it is essential for the milk powder producers to focus on production management, product innovation, building multiple communication channels with consumers and brand building.

The year of 2017 marked the second year after the implementation of the nationwide two-child policy, and the demographic dividend for the milk powder industry was gradually seen, which effectively offset the impact from the significant drop in the number of first-borns. During the year, the overall infant formula milk powder market grew rapidly, with increases both in quantity and price. According to AC Nielsen, as at December 2017, the overall infant formula milk powder market (in dollar amounts) exceeded RMB100 billion, up by 12% from the same period of last year, with strong growth both in the mother-and-baby products and e-commerce. With the visible trend of consumption upgrading, ultra-high-end products recorded a year-on-year growth of 87% and high-end products a year-on-year growth of 23% by sales volume, while the sales volume of low-end products decreased by 9%.

BUSINESS REVIEW

In 2013, Mengniu Group commenced strategic cooperation with the Group by way of a general offer, thereby becoming the Group's controlling shareholder. In 2014, the Group, China Mengniu International Company Limited ("Mengniu International") and Danone Asia Baby Nutrition Pte. Ltd. ("Danone Asia") entered into a share subscription agreement. As the transaction closed in February 2015, Danone Asia officially became the Group's second largest shareholder. In December 2015, the Group completed the acquisition of the entire equity interest in Oushi Mengniu, a member of Mengniu Group. In May 2016, the Group completed the acquisition of the entire equity interest in Dumex Baby Food Co., Ltd. ("Dumex China"), a member of Danone Group, and completed the initial stage of its brand consolidation and domestic capacity expansion.

退市，從而留出過百億的市場空白，為大型乳品企業提供了集中資源搶佔市場的好時機。隨著准入門檻的提升，以及嚴苛的生產規範、渠道的重塑，整個行業的競爭環境也在發生改變，注重生產管理、產品創新，打通多個與消費者溝通的渠道，關注品牌建設等成為乳企爭奪市場的關鍵。

2017年，全面二孩政策踏入實施的第二年，對奶粉行業的人口紅利已開始有所釋放，有效應對了一孩出生數量下降幅度大的影響。年內嬰幼兒配方奶粉整體市場規模成長加速，量價齊升。根據AC尼爾森數據，截止2017年12月，嬰幼兒配方奶粉整體市場容量(金額)逾人民幣千億元，同期增長12%，母嬰、電商均增長強勁；消費升級態勢明顯，行業表現為超高端產品銷量同比增長87%，高端產品銷量同比增長23%，而低端產品銷量出現9%的下跌。

業務回顧

2013年，蒙牛集團以全面股權要約收購形式實現了與本集團戰略合作，成為本集團控股股東。2014年，本集團、中國蒙牛國際有限公司(「蒙牛國際」)與Danone Asia Baby Nutrition Pte. Ltd.(「達能亞洲」)簽署股份認購協議並於2015年2月完成交割，達能亞洲正式成為本集團第二大股東。2015年12月，本集團完成對蒙牛集團旗下歐世蒙牛的全資收購。2016年5月，本集團完成對達能集團旗下多美滋嬰幼兒食品有限公司(「多美滋中國」)的全資收購，初步完成品牌整合及國內產能新佈局。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

The Group is committed to developing wholesome nutritious products for consumers, including the branded product series for promoting healthy growth of infants and toddlers such as “Yashili”, “Reeborne”, “Dumex”, “Arla” and “Scient”, as well as those designed to meet the nutritional needs of adults such as “Youyi”, “Huanqing” and “Zhengwei”. The Group’s business model incorporates such key factors as premium imported dairy raw materials, premium imported original infant formula milk powder products, self-developed recipes, an advanced manufacturing system and professional marketing teams with sufficient knowledge of local consumer markets, which enables it to offer trustworthy products to consumers.

Introduction of Product Categories

Infant Formula Products

The infant milk formula products developed by the Group are mainly aimed at satisfying the health and nutritional needs of infants and toddlers during daily feeding, and can serve as a major source of nutrition for infants and toddlers supplementary to breast milk. All of the Group’s branded infant milk formula products are produced using premium imported raw materials. The Group is striving to develop infant formula with the most ideal nutrition composition to well cater for the needs of infants and toddlers during different stages of growth and development.

As one of the first batch of enterprises that have passed the review procedure under the so-called “The Most Stringent New Policy for Milk Powder Products”, Yashili’s products are re-launched with brand new images. Yashili’s “Super α -Golden”, originally canned and imported from New Zealand and renamed as “Jingpo” infant milk powder after the implementation of the new government policy, targets mid-range to high-end customer groups and pool resources globally. The INFATM active energy system promotes growth of babies’ own probiotic group six times, releasing internal intestinal vitality and improving digestion of nutrients, which will keep the babies energetic. Yashili’s “ α -Golden”, originally canned and imported from New Zealand and renamed as “Jingyue” infant milk powder after the implementation of the new policy, targets mid-range customer groups. Produced by outstanding local manufacturers following rigorous procedures and under strict supervision, this product is supplemented with prebiotics combinations, which help to maintain gastrointestinal health, keep the babies energetic and promote healthy and happy growth. Products of this series contain the 1+1 nutrition mix to supply key nutrition for physical and intellectual growth, providing all-round nutrition for babies.

本集團致力於開發值得消費者信賴的營養產品，包括促進嬰幼兒健康成長的雅士利、瑞哺恩、多美滋、Arla、施恩等品牌產品系列，以及滿足成人營養需要的優怡、煥輕、正味等品牌產品系列。本集團的業務模式結合了進口優質乳品原材料、進口優質原裝嬰幼兒配方奶粉產品、自主研發配方、先進的生產系統及熟悉本地消費市場的專業營銷團隊等幾大因素，為廣大消費者提供具有信心保證的產品。

分類產品介紹

嬰幼兒配方奶粉

本集團開發的嬰幼兒配方奶粉產品主要滿足嬰幼兒日常餵哺的健康營養需求，可輔助母乳作為嬰幼兒的主要營養來源。本集團所有品牌嬰幼兒配方奶粉產品均主要使用進口優質原料，尋求開發營養組合最理想的配方奶粉，以契合嬰幼兒成長及發育的不同階段需要。

作為嚴苛的奶粉新政下，成為首批通過註冊申請的企業，雅士利產品以全新形象率先出發。雅士利「超級 α -金裝」嬰幼兒奶粉定位中高端，新政後更名為「菁珀」嬰幼兒奶粉，新西蘭原罐進口，匯聚全球資源，INFATM動態活力系統，6倍提升寶寶自身益生菌群生長，釋放內在腸道活力，腸道營養好吸收，讓寶寶全面活力滿格。「 α -金裝嬰幼兒奶粉」定位中端，新政後更名為「菁躍」嬰幼兒奶粉，新西蘭原罐進口，當地乳業精英嚴苛精製，添加益生元組合，呵護腸道環境，讓寶寶充滿活力，盡興成長，更含1+1營養組合包，補充體格智力發展關鍵營養素，為寶寶提供全方位營養。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Yashily's "Super Golden", renamed as "Qin'ershi" after the implementation of the new government policy, targets mid-range customers. Infant formula milk powder of this series is painstakingly developed by the Group's R&D team based on the growth characteristics and nutritional needs of infants and toddlers so as to provide them with necessary and balanced nutrition, with specifications to suit their physical constitution for better digestion and healthy growth. Yashily's "Golden", renamed as "Qin'ershuo" as a result of the new government policy, targets low-end to mid-range customers, which provides balanced nutrition to facilitate the healthy growth of infants. Yashily's "New Formula" targets low-end to mid-range customers. Infant formula milk powder products of this series contain prebiotics combinations, DNA and nucleotides, which help to maintain gastrointestinal health, facilitate intellectual development and develop the immune system. Following the renaming as "Yashili" series after the implementation of the new government policy and the formula upgrading, this product is supplemented with probiotics and lactoferrin, building up the physical strength and promoting healthy growth of babies.

As a strategic brand of the Group, Mengniu's "Reeborne" was listed among the first batch of products that have passed the review procedure under the Recipe Registration Requirement. The "Qinyou" series and organic series under this brand have successfully completed packaging and formula upgrading, making it the best choice of milk powder products in the era of the new policy. Mengniu's "Platinum Jiazhi", officially renamed as "Mengniu" after the recipe registration, has kept its quality formula and focuses on mid-range consumers, which provides infants with comprehensive nutrition.

"Doraler", Yashili's first high-end imported goat milk powder brand, was successfully launched to the market in November 2017 and obtained its recipe registration code in December. As a strategic brand of the Group, this product enriches the high-end product pipeline of the Company and fills the gap in the high-end goat milk powder market. Originally canned and imported from Australia and containing 100% pure goat milk protein, this product has a smooth and creamy texture for better digestion.

The "Dumex" brand, originated in Europe, has been focused on the research of immune systems for the Chinese babies for the past 25 years, and has obtained two patents granted by the European authorities (i.e., the patented prebiotics mixture and the patented technology of DHA microencapsulated flavour). The product also contains OPO and Omega3 unsaturated fatty acids, and is focused on strengthening the immune systems of the Chinese babies.

雅士利「超級金裝」嬰幼兒配方奶粉，新政後更名為雅士利「親兒適」，定位於中端消費者，由本集團研發團隊根據嬰幼兒生長特點和營養需求精心調配而成，為寶寶提供所需營養，親適好吸收，媽媽少擔憂。雅士利「金裝」嬰幼兒配方奶粉，新政後更名為雅士利「親兒碩」，定位於中低端消費者，提供均衡營養，促進成長優表現。雅士利「新配方」嬰幼兒配方奶粉定位中低端，含益生元組合、DNA和核苷酸，幫助維持腸道健康，促進智力發展及激發免疫細胞活性，新政後更名為「雅士利」系列，配方升級，添加益生菌及乳鐵蛋白，打造寶寶好體質，成長更出色。

蒙牛「瑞哺恩」作為集團戰略品牌，亦率先通過首批配方產品註冊制審核，其「親悠」系列及有機系列順利完成包裝及配方升級，成為奶粉新政時代最佳選擇。蒙牛「白金佳智」配方註冊後正式改名為「蒙牛」，延用優質配方，針對中端消費者，全面營養給寶寶全面的呵護。

「朵拉小羊」作為雅士利首支高端進口羊奶粉，在2017年11月榮耀上市，12月成功拿到配方註冊號，是本集團戰略性品牌，拓展企業高端產品線，補充高端羊奶粉市場缺口，澳大利亞原罐原裝進口，100%純羊乳蛋白，溫和細膩易吸收。

「多美滋」，源於歐洲，25年初心不變，專注於中國寶寶抵抗力研究，擁有歐洲雙重專利（專利配比益生元，專利DHA微膠囊包埋技術），還擁有OPO和Omega3不飽和脂肪酸。專注中國寶寶抵抗力。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Since its establishment 137 years ago, the "Arla Baby & Me Organic" brand, as the ultra-high-end milk powder originally canned and imported from Denmark and living up to its reputation as the "Brand Consumed by the Royal Family", has imposed strict quality controls spanning the entire processes ranging from forage, research and development to transportation and marketing, so as to ensure the organic nature and health of every drop of milk.

Tailored Infant Formula Products

The accelerating modernisation and industrialisation process, and the changing environment, lifestyles and diets in China pose increasing health challenges to Chinese infants and toddlers. As an infant nutrition expert, the Group not only endeavors to satisfy the nutritional needs of infants and toddlers, but also has professional formula products under Dumex to meet the unique nutritional needs of special infants and toddlers. At present, the Group has three series of professional formula products under Dumex:

- Products for Allergies: This category includes products for prevention of allergies (HA) and treatment of allergies (PEPTI). HA products can effectively protect infants and toddlers exposed to high risk of allergy against such risk through semi-hydrolysing techniques. PEPTI products serve as an effective remedy to allergies to protein in food of infants and toddlers through intensive hydrolysing techniques.
- Products for Digestion: This category includes lactose-free formula products (LF) which would effectively avoid the vicious circle of diarrhoea due to hypolactasia.
- Products for Under-weight Newborns: This category includes formulas for low-birth-weight newborn babies (LBW) which would cater for their needs for catching up with standards of growth.

Nutrition Food

The Group also produces and sells various types of nutrition food, including nutritional milk powder for adult family members — adult milk powder under the "Mengniu" brand and adult milk powder under the "Youyi" brand; high-end functional milk powder for the middle-aged and elderly — milk powder for the middle-aged and elderly under the "Huanqing" brand; nutritional milk powder for children — "Future Star" milk powder; healthy and delicious soluble products — cereal under the "Zhengwei" brand; and infant food supplements — nutritional rice cereal for infants and toddlers under the "Yashily" brand. This diverse portfolio comprises products with differentiated nutritional mixes designed for consumers with special needs as well as those suitable for general consumers.

「Arla寶貝與我有機」，作為超高端丹麥原裝進口奶粉，秉持著對「皇室御用品牌」榮譽的認真負責，在137年的歷程中，堅持從牧草、研發，到運輸銷售，全程自家把控，真正做到每一滴奶源的有機健康。

嬰幼兒特殊配方奶粉

隨著中國加速的現代化、工業化建設的發展，環境、生活方式、飲食的變化，使中國嬰幼兒面臨日益增加的健康挑戰。本集團作為嬰幼兒營養專家，除了滿足嬰幼兒營養需求外，旗下多美滋更有專業配方系列產品，滿足特殊嬰幼兒的特殊營養需求。目前本集團多美滋旗下有三大系列專業配方產品：

- 過敏系列產品：目前包括過敏預防產品(HA)和過敏治療產品(PEPTI)。HA產品通過部分水解工藝，有效預防過敏高風險嬰兒的過敏風險；PEPTI產品，通過深度水解工藝，有效治療嬰兒食物蛋白過敏。
- 消化系列產品：目前包括無乳糖配方產品(LF)，可以有效避免乳糖不耐受引起的腹瀉惡性循環。
- 低體重兒系列產品：目前包括低出生體重兒配方產品(LBW)，滿足低出生體重兒追趕式生長的需求。

營養食品

本集團亦生產銷售多種營養食品，包括：大眾型全家營養奶粉—「蒙牛」品牌成人奶粉、「優怡」品牌成人奶粉；中老年高端功能性奶粉—「煥輕」品牌中老年奶粉；兒童配方的營養奶粉—「未來星」兒童成長奶粉；健康美味的沖調產品—「正味」品牌麥片；嬰幼兒輔食—「雅士利」品牌嬰幼兒營養米粉等。形成了專為具有特殊需要的消費者而設的不同營養組合產品以及適合一般人士的產品組合。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

"Mengniu"-branded adult milk powder targets customers demanding daily nutritional supplements, such as the middle-aged and elderly, students and women. Leveraging on 100% premium milk sources, technologies from Northern Europe and scientific formulas as well as produced under stringent supervision and control, the products provide consumers in China with milk powder of international quality.

"Youyi"-branded adult milk powder, with a track record of 17 years, focuses on consumers including the middle-aged and elderly, students and women. It contains calcium, vitamins A, D and E, dietary fibre and other beneficial elements. Produced in compliance with international standards, products of this series are reliable.

"Huanqing"-branded milk powder for the middle-aged and elderly addressing their needs for strong bones and a healthy cardiovascular system, is created for the constitution of those age groups.

"Future Star" milk powder for children's growth contains 58 dietary mixes, including 28 fruit-vegetable powders, probiotics + prebiotics and DHA. The products are applicable to babies who are slow or picky eaters, or eat little.

"Zhengwei"-branded cereal is positioned to provide consumers with a premium nutrition balance. With a natural and pure flavour, the cereal products supplement daily dietary fibre and are suitable for the all family members for daily drinking.

"Yashily"-branded nutritious milk rice cereals for infants and toddlers are developed for Chinese babies based on their growth and development characteristics. Products of this series mainly use premium quality rice as raw materials, and are processed on a high-speed production line using sealed equipment and a fine packaging process so as to ensure stable quality and safety.

Brand Strategies

The year of 2017 was a crucial year for the Group. Each department of the Group has made steady progress in implementing the differentiated business models and branding portfolios established between late 2016 and early 2017 and is described in the following sentences. "Yashily" and "Dumex" focus on provision of basic nutritional milk powder. "Doraler" and "Dumex" goat milk powder focus on goat milk powder market development. "Arla" and "Reeborne" focus on comprehensive penetration in the organic market. "Yashily" and "Dumex" cover the mid-range to high-end market, "Reeborne" and "Doraler" cover the high-end market, and "Arla Baby & Me" covers the ultra-high-end market. Through this coordination, the Group has established a tight brand matrix with its products spanning the whole market network, which lays a solid foundation for coping with the fierce competition in the infant formula market which will offer high-end and branded products in the future.

「蒙牛」品牌成人奶粉，針對有日常營養補充需求的中老年人、學生、女士等消費者，100%優質奶源，採用北歐技術，產品科學配方，層層監管，讓中國消費者享用國際品質的奶粉。

「優怡」品牌成人奶粉，上市17載，為中老年、學生、女士等消費者研製，含鈣、維生素A/D/E、膳食纖維等有益成分，國際標準生產，品質值得信賴。

「煥輕」品牌中老年奶粉，為有骨骼與心血管健康需求的中老年人特別研製，適合中老年人體質。

「未來星」兒童成長奶粉，含有58種膳食組合：28種果蔬粉、益生菌+益生元、DHA；適合吃得少、吃得挑、吃得慢的寶寶使用。

「正味」品牌麥片，致力於為消費者提供優質的營養組合。麥片自然純正，補充每日膳食纖維攝入，適合全家人日常飲用。

「雅士利」嬰幼兒營養奶米粉，根據寶寶成長發育特點，精選大米為主要原料，為中國寶寶研製，採用高速生產線、封閉式設備及精細包裝工藝，確保產品質量穩定、安全。

品牌策略

2017年是本集團極為關鍵一年，本集團各業務部門逐步推進2016年年底至2017年年初訂立的差異化業務模式及品牌佈局：「雅士利」和「多美滋」等產品提供基礎營養牛奶粉，「朵拉小羊」和「多美滋」羊奶粉開拓羊奶粉市場，「Arla」和「瑞哺恩」全面滲透有機市場，中高端「雅士利」和「多美滋」、高端「瑞哺恩」和「朵拉小羊」、超高端有「Arla寶貝與我」全面覆蓋，如此配合使本集團形成緊密品牌矩陣，產品覆蓋全市場網絡，為未來嬰配市場高端化、品牌化激烈競爭打下良好基礎。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

In response to the implementation of the new recipe registration policy, the Group completed the onerous filing preparation for product engineering and recipe registration in 2017. Currently, 39 recipes in 13 product series have completed recipe registration, indicating the Group had the most approved recipes on the first batch list, which has clearly demonstrated its professional strength to the industry and consumers alike. In order to meet market demands arising from consumption upgrading, the Group launched the ultra-high-end goat milk powder under the brands of "Doraler" and "Dumex" with forward-looking positioning at competitive prices, which have been highly praised by the industry and parties within and outside the Company for their commercial value.

The Group maintained the assigned level of spending on brand costs while enhancing brand promotion, gained access to highly targeted consumers leveraging on big data while engaging in digital marketing and strengthening communication with consumers, and conducted offline promotion to approach mothers, thereby facilitating cost effective marketing and achieving the dual goals of brand growth and corporate profits.

"Yashili" has been committed to promoting healthy growth of Chinese babies in fulfilling its corporate social responsibility through public welfare activity. The Company has actively supported the "Droplets New Special Foundation" by constantly donating milk powder for the children, in a bid to bring happiness and good health to every baby. Furthermore, the Company has organised the offline tailor-made promotion activity "Parent-Child NBA Contest", which leveraged the huge popularity of the US National Basketball Association (NBA) as a means to solicit more participants, with an aim to effectively enhancing the consumer experience and attract new consumers. Such brand promotion activities helped to improve its brand image and credibility with the public, so as to bolster the soft competitiveness of its brand.

Under the "Mengniu Reeborne" brand, the Company has cooperated with Henan TV City Channel to launch the public welfare activity "Caring for Nursing Mothers", establishing "Reeborne Organic Nursery Rooms" to provide support for nursing mothers. Through advertisements and soft interaction in major regions via iQiyi (愛奇藝), Moments (朋友圈), Babytree (寶寶樹), Mama.cn (媽媽網) etc., "Reeborne" was exposed to over 300 million viewers. By constantly optimising Baidu SEM and SEO services, "Reeborne" was exposed to over 10 million of viewers and has been well received due to its good quality and reasonable price. The Company also organised offline promotion activities across the country by hosting a series of roadshows and an infant-raising forum, earning recognition from numerous mothers and also improving its brand image and product sales.

為配合整體新政註冊，2017年本集團完成了極其繁重的產品工程及配方註冊資料籌備，目前已有13個系列39個配方通過配方註冊，是首批公佈的名單中獲得註冊配方數量最多的企業，向行業及消費者全方位展示專業化實力。為滿足消費升級需求，本集團先後推出前瞻性極具競爭價值的超高端羊奶粉「朵拉小羊」和「多美滋」羊奶粉，其商品化價值取得行業及公司內外一致好評。

本集團品牌費用精準投放，深挖大數據獲取精準目標人群，側重數字營銷與消費者加強溝通，重視口碑宣傳，配合線下活動深入貼近媽媽，以較低的投入帶來更高的產出，實現品牌成長和企業盈利雙重目標。

「雅士利」一如既往通過公益幫扶助中國寶寶健康成長，重點參與「小水滴新生專項基金」，持續捐贈奶粉給孩子們，讓每一個寶寶都能綻開笑顏。同時在線下為寶寶量身打造「活力約賽親子NBA」活動，以美國國家籃球協會(NBA)為噱頭，有效增強消費體驗及新客拉動，大大提升參與度。上述品牌活動提升整體集團品牌形象及公信力，增強品牌軟性競爭力。

「蒙牛瑞哺恩」攜手河南都市頻道舉行「關愛背奶媽媽公益活動」溫情打造「瑞哺恩有機母嬰室」，用實際行動支持背奶媽媽點。在重點區域通過愛奇藝、朋友圈、寶寶樹、媽媽網等進行廣告曝光和軟性互動，為「瑞哺恩」帶來超過3億廣告曝光。持續優化百度SEM搜索和SEO口碑，曝光量超過1,000萬，高性價比為品牌曝光賦能。線下活動全國開花，開展一系列巡迴路演及育嬰大講堂，獲得眾多媽媽認可，助力品牌形象提升及銷售提升。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Under the “Dumex” and “Arla” brands, the Group hosted the heated national contests among mothers, attracting a full capacity audience, which not only provided consumers with advice about raising infants but also offered an in-depth understanding of the “Dumex” and “Arla” products and brands, thus raising consumers’ trust and confidence. “Arla” also presented the humorous infant-raising internet variety shows “Parenting Tips” and “Sweet Cafe”, which provided parenting tips and examples of parent-child interaction, attracting the active participation of numerous mothers, so as to significantly improve brand exposure and rapidly enhance brand awareness and reputation.

Product R&D

In 2017, the Group’s R&D Centre focused on the following tasks:

1. Infant Formula Recipe Registration:

In response to the new policy, the R&D Centre led and coordinated the recipe registration process, and completed the preparation and submission of the recipe registration materials for dozens of infant formula milk powder products produced by the factories under the Group. By the end of 2017, a total of 11 series and 33 recipes of the Group were approved, leading the country and significantly improving its competitiveness and influence in the milk powder industry. Furthermore, the two approved goat milk powder product series (i.e., “Doraler” and “Dumex”) enriched its product pipeline.

2. Breast Milk Research Programme:

In order to build the database in China, as well as to enhance the Group’s competitiveness and brand power, the R&D Centre collected over 2,000 samples of breast milk in eight domestic cities in a horizontal way to research and analyze the nutrient composition of breast milk. The Centre had completed a test analysis of the macro-nutrient protein, fat and lactose as well as 18 amino acids and 39 fatty acids of breast milk, obtaining testing data regarding 9,174 macro-nutrients, 58,104 amino acids and 96,840 fatty acids, which were used to analyze the change in nutrient composition of breast milk due to the length of the breast-feeding period and the differences between Northern and Southern China. Based on the above research, the Centre intends to develop an infant formula milk powder product containing low protein and breast-milk amino acid, which is designed for the nutrition needs of Chinese babies to promote their healthy growth, and had completed a patent application for breast milk research.

「多美滋」和「Arla」全國媽媽班競賽火熱開展，保持著場場爆滿節奏，不僅為消費者帶來育兒建議，也讓消費者對「多美滋」和「Arla」產品及品牌有了更深認識，增強消費者對本集團信賴度。「Arla」傾情打造逗趣育兒網綜節目「奇萌說」及「快閃咖啡店」，育兒高招及親子互動層出不窮，吸引媽媽熱情參與，極大曝光品牌聲量，快速提升品牌知名度和美譽度。

產品研發

2017年本集團研發中心圍繞以下項目開展工作：

1. 嬰配產品配方註冊：

研發中心於奶粉新政下主導並統籌開展了配方註冊工作，完成本集團各工廠數十個嬰幼兒配方奶粉的產品配方註冊材料撰寫、提交。至2017年底，共11個系列33個配方獲得批准，在國內處於領航位置，極大提高集團在奶粉行業的競爭力和影響力，其中獲批的羊奶粉兩個系列，「朵拉小羊」及「多美滋」羊奶粉，豐富了本集團旗下產品線。

2. 母乳研究項目：

為建立中國母乳營養成分數據庫，提高產品技術競爭力和品牌力，研發中心在中國8個城市縱向採集母乳2,000餘份，開展中國母乳成分隊列研究。已完成對母乳中的宏量營養素蛋白質、脂肪和乳糖含量及18種氨基酸和39種脂肪酸進行了檢測，共獲得9,174個宏量營養素、58,104個氨基酸、96,840個脂肪酸測試數據，分析母乳隨哺乳期變化趨勢及南北方差異，並以此為依據準備開發一款低蛋白、母乳化氨基酸嬰兒配方奶粉，適合中國寶寶的生長發育和營養需求，完成一項母乳研究專利申報。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

3. 13th Five-Year Plan Project:

The Group stood out from other dairy enterprises amidst the fierce competition in the application for the national 13th five-year technological project, and secured the national major food science and technology projects and was appointed as a leading unit to undertake the task "A New Generation of Infant Dairy Products and Development of Dairy Based Foodstuffs for Special Medical Purposes" (《新一代嬰幼兒乳製品和乳基特殊醫學用途食品的創製》). The task aims to research and develop cow/goat milk-based infant formula milk powder with functional components based on China's breast milk study. Owing to its work on the task, the Group was granted state appropriated funds for research and development of products, and was offered an opportunity to establish extensive connections with domestic research institutions and universities engaging in breast milk and dairy processing research, so as to improve its research capabilities.

3. 十三五項目：

本集團在與各大乳企申報國家十三五科技項目中的激烈競爭中脫穎而出，成功獲批國家重點食品專項科技項目，並成為「新一代嬰幼兒乳製品和乳基特殊醫學用途食品的創製」的課題承擔單位。該課題將基於中國母乳研究設計開發添加功能性的牛/羊乳基嬰幼兒配方乳粉，課題為集團引資國家撥款用於產品研發，並與國內母乳研究、乳品加工研究的科研機構和高校建立廣泛聯繫，提高企業科研能力。

Sales Channels

In 2017, the Group boosted the potential contribution of the mother-and-baby store channel and developed the e-commerce business by further advancing channel transformation and innovation activities. To this end, the original marketing organisational structure consisting of a sole subsidiary was restructured into a system comprising central business units (CBUs) set up by channel and product categories, where the "Maternity CBU" is in charge of the strategic objective of brand upgrading and channel transformation; the "Modern Trade CBU" strives to tackle the issues of channels development, product categories and price declines; the High-end "Maternity CBU" is positioned to restore Dumex's position as one of the top four foreign brands again and help Arla stand out among a long list of brands; and the "Innovation CBU" is to expand community marketing and integrate internal market resources based on the existing e-commerce network.

In 2017, the "Maternity CBU" established by the Group unleashed its team potential and accelerated the exploration of the mother-and-baby chain stores through a partnership and pushing a money-based incentive mechanism. The contribution of the mother-and-baby store channel recorded a significant year-on-year growth. The "High-end Maternity CBU" strictly controlled costs in the supermarket channel (rationalising inefficient and ineffective shopping guides, contract expenses, etc.) and strengthened mother-and-baby chain stores expansion as a way to stabilise sales volume. The "Modern Trade CBU" implemented partial transformation by expediting direct supply to mother-and-baby stores, and fruitful results were achieved

銷售渠道

2017年，本集團通過深度推動渠道轉型和創新業務，進一步提高母嬰渠道佔比和電商業務成長。為此，組織架構從原有獨立子公司轉變為以渠道和品類切割的CBU架構，其中「母嬰CBU」承載了品牌升級和渠道轉型的戰略目標；「商超CBU」著力改變「下沉渠道、下沉品類、下沉價格帶」問題；「高端母嬰CBU」致力於使多美滋重回外資四大品牌之列、Arla成為品牌金字塔上的皇冠；「創新CBU」則以原有電商為基礎，拓展社群營銷、整合內部市場資源等。

2017年，本集團組建的「母嬰CBU」通過合夥提成激勵機制，釋放團隊潛能，加速開拓母嬰連鎖，母嬰渠道佔比及全年業績同比獲得大幅成長。「高端母嬰CBU」則通過大力度控制商超渠道費用（低效無效導購、合同費用等）及強化母嬰連鎖拓展，穩定了銷量。「商超CBU」則通過推動母嬰門店直供完成局部轉型，KA止血減虧效果顯著。「創新CBU」電商銷售方面，銷售額、淨利潤均達成預算，線上業務佈局已全面展開；創新業務方面，

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

in reducing losses by KAs. As for the "Innovation CBU", in e-commerce sales, the sales volume and net profit have achieved their target, and the online business layout has been fully developed. As for innovative marketing activities, the Group has addressed the legacy issues on the business of Joyful-Shopping developed for employees and has achieved profitability, while the new media and communities business has made a good start towards the development of a new operational competence in the Internet field.

In terms of internal marketing management, The Group has rationalised marketing mechanisms and procedures and the structure of authority and responsibilities, and set up a strong supervision system to inspect and review market costs in an effort to improve cost efficiency. It has cracked down on goods fleeing and price undercutting to maintain market order. The Group's financial department has optimised the SAP enterprise resources planning ("ERP") system and built up a membership management system connecting with Outworker Assistant (外勤助手) to achieve information-based management for all procedures, ranging from purchase, production, warehousing, delivery, entry into store, points-of-sales exchange to conversion of consumers' bonus points and interaction with consumers. This system is able to achieve such integrated functions as comprehensive budget management, targeted use of expenses, efficient business operations, purchase-sales-inventory management, anti-goods-fleeing management and instant interaction with consumers. Moreover, the membership management system has also achieved order processing, settlement and budget verification functions for directly-managed mother-and-baby stores. Market BP and brand strategies have been established to support each CBU to perform brand promotion and sales campaigns. Thanks to the above efforts, the Group's operations benefit from a well-established and efficient marketing management system.

Quality Control

Quality is the lifeblood of an enterprise and the only way for it to capture the market. The Group is continuously dedicated to building up a comprehensive quality management system covering the entire value chain from supplier quality management to consumer services.

The Group selects and manages suppliers guided by stringent standards from the beginning of the supply chain. With reference to the international leading supplier quality management experience, the Group has successively launched the direct supplier quality approval process and direct supplier quality management procedures, imposed higher entry standards for suppliers and carried out regular reviews and appraisal on the suppliers in 2017, so as to ensure stable and reliable operation of the supplier quality system. Moreover, in accordance with the national standards newly issued

員工歡樂購業務遺留問題處理完畢並實現盈利，新媒體、社群業務為互聯網領域的新能力建設做出了良好開局。

營銷內部管理方面，重新梳理了營銷制度流程、權責矩陣，建立強有力的巡查體系，對市場費用巡查檢核，提高費用使用效率；查處竄貨砸價，維護市場秩序。協同財務做好SAP企業資源計劃(ERP)系統優化，打造會員管理系統，並與外勤助手打通，從採購、生產、入庫、出庫、進店、銷售，一直到消費者積分兌換、互動，達到全流程信息化管理，實現全面預算管理、費用精準投放、業務高效運轉、進銷存管理、防竄管理、消費者實時互動等綜合功能。會員管理系統還實現了母嬰直營門店的訂單、結算及費用核銷功能。組建市場BP制定品牌策略、支持各CBU進行品牌推廣服務和消費者促銷活動，整體上形成了完善高效的營銷管理體系。

質量管理

質量是企業的生命之源，是企業佔領市場的唯一出路。本集團持續致力於建立起一套從供應商質量管理至消費者服務的整條價值鏈的全面質量管理系統。

本集團從源頭開始嚴格對供應商進行篩選管理，參照國際領先的供應商質量管理經驗，2017年陸續生效了直接物料供應商質量批准流程和直接物料供應商質量管理程序，嚴格供應商准入，並定期對供貨商進行評價和考核，確保供應商質量系統的穩定可靠運行。同時根據新發佈生效的原料和包裝材料國家標準及新的風險監控要求，更新了相關原輔



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

in respect of procurement of raw materials and packaging materials as well as new risk control requirements, the Group has updated the standards of raw and auxiliary materials, and developed an incoming inspection plan based on the risk level of these materials to carry out strict incoming inspection to ensure the high quality of materials purchased.

In order to enhance the quality awareness of our staff, during the year the Quality Centre invited senior quality experts from Danone to carry out training on quality and food safety for the officer-in-charge of each factory, and has developed 12 quality training manuals to be periodically promoted at the factory level, so as to incorporate knowledge about quality into their daily operations and establish a good quality culture at each production base. With an aim to expedite compliance with regulations across all operations within the Group, in 2017, the Quality Centre led the way in management changes, most noteworthy by formulating and implementing Yashili quality standards, including the quality incident report and investigation process and other procedures so as to standardise the relevant operation at the execution level and enhance internal operational efficiency and improve results.

As for laboratory testing, laboratories in all factories purchased advanced test and analysis equipment based on test requirements, including an inductively coupled plasma mass spectrometer, an ultra-performance liquid chromatography-tandem mass spectrometer, a gas chromatograph-mass spectrometer, a high performance liquid chromatograph, an atomic absorption spectrometer and a gas chromatograph. During 2017, four domestic factories had completed relevant resource allocation and development of a national standard testing procedure, and conducted a full analysis of finished products. Meanwhile, the laboratories continued to improve their testing capability and actively sought to conduct benchmarking with external authoritative laboratories. In 2017, the external proficiency of the laboratories in the Shanghai, Chaozhou and Horinger factories all exceeded 95%, which reached its predetermined target, demonstrating the strong testing capability of all of the Group's laboratories.

In order to ensure compliance with the requirements under the production licence for infant formula milk powder products, the quality department of each factory organised study of the licence requirements, carried out detailed factory-level departmental self-inspection, and constantly managed improvement according to the deviations and risk evaluation results. Furthermore, the Group's factories have passed the supervisory accreditation or re-assessment of globally-recognised standards such as ISO9001, HACCP, FSSC22000, Integrity and CNAS in accordance with the requirements of annual audit plans and relevant regulations, as well as secured a total of 38 approval reviews for production licences, indicating the sound operation of

料標準，並根據原輔料風險等級制定了相應的進貨檢驗計劃，對每批到貨原輔料進行嚴格的進貨查驗，確保採購物料的高質量。

為提高員工質量意識，質量中心年中邀請了達能資深質量專家，對各工廠生產主要負責人進行了質量和食品安全方面的相關培訓，並製作了12個相關的質量培訓教材，不定期滾動在工廠層面宣傳，將質量知識融入員工的日常工作中，在各生產基地建立起良好的質量文化氛圍。為規範集團操作，質量中心2017年發佈了變更管理、雅士利質量標準、集團質量事故報告與調查流程等程序，在執行層面統一，規範相關具體操作，提升內部運行效率及改進效果。

實驗室檢測方面，各工廠實驗室根據測試需求購買了先進檢測分析設備，包括電感耦合等離子質譜儀、超高效液相質譜聯用儀、氣相質譜聯用儀、高效液相色譜儀、原子吸收儀光譜儀、氣相色譜儀等。2017年國內4家工廠都已完成相關資源配備及國家標準測試方法的開發，全面開展了成品全分析測試。同時實驗室不斷提升檢測能力，積極尋求與外部權威實驗室開展對標工作，2017年上海工廠、潮州及和林工廠實驗室的外部能力比對均大於95%，達到設定目標，顯示出集團各實驗室強大的檢測能力。

為確保全面符合嬰幼兒配方乳粉生產許可的各項要求，各工廠質量部門組織相關部門對生產許可要求進行了認真學習並開展了仔細的內部自查，根據偏差及風險評估結果持續對差距進行改進。同時各工廠根據年度審核計劃及相關法規要求順利完成包括ISO9001、HACCP、FSSC22000、誠信、CNAS等管理體系的監督審核或複評審及生產許可的獲證審核共計38次，證明了集團的質量系統運行良好，能為生產優質產品提供堅實保

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

our quality system to lay a solid foundation for producing quality products. After obtaining approval for the recipe, the quality department of each factory proactively coordinates with the relevant regulatory departments to complete the preparation works for the review of recipe registration to ensure successful launch of the new registered products to the market. In 2017, the Group's Quality Centre has developed its product risk control plan to align with the national risk control plan and address important market issues. This plan covers a total of 74 batches of products including infant formula milk powder, modified milk powder and milk rice cereal. Results have indicated satisfactory progress to date.

In terms of application systems, the Shanghai factory successfully switched to the Mengniu Laboratory Information Management System ("LIMS"), and the Group's factories started adopting the Mengniu SAP ERP system to ensure a sound operation of quality-related procedures as well as the effectiveness of product traceability through quality modules of these systems. The Chaozhou factory completed equipment upgrading for the GBT product quality traceability programme in 2017, thereby extending that function.

In 2017, all analysis and testing results of the products of the Group's factories were in compliance with relevant national standards. In the strict national sampling campaign conducted by third parties, the pass rate of products under the "Yashily", "Mengniu", "Dumex" and "Scient" brands was 100%, which further boosted consumers' confidence in the Group and its products.

Supply Chain

In 2017, the Group's Supply Chain Centre made strenuous efforts to boost innovation and has achieved satisfactory results. It has rationalised and defined the management framework of the supply chain ranging from receiving specifications from the customers to satisfaction of their specifications. Towards that end, it has realised end-to-end supply chain management, which covers five functions (i.e., strategy, planning, procurement, manufacturing and logistics) and four basic works. The Group has also planned and optimised nationwide logistics and distribution networks, which cover nearly 5,000 routes across the country. To guide the management of the supply chain, it has formulated and determined the goals and strategy of the team with the overriding aim to satisfy customers' needs and reduce the overall cost of the supply chain, to build a revitalised and competitive supply chain through close teamwork, clearly-defined responsibility and continuous improvement. As for the Supply Chain Centre itself, the Group has designed and released the standard structure with newly-added functions including continuous improvement and engineering

障。在配方許可獲證後，各工廠質量部積極協調監管部門，完成配方註冊前的審核等各項準備工作，與相關部門通力合作確保了新的配方註冊產品順利上市。質量中心於2017年開始針對國家風險監控計劃及市場關注熱點，建立了本集團的產品風險監控計劃，風險監控包括嬰幼兒配方乳粉，調製乳粉及奶米粉等品類共計74批次產品，監控結果表明集團的產品整體質量情況良好。

應用系統方面，上海工廠已順利完成蒙牛實驗室信息管理系統（「LIMS」）系統的切換，本集團各工廠也開始使用蒙牛SAP ERP系統，通過系統質量模塊確保質量相關工作的有效運行及產品追溯的有效性。為改善質量追溯系統，潮州工廠2017年完成了GBT產品質量追溯項目的設備升級改造。

2017年，本集團工廠所有的產品內部全分析檢測結果均符合相關國家標準，在外部的國家嚴格抽檢中，「雅士利」、「蒙牛」、「多美滋」、「施恩」品牌產品抽檢結果均100%合格，加強了消費者對本集團及產品的信心。

供應鏈

2017年，本集團供應鏈中心大力推動革新，取得顯著成效，梳理並明確了供應鏈管理框架——從接受客戶需求開始直至滿足客戶需求為止、端到端供應鏈管理，覆蓋策略、計劃、採購、製造、物流，合計五大專業職能、四大基礎工作；規劃並優化全國物流配送服務網絡，覆蓋全國近5,000條線路；制定並明確整個團隊目標和策略，以滿足客戶需求為導向，以降低供應鏈總成本為目標，通過團隊合作、專業分工、持續改善，打造新雅士利有競爭力的供應鏈系統；設計並發佈了整個中心的標準構架，新增持續改善和工程項目職能，並標準化所有工廠架構和部門構架，唯才是用，外部招聘結合內部提拔；梳理並標準化績效指標57項，為下一步績效驅動做好基礎；持續推動和改善供應鏈績效，



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

projects, and standardised the organisational structures of all the factories and departments to become merit-based with a combination of external recruitment and internal promotion. To advance professional development, it has optimised and standardised 57 performance indicators, laying a solid foundation for further improvement. Through these efforts, the Group has constantly enhanced and improved supply chain performance, maintaining a stable and high order fulfillment rate, and further reducing the overall cost of the supply chain along with a substantially shorter turnover days while meeting the goal of zero major quality, safety or environmental incidents.

Management System

The management of the Group has developed the business strategy of marketing model transformation and supply chain integration, and set the IT strategy of digital transformation in response to the national "Internet plus" and big data strategic directives. Guided by the IT department of Mengniu Group headquarters, the Group has developed a three-year roadmap for information technology system construction, in an effort to establish a new marketing system through horizontal and vertical integration and end-to-end digitalisation covering fully traceable processes ranging from digitalised production, digitalised R&D to digitalised marketing and digitalised services. Efforts have been made to speed up the ERP upgrade, with an aim to rebuild a new operation model based on cloud computing and big data.

1. Speeding up ERP Upgrade and Optimisation:

In 2017, the Group successfully launched the SAP ERP system covering financial accounting, cost accounting, sales and distribution, procurement, supply chain, quality, production and other modules. By standardising the management data standards, operational processes and management policies of the various business units, the Group has achieved efficient integrated operation of production, supply, sales and finance. Some 102 major processes were optimised and 26 key points were developed and improved, providing integrated services including self-orders by distributors, automatic reconciliation and other functions, which greatly improved the Group's operational efficiency and shortened the turnover period.

訂單滿足率穩定並保持在高標準，供應鏈總成本進一步下降，整體庫存大幅縮短；實現零重大質量、安全、環保事件發生。

管理系統

本集團管理層制定了營銷模式轉型和供應鏈整合的業務戰略，並且在國家「互聯網+」及大數據的戰略下，提出了數字化轉型的IT戰略。在蒙牛集團總部IT的指導支持下，本集團編製了三年期的信息化建設線，從全程追溯的數字化生產、數字化研發，到數字化營銷、數字化服務的流程，建立橫向集成、縱向集成、端到端數字化的全新營銷體系，ERP升級換代正加速完成，企業正在重新構建基於雲計算、大數據的全新運營模式。

1. ERP升級優化加速完成：

在2017年成功實施了包括財務會計、成本會計、銷售與分銷、採購、供應鏈、質量、生產等模塊的SAP ERP系統，通過統一各業務單元管理數據標準、操作流程和管理政策，最終實現集團產、供、銷和財務業務的完整一體化高效運做，其中優化了102主要流程，開發改進26個關鍵點，集成經銷商自主下單、自動對賬等功能，極大的提高了本集團的運營效率，加快了回款周期。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

2. Digitalised R&D and Digitalised Production:

Yashili has focused on the digitalisation of research and development activity, and implemented the LIMS to achieve a digitalised product management and quality control. By connecting all the major test instruments with the LIMS system, data collected by the test instruments will be automatically transmitted to the LIMS system instead of using the traditional keyboard input of test results and quality control results, thereby greatly improving the work efficiency and reducing human error, so as to shorten the life cycle of samples in the laboratory. A major investment has also been made to implement systems ranging from the material management system to the product traceability system, achieving end-to-end digital management and digital monitoring of the whole supply chain, and unifying the Group's product traceability and batch management.

3. Digitalised Marketing:

Starting from 2018, the Group plans to establish its membership management system step-by-step, integrate the call centre, and build a big data-based DMP platform to implement activity code scanning and store code scanning aiming to secure new customers and better profile consumer behavior, enabling targeted marketing and analysis. Meanwhile, the Group will build a database to implement multi-dimensional modeling and analysis covering membership, points, activities, stores, shopping guidance and channels.

4. Digitalised Service:

The Group has integrated the call centre platform and will combine it with the more precise consumer profiling produced by the membership system to achieve targeted communication and provide attentive customised service.

5. In 2018, the Group intends to implement a new portal office automation ("OA") system to offer tailored services for its internal staff, so as to greatly simplify the internal process and information transmission and effectively enhance the employees' sense of pride and belonging.

2. 數字化研發及數字化生產：

雅士利注重研發的數字化，實施了LIMS系統，實現數字化產品管理，質量控制。把所有主要測試儀器跟LIMS系統連接，把測試儀器數據自動傳輸到LIMS系統，代替了傳統的鍵盤輸入測試結果和質量控制結果，從而大大提高工作的效率和減少錯誤率，縮短樣品在實驗室中的生命週期，並投入大量資金實施從投料管理系統到產品追蹤追溯系統，實現了端到端的全程鏈條數字化管理和數字化監控，並且統一了本集團的追蹤追溯及批次管理。

3. 數字化營銷：

計劃從2018年開始，逐步建立會員管理系統，統一呼叫中心，並建立以大數據為基礎的DMP平台，實現活動掃碼、門店掃碼拉新客、消費者的行為畫像，並在此基礎上做更精準的營銷和分析，通過搭建數據倉庫，實現會員、積分、活動、門店、導購、渠道等多維度的建模和分析。

4. 數字化服務：

本集團已經統一了呼叫中心平台，將結合會員體系的消費者精準畫像，實行精準溝通，精準貼心服務。

5. 2018年，本集團計劃實施新門戶辦公自動(「OA」)系統，貼心服務內部員工，大大簡化內部流程及信息傳遞，有效增強員工的榮譽感和歸屬感。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, the Group's revenue amounted to RMB2,254.7 million (2016: RMB2,203.3 million), representing a 2.3% increase compared to the same period of last year.

財務回顧

收入

截至2017年12月31日止年度，本集團之收入達人民幣2,254.7百萬元(2016年：人民幣2,203.3百萬元)，較去年同期上升2.3%。

By product category	按品牌類別劃分	2017 RMB million 人民幣百萬元	2016 RMB million 人民幣百萬元	Percentage change 變動比例
Infant milk formula products	嬰幼兒配方奶粉產品	1,530.7	1,462.4	4.7%
Nutrition food products	營養食品	481.5	668.2	-27.9%
Others	其他	242.5	72.7	233.6%
Total	總計	2,254.7	2,203.3	2.3%

28 As of 31 December 2017, sales revenue from infant milk formula products amounted to RMB1,530.7 million (the same period of 2016: RMB1,462.4 million), representing an increase of 4.7% from last year, among this, sales revenue from high-end infant formula products amounted to RMB382.1 million, accounting for 25.0% of sales revenue (the same period of 2016: RMB161.9 million, 11.1%). Sales revenue from nutrition food products amounted to RMB481.5 million (2016: RMB668.2 million), representing a decrease of 27.9% from the same period of last year, which was mainly attributable to the withdrawal of the nutrition food products from some traditional channels. Sales revenue from other products amounted to RMB242.5 million (2016: RMB72.7 million), representing an increase of 233.6% from the same period of last year, which was mainly derived from the base powder sold by the subsidiary Yashili New Zealand Dairy Co., Limited ("Yashili New Zealand") to Danone.

截至2017年12月31日，嬰幼兒配方奶粉產品實現銷售收入人民幣1,530.7百萬元(2016年同期：人民幣1,462.4百萬元)，較去年上升4.7%，其中，高端奶粉系列實現銷售收入人民幣382.1百萬元，佔比25.0%(2016年同期：人民幣161.9百萬元，11.1%)。營養品實現銷售收入人民幣481.5百萬元(2016年：人民幣668.2百萬元)，較去年同期下降27.9%，主要是營養品撤出部分傳統渠道的經營；其他產品實現銷售收入人民幣242.5百萬元(2016年：人民幣72.7百萬元)，相比去年同期上升233.6%，主要是子公司雅士利新西蘭乳業有限公司(「新西蘭乳業」)銷售基粉給達能產生。

The increase in the Group's sales revenue was mainly due to: (1) the establishment of dedicated mother-and-baby team in line with the market trend due to the decreased reliance on traditional channel as a result of the rapid growth in the mother-and-baby store channel; and (2) the continuous efforts by the Group in adjusting product strategy to gradually eliminate products with low production value and gross profit. In addition, the Group takes active measures to consolidate its product lines in response to the impact brought by the registration law on infant formula, which offset the growth in sales of some products to a certain extent.

本集團銷售收入上升主要是由於：(一)因應母嬰渠道成長迅猛，減低對傳統渠道的依賴度，成立專職母嬰團隊以符合市場趨勢。(二)本集團持續調整產品策略，逐步淘汰產值及毛利低的品項。此外，本集團正在積極整合產品線應對嬰幼兒奶粉配方註冊法案帶來的影響，而整合會在一定程度上部分抵銷產品的銷售增長。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Gross profit

For the year ended 31 December 2017, the Group recorded a gross profit of RMB922.2 million (2016: RMB1,037.3 million), representing a decrease of 11.1% from the same period of last year. The gross profit margin was 40.9%, representing a decrease of 6.18%, which was mainly due to the increase of the unit prices of raw materials and the increase of production costs, due to the transfer of base powder production to Yashili New Zealand this year. In addition, some products removed from the market or withdrawn from the traditional marketing channel were sold at a discount, which lowered the gross profit margin.

Selling and distribution expenses

For the year ended 31 December 2017, the Group generated selling and distribution expenses of RMB893.2 million (2016: RMB1,171.0 million), representing a decrease of 23.7% from last year.

The Group's selling and distribution expense as a percentage of revenue decreased to 39.6% (2016: 53.1%), representing a decrease of 13.5% from the same period of last year. The decrease was mainly due to the withdrawal from the costly traditional sales channels and improved utilization of selling expenses.

Administrative expenses

For the year ended 31 December 2017, administrative expenses amounted to RMB271.2 million (2016: RMB389.6 million), representing a decrease of 30.4% from last year, mainly attributable to decrease of the shutdown losses arising from utilized production capacity of our plants in New Zealand and enhancement of operation efficiency of back offices as well as decrease in employee layoff compensation paid by the Company.

Net finance income

For the year ended 31 December 2017, net finance income amounted to RMB105.6 million (2016: RMB111.4 million). The decrease in net finance income of 5.2% was mainly attributable to the decrease in capital funds after payment of consideration for the acquisition of Dumex in 2016.

Income tax credit

For the year ended 31 December 2017, the income tax credit of the Group amounted to RMB49.6 million (2016: Income tax credit amounted to RMB12.4 million) and the effective income tax rate was -21.6% (2016: -3.7%). The increase in income tax credit was mainly attributable to the Group's tax loss for the current period.

毛利

截至2017年12月31日止年度，本集團錄得毛利為人民幣922.2百萬元(2016年：人民幣1,037.3百萬元)，較去年同期下降11.1%。毛利率為40.9%，毛利率下降6.18%，下降的主要原因在於本年原材料單價上升及基粉轉由新西蘭乳業進行生產，成本較高。此外，部分退市產品及撤出傳統渠道的產品做低價處理，拉低了毛利率。

銷售及經銷開支

截至2017年12月31日止年度，本集團產生銷售及經銷開支為人民幣893.2百萬元(2016年：人民幣1,171.0百萬元)，較去年下降了23.7%。

本集團銷售及經銷開支佔收入比例下降至39.6%(2016年：53.1%)，較去年同期下降了13.5%；下降的主要原因是撤出費用較高的傳統渠道以及優化銷售費用的使用效率。

行政開支

截至2017年12月31日止年度，行政開支為人民幣271.2百萬元(2016年：人民幣389.6百萬元)，較去年下降了30.4%，主要是由於本年新西蘭乳業產能利用率上升，停工損失減少，後台運營效率提升及公司裁員賠償金減少所致。

淨財務收入

截至2017年12月31日止年度，財務收入淨額為人民幣105.6百萬元(2016年：人民幣111.4百萬元)。財務收入淨額下降5.2%，主要由於2016年支付收購多美滋對價後資金減少所致。

所得稅抵減

截至2017年12月31日止年度，本集團的所得稅抵減為人民幣49.6百萬元(2016年所得稅抵減：人民幣12.4百萬元)，實際所得稅率為-21.6%(2016年：-3.7%)。所得稅抵減上升的原因主要是本集團本期為稅務虧損。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Inventory

As at 31 December 2017, the balance of inventory of the Group amounted to RMB786.3 million (31 December 2016: RMB619.9 million), and the increase in inventory was mainly attributable to the increase of RMB187.0 million of finished products. As some of the Group's products were still in the infant formula approval process, the Group stocked up on these products in 2017 year-end to ensure enough supply in 2018 before obtaining infant formula approval.

Other financial assets

As at 31 December 2017, other financial assets included wealth management products of RMB724.7 million, which were principal guarantee and with anticipated annualized yields of 2.0% to 5.1% (31 December 2016: 3.1% to 4.0%).

Trade and bills receivables

As at 31 December 2017, the Group's trade and bills receivables amounted to RMB144.3 million (31 December 2016: RMB161.4 million). In 2017, the trade receivables turnover days were 23 days (2016: 27 days), representing a decrease of 4 days as compared to the same period of 2016, mainly attributable to accelerated collection of receivables.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities (31 December 2016: nil).

Capital commitment

As at 31 December 2017, the Group's capital commitment was RMB23.1 million (2016: RMB36.3 million) which is mainly related to workshop renovation projects and the purchase of milk powder production equipment.

存貨

於2017年12月31日，本集團存貨餘額為人民幣786.3百萬元(2016年12月31日：人民幣619.9百萬元)，存貨增加主要是產成品增加人民幣187.0百萬元，2017年底本集團有部分產品尚在配方註冊的審批過程中，為使2018年該部分產品取得配方註冊許可前的銷售得以延續，本集團在2017年底對該部分產品進行備貨。

其他金融資產

於2017年12月31日，其他金融資產包含穩健型保本理財產品人民幣724.7百萬元，預期年化收益率為2.0%至5.1%(2016年12月31日：3.1%至4.0%)。

貿易應收款及票據

於2017年12月31日，本集團貿易應收款及應收票據金額為人民幣144.3百萬元(2016年12月31日：人民幣161.4百萬元)。於2017年，貿易應收款周轉天數為23天(2016年：27天)，周轉天數較2016年同期減少4天，資金回收速度加快。

或然負債

於2017年12月31日，本集團並無重大或然負債(2016年12月31日：無)。

資本承擔

於2017年12月31日，本集團資本承擔額為人民幣23.1百萬元(2016年：人民幣36.3百萬元)。主要為車間改造項目及購置奶粉生產設備。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Provision for doubtful debts

As at 31 December 2017, the Group had provision for doubtful debts of RMB9.1 million (2016: RMB0.7 million). The provision was made for impaired receivables relating to customers that were in default or delinquency of payments. The Group does not hold any collateral or other credit enhancements over such amounts. The Group regularly reviewed aging of receivables and considered making provision based on a number of factors such as whether the debtors encounter significant financial difficulties, the probability that the debtor will file for bankruptcy or be subject to financial reorganization, and the possibility of default or delinquent payments.

Provision for impairment and disposal losses of inventories

As at 31 December 2017, the Group's balance of provision for impairment of inventories was RMB27.4 million (2016: RMB31.4 million). In addition, the Group also recorded losses on disposal of inventories of RMB50.4 million (2016: RMB56.1 million) which were primarily due to the disposal of some products that are no longer sold at such markets after transformation of sales channels.

Pledge of assets

As at 31 December 2017, assets with an aggregate value of approximately RMB1,848.4 million (31 December 2016: RMB803.1 million) were pledged by the Group to secure certain loans and issuance of letter of credit.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Group amounted to RMB-179.8 million, a 43.8% increase compared to the preceding year. The increase was mainly due to the decrease of selling and distribution expenses and administrative expenses in the current year.

Liquidity and capital resources

As at 31 December 2017, the Group's liquidity, including cash and cash equivalents, pledged deposits to be released within one year, long-term bank deposits and other financial assets, amounted to RMB2,716.7 million in total (31 December 2016: RMB3,302.9 million), representing a decrease of 17.7%. The decrease was mainly due to payment of short term borrowings.

呆賬撥備

於2017年12月31日，本集團的呆賬撥備為人民幣9.1百萬元(2016年：人民幣0.7百萬元)。該等撥備是與拖欠付款的客戶有關的減值應收款而作出的撥備。本集團並無就該等金額持有任何抵押品或其他信貸增級。本集團定期審閱應收款的賬齡，並考慮根據若干因素計提撥備，例如債務人是否出現重大財務困難、債務人申請破產或進行財務重組的概率，以及拖欠付款的可能性。

存貨減值撥備和報廢虧損

於2017年12月31日，本集團的存貨減值撥備餘額為人民幣27.4百萬元(2016年：人民幣31.4百萬元)。此外，本集團亦錄得存貨報廢虧損人民幣50.4百萬元(2016年：人民幣56.1百萬元)；主要是由於集團銷售渠道轉型，對部分不再議入賣場經營的產品給予處置。

已抵押資產

於2017年12月31日，本集團已抵押資產合共約人民幣1,848.4百萬元(2016年12月31日：人民幣803.1百萬元)；以獲得若干借款及開具信用證。

本公司股權持有人應佔溢利

本集團股權持有人應佔溢利為人民幣-179.8百萬元，較去年上升43.8%。主要由於本年銷售及經銷開支、行政開支下降。

流動資金及資本資源

於2017年12月31日，本集團的流動資金包括現金及現金等價物，一年內解除限制的受限銀行存款、長期銀行存款及其他金融資產合計人民幣2,716.7百萬元(2016年12月31日：人民幣3,302.9百萬元)，下降17.7%。下降的原因主要是歸還短期借款所致。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Operating activities

For the year ended 31 December 2017, the Group's net cash outflow used in operating activities was RMB254.9 million (2016: RMB477.2 million). The decrease in net cash outflow used in operating activities was mainly attributed to the increase in revenue and increased efforts to collect trade receivables during the year.

Investing activities

For the year ended 31 December 2017, net cash inflow generated from investing activities amounted to RMB287.3 million (2016: RMB-366.9 million), which was mainly attributable to proceeds from wealth management investments upon maturity during the year.

Financing activities

For the year ended 31 December 2017, net cash inflow generated from financing activities amounted to RMB50.4 million (2016: RMB94.6 million), mainly attributable to the decrease in pledged deposits in relation to bank loans during the year.

Loans

As at 31 December 2017, the Group's loans amounted to RMB529.7 million (31 December 2016: RMB1,143.1 million). The annualised interest rates for loans denominated in RMB was 1.47% to 3.3%; the annualised interest rates for loans denominated in USD was LIBOR+0.8% to LIBOR+0.85%; the annualised interest rate for a loan denominated in HKD was HIBOR +0.7%; the annualised interest rate for denominated in EUR was EURIBOR+0.8%; the annualised interest rate for a loan denominated in AUD was BBSW+0.8% and the annualised interest rate for a loan denominated in NZD was BKBM+0.85%. The above loans shall be repayable on demand upon maturity. As at 31 December 2017, the Group's gearing ratio, which is calculated by total interest-bearing bank loan at year end divided by total assets at year end, was 7.1% (31 December 2016: 14.3%).

Use of net proceeds from Initial Public Offering

The Company's net proceeds from Initial Public Offering amounted to approximately RMB1,965.8 million after deduction of relevant expenses. The Company had applied these net proceeds as disclosed in the section "Future Plans and Use of Proceeds" in the prospectus dated 30 October 2010. Therefore, the use of net proceeds as of 31 December 2017 is set out as below:

經營活動

截至2017年12月31日止年度，本集團的經營活動現金淨流出人民幣254.9百萬元(2016年：人民幣477.2百萬元)。經營淨現金流出減少主要由於本年收入增加，同時集團加強產品貨款的回收力度。

投資活動

截至2017年12月31日止年度，投資活動產生的現金淨流入為人民幣287.3百萬元(2016年：人民幣-366.9百萬元)，主要是本年期收回理財投資所導致。

融資活動

截至2017年12月31日止年度，融資活動所產生現金淨流入為人民幣50.4百萬元(2016年：人民幣94.6百萬元)，主要是本年銀行借款減少，相應作為抵押的銀行存款減少所致。

借款

於2017年12月31日，本集團借款為人民幣529.7百萬元(2016年12月31日：人民幣1,143.1百萬元)。人民幣借款年利率1.47%到3.3%；美元借款年利率為LIBOR+0.8%到LIBOR+0.85%；港幣借款年利率為HIBOR+0.7%；歐元借款年利率為EURIBOR+0.8%；澳元借款年利率為BBSW+0.8%；紐幣借款年利率為BKBM+0.85%。以上貸款需按的要求到期償還。於2017年12月31日，本集團資產負債比率為7.1%(2016年12月31日：14.3%)，資產負債比率為年末計息銀行貸款總額除以年末資產總額。

首次公開招股所得款項淨額用途

本公司於扣除有關開支後的首次公開發售所得款項淨額約為人民幣1,965.8百萬元。本公司已按照2010年10月30日的招股章程「未來計劃及所得款項用途」一節所披露的方式運用這些款項淨額。因此，截至2017年12月31日所得款項淨額用途如下：

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Item	項目	Available at	Utilised during	Unutilised
		the end of	the year	as at
		2016	ended	31 December
			31 December	2017
		於2016年底	截至2017年	於2017年
		可動用	12月31日	12月31日
		RMB'000	止年度動用	未動用
		人民幣千元	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Expansion of production capacity for infant formula and nutrition food products	用於擴大嬰幼兒配方奶粉及營養食品之產能	150,271	103,918	46,353
Enhancement to the Group's research and development capabilities	提高本集團的研發能力	14,356	14,160	196
Total	總計	164,627	118,078	46,549

HUMAN RESOURCES

As at 31 December 2017, the Group had a total of 2,313 full-time employees (31 December 2016: 3,711). The total staff cost for the year was approximately RMB507.0 million (2016: RMB560.1 million).

In 2017, the Human Resources Centre of the Group has proactively carried out a wide range of activities, in support of its efforts to steadily restructure its organisation, consolidate its resources and enable the Group to shine among its competitors.

1. Completion of Steady Organisational Restructuring:

The Centre assisted in the completion of overall organisational restructuring of the four major business segments and stable implementation of business strategies, including the determination of the organisational structure of business segments, the deployment of talents to suitable positions as well as the development of a remuneration system and commission proposals. In line with the Company's strategies, it provided all-round human resources management solutions for the business segments, enabling them to seize opportunities in the milk powder industry in 2018.

人力資源

於2017年12月31日，本集團共有2,313名(2016年12月31日：3,711名)全職僱員。僱員本年總成本約為人民幣507.0百萬元(2016年：人民幣560.1百萬元)。

2017年，本集團人力資源中心積極開展各項支持工作，助力集團穩步轉型、聚勢重整、亮劍重生：

1. 完成組織穩步轉型：

協助四大事業部完成組織全面轉型，幫助業務策略穩步落地，包括事業部組織架構設定、人崗匹配、薪酬體系及提成方案建立；圍繞公司戰略，為事業部提供人力資源管理全方位解決方案，助力事業部更好地迎戰2018年奶粉行業新機遇。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

2. Enhancement of Employee Incentives:

The Human Resources Centre launched a physical checkup program for all employees and enhanced coverage of life insurance for grass-roots employees. The Centre formulated the Group's overall incentive proposal for 2017, which outlines various awards and the calculation of bonuses. The Centre also launched the long-term incentive schemes for key talent. Furthermore, the Centre introduced 2018 performance management measures to improve the performance management process and regulate performance assessment. In order to achieve the Group's goals for 2018, the Centre developed more effective and rational incentive and management guidelines, so as to strengthen protection for employees and enhance their job satisfaction and sense of belonging.

3. Talent Cultivation Contributing to Performance Enhancement:

Based on the needs of the various business teams, the Centre provided tailor-made goal-driven courses, with a view to boosting the morale and professional skill of the sales team. Meanwhile, the Centre has established the talent development system by reorganising Yashili Business School and developing a training system covering all levels of sales personnel aimed at building a professional sales team. While planning and improving its organization and talent management program in light of the circumstances of the Company, the Centre made strenuous efforts in forecasting talent requirements as well as recruiting, cultivating and retaining outstanding talent for the Group.

4. Caring for Employees' Concerns and Needs:

Setting up communication channels for employees with senior management, has shown how the Human Resources Centre attaches great attention to the opinions and suggestions of grass-root employees and strived to satisfy the needs of front-line employees, so as to enhance the operational efficiency of the Company. The Centre has conducted market visits on a monthly basis to address human resources issues in a timely manner to ensure front-line services and to promote corporate policies among front-line employees. Meanwhile, the Centre has initiated promotional activities such as "the Power of Role Models" and "Great Working Moments", with an aim to recognise outstanding work performance and delivering positive energy. Besides, the Centre carried out team-building exercises among departments and has organised corporate culture activities for festivals such as the Mid-Autumn Festival, the Dragon Boat Festival and Christmas, creating a pleasant working environment for employees.

2. 加大員工激勵力度：

推出全員健康體檢方案，提升基層員工壽險保障；制定2017年集團整體激勵方案，細化各項獎項和獎金測算；推出關鍵人才長期激勵方案；完善績效管理流程，規範績效考核，推出2018年績效管理辦法；為實現2018年集團目標做出更有力和合理的激勵及管理指引，加大員工保障，提升工作滿意度和歸屬感。

3. 助力業績提升的人才培養：

根據各業務團隊需求，設計以終為始的專屬課程，提升銷售團隊士氣和專業技能；對雅士利商學院重新規劃，制定銷售各層級人員的培訓體系，打造專業銷售團隊，讓人才發展成體系；根據公司實際情況梳理和完善人才盤點規劃，做好人才預測、為本集團發掘、準備、保留優秀人才。

4. 關注員工感受和需要：

開設高管直通車，關注基層聲音，重視一線員工需要，提升公司運作效能；實行月度市場巡訪，為一線提供服務及時解決人力問題，宣揚公司政策；推出「榜樣的力量」和「讓工作閃耀」宣傳活動，傳播和宣揚優秀的工作行為，傳遞公司正能量；啟動各部門團建及組織員工開展中秋節、端午節、聖誕節等各種節日企業文化活動，讓員工感受開心集體，愉快工作。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

CORPORATE SOCIAL RESPONSIBILITY

In 2017, the Group has persistently undertaken efforts in social welfare activities and extensively spread love and care to the community.

In March, the Group donated milk powder valued at approximately RMB419,000 to the Overseas Chinese Charity Foundation of China for delivery to poor people in need of love and care across the country in a bid to help children living in poverty. It also donated milk powder valued at approximately RMB56,000 to the Guangdong Branch of the Red Cross Society of China which together with the Red Cross of Heyuan City, distributed these products to children from impoverished families in Heyuan. Most children involved in this activity have been left in their grandparents' or other relatives' care, while their parents worked away from home in the cities. While bringing nourishing food to these children, this activity has also spread warmth and care across society.

In April, a blind mother insisted on giving up treatment to save her unborn fetus which made her family face a dilemma. After a short pleasant experience in having a new baby, the poverty-stricken family faced another predicament that the mother receiving chemotherapy treatment was unable to breast feed the baby, but the family could not even afford milk powder. Upon learning about the situation, the Company donated milk powder to the blind mother through the Red Cross in an effort to help the family living in distressed circumstances.

In July, the Group donated milk powder to the poverty-stricken families living in mountainous areas including Chongqing, Hongya County in Meishan City of Sichuan, Luding County in Garze Tibetan Autonomous Prefecture of Sichuan, Ma'erkang County in Ngawa Tibetan and Qiang Autonomous Prefecture of Sichuan and Xuzhou City of Jiangsu, in the hope that these children will enhance their physical condition in the future to have a stronger physique, be energetic and grow up healthily and happily.

In August, following the earthquake in Jiuzhaigou, Sichuan Province, the Group immediately launched the emergency mechanism and, in the first instance, approached Chengdu Disaster Preparedness and Relief Centre under Red Cross Society of China (中國紅十字會成都備災救災中心) to make donations in cash and materials with a value of RMB500,000.

社會責任

2017年，本集團在社會公益活動中再接再厲，將愛心擴大傳播。

3月份，本集團向中國華僑公益基金會捐贈了價值約人民幣41.9萬元的奶粉，送到全國各地需要愛心關注的貧困人群手中，借此活動，為困境中的兒童照亮前行之路；向廣東省紅十字會捐贈了價值約人民幣5.6萬元的奶粉，通過廣東省紅十字會及河源市紅十字會發放給河源當地困難家庭的孩子，此次捐贈的小孩多為父母外出務工、由爺爺奶奶或者其他親戚照看的留守兒童。希望通過此次捐贈，不僅給這些小孩帶去口糧，還能帶去家的溫暖，讓他們感受到社會的關懷。

4月份，盲妻為保住腹中胎兒，堅持放棄治療，卻讓家庭陷入兩難。新生命到來的短暫喜悅後，一貧如洗的家庭面臨新困境：母親接受化療無法母乳餵養，可家裏連奶粉錢都出不起。本公司得知該消息後，通過紅十字會向這位失明母親捐贈了奶粉，希望能幫助這個苦難的家庭，幫助他們渡過難關。

7月份，本集團向重慶、四川眉山市洪雅縣、四川甘孜瀘定縣、四川阿壩馬爾康縣、江蘇徐州等山區貧困家庭捐贈了奶粉。希望這些孩子將來能提高身體素質，擁有更強健體魄和充沛活力，無憂無慮、健康快樂成長。

8月份，四川九寨溝地震中，本集團緊急啟動應急機制，第一時間迅速聯繫中國紅十字會成都備災救災中心進行捐贈，捐贈現金及物資達人民幣50萬元。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

In November, in active response to the poverty alleviation program initiated by the government, the Group has committed to donate Yashili infant formula milk powder to 100 infants and toddlers aged three years old or younger from impoverished families in Taijiang County, Guizhou Province for a year, while also delivering love and care to primary school students from poverty-stricken mountainous areas and infants and toddlers from impoverished families for their healthy and happy growth.

11月份，為積極響應國家脫貧攻堅計劃號召，為貧困山區小學的孩子們和貧困家庭嬰幼兒送去愛心，讓山區孩子和嬰幼兒們能夠健康快樂成長，本集團向貴州台江縣貧困家庭的100名0至3歲嬰幼兒捐贈雅士利嬰幼兒配方奶粉一年。

PUBLIC RELATIONS AND CRISIS MANAGEMENT

The Group maintains active and effective publicity organisational resources and communicates relevant information to external parties in an open and transparent manner. The Group also maintains good internal communication with all its publicity departments and institutions, publishes the Company's latest information on a timely basis, and actively participates in various social welfare and charitable activities.

公共關係及危機處理

本集團保持積極有效的宣傳方式，公開透明地向外界傳達相關信息並與各宣傳部門、機構保持良好地溝通關係，及時更新並發佈公司最新信息，積極參與各項公益事業和慈善活動。

The Group has developed a complete set of internal crisis management systems and response mechanisms, and addresses complaints from consumers and issues of the media's concern via its crisis management centre in a timely, accurate and professional manner. Meanwhile, the Group is highly concerned with potential problems affecting the market, and provides good services for consumers in advance to prevent the outbreak of a crisis. The Group has established a news centre to pay close attention to the trends and news of the industry and monitor public opinions, in order to make timely response to any industry incidents. The Group aims to eliminate negative impact and maintains a good reputation in the industry through effective communication and disclosure of information to the public and the media.

本集團內部制定了一套完整的危機管理系統及應對機制，並通過本集團危機處理中心，及時、準確地處理消費者的投訴及媒體關注的問題；同時，本集團高度重視市場反映可能問題，提前為消費者提供良好服務，預防危機事件的發生。本集團設立新聞中心，高度關注行業動向及新聞事件，對輿情進行監控，對行業事件及時做出反應。通過與公眾及媒體有效溝通，公佈信息，消除負面影響，樹立在行業中良好地位。

INVESTOR RELATIONS

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

投資者關係

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FUTURE PROSPECTS

Policy Implications

The list of permitted infant milk powder recipes has been announced in 2017 under "The Most Stringent New Policy for Milk Powder Products", which has brought about new policies, new opportunities and new challenges to the domestic dairy industry leading to the phasing-out of approximately 70% of infant formula milk powder brands from the market. The implementation of "The Most Stringent New Policy for Milk Powder Products" is essential for revitalising Chinese milk powder enterprises as well as increasing public confidence in domestic milk powder products. Looking ahead to 2018, recipe registration offers a good development opportunity for dairy companies focusing on brand quality, with promising prospects for brand expansion.

The total number of newborns in China has substantially increased since the "nationwide two-child" policy came into force. According to the website of the National Bureau of Statistics, the number of newborns in China in 2017 was 17.23 million, reaching its second highest total since 2000. In particular, the number of second-born children dramatically increased from that in 2016 to 8.83 million, which accounted for 51.2% of the total newborns, representing an increase of five percentage points as compared with 2016, significantly higher than the average number during the "12th Five-Year Plan" period, indicating that the "nationwide two-child" new policy continued to have a positive effect.

The third- and fourth-tier cities and townships with relatively low life stress are likely to create a baby boom and boost local milk powder demand, which will then shore up the sales of those domestic milk powder brands with competitive strength in the modern trade channels in these areas.

On 20 September 2017, Premier Mr. Li Keqiang presided over the executive meeting of the State Council, calling for the establishment of new cross-border e-commerce integrated pilot programme, an extension of the transitional period for cross-border e-commerce retailing import regulation policy for a year to the end of 2018 and acceleration of the improvement of relevant systems.

未來展望

政策影響

成功通過「史上最嚴奶粉新政」考核的嬰幼兒奶粉配方註冊名單於2017年陸續公佈，也為配方註冊制為國內乳業帶來了新政策、新紅利、新挑戰。新政的落地淘汰了市場上約70%的奶粉品牌，此舉不僅是振興中國奶粉企業的需要，也是增加公眾對國產奶粉信心的需要。2018年，對於專注品牌品質的乳企來說，配方註冊是一次發展良機，奶粉新政對於品牌而言將迎來擴張的東風。

「全面二孩」政策實施以來我國出生人口總量明顯增加，據國家統計局網站消息，2017年我國出生人口高達1,723萬，是自2000年以來歷史第二高位，其中二孩出生人數較2016年明顯增加至883萬人，二孩佔全部出生人口的比重達到51.2%，比2016年提高了5個百分點，明顯高於「十二五」時期平均水平，可見「全面二孩」政策效果持續顯現。

其中，生活壓力較輕的三四線城市及鄉鎮地區有望釋放一定出生人口，提振當地奶粉需求，繼而推動在該類地區商超渠道享有競爭優勢的本土奶粉品牌的銷售。

2017年9月20日，總理李克強先生主持召開國務院常務會議，會議要求興建跨境電商綜合試驗區，將跨境電商零售進口監管過渡期政策再延長一年至2018年底，並加快完善相關制度。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

The extension of the new cross-border policy may have taken into account the following three aspects: (1) cross-border e-commerce retailing imported goods effectively supplements supply in the domestic market, promoting the supply-side structural reform and domestic consumption upgrade; (2) driving the return of overseas consumption and satisfying the diversified needs of consumers by narrowing the price gap between the domestic and overseas markets for imported merchandise; (3) given the relatively small scale of cross-border e-commerce retail import business at present, the continuity of policy creates excellent conditions to summarise industry characteristics and development trends and improve relevant systems.

The further extension of the new policy in 2018 is expected to stimulate global purchases and consumption and accelerate an upgrade of consumption, and thereby will significantly benefit the import e-commerce players.

Industry Trend

At the national level, China's economy is expected to maintain a stable positive momentum in 2018 with growth led by per capita disposable income and a steadily rising consumer confidence index. The smooth implementation of the Recipe Registration Requirement, together with the two-child policy which continues to effectively offset the impact of the substantial drop in the number of first-borns on the birth rate, is expected to drive the ongoing recovery of the infant formula milk powder market in China.

At a corporate level, (1) for the brand-driven enterprises, upon completion of channel transformation and brand upgrade, the Group's products for designated channels will rapidly focus on its major brands, with significant advances in both mother-and-baby store channels and modern trade channels; (2) for enterprises with supply chain advantages, efforts will be made to obtain more approved recipes by leveraging a multi-base network and newly-built factories; and (3) for small-scale enterprises, they will take this opportunity to enlarge their market share while continuing to consolidate their three brands. Upon the completion of market standardisation and industry consolidation along with the further implementation of the Recipe Registration Requirement, international and domestic brands are increasingly expected to obtain recipe registrations in the future. As such, the market competition in 2018 is likely to be more intense, and not weaker, for channels and consumers alike.

跨境新政延長，可能有以下三方面考慮：(1) 跨境電商零售進口增加了國內市場的有效供給，推動了供給側結構性改革，促進了國內消費升級；(2) 縮小了進口消費品境內外價差，吸引了境外消費回流，滿足了消費者多元化需求；(3) 目前跨境電商零售進口規模較小，保持政策環境的連續穩定有利於總結行業特點、發展趨勢，完善相關制度。

新政再次延長，2018年對於進口電商來說，是一個重大的利好。將刺激全球購全球買消費，並推動消費升級。

行業趨勢

從國家層面看，2018年中國經濟發展將保持穩中向好趨勢，人均可支配收入增長，消費者信心指數穩步上升；配方註冊制成功實施，二孩政策繼續有效應對一孩出生數量下降幅度大對人口出生率的影響，將共同推動中國嬰幼兒配方奶粉市場持續回暖。

從企業層面看，(1)以品牌驅動的企業，在實現了渠道轉型和品牌升級基礎上，渠道專供型產品將迅速向主品牌集中，在母嬰和商超渠道均將取得重大突破；(2)以供應鏈優勢佔得先機的企業，將利用多基地或新建工廠取得更多配方註冊；(3)小型企業則將繼續鞏固其三個品牌，並借勢擴大市場份額。隨著配方註冊制的持續推進，市場淨化目標實現，行業洗牌完成，未來將有更多國內外品牌通過配方註冊。因此，預計2018年的市場競爭不會減弱，對渠道和消費者的爭奪可能更加激烈。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

At the channel level, the contribution of the mother-and-baby store channel will further increase to more than 50%, while the decline in the contribution of the modern trade channel will continue to narrow. International brands are enhancing the advantages of their strong recognition and extending business channels to wider areas by leveraging the brand strength. Domestic brands are drawing on their well-established channels, coupled with channel promotions suitable for national conditions, in order to gradually enhance their brand images and consumer loyalty and expand business channels to the first- and second-tier markets. The e-commerce channel is still dominated by international brands, but these brands and channels are undermined by market disorder due to the lack of online and offline price controls. Domestic brands are exploring the combined online and offline model for enhancing the consumer experience and brand promotion. In regard to the channel strategy in 2018, more efforts would be made to enhance distribution through mother-and-baby store channels and to launch ultra-high-end functional products with market potential and which are highly competitive, so as to demonstrate the professional strength of the Company and occupy the dominant position of the market.

At the customer level, the mothers who were born after 1990 will become the major force of the consumer market, leading to an upgrade of consumption. It is expected that high-end products will maintain growth momentum with a rapid increase in the ultra-high-end products. Along with the upgrade of consumer demand, the organic products, goat milk and other functional products will drive growth in the high-end market.

With all the opportunities and challenges ahead, the Group anticipates remarkable growth in the overall market during 2018.

Company Strategies

Brand Strategies

After the market reshuffling due to the implementation of the Recipe Registration Requirement, companies with competitive and differentiated products will be better positioned to fill the resulting market gap and take the lead in the competition for market share in 2018. The Group will further upgrade its brand strategy in 2018 with the four major brands (i.e., "Yashily", "Mengniu", "Dumex" and "Arla") respectively targeting the ultra-high, high-end and medium-range to high-end markets, so as to enrich its product pipeline and highlight differentiated products to seize market share. In view of consumption upgrading, we will focus on the goat milk powder market by launching and promoting those products with differentiated formulas such as "Doraler" and "Dumex" to quickly capture market shares. The Group will strive to build up its differentiated business model and brand network within the coming two to three years.

從渠道層面看，母嬰渠道佔比進一步擴大，超過五成；商超渠道的跌幅不斷收窄。國際品牌繼續強化品牌優勢，並利用品牌優勢在渠道下沉方面有所作為。國產品牌將借助扎實的渠道功底，加上符合國情的渠道推廣服務，逐步提升品牌形象並增強客戶黏性，渠道往一二線市場發展；電商渠道仍然以國際品牌為主導，但是由於線上線下缺乏價格管控，市場秩序混亂，逐漸導致其品牌受損、渠道受傷；國產品牌在解決用戶體驗、品牌推廣服務方面，正在探索線上線下結合的模式。2018年渠道策略仍需進一步加強母嬰渠道的鋪貨投入，推出有潛力有競爭力的超高端功能性產品，突顯企業專業化實力，搶佔市場制高點。

從消費者層面看，1990年後出生的媽媽引領市場，消費層次升級，行業高端化產品增長趨勢持續，超高端增長尤為明顯；消費需求升級，功能性產品(有機、羊奶)帶動高端化增長趨勢。

2018年，預計整體市場容量仍有可觀增長。機遇與挑戰並存。

公司策略

品牌策略

經過配方註冊制洗禮的市場，需要有競爭力差異化的產品去填充市場空白，為2018年市場搶位奪得先機。2018年，本集團品牌策略再次升級：「雅士利」、「蒙牛」、「多美滋」、「Arla」四大品牌各自佈局超高、高、中高端市場，豐富產品線，突出產品差異搶佔市場。基於消費升級，重點聚焦羊奶粉市場：「朵拉小羊」、「多美滋」羊奶粉等差異化配方，全面上市推廣，快速搶佔市場。通過2-3年時間，本集團力爭完成差異化業務模式和品牌佈局。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

The Group's overall brand strategy for 2018 is focused on precision marketing with targeted spending of brand costs, so as to generate cost effectiveness and achieve the dual goals for brand growth and corporate profits. While interacting with target consumer groups through new media and offline brand promotion and services, the Group will improve the consumer experience and enhance customer loyalty with strong channel-based promotion. The Group will also increase investment in its parent brand and leverage the reputation of "Danone", "Arla" and Yashili New Zealand to further strengthen its international brand image, in an effort to drive sales of its sub-brands by capitalising on the parent brand. Meanwhile, the Group will continue to be committed to fulfilling its social responsibility through participating in public welfare activities, in an attempt to convey its care for the community, so as to enhance its brand reputation in an all-round manner.

The year of 2018 is also the year of the FIFA Football World Cup. Leveraging the resources of "Mengniu", "Yashili", "Dumex" and "Reeborne" have become the official milk powder of 2018 FIFA World Cup. In the first half of the year, the Group is taking advantage of the World Cup to launch a comprehensive marketing campaign on the theme of "Join the World"; while in the second half of the year, the Group is concentrating resources on its four strategic product brands of "Yashily", "Dumex", "Mengniu" and "Arla" with a combination of both online and offline activities. For the online activities, the Group will focus on digital media promotion and pre-roll advertising in video services, vigorously utilising mobile Apps in line with consumers' media habits while also developing e-commerce platforms, so as to increase brand exposure and rapidly enhance brand awareness and recognition. As for offline activities in our core and potential markets, the Group is investing in the local major media, such as vehicle exterior advertising and light box advertising outside hospitals, combined with roadshow and consumer activities and synchronously implementing store display, POSM and special promotions, in an effort to orchestrate in-depth communication with consumers to strengthen its brand impression, expand brand influence by word-of-mouth publicity and create a professional respected image.

Product R&D

In 2018, the Group's R&D Centre will continue with the breast milk study covering a number of cities in China. Based on the findings and capitalising on the task of the national "13th Five-Year Plan" major food science and technology initiative "A New Generation of Infant Dairy Products and Development of Dairy Based Foodstuffs for Special Medical Purposes" (《新一代嬰幼兒乳製品和乳基特殊醫學用途食品的創製》), the Group plans to develop formula milk powder with various functional components that cater for the healthy growth and nutrient demand of Chinese babies.

2018年，本集團整體品牌策略聚焦精準營銷，品牌費用精準投放，以較低投入帶來更高產出，實現品牌成長和企業盈利雙重目標。主要通過新媒體和線下品牌推廣和服務，實現與目標消費群體的互動，並借助強大的渠道推力，改善用戶體驗、提升用戶忠誠度；加大對本集團母品牌投入，依托「達能」、「Arla」及新西蘭乳業基地，進一步強化國際化品牌形象，以母品牌帶動子品牌；同時持續關注公益，展現本集團社會責任感以及對消費者關愛，全面提升品牌美譽度。

2018年，也是世界杯年。借助「蒙牛」資源，「雅士利」、「多美滋」和「瑞哺恩」成為2018 FIFA 世界杯官方奶粉。上半年，本集團將借助世界杯勢頭，開展「世界，有我一席」為主題的360度營銷推廣項目。下半年，針對「雅士利」、「多美滋」、「蒙牛」、「Arla」四大品牌戰略產品，集中資源，線上線下同步配合，線上聚焦數字媒體推廣和視頻短片，切合消費者媒體習慣，發力手機端，同步培養電商平台，加大曝光，快速提升品牌聲量，提升品牌知名度。線下在核心及重要且有潛力市場，投入當地主要媒體，如車身廣告、醫院外燈箱等，同時結合開展路演及消費者活動，同步店內終端陳列、POSM和促銷，深入接觸溝通消費者，強化品牌形象，借助口碑宣傳擴大品牌影響力，打造本集團專業化形象。

產品研發

2018年，本集團研發中心將繼續中國多城市母乳研究，並依據已完成的母乳研究成果和依托國家「十三五」重點食品專項科技項目「新一代嬰幼兒乳製品和乳基特殊醫學用途食品的創製」課題，研究開發添加不同功能組分的適合中國嬰幼兒生長發育和營養需求的配方乳粉。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

The recipe registration of infant formula products will remain the key task of the Group. The R&D Centre will continue to expand the product pipeline of the Group, in an effort to create new opportunities for business growth. Furthermore, the R&D Centre will develop modified milk powder for the middle-aged and elderly addressing their needs for strong bones, better digestion and low Glycemic index as well as for infants and toddlers. For soluble products, the R&D Centre will focus on development of new products such as solid drink, rice flour and cereal products that help to promote intestinal health. The R&D Centre will also upgrade existing products to drive sales, and strive to develop a sound portfolio of new product series as the key objective guiding product development.

Sales Channels

In 2018, leveraging its strength in the global supply chain, and its multi-base and multiple brand network established in 2017, and coupled with its new CBU business organisation, the Group will implement a full-market coverage strategy with a multi-brand and multi-level network and extend business channels to wider areas. By further extending coverage and downward development of sales channels, all CBUs intend to reach the goal of "one store per town" in response to the "one distributor per county" objective of the distributor layout. The Group will strive to drive sales growth through horizontal expansion, and achieve key advances in major provinces, cities and stores. Efforts will be made to enhance the shelf sales ratio of stores so as to penetrate the local market, with a view to driving sales through vertical improvement. Guided by the philosophy of "No Future without New Customers", and emphasizing the number as well as the effect of promotion activities, the Group will establish a scientific system for evaluating the effect of sales and promotion activities. The Group will also speed up decentralisation to improve operation efficiency, in order to fully motivate the teams. The Group will further improve the auditing supervision system and market inspection procedures, so as to ensure necessary supervision and improve cost effectiveness despite decentralisation. Moreover, the Group will step up efforts in system innovation and extend the project partnership from the "Maternity CBU" to all business units.

In 2018, the Group will carry out a speedy upgrade of its "Membership System" to incorporate its new customers and stores into the system, and of the "DMS System" to ensure the code scanning rate by the distributors. The Group will also construct and implement an improved information system to support expanding sales channels, prospecting for new customers and improving shelf sales ratio.

嬰幼兒產品配方註冊工作仍是本集團的重點工作，研發中心將繼續著力拓展本集團產品線，為企業增長創造新機會。研發中心還會針對中老年骨骼健康、消化吸收、低升糖指數、嬰幼兒產品等方向的調製乳粉進行開發；沖調產品側重於腸道健康的固體飲料、米粉、麥片新產品開發。升級現有產品增強賣點，開發新品類的完善產品梯隊建設是產品開發的主要方向。

銷售渠道

2018年，本集團將利用2017年已打造的全球供應鏈、多基地和多品牌優勢，結合新的「品類事業部業務架構」，實施多品牌多層次市場全覆蓋及渠道下沉策略；進一步強化渠道覆蓋和下沉，各「品類事業部」，對於經銷商佈局做到「一縣一戶」，門店覆蓋率達到「一鎮一店」，通過水平拓展實現目標銷售增長，同時確定重點省、重點城市、重點門店，實現重點突破；著力提升門店動銷率，做到面鋪開、點打透，力爭通過垂直拉升實現銷量增長；新客開發方面，繼續堅持「沒有新客就沒有未來」的理念，推廣活動既重場次，更重效果，建立科學的促銷、推廣活動效果評價體系；著力推行放權提效，全面激活團隊；進一步完善審計監察體系和市場巡查制度，在授權的同時確保必要監督，以提高費用使用效率；繼續加大機制創新力度，項目合夥制由「母嬰CBU」推廣到所有業務單元。

2018年，本集團將對「會員系統」快速升級，新客、門店全部納入系統；對「DMS系統」快速升級，保證經銷商掃碼率。整體上通過完善信息系統建設和實施，助力渠道拓展、新客開發及動銷率提升。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

As for e-commerce sales, the Group will continue to explore innovative approaches based on its rapidly growing business. By expanding community marketing and developing official accounts operation, the Group will continue to explore internet-based new business models to lay a foundation for developing future business models.

Supply Chain

In 2018, following the overall working principle of "Strict Management and Collaborative Operations", the Supply Chain Centre will focus on the following six aspects to achieve continuous improvement:

1. The Culture, Teams and Talents: In addition to introduction of a standardised corporate and supply chain management culture to all the factories, it will develop team-building and supporting incentive measures to cultivate its talent pool;
2. From Refined Management to Precise Control: Upholding the motto of "Success Lies in the Details", the Centre will implement stringent control over the factories to ensure full compliance with SOP/GMP and all QESA standards and also introduce third-party review;
3. Excellent Supply Chain: It will create the KPI dashboard to conduct best practices comparison, and launch the OE project to promote continuous improvement;
4. Improvement of Sales Operation: It will strive to achieve greater accuracy in forecasting, improve the supply-demand equilibrium, bolster customer service quality and accelerate the inventory turnover;
5. New Projects and New Products: It will ensure the smooth commencement of operations of new projects and provide added support for the launch of new key products;
6. Upstream and Downstream Integration: the Centre will develop a standardised procurement strategy within the Group, establish long-term cooperative relationships with suppliers and call for conservation actions in all aspects. By conducting customer satisfaction surveys, it will strive to improve customers' first-hand experience covering from ordering to delivery.

電商方面，本集團將在業績高速成長基礎上，繼續探索創新業務，拓展社群營銷，發展公眾號運營，持續探索基於互聯網的新型業務模式，為打造本集團未來新型業務模式奠定基礎。

供應鏈

2018年，供應鏈中心將本著「從嚴治軍、協同作戰」的整體工作思路推動持續改善，具體從六大賦能模塊逐步展開：

1. 文化、團隊、人才：將統一的企業及供應鏈管理文化導入所有工廠，制定團隊建設、配套激勵措施，培養人才發展梯隊；
2. 從精細化管理到精益控制：細節決定成敗、全面從嚴治廠，確保SOP/GMP，及所有QESA標準完全符合，並引入第三方審核；
3. 卓越供應鏈：建立KPI看板，進行可最佳實踐對比，驅動OE項目，推動持續改善；
4. 銷售運營改善：提高預測準確性、控制需求均衡度、提高客服水準、加速庫存周轉；
5. 新項目、新產品：確保新項目順利投產，並配合好關鍵新品上市；
6. 「鏈」通上下游：制定本集團統一採購戰略，培養長期合作夥伴關係，倡導供應商綜合節約；開展客戶滿意度調查，提高從下單至收貨的客戶直接體驗。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Human Resources

Upholding the philosophy of “Customer First and Professional Service” and the business-oriented principle, all the staff of the Human Resources Centre will continue to provide professional, dedicated and considerate human resources services and support for all employees in 2018.

1. Ongoing Corporate Development and Construction:

Sticking to the strategy of “Streamlining Structure and Delegating Authority”, the Human Resources Centre will assist in the ongoing transformation of the business units and set standardised operation guidelines, so as to optimise organisational efficiency. The Centre will also assist the business units to rationalise and streamline procedures as a way to improve operational efficiency. Furthermore, the Centre will explore the organisational core competencies to build a highly-efficient and professional team and bring the manpower capabilities into full play, with an aim to streamline structure and lowering costs.

2. Talent Nurturing and Cultural Construction:

Increased efforts will be made to nurture talent with high potential and for key posts, and build a sound echelon of corporate leadership. Through implementing and improving Yashili Business School, the Human Resources Centre will continue to step up efforts in cultivating high-potential talent, improving the capability of marketing teams and training new employees. Targeted training will be carried out based on the competencies of high-potential individuals to improve the talent pool. Targeted professional training, especially a series of marketing courses, will be conducted to improve the capability of marketing teams and enhance the marketing and promotion professionalism of the front-line personnel while also seeking to build a team of internal marketing trainers. Adhering to the learning philosophy of 7/2/1 and combining various learning methods such as on-the-job learning, tutoring, online and off-line learning, the Centre will strive to create a learning-oriented work environment.

人力資源

2018年，人力資源中心全體成員將秉持「以客為尊，專業服務」的理念，繼續堅持以業務為導向為全體員工提供專業、細緻、貼心的人力資源服務和支持。

1. 持續進行組織發展與建設：

堅持「簡政放權」，協助事業部持續轉型，統一工作指引，優化組織效益；協助事業部梳理、簡化流程提升營運效率；挖掘組織核心能力為打造高效專業團隊，發揮人力最佳效能，實現精兵簡政，降低成本。

2. 人才與文化建設：

加強高素質人才、關鍵崗位人才培養，建立完善的領導梯隊；完善及落實雅士利商學院，持續加強高潛人才培養、營銷團隊能力提升及新員工培訓，根據高潛人才能力地圖實施針對性培養，加強人才梯隊建設；實施針對性的專業培訓，特別是通過一系列營銷類培訓，提升營銷團隊能力，加強一線業務人員的銷售推廣能力，建設營銷內訓師隊伍；遵循7/2/1學習理念，結合多種學習方式：在崗學習、輔導學習、推出線上線下學習等；打造學習型組織。



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

3. Strengthen Development of Corporate Culture to Improve Cohesion:

The Centre will organise specialised staff activities on a quarterly and annual basis to constantly promote and propagate core values of the corporate culture, and maintain communication with employees in various forms and through multiple channels to foster a corporate atmosphere focusing on the values of recognition, gratitude and cooperation. The Centre plans to hold an annual meeting on the theme of "Reorganising Resources and Regenerating in Order to Excel", so as to inspire the employees. A variety of activities featuring the FIFA World Cup will be organised, such as a football club and a singing contest using football as a theme. In addition, a 2018 Employees Sports Competition will be hosted to boost the enthusiasm, health and vigour of every employee. Major efforts will be made to strengthen the nurturing and integration of corporate culture, thus improving cohesion across the Group.

3. 強化文化，凝聚人心：

實施季度及年度有特色的員工活動，持續加強企業文化核心價值觀的宣貫和滲透，多形式及多渠道與員工溝通交流，打造認可、感恩、合作的組織氛圍；組織「聚勢重整，亮劍重生」的年會，鼓舞員工士氣；舉辦世界杯主題各種活動，如足球俱樂部、「唱」想足球主題活動等；開啟2018員工運動會，把激情、健康、活力帶給每一位員工；加強各團隊的文化融合，以文化凝聚人心。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Group 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 Board is of the view that throughout the year ended 31 December 2017, the Company has applied the principles as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible and has general powers for the management and conduct of the Group’s business, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The directors take decisions objectively in the interest of the Company. The Board has delegated to the senior management the authority and responsibility for the daily management and operation of the Group. In addition, the Board has established board committees and has delegated to these board committees various responsibilities as set out in their respective terms of reference.

企業管治常規

本集團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完善的內部監控，以提高透明度及對股東之間責性。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。

董事會認為本公司已於截至2017年12月31日止年度整段期間採納香港聯合交易所有限公司（「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」）載列的原則。

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

董事會

責任

董事會負責及擁有一般權力管理及推行本集團業務、策略性決定及表現，並共同負責指示及監督其事務，使本公司邁向成功。董事須客觀地作出符合本公司利益的決定。董事會授予高級管理層權力及責任進行本集團的日常管理及經營。此外，董事會已成立董事委員會並已授予該等董事委員會各項責任，詳情載於其各自的職權範圍。



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

Board Composition

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

During the year ended 31 December 2017 and up to the date of this Annual Report, the Board comprises the following directors:

Non-executive directors

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Mr. Huang Xiaojun (resigned on 5 June 2017)
Ms. Lam Pik Po (appointed on 5 June 2017)

Executive directors

Mr. Chopin Zhang (*Chief Executive Officer*)
(appointed on 1 January 2017)
Mr. Hua Li (*Chief Operating Officer*)
(resigned on 16 March 2018)

Independent non-executive directors

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

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

The biographical information of the directors including relationships among the members of the Board are set out under "Directors and Management Biographies" on pages 68 to 73 of this Annual Report.

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

本公司已就因企業活動而引起針對其董事及高級管理層的法律訴訟產生的法律責任，為董事及高級行政人員安排合適保險。

董事會成員

董事會現由八位成員組成，包括四名非執行董事、一名執行董事及三名獨立非執行董事。

截至2017年12月31日止年度及截至本年報日期，董事會由下列董事組成：

非執行董事

盧敏放先生(主席)
秦鵬先生
張平先生
黃曉軍先生(於2017年6月5日辭任)
林碧寶女士(於2017年6月5日獲委任)

執行董事

張平(Chopin Zhang)先生(行政總裁)
(於2017年1月1日獲委任)
華力先生(首席運營官)
(於2018年3月16日辭任)

獨立非執行董事

莫衛斌先生
程守太先生
李港衛先生

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

董事的履歷資料(包括董事會成員間的關係)載於本年報第68至73頁的「董事及管理層履歷」內。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2017, the Board at all times met the qualification of independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise under Rules 3.10 of the Listing Rules.

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

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

主席及行政總裁(「行政總裁」)

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

獨立非執行董事

截至2017年12月31日止年度，董事會一直符合上市規則第3.10條有關獨立非執行董事資格之規定，至少一名獨立非執行董事具備適當之專業資格或會計或相關財務管理專業知識。

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



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

NON-EXECUTIVE DIRECTORS

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

During the year ended 31 December 2017, Mr. Huang Xiaojun resigned and Ms. Lam Pik Po was appointed as non-executive directors on 5 June 2017.

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

非執行董事

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

截至2017年12月31日止年度，於2017年6月5日黃曉軍先生辭任及林碧寶女士獲委任為非執行董事。

本公司各非執行董事按三年之特定任期獲委任，並須每三年輪值退任。

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

董事之就任須知及持續專業發展

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

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During the year ended 31 December 2017, the Company organized a training session conducted by legal adviser of the Company for all directors on connected transactions under the Listing Rules. To summarize, the directors attended the following seminar(s) and training session(s) and/or reviewing the following materials:

截至2017年12月31日止年度，本公司為全體董事安排了一次由本公司法律顧問主持之培訓課程，內容有關上市規則下的關連交易。總括而言，董事已出席下列研討會及培訓課程及／或審閱下列材料：

Directors	董事	Training topic(s) attended and/or materials reviewed by respective directors 個別董事參與的培訓主題及／或審閱的材料
Non-executive directors	非執行董事	
Mr. Jeffrey, Minfang Lu	盧敏放先生	[1]
Mr. Qin Peng	秦鵬先生	[1]
Mr. Zhang Ping	張平先生	[1]
Ms. Lam Pik Po ⁽³⁾	林碧寶女士 ⁽³⁾	[1][2]
Mr. Huang Xiaojun ⁽⁴⁾	黃曉軍先生 ⁽⁴⁾	—
Executive directors	執行董事	
Mr. Hua Li ⁽⁵⁾	華力先生 ⁽⁵⁾	[1]
Mr. Chopin Zhang ⁽⁶⁾	張平(Chopin Zhang)先生 ⁽⁶⁾	[1][2]
Independent non-executive directors	獨立非執行董事	
Mr. Mok Wai Bun Ben	莫衛斌先生	[1]
Mr. Cheng Shoutai	程守太先生	[1]
Mr. Lee Kong Wai Conway	李港衛先生	[1]

* In addition, relevant reading materials including directors' manual and seminar handouts have been provided to the directors for their reference and study.

* 此外，已向董事提供相關閱讀材料，包括董事手冊及課程講義，供彼等參閱及了解。

Notes:

- (1) Connected Transactions under the Listing Rules
- (2) Directors' Obligations
- (3) Appointed on 5 June 2017
- (4) Resigned on 5 June 2017
- (5) Resigned on 16 March 2018
- (6) Appointed on 1 January 2017

附註：

- (1) 上市規則下的關連交易
- (2) 董事責任
- (3) 於2017年6月5日獲委任
- (4) 於2017年6月5日辭任
- (5) 於2018年3月16日辭任
- (6) 於2017年1月1日獲委任



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

DELEGATION BY THE BOARD

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

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

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Audit Committee of the Company was established on 8 October 2010 with revised written terms of reference (adopted on 26 August 2015) in compliance with Rule 3.21 of the Listing Rules. As at 31 December 2017, the Audit Committee comprises two independent non-executive directors, namely Mr. Lee Kong Wai Conway (Chairman) and Mr. Mok Wai Bun Ben and one non-executive director, namely Mr. Zhang Ping (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise).

董事會的授權

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

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

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

董事委員會

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

審核委員會

本公司審核委員會於2010年10月8日成立，並制訂經修訂書面職權範圍(於2015年8月26日採納)，以遵守上市規則第3.21條。於2017年12月31日，審核委員會成員包括兩名獨立非執行董事李港衛先生(主席)及莫衛斌先生，以及一名非執行董事張平先生(當中包括一名具備適當專業資格或會計或相關財務管理專業知識的獨立非執行董事)。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2017, the Audit Committee held three meetings and reviewed the Group's interim and annual financial results and interim and annual reports, significant issues on the financial reporting and compliance procedures, the effectiveness of the risk management and internal control systems and internal audit function, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties and re-appointment of the external auditors.

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

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established on 8 October 2010. As at 31 December 2017, the Remuneration Committee comprises three independent non-executive directors namely Mr. Mok Wai Bun Ben (Chairman), Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway and two non-executive directors namely Mr. Jeffrey, Minfang Lu and Mr. Qin Peng.

The roles and functions of the Remuneration Committee are set out in its terms of reference. Its main duties are to evaluate and make recommendation to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages as well as the annual bonuses of the executive directors and the senior management during the year ended 31 December 2017. In addition, the Remuneration Committee reviewed the service agreement of the new director, Ms. Lam Pik Po who was appointed on 5 June 2017.

The Remuneration Committee held two meeting during the year ended 31 December 2017.

審核委員會的主要職責是協助董事會審核財務資料及匯報程序、檢討風險管理及內部監控系統、內部審核職能的有效程度、外聘核數師的審核範圍及委任，以及讓本公司僱員可就本公司在財務報告、內部監控或其他事宜上可能發生的不當行為提出關注的安排。

截至2017年12月31日止年度，審核委員會舉行了三次會議及審閱本集團的中期及年度業績以及中期報告及年報、有關財務報告及合規程序的重大事宜、風險管理及內部監控系統及內部審核職能的有效程度、外聘核數師的工作範圍及委任、關連交易、僱員可就可能發生的不當行為提出關注的安排及續聘外聘核數師。

審核委員會亦與外聘核數師進行三次會晤，當中執行董事並無列席。

薪酬委員會

本公司薪酬委員會於2010年10月8日成立。於2017年12月31日，薪酬委員會包括三名獨立非執行董事，分別為莫衛斌先生(主席)、程守太先生及李港衛先生，以及兩名非執行董事盧敏放先生及秦鵬先生。

薪酬委員會的職務及職能載於其職權範圍內。其主要職責為就與本集團全體董事及高級管理層有關的整體薪酬政策及結構作出評估及向董事會作出建議；以及建立具透明度的程序以制訂有關薪酬政策及結構，確保董事或其任何聯繫人並無參與訂定本身的薪酬。

薪酬委員會已審閱本公司的薪酬政策及結構，以及執行董事及高級管理層於截至2017年12月31日止年度內的薪酬待遇及年終花紅。此外，薪酬委員會已審閱於2017年6月5日獲委任的新任董事林碧賢女士的服務協議。

於截至2017年12月31日止年度內，薪酬委員會舉行了兩次會議。



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

NOMINATION COMMITTEE

The Nomination Committee of the Company was established on 8 October 2010. As at 31 December 2017, the Nomination Committee comprises one non-executive director namely Mr. Jeffrey, Minfang Lu (Chairman), and two independent non-executive directors, namely Mr. Mok Wai Bun Ben and Mr. Cheng Shoutai.

The roles and functions of the Nomination Committee are set out in its terms of reference. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the board diversity policy, including but not limited to business experience, skills, professional knowledge, personal integrity and time commitments, the Company's needs and other relevant statutory requirements and regulations.

During the year ended 31 December 2017 and up to the date of this Annual Report, the Nomination Committee reviewed the structure, size and composition of the Board and the independence of independent non-executive directors and considered the qualifications of retiring directors standing for election at the annual general meeting held on 2 June 2017 and recommended the appointment of Ms. Lam Pik Po as a non-executive director.

The Nomination Committee held one meeting during the year ended 31 December 2017.

BOARD PROCEEDINGS

Board practices and conduct of meetings

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

提名委員會

本公司提名委員會於2010年10月8日成立。於2017年12月31日，提名委員會包括一名非執行董事盧敏放先生(主席)，以及兩名獨立非執行董事莫衛斌先生及程守太先生。

提名委員會的職務及職能載於其職權範圍內。提名委員會的主要職責包括檢討董事會的組成、建立及制訂有關提名及委任董事的相關程序、就董事委任及繼任計劃向董事會作出建議，以及評核獨立非執行董事的獨立性。

於評估董事會組成時，提名委員會考慮董事會成員多元化政策所載之各方面，包括但不限於營商經驗、技能、專業知識、個人操守及投入時間、本公司的需要及其他相關法定要求及規定。

截至2017年12月31日止年度內及截至本年報日期，提名委員會檢討了董事會的架構、人數及組成以及獨立非執行董事的獨立性，並考慮於2017年6月2日所舉行之股東周年大會上候選之退任董事之資格以及建議委任林碧寶女士為非執行董事。

截至2017年12月31日止年度，提名委員會舉行了一次會議。

董事會程序

董事會常規及舉行會議

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

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

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

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

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

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

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

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

DIRECTORS' ATTENDANCE RECORDS

The attendance records of each Director at the board, board committee meetings and the general meetings of the Company held during the year ended 31 December 2017 are set out below:

董事出席會議的記錄

各董事出席本公司於截至2017年12月31日止年度舉行之董事會議、董事委員會會議及股東大會的記錄載列如下：

Name of director	董事姓名	Number of Attendance in Person/Number of Meeting(s)					Annual General Meeting ⁽⁵⁾ 股東周年大會 ⁽⁵⁾
		Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting ⁽⁵⁾	
		董事會	審核委員會	薪酬委員會	提名委員會		
Mr. Jeffrey, Minfang Lu	盧敏放先生	6/6	—	2/2	1/1	1/1	
Mr. Qin Peng	秦鵬先生	6/6	—	2/2	—	1/1	
Mr. Zhang Ping	張平先生	5/6	3/3	—	—	1/1	
Ms. Lam Pik Po ⁽¹⁾	林碧寶女士 ⁽¹⁾	3/4	—	—	—	—	
Mr. Huang Xiaojun ⁽²⁾	黃曉軍先生 ⁽²⁾	2/2	—	—	—	1/1	
Mr. Hua Li ⁽³⁾	華力先生 ⁽³⁾	6/6	—	—	—	1/1	
Mr. Chopin Zhang ⁽⁴⁾	張平(Chopin Zhang)先生 ⁽⁴⁾	6/6	—	—	—	1/1	
Mr. Mok Wai Bun Ben	莫衛斌先生	6/6	3/3	2/2	1/1	1/1	
Mr. Cheng Shoutai	程守太先生	6/6	—	2/2	1/1	0/1	
Mr. Lee Kong Wai Conway	李港衛先生	6/6	3/3	2/2	—	1/1	



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

Notes:

- (1) Appointed on 5 June 2017, four board meetings were held on or after 5 June 2017.
- (2) Resigned on 5 June 2017, two board meetings and one Annual General Meeting were held on or before 5 June 2017.
- (3) Resigned on 16 March 2018.
- (4) Appointed on 1 January 2017.
- (5) The annual general meeting of the Company was held on 2 June 2017.

Apart from regular board meetings, an independent non-executive directors' meeting was also held without the presence of the executive directors on 29 March 2017.

附註：

- (1) 於2017年6月5日獲委任。於2017年6月5日或之後曾舉行四次董事會會議。
- (2) 於2017年6月5日辭任。於2017年6月5日或之前曾舉行兩次董事會會議及一次股東周年大會。
- (3) 於2018年3月16日辭任。
- (4) 於2017年1月1日獲委任。
- (5) 本公司股東周年大會於2017年6月2日舉行。

除定期董事會會議外，亦於2017年3月29日舉行了一次獨立非執行董事會議，會上並無執行董事列席。

54 MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regarding directors' securities transactions. All the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

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

進行證券交易的標準守則

董事會已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為本集團有關董事進行證券交易的行為守則。全體董事確認於截至2017年12月31日止年度整段期間皆有遵守標準守則。

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of directors and senior management of the Group. Details of the remuneration of each of the directors for the year ended 31 December 2017 are set out in Note 9 to the consolidated financial statements.

Details of the Remuneration of the Directors and Senior Management and those of the five highest paid individuals of the Group are set out in Note 9 to the consolidated financial statements.

董事及高級管理層的薪酬

本公司已制訂正式且具透明度的程序，以就本集團董事及高級管理層制訂薪酬政策。各董事於截至2017年12月31日止年度內的薪酬詳情載於合併財務報表附註9。

本集團董事及高級管理層以及五名最高薪酬人士的薪酬詳情載於合併財務報表附註9。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

CORPORATE GOVERNANCE FUNCTIONS

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

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

ACCOUNTABILITY AND AUDIT

Directors' responsibilities for financial reporting in respect of financial statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017.

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

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

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

企業管治職能

董事會負責履行企業管治守則的守則條文第D.3.1條所載的職能。

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

問責性及審核

董事就有關財務報表的財務報告的責任

董事確認負有編製本公司截至2017年12月31日止年度的財務報表之責任。

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

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

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



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

During 2017, the Audit Committee reviewed whether or not the risk management and internal control systems of the Company were effective and adequate on behalf of the Board, submitted a report to the Board on a proposed increase in the number of internal audit staff and established a risk control committee composed of the members of the Board and the department heads of the Group pursuant to the guidelines of the Listing Rules. By establishing a comprehensive risk management organizational system, the Group carried out risk management effectively, decision-making clearly, execution, supervision and other risk management responsibilities, having formed a scientific and effective system with division of duties and set up three lines of defense for risk management. The first line of defense consisted of the centres, marketing and sales affairs divisions and factories directly in charge of each of risk management; the second line of defense comprised the risk and internal control management committee and the risk management division of the audit centre in charge of the overall planning and supervising of risk management; and the third line of defense composed of the Audit Committee and the internal audit division of the audit centre in charge of verifying risk management.

風險管理及內部監控

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

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

於2017年期間，審核委員會已代表董事會檢討本公司風險管理及內部監控系統是否有效及足夠，並已向董事會提交報告建議提升內部審核人員數目，並根據上市規則指引成立風險監控委員會，該委員會由董事會成員及本集團部門負責人組成。本集團通過建立全面風險管理組織體系，有效實施風險管理工作，明確決策、執行、監督等方面的風險管理職責，形成科學有效的職責分工體系，建立風險管理三道防線，即各中心、營銷事業部及工廠為第一道防線，是風險管理的直接責任者；風險與內控管理委員會以及審計中心風險管理部為第二道防線，是風險管理的統籌策劃和監督者；審核委員會和審計中心內部審計部為第三道防線，是風險管理的驗證者。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

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

(I) Risk identification

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

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

風險管理部制定了《風險管理工作流程》，將風險管理流程分為(一)風險識別、(二)風險評估、(三)風險應對、(四)風險監控及(五)風險管理報告五個主要環節，明確和統一了風險管理的流程走向、相關部門的角色職能和實施步驟等。為了系統的規範和統一流程執行中的管理要求，特規定各流程環節中的工作要求，具體如下：

(一) 風險識別

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



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

(II) Risk assessment

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

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

(III) Risk response

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

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

(二) 風險評估

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

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

(三) 風險應對

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

(IV) Risk monitoring

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

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

(V) Risk management reporting

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

- (1) Risk management reporting to the Audit Committee: report at least once a year, as required by the Audit Committee;
- (2) Reporting to the risk and internal control committee: report at least twice a year, as required by the risk and internal control committee;

(四) 風險監控

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

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

(五) 風險管理報告

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

- (1) 向審核委員會的風險管理報告：根據審核委員會的要求，每年度至少彙報一次；
- (2) 向風險與內控管理委員會的報告：根據風險與內控管理委員會的要求，每年度至少彙報兩次；



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2017.

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

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

管理層已向董事會及審核委員會確認截至2017年12月31日止年度就有關風險管理及內部監控系統的成效。

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

EXTERNAL RELATED PARTY TRANSACTIONS MANAGEMENT SYSTEM

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

與外部關連方交易管理制度

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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

- (I) All business departments of the Company shall act as the first gatekeeper prior to the occurrence of transaction, paying close attention to any business activity which may constitute an external connected transaction and notifying the strategy department by email for identification, assessment and determination prior to the occurrence of transaction or during the contract-drafting stage.

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

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

- (II) The legal department of the Company shall act as the second gatekeeper for external connected transactions prior to the occurrence of transaction. Through contract management and control, the legal department shall notify the strategy department for identification, assessment and determination in the event that any contract to be signed is identified as one that may constitute an external connected transaction.

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

- (一) 本公司各業務部門須自覺把好第一道關(交易發生前的把關口)，重視可能構成外部關連交易的任何商業行為，在產生交易前或合同草擬階段，以郵件形式知會戰略部進行識別及判定。

在擬交易金額滿足披露要求條件下：

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

- (二) 公司法務部門是把控外部關連交易的第二道關(交易發生前的把關口)。法務部門通過對合同的管理及把控，若發現任何可能構成外部關連交易的待簽合同，須知會戰略部進行識別及判定。



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

(III) The financial department of the Company shall act as the third gatekeeper for external connected transactions by focusing on transactions occurred but not disclosed by announcement. Once identified, such transaction shall be reported to the strategy department during the month it occurred for remedial measures. The financial department shall review the external connected transaction information on a monthly basis, and shall notify the strategy department immediately for identification, assessment and determination and adoption of necessary remedial measures in the event that any transaction, which occurred for the first time and for which no announcement has been made, is suspected to constitute an external connected transaction. The financial department shall also notify the strategy department immediately for necessary remedial measures in the event that the transaction amount of any published continuing connected transaction exceeds the annual transaction cap.

(三) 公司財務部門是把控外部關連交易的第三道關，對已經發生交易而又未予以公告披露的作把關，一旦識別，有關交易須於發生當月提報給戰略部以採取補救措施。財務部門每月審閱外部關連交易資料，若發現任何首次產生且未曾刊發公告的交易，須立即知會戰略部進行識別及判定，以採取必要補救措施；若發現任何已發佈公告的持續關連交易，其交易金額超越年度交易上限，財務部分須立即知會戰略部，以採取必要補救措施。

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EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 107 to 112 of this Annual Report.

During the year ended 31 December 2017, the remuneration paid/payable to the Company's auditors, Ernst & Young, Certified Public Accountants, are set out below:

外聘核數師及核數師的薪酬

本公司外聘核數師有關其對財務報表的申報之責任聲明載於本年報第107至112頁的「獨立核數師報告」。

截至2017年12月31日止年度期間，本公司已付／應付本公司核數師安永會計師事務所（註冊會計師）的薪酬載列如下：

Category of services	服務類別	Fee paid/payable
		已付／應付費用 RMB'000 人民幣千元
Annual audit service	年度審核服務	2,161
Interim review services	中期審閱服務	380
Other assurance services	其他鑒證服務	185
		2,726

Other assurance services provided by Ernst & Young during the year ended 31 December 2017 mainly include review procedures for non-exempted connected transactions.

截至2017年12月31日止年度期間，安永會計師事務所提供的其他鑒證服務包括非豁免關連交易審閱程序。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

COMPANY SECRETARY

Following the resignation of Mr. Li Yuejin as the joint company secretary of the Company on 6 July 2017, Ms. Ho Siu Pik became the sole company secretary of the Company. On 14 December 2017, Ms. Ho Siu Pik resigned and Ms. Wu Miu Wah was appointed as company secretary of the Company. Ms. Ho and Ms. Wu are director and senior manager of the Corporate Services Department of Tricor Services Limited respectively and are not employees of the Company, Ms. Ho and Ms. Wu contact the management of the Company and report to the board chairman and/or the chief executive through Mr. Eric Fang of Investment Management Division, when necessary. Each of Mr. Li Yuejin, Ms. Ho and Ms. Wu has confirmed that he/she has taken no less than 15 hours of relevant professional trainings during the year ended 31 December 2017.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The general meetings of the Company provide a platform for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees, are available to answer shareholders' questions at general meetings.

The Company has not made any changes to its memorandum and articles of association in the year 2017. The Company's memorandum and articles of association is available on the websites of the Company (www.yashili.hk) and the Stock Exchange (www.hkexnews.hk).

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

公司秘書

李躍進先生於2017年7月6日辭任本公司的聯席公司秘書，自此何小碧女士成為本公司的唯一公司秘書。於2017年12月14日，何小碧女士辭任，同時胡妙華女士獲委任為本公司的公司秘書。何女士及胡女士分別為卓佳專業商務有限公司企業服務部董事及高級經理，並非為本公司僱員。何女士及胡女士將於有需要時透過投資管理部方紹東先生與本公司管理層聯繫，並報告董事會主席及／或行政總裁。李躍進先生、何女士及胡女士均已確認，各人於截至2017年12月31日止年度已參與不少於15小時的相關專業培訓。

與股東的溝通及投資者關係

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

本公司的股東大會為董事會與股東溝通提供一個平台。董事會主席及提名委員會、薪酬委員會及審核委員會主席(如未能出席，則為各委員會的其他成員)，會於股東大會上回答股東提問。

本公司於2017年度並無對其組織章程大綱及細則作出任何改動。本公司的組織章程大綱及細則登載於本公司的網站(www.yashili.hk)及聯交所的網站(www.hkexnews.hk)。

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



CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

SHAREHOLDERS' RIGHTS

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

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

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

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

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

PUTTING FORWARD ENQUIRIES TO THE BOARD

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

股東權利

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

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

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

股東召開股東特別大會及於股東大會上提呈建議的程序

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

向董事會作出查詢

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

CONTACT DETAILS

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

Address: Room A, 32nd Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong
Tel: +852 2845 1230
Fax: +852 2845 1231
Email: ir@yashili.cn
Contact person: Mr. Eric Fang

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

聯絡資料

股東可如上文所述向本公司寄發彼等的查詢或要求：

地址：香港
銅鑼灣
告士打道262號
中糧大廈32樓A室
電話：+852 2845 1230
傳真：+852 2845 1231
電郵：ir@yashili.cn
聯絡人：方紹東先生

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



DIRECTORS AND MANAGEMENT BIOGRAPHIES

董事及管理層履歷

NON-EXECUTIVE DIRECTORS

Mr. Jeffrey, Minfang Lu

Aged 49, was appointed as the Chairman of the Board, the Chairman of the Nomination Committee of the Board and a member of the Remuneration Committee of the Board, and was redesignated as a non-executive director of the Company on 15 September 2016. Mr. Lu was a director for each of the following subsidiaries of the Company, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited from 27 April 2015 to 9 January 2017. Mr. Lu is currently an executive director and the CEO of China Mengniu Dairy Company Limited (“Mengniu Dairy”) (a company listed on the Main Board of the Stock Exchange, stock code: 2319 and a controlling shareholder of the Company) as well as a non-executive director of China Modern Dairy Holdings Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1117). Mr. Lu was the Vice President (Greater China) of Danone Early Life Nutrition Greater China and had been with the Danone Group and Dumex China for over 10 years. During the tenure at the Danone Group, he demonstrated strong strategic business and market planning capabilities. With strong leadership, management skills and in-depth knowledge of markets, Mr. Lu contributed significantly to the success of the Danone Group’s baby nutrition business in China. Prior to joining the Danone Group, Mr. Lu spent 9 years with Johnson & Johnson (China) Company Limited and almost 4 years with General Electric Company (China). Mr. Lu has over 18 years of experience in sales and marketing and has been serving in general manager or executive level roles for over 8 years. He has extensive experience in the management of fast-moving consumer products and dairy companies and has an excellent grasp and the in-depth knowledge of the PRC market. Mr. Lu obtained his Bachelor’s degree from Shanghai Fudan University.

Mr. Qin Peng

Aged 62, was appointed as a non-executive director of the Company and a member of the Remuneration Committee on 27 April 2015 and 5 June 2015 respectively. Mr. Qin has been appointed as the Chairman of China division of the Danone Group since 2007, and has a deep knowledge and understanding of international and Chinese business and culture. Mr. Qin joined the Danone Group in 1983. Mr. Qin was appointed as the vice president of the China Operation division of the Danone Group from 1997 to 2006 and as the vice president of the Corporate Development division of the Danone Group in Asia Pacific from 1995 to 1996. Mr. Qin served as the general manager of Amoy Foods Limited in Hong Kong from 1991 to 1994 and as the general manager of Guangzhou Danone Yoghurt Company Limited from 1988 to 1990. Mr. Qin was engaged in Danone’s marketing and sales operations in France when he joined the Danone Group and has moved to Asia since 1988. Mr. Qin graduated from the Rene Descartes University with a bachelor’s degree and from the Paris Institute of Political Sciences with a master degree.

非執行董事

盧敏放先生

49歲，於2016年9月15日獲委任為本公司董事會主席、董事會提名委員會主席及薪酬委員會成員，並同時調任為本公司非執行董事。盧先生曾於2015年4月27日至2017年1月9日期間擔任本公司以下附屬公司之董事：雅士利國際有限公司、雅士利國際集團有限公司、新歐香港國際有限公司及施恩國際集團有限公司。盧先生目前擔任中國蒙牛乳業有限公司（「蒙牛乳業」）（一間在聯交所主板上市的公司，股份代號：2319及本公司的控股股東）之執行董事及行政總裁，以及中國現代牧業控股有限公司（一間在聯交所主板上市的公司，股份代號：1117）之非執行董事。盧先生曾擔任達能早期生命營養品公司大中華區副總裁，曾服務達能集團及多美滋中國超過10年。在任職達能集團期間已展現了非凡的戰略業務和市場規劃能力。盧先生利用其卓越的領導能力和管理技巧，以及對市場的深入瞭解，幫助達能集團在中國的嬰幼兒營養品業務取得了巨大的成功。加入達能集團前，盧先生曾在強生（中國）有限公司任職達9年並在美國通用電氣（中國）服務近4年。盧先生在銷售與市場領域擁有逾18年的經驗，亦擔任總經理或高層管理人員職務超過8年。盧先生具有豐富的快速消費品及乳業公司管理經驗，對中國市場有充分理解和豐富知識。盧先生於上海復旦大學獲得學士學位。

秦鵬先生

62歲，於2015年4月27日及2015年6月5日分別獲委任為本公司非執行董事及薪酬委員會成員。秦先生自2007年起獲委任為達能集團中國區主席，秦先生對國際及中國的商務及文化皆具有深入的知識和瞭解。秦先生於1983年加入達能集團。秦先生於1997年至2006年獲委任為達能集團中國營運部副總裁，於1995年至1996年獲委任為達能集團亞太區企業發展部副總裁。秦先生於1991年至1994年間出任香港淘化大同食品有限公司總經理，於1988年至1990年間出任廣州達能酸酪有限公司總經理。秦先生加入達能集團後先在達能法國公司從事營銷及銷售工作，自1988年起移駐亞洲。秦先生為法國巴黎第五大學(Rene Descartes University)學士畢業生及巴黎政治學院(Institute of Political Sciences)碩士畢業生。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷(續)

Mr. Zhang Ping

Aged 53, was appointed as a non-executive Director of the Company and a member of the Audit Committee on 27 April 2015. Mr. Zhang was appointed as the authorized representative of the Company on 16 March 2018. He has been also a director of Yashili International Group Limited, a subsidiary of the Company, since 27 April 2015. Mr. Zhang joined Mengniu Group in 2014 and is currently the Chief Financial Officer of Mengniu Dairy. He has over 24 years of experience in the industry of fast-moving consumer goods, specializing in the management of operation, finance and audit as well as risk control. Mr. Zhang successively worked as the manager of internal audit and system development, finance director in Swire Beverages Co., Ltd., general manager of its bottler manufacturing company and chief executive officer in Coca-Cola Bottler Manufacturing Holdings Limited. Mr. Zhang graduated from Beijing Information Science and Technology University with a Master degree in management engineering. Mr. Zhang has also been a non-executive director of China Modern Dairy Holdings Ltd. (stock code: 1117) since 22 March 2016.

Ms. Lam Pik Po

Aged 51, was appointed as a non-executive director of the Company on 5 June 2017. Ms. Lam received her Bachelor of Accounting degree from the City University of Hong Kong and a Master of Business Administration degree from University of Portland in the United States. Ms. Lam has served in the Greater China Region of PepsiCo Inc. since August 1994 and has held various positions including business development director, marketing director and general manager until August 2008. Since September 2008, Ms. Lam served as the area vice president of PepsiCo China Beverages (Southern Region). Since July 2011, Ms. Lam served as the president of PepsiCo Food China. Since September 2013, Ms. Lam served as the Chairman of PepsiCo Greater China Region. Ms. Lam joined the Danone Group in January 2017 as the president of Greater China Region of the early life nutrition business department.

張平先生

53歲，於2015年4月27日獲委任為本公司非執行董事及審核委員會成員。於2018年3月16日，張先生獲委任為本公司之授權代表。自2015年4月27日起，彼亦出任本公司附屬公司雅士利國際集團有限公司之董事。張先生於2014年加入蒙牛集團，現任蒙牛乳業首席財務官。彼於快速消費品行業累積超過24年經驗，專責營運、財務及審計之管理以及風險監控。張先生曾就職於太古飲料公司，歷任內審及系統發展經理、財務總監、裝瓶廠總經理，及可口可樂裝瓶商生產控股有限公司首席執行官。張先生於北京信息科技大學管理工程學專業畢業，取得研究生學歷。張先生亦於2016年3月22日起出任中國現代牧業控股有限公司(股份代號：1117)之非執行董事。

林碧寶女士

51歲，於2017年6月5日獲委任為本公司非執行董事。林女士取得香港城市大學的會計學學士學位及美國波特蘭大學商業管理碩士學位。林女士自1994年8月至2008年8月於百事公司大中華區任職，且擔任多個職位，包括業務發展總監、市場總監及總經理。自2008年9月以來，林女士出任百事中國飲料(南區)地區副總裁。自2011年7月以來，林女士出任百事食品中國區總裁。自2013年9月以來，林女士出任百事公司大中華區主席。林女士於2017年1月加入達能集團，擔任生命早期營養品事業部大中華區總裁。



DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷 (續)

EXECUTIVE DIRECTOR

Mr. Chopin Zhang

Aged 53, was appointed as the CEO and an executive director of the Company on 1 January 2017. He is one of the authorized representatives of the Company. Mr. Zhang has been also a director for each of the following subsidiaries of the Company, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited and Scient International Group Limited since 10 January 2017. Mr. Zhang has over 30 years' experience in production and supply chain management and has extensive management experience in the food and beverage industry. Mr. Zhang served as the chief executive officer of Food Union (China) Co., Ltd. from August 2015 to December 2016 and devoted to the establishment and development of Food Union's business in China. Food Union is a global manufacturer of dairy products and ice cream. Prior to joining Food Union, Mr. Zhang served as the operation director of Dumex China from March 2010 to July 2015 and was responsible for the operation, supply chain and procurement of Dumex China, and has made important contribution to the development of Dumex China's business. Prior to joining Dumex China, Mr. Zhang held positions in a number of famous multinational corporations, including serving as the supply chain director (Greater China) of Starbucks and the General Manager of Starbucks China Trading Company, and holding various positions with Owens Corning (a global leader in the development and production of construction materials and fiberglass composites), Nike (leading global sports brand), Johnson & Johnson (the world's leading manufacturer of medical devices, pharmaceutical and consumer healthcare products) and American Standard (the world's leading manufacturer of bath and kitchen products), specializing in production and supply chain consolidation and management. Mr. Zhang obtained his Bachelor's degree in mechanical engineering from Shanghai Medical Instruments College and his Master degree of Business Administration from Maastricht School of Management in the Netherlands.

執行董事

張平(Chopin Zhang)先生

53歲，於2017年1月1日起獲委任為本公司行政總裁及執行董事。彼為本公司之授權代表之一。自2017年1月10日起，彼亦出任為本公司以下附屬公司之董事：雅士利國際有限公司、雅士利國際集團有限公司、新歐香港國際有限公司及施恩國際集團有限公司。張先生在生產及供應鏈管理領域擁有逾30年經驗，在食品及飲料行業具有豐富管理經驗。張先生於2015年8月至2016年12月期間擔任富友聯合食品(中國)有限公司首席執行官，專注於建立和發展富友聯合食品的中國業務。富友聯合食品是一家全球性的乳製品及冰淇淋製造商。加入富友聯合食品前，張先生曾於2010年3月至2015年7月期間擔任多美滋中國運營總監，負責多美滋中國的運營、供應鏈及採購，為多美滋中國業務的發展作出了重要貢獻。加入多美滋中國前，張先生曾任職於多家知名跨國企業，包括擔任星巴克大中華區供應鏈總監、星巴克中國貿易公司總經理，及於歐文斯科寧(全球建築材料和玻璃纖維複合材料研發及生產領域領先者)、Nike(全球著名體育運動品牌)、強生公司(全球領先的醫療器材、藥品及消費者護理產品生產商)及美標(全球領先的衛浴及廚房用品生產商)擔任多項職務，專注於生產及供應鏈整合及管理。張先生於上海醫療器械學院取得機械工程專業本科學位，及於荷蘭馬斯特里赫特管理學院獲工商管理碩士學位。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷(續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mok Wai Bun Ben

Aged 69, was appointed as an independent non-executive director of the Company, the chairman of the Remuneration Committee, and a member of each of the Nomination Committee and the Audit Committee on 15 November 2013. Mr. Mok has been appointed as an independent non-executive director of China Foods Limited (a company listed on the Main Board of the Stock Exchange, stock code: 506) since 29 August 2017. Mr. Mok was appointed as an executive director of Max Sun Enterprises Ltd. in Hong Kong since 2013 and served as a senior consultant for COFCO Coca-Cola Beverages Limited in 2012. Mr. Mok had served as a general manager of Beijing Coca-Cola Beverage Co., Ltd. from 2002 to 2011. From 1993 to 2001, he was a general manager of Hangzhou BC Foods Company Limited and Nanjing BC Foods Company Limited. Mr. Mok also served as the general manager of Swire Beverages Limited responsible for overseeing bottling plant of Swire Beverages Limited in China. Mr. Mok was awarded a Bachelor's degree of Economics from McGill University, Canada in 1975.

Mr. Cheng Shoutai

Aged 51, was appointed as an independent non-executive director of the Company, and a member of each of the Remuneration Committee and the Nomination Committee on 15 November 2013. Mr. Cheng is a qualified lawyer of the People's Republic of China, the chief partner and director of Tahota Law Firm, a law firm based in China. Mr. Cheng also serves as a director of the All China Lawyers Association (中華全國律師協會理事), an arbitrator of the China International Economic and Trade Arbitration Commission (CIETAC) (中國國際經濟貿易仲裁委員會仲裁員), the president of Sichuan Province Lawyers Association (四川省律師協會會長) and a legal advisor of the People's Government of Sichuan Province. Mr. Cheng holds a Doctorate's degree in civil and commercial law from Southwestern University of Finance and Economics. Mr. Cheng is honored with the titles of "Model Worker in the Judicial Administration System in Countrywide (全國司法行政系統勞動模範)", National Outstanding Lawyer, Chambers Asia-Pacific Asia's Leading Lawyer for Business (錢伯斯亞太地區傑出商務律師) and China Top Ten Influential Lawyers of Asia Legal Business (ALB) (亞洲法律雜誌). He has been nominated for the Best Managing Partners of the Year of ALB for two times and was one of the Fangyuan Top Ten Elite Lawyers of the Year as well as the First Session of Top Ten Outstanding Lawyers Graduated from Southwest University of Political Science and Law.

獨立非執行董事

莫衛斌先生

69歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會主席、提名委員會及審核委員會成員。莫先生於2017年8月29日起出任中國食品有限公司(一間在聯交所主板(股份代號:506)上市的公司)之獨立非執行董事。莫先生自2013年起獲委任為香港明新企業有限公司執行董事，於2012年擔任中糧可口可樂飲料有限公司高級顧問。莫先生於2002年至2011年期間擔任北京可口可樂飲料有限公司的總經理。於1993年至2001年期間擔任杭州中萃食品有限公司及南京中萃食品有限公司的總經理。莫先生亦曾任職於太古飲料有限公司總經理，負責監督太古飲料有限公司在中國的裝瓶廠管理。莫先生於1975年獲得加拿大麥基爾大學(McGill University)經濟學學士學位。

程守太先生

51歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會及提名委員會成員。程先生為中華人民共和國合資格律師，現任位於中國的律師事務所泰和泰律師事務所首席合夥人及主任。程先生亦分別擔任中華全國律師協會理事、中國國際經濟貿易仲裁委員會(CIETAC)仲裁員、四川省律師協會會長、四川省人民政府法律顧問。程先生獲得西南財經大學民商法博士學位。程先生榮獲「全國司法行政系統勞動模範」稱號，全國優秀律師，錢伯斯亞太地區傑出商務律師(Chambers Asia-Pacific Asia's Leading Lawyer for Business)，亞洲法律雜誌(ALB)中國最具影響力的十佳律師，彼兩次榮獲亞洲法律雜誌(ALB)年度最佳管理合夥人大獎提名，方圓律政年度十大精英律師，西南政法大學首屆十大傑出律師校友。



DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷 (續)

Mr. Lee Kong Wai Conway

Aged 63, was appointed as an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee on 27 November 2013. Mr. Lee has over 30 years of experience in public accounting and auditing, corporate finance, merger and acquisition and initial public offerings. Mr. Lee served at Ernst & Young from September 1980 to September 2009. Mr. Lee was a partner of Ernst & Young and held key leadership positions in the development of Ernst & Young in China. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Certified Practising Accountants respectively. From 2007 to 2017, Mr. Lee was a member of Chinese People's Political Consultative Conference of Hunan Province.

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

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

李港衛先生

63歲，自2013年11月27日獲委任為本公司之獨立非執行董事、審核委員會主席及薪酬委員會成員。李先生於執業會計及審核、公司財務、合併及收購以及首次公開發售方面積逾30年經驗。李先生於1980年9月至2009年9月任職於安永會計師事務所，李先生曾擔任安永會計師事務所的合夥人，並在安永會計師事務所中國業務的發展中擔任主要領導職務。李先生分別為英格蘭及威爾斯特許會計師公會會員、澳洲及新西蘭特許會計師公會會員、英國特許會計師公會會員、香港會計師公會會員及澳門註冊會計師公會會員。自2007年至2017年止，李先生為中國人民政治協商會議湖南省委員。

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

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

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷(續)

SENIOR MANAGEMENT

Ms. Wen Jieping

Aged 41, is the chief financial officer and the general manager of the financial management centre of the Company. Ms. Wen joined the Company in May 2011 and is primarily responsible for the internal financial control and overseas investment projects. Prior to this, Ms. Wen was the department head and a senior manager of the audit department of KPMG (Guangzhou office). She obtained her dual Bachelor's degree in International Commerce English and Accounting from Guangdong University of Foreign Studies and her Executive Master of Business Administration degree from Sun Yat-sen University. Ms. Wen is a member of the Chinese Institute of Certified Public Accountants.

Ms. Wu Miu Wah

Ms. Wu Miu Wah was appointed as a company secretary of the Company on 14 December 2017. Ms. Wu is a Senior Manager of Corporate Services of Tricor Services Limited ("Tricor"), a global professional services provider specializing in integrated Business, Corporate and Investor Services. Ms. Wu has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Her expertise extends from corporate advisory and regulatory compliance, corporate restructuring to dissolution of companies. Ms. Wu is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

高級管理層

溫潔平女士

41歲，為本公司首席財務官、財務管理中心總經理。溫女士於2011年5月加入本公司，主要負責內部財務監控及境外投資項目工作。在此之前，溫女士為畢馬威華振會計師事務所(廣州分所)審計部部門主管、高級經理。溫女士獲廣東外語外貿大學國際商務英語及會計學專業雙學士學位和中山大學高層管理人員工商管理碩士學位(EMBA)。溫女士為中國註冊會計師協會會員。

胡妙華女士

胡妙華女士於2017年12月14日獲委任為本公司公司秘書。胡妙華女士現為卓佳專業商務有限公司(「卓佳」)企業服務部高級經理。卓佳是全球性的專業服務公司，為客戶提供商務、企業及投資者綜合服務。胡女士於企業服務範疇擁有逾20年經驗，一直為香港上市公司，以及跨國公司、私人公司及離岸公司提供專業的企業服務。她於企業諮詢及條例合規、企業重組，以致公司解散各方面均具備豐富的專業知識。胡女士為特許秘書，以及香港特許秘書公會及英國特許秘書及行政人員公會的會員。



REPORT OF THE DIRECTORS

董事會報告

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2017.

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2017 are provided in the "Management's Discussion and Analysis" on pages 14 to 44 of this Annual Report. An account of the Company's relationships with its key stakeholders is included in the paragraphs headed "Emolument Policy", "Retirement Benefits Schemes" and "Major Customers and Suppliers" of this Report of the Directors.

An analysis of the Group's performance during the year ended 31 December 2017 using financial performance indicators is provided in the section headed "Management's Discussion and Analysis" on pages 14 to 44 of this Annual Report.

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

PRINCIPAL ACTIVITIES

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

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2017 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 113 to 223 of this Annual Report.

董事欣然提呈彼等的報告，連同截至2017年12月31日止年度的經審核合併財務報表。

業務回顧及表現

本集團業務回顧及本集團於回顧年度表現的討論與分析，以及本集團未來業務發展及本公司業務前景的討論、本集團可能面臨的風險及不確定因素及截至2017年12月31日止年度所發生影響本公司的重要事件，載列於本年報第14至44頁「管理層討論與分析」內。本公司與其主要持份者關係的說明載於本董事會報告「薪酬政策」、「退休福利計劃」及「主要客戶及供應商」的段落內。

於截至2017年12月31日止年度，本集團採用財務表現指標進行的表現分析載列於本年報第14至44頁「管理層討論與分析」一節。

此外，更多有關參考環境及社會相關政策的本集團表現的詳情，以及對本公司有重大影響的有關法律及法規的遵守情況，將於稍後載於「環境、社會及管治報告」並於聯交所網站(www.hkexnews.hk)及本公司網站(www.yashili.hk)發放，股東亦可向本公司要求印刷本。

主要業務

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

財務報表

本集團截至2017年12月31日止年度的溢利以及本公司及本集團於該日的財務狀況載於本年報第113至223頁的合併財務報表。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

FINAL DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

RESERVES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB5,089.2 million, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE DONATIONS

Donations made by the Group during the year under review amounted to approximately RMB0.94 million.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2017, the Group held property, plant and equipment of approximately RMB1,602.98 million. Movements in property, plant and equipment of the Group for the year ended 31 December 2017 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2017 are set out in note 29 to the consolidated financial statements.

末期股息

董事會不建議就截至2017年12月31日止年度派發末期股息(2016年：零)。

儲備

本集團於回顧年度的儲備的變動詳情載於合併權益變動表。

本公司的可供分派儲備

於2017年12月31日，本公司根據開曼群島第22章(1961年第三號法例，經綜合及修訂)公司法計算的可供分派儲備約為人民幣5,089.2百萬元，其可供分派，惟緊隨建議分派股息日期後，本公司須能繳清其於日常業務過程中到期的債務。

慈善捐贈

本集團於回顧年度作出價值約人民幣0.94百萬元的捐贈。

物業、廠房及設備

於截至2017年12月31日止年度，本集團持有物業、廠房及設備約人民幣1,602.98百萬元。本集團截至2017年12月31日止年度的物業、廠房及設備的變動載於合併財務報表附註13。

股本

本公司於截至2017年12月31日止年度股本的變動詳情載於合併財務報表附註29。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

DIRECTORS

The Directors of the Company during the year ended 31 December 2017 and during the period from the end of the year of 2017 to the date of this Annual Report were:

Non-executive directors:

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Mr. Huang Xiaojun⁽¹⁾
Ms. Lam Pik Po⁽²⁾

Executive directors:

Mr. Chopin Zhang (*Chief Executive Officer*)
Mr. Hua Li⁽³⁾

Independent non-executive directors:

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

Notes:

- (1) Resigned with effect from 5 June 2017.
- (2) Appointed with effect from 5 June 2017.
- (3) Resigned with effect from 16 March 2018.

Pursuant to Article 83 of the Articles of Association adopted by the Company on 8 October 2010, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting.

董事

本公司於截至2017年12月31日止年度及2017年年末至本年報日期期間的董事為：

非執行董事：

盧敏放先生(主席)
秦鵬先生
張平先生
黃曉軍先生⁽¹⁾
林碧寶女士⁽²⁾

執行董事：

張平(Chopin Zhang)先生(行政總裁)
華力先生⁽³⁾

獨立非執行董事：

莫衛斌先生
程守太先生
李港衛先生

附註：

- (1) 於2017年6月5日辭任。
- (2) 於2017年6月5日獲委任。
- (3) 於2018年3月16日辭任。

根據本公司於2010年10月8日採納的組織章程細則第83條，任何獲董事會委任以填補臨時空缺之董事僅任職至其獲委任後的首個股東大會為止，屆時彼等可於該大會上膺選連任，而任何獲董事會委任成為現行董事會新增成員之董事僅任職至本公司下屆股東周年大會為止，屆時彼等將合資格於該大會上膺選連任。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

Ms. Lam Pik Po, being a Director appointed by the Board after the last annual general meeting, shall retire at the forthcoming annual general meeting and, being eligible, offer herself for re-election.

In addition, in accordance with Article 84 of the Article of Association of the Company, Mr. Jeffrey, Minfang Lu, Mr. Qin Peng and Mr. Cheng Shoutai shall retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 68 to 73 of this Annual Report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed below, there was no transaction, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisting during or at the end of the year ended 31 December 2017.

DIRECTORS' SERVICE CONTRACTS

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

林碧寶女士為於上屆股東周年大會後獲董事會委任之董事，彼須於應屆股東周年大會上退任，且符合資格膺選連任。

此外，根據本公司組織章程細則第84條，盧敏放先生、秦鵬先生及程守太先生須於應屆股東周年大會上輪席退任，且符合資格膺選連任。

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

董事及高級管理層履歷

董事及高級管理層的履歷詳情載於本年報第68至73頁。

董事之交易、安排或合約權益

除下文所披露者外，於截至2017年12月31日止年度或該年末概無存續本公司、其控股公司或其任何子公司為訂約方而任何本公司董事直接或間接擁有重大權益的重大交易、安排或合約。

董事服務合約

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



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

PERMITTED INDEMNITY PROVISION

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

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

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

As at 31 December 2017, the Directors and the chief executives of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept

獲准許彌償條文

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

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

董事及主要行政人員於股份、相關股份及債券的權益及淡倉

於2017年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益或淡倉(包括本公司董事及主要行政人員根據證券及期貨條例的該等條文被當作及視為擁有的權益及淡倉)，或須記錄於根據證券及期貨條例第352條須存置的登記冊的權益或淡倉，或另

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules:

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

行根據上市規則所載的標準守則須知會本公司及聯交所的權益或淡倉如下：

董事於蒙牛乳業(本公司的控股公司)股份中的權益：

Name of director 董事名稱	Capacity/Nature of interest 身份/權益性質	Number of ordinary shares 普通股數目
Mr. Hua Li ⁽¹⁾ 華力先生 ⁽¹⁾	Beneficial owner 實益擁有人	151,400 ⁽²⁾
Mr. Jeffrey, Minfang Lu 盧敏放先生	Beneficial owner 實益擁有人	1,029,100 ⁽²⁾
Mr. Zhang Ping 張平先生	Beneficial owner 實益擁有人	277,740 ⁽²⁾
Mr. Chopin Zhang 張平(Chopin Zhang)先生	Beneficial owner 實益擁有人	277,740 ⁽²⁾

Notes:

- (1) Mr. Hua Li resigned as an executive director of the Company with effect from 16 March 2018.
- (2) All the shares are held in long position.

附註：

- (1) 華力先生於2018年3月16日辭任本公司執行董事。
- (2) 所有股份均以好倉持有。

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules. Save as disclosed above, at no time was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

除上文所披露者外，於2017年12月31日，本公司董事或主要行政人員概無於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中擁有或被視作擁有記錄於本公司根據證券及期貨條例第352條存置的登記冊的權益或淡倉，或已根據上市規則所載的標準守則知會本公司及聯交所的任何權益或淡倉。除上文所披露者外，於任何時間，本公司、其控股公司或其任何子公司概無訂立任何安排，致使本公司的董事及主要行政人員(包括彼等的配偶及未滿十八歲的子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份或相關股份或債券中持有任何權益或淡倉。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

SHARE OPTION SCHEMES

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

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

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

購股權計劃

本公司已於2010年10月8日採納購股權計劃(「首次公開發售前購股權計劃」)及於2010年10月8日採納購股權計劃(「購股權計劃」)。購股權計劃之詳情如下：

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

因行使根據購股權計劃及本集團任何其他計劃將予授出的所有購股權而可能發行的最高股份數目，合共不得超過於2010年11月1日(「上市日期」)已發行股份的10%，即350,000,000股股份，相當於於本報告日期本公司已發行股份的約7.38%。本公司概不得向任何一名購股權計劃參與人士授出購股權，致使在任何截至最近授出當日止12個月期間行使已授出及將授出的購股權而發行及將予發行的股份總數超過本公司不時已發行股本的1%。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

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

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

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

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

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

No option was granted by the Company nor was there any outstanding option granted by the Company from 1 January 2017 to 31 December 2017. As at 31 December 2017, there is no outstanding option granted by the Company.

EQUITY-LINKED AGREEMENTS

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

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

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

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

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

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

自2017年1月1日至2017年12月31日，本公司並無授出期權，亦概無任何由本公司授出的未行使期權。於2017年12月31日，本公司概無授出任何未行使期權。

股票掛鈎協議

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



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

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

董事購買股份或債券的安排

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

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

So far as is known to the Director or chief executives of the Company, as at 31 December 2017, the persons or corporations (other than Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

主要股東於股份及相關股份之權益及淡倉

就本公司董事或主要行政人員所知，於2017年12月31日，於本公司或其相聯法團的股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須披露予本公司的權益或淡倉，或已記入根據證券及期貨條例第336條規定須存置的登記冊內的權益或淡倉的人士或法團(並非本公司董事或主要行政人員)如下：

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Notes:

- (1) As at 31 December 2017, Mengniu Dairy held 99.95% interest in Mengniu International and Mengniu International directly held the relevant Shares.
- (2) As at 31 December 2017, Danone SA held 100% interest in Danone Baby and Medical Holding. Danone Baby and Medical Holding held 100% interest in Danone Baby and Medical Nutrition BV. Danone Baby and Medical Nutrition BV held 100% interest in Nutricia International BV. Nutricia International BV held 100% interest in Danone Asia and Danone Asia directly held the relevant shares.
- (3) Zhang International Investment Ltd. is held by Mr. Zhang Lihui, Mr. Zhang Likun, Mr. Zhang Liming, Mr. Zhang Lidian, Mr. Zhang Libo and Ms. She Lifang as their wholly-owned investment holding company to hold their shares in the Company.
- (4) All the shares are held in long position.
- (5) The total issued shares as at 31 December 2017 was 4,745,560,296.

Save as disclosed above, as at 31 December 2017, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

附註：

- (1) 於2017年12月31日，蒙牛乳業持有蒙牛國際的99.95%權益，而蒙牛國際直接持有有關股份。
- (2) 於2017年12月31日，達能SA持有Danone Baby and Medical Holding的100%權益。Danone Baby and Medical Holding持有Danone Baby and Medical Nutrition BV的100%權益。Danone Baby and Medical Nutrition BV持有Nutricia International BV的100%權益。Nutricia International BV持有達能亞洲的100%權益，而達能亞洲直接持有有關股份。
- (3) 張氏國際投資有限公司由張利輝先生、張利坤先生、張利明先生、張利鈿先生、張利波先生及余麗芳女士持有，作為彼等之全資投資控股公司以持有彼等於本公司之股份。
- (4) 所有股份均以好倉持有。
- (5) 於2017年12月31日，本公司已發行股份總數為4,745,560,296股。

除上文所披露者外，於2017年12月31日，董事概不知悉任何其他人士或法團於本公司或其相聯法團的股份及相關股份中擁有須記入本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

購買、出售或贖回本公司上市證券

除上文所披露者外，本公司或其任何子公司於截至2017年12月31日止年度概無購買、出售或贖回任何本公司上市證券。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

CONNECTED TRANSACTIONS

1. The White Sugar Purchase Contract with Inner Mongolia Mengniu

On 20 November 2015, Oushi Mengniu entered into a purchase contract (the “White Sugar Purchase Contract with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”), a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu agreed to purchase and Inner Mongolia Mengniu agreed to sell white sugar and other raw materials from 20 November 2015 to 31 December 2017. Please refer to the announcement of the Company dated 19 May 2017 for further details.

On 9 March 2017, Dumex China, Yashili International Group Ltd. (“Yashili (Guangdong)”), Shanxi Yashili Dairy Co. Ltd. (“Yashili (Shanxi)”) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the “Framework Purchase Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Inner Mongolia Mengniu agreed to sell (by itself or through its subsidiaries), raw materials from time to time during the term of the Framework Purchase Agreement with Inner Mongolia Mengniu. Upon the entering into of the Framework Purchase Agreement with Inner Mongolia Mengniu, transactions conducted under the White Sugar Purchase Contract with Inner Mongolia Mengniu since 1 January 2017 were automatically subject to the Framework Purchase Agreement with Inner Mongolia Mengniu, and the consideration of such transactions has been taken into account in determining the annual cap in respect of the transactions under the Framework Purchase Agreement with Inner Mongolia Mengniu for the year ended 31 December 2017.

The Directors are of the view that the White Sugar Purchase Contract with Inner Mongolia Mengniu and the transactions contemplated thereunder enable the Group to achieve greater synergies with the Mengniu Group.

關連交易

1. 內蒙蒙牛白砂糖採購合同

於2015年11月20日，歐世蒙牛與蒙牛乳業之子公司內蒙古蒙牛乳業(集團)股份有限公司(「內蒙蒙牛」)訂立採購合同(「內蒙蒙牛白砂糖採購合同」)，據此，自2015年11月20日至2017年12月31日期間，歐世蒙牛同意購買而內蒙蒙牛同意銷售白砂糖及其他原材料。有關更多詳情，請參閱本公司日期為2017年5月19日之公告。

於2017年3月9日，本公司之子公司多美滋中國、雅士利國際集團有限公司(「雅士利(廣東)」)、山西雅士利乳業有限公司(「雅士利(山西)」)及歐世蒙牛，與內蒙蒙牛訂立採購框架協議(「內蒙蒙牛採購框架協議」)，據此，在內蒙蒙牛採購框架協議的期限內，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意不時購買而內蒙蒙牛同意不時銷售(以其本身或透過其子公司)原材料。於簽訂內蒙蒙牛採購框架協議後，內蒙蒙牛白砂糖採購合同項下的交易自2017年1月1日起須自動遵守內蒙蒙牛框架採購協議，而於釐定截至2017年12月31日止年度內蒙蒙牛採購框架協議項下交易的年度上限時，已計及該等交易的代價。

董事認為內蒙蒙牛白砂糖採購合同及其項下進行之交易有利於本集團與蒙牛集團達至更大協同效應。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

As of the date of the White Sugar Purchase Contract with Inner Mongolia Mengniu, Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As Inner Mongolia Mengniu is a subsidiary of Mengniu Dairy and Oushi Mengniu is a subsidiary of the Company, the entering into of the White Sugar Purchase Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the White Sugar Purchase Contract exceeds 0.1% but is less than 5%, the White Sugar Purchase Contract is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. The Lab Testing Service Agreements

During the period between 8 October 2016 and 28 August 2017, Dumex China, a wholly-owned subsidiary of the Company, has entered into a series of lab testing service agreements (the "Lab Testing Service Agreements") in substantially the same form with Nutricia Infant Nutrition Ltd., Nutricia Cuijk, Nutricia Pharmaceutical (Wuxi) Co., Ltd. ("Nutricia Pharma"), Nutricia Trading (Shanghai) Co., Ltd. and Milupa GmbH (together, the "Danone Entities") (each an indirect subsidiary of Danone SA and a member of the Danone Group), respectively, pursuant to which Dumex China agreed to provide lab testing services to each of Danone Entities, respectively, from 8 October 2016 to 28 August 2017. The total amount of testing fee payable under the Lab Testing Service Agreements is RMB0.066 million plus US\$0.396 million plus EURO.0026 million. Please refer to the announcement of the Company dated 29 September 2017 for further details.

The Directors are of the view that the Lab Testing Service Agreements and the transactions contemplated thereunder enable the Group to achieve greater synergies between the Group and the Danone Group.

截至內蒙蒙牛白砂糖採購合同日期，蒙牛乳業之子公司蒙牛國際持有本公司之51.04%股份，為本公司之主要股東。因此，蒙牛乳業為本公司之關連人士。由於內蒙蒙牛為蒙牛乳業之子公司，而歐世蒙牛為本公司之子公司，故訂立白砂糖採購合同構成上市規則第14A章項下本公司之關連交易。由於有關白砂糖採購合同之最高適用百分比率高於0.1%但低於5%，故白砂糖採購合同須遵守上市規則第14A章項下之申報、公告及年度審核規定，惟獲豁免遵守獨立股東批准規定。

2. 實驗室檢測服務協議

於2016年10月8日至2017年8月28日期間，本公司之全資子公司多美滋中國分別與Nutricia Infant Nutrition Ltd.、Nutricia Cuijk、紐迪希亞製藥(無錫)有限公司(「紐迪希亞製藥」)、紐迪希亞貿易(上海)有限公司及Milupa GmbH(統稱為「達能實體」，各自為達能SA之間接子公司及達能集團之成員公司)以大致相同之形式訂立一系列實驗室檢測服務協議(「實驗室檢測服務協議」)，據此，多美滋中國同意自2016年10月8日至2017年8月28日分別向各達能實體提供實驗室檢測服務。實驗室檢測服務協議項下應付檢測費總額為人民幣0.066百萬元加0.396百萬元加0.0026百萬元。有關更多詳情，請參閱本公司日期為2017年9月29日之公告。

董事認為實驗室檢測服務協議及其項下擬進行之交易有利於本集團就本集團與達能集團達至更大協同效應。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

During the period between 31 May 2016 and 29 September 2017 (the “Relevant Period”), Dumex China has provided certain lab testing services to Nutricia Early Life Nutrition (Shanghai) Co. Ltd. (“NELN”) pursuant to a lab sharing transition services agreement (the “Lab Sharing Transition Service Agreement”), which was entered into between Dumex China and NELN prior to the completion of the acquisition of the entire equity interest in Dumex China by the Company, and the details of which were disclosed in the announcement of the Company dated 27 May 2016 (“May 2016 Announcement”). The aggregated amount of testing fee payable pursuant to (i) the Lab Sharing Transition Service Agreement during the Relevant Period; and (ii) the Lab Testing Service Agreements is equivalent to HK\$5.3 million.

As of the date of each of the Lab Testing Service Agreements, Danone Asia has a 25.0% shareholding interest in the Company. Each of the Danone Entities is an indirect subsidiary of Danone SA and a member of the Danone Group. Therefore, each of the Danone Entities is a connected person of the Company under the Listing Rules. Dumex China is an indirect wholly-owned subsidiary of the Company. As such, each of the Lab Testing Service Agreements and the transactions thereunder constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated based on the aggregated amount of testing fee payable under (i) the Lab Sharing Transition Service Agreement during the Relevant Period and (ii) the Lab Testing Service Agreements exceeds 0.1% but is less than 5%, the Lab Testing Service Agreements, viewed as a whole, are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

於2016年5月31日至2017年9月29日期間(「有關期間」)，多美滋中國根據實驗室共享過渡服務協議(「實驗室共享過渡服務協議」)向紐迪希亞生命早期營養品管理(上海)有限公司(「NELN」)提供若干實驗室檢測服務，有關協議乃由多美滋中國與NELN在本公司收購多美滋中國全部股權完成前簽訂，有關詳情於本公司日期為2016年5月27日之公告(「2016年5月公告」)內披露。根據(i)於有關期間之實驗室共享過渡服務協議，及(ii)實驗室檢測服務協議應付檢測費之總額為相當於5.3百萬港元。

截至各實驗室檢測服務協議日期，達能亞洲持有本公司25.0%股權。各達能實體各自為達能SA之間接子公司及達能集團之成員公司。因此，根據上市規則，各達能實體各自為本公司之關連人士。多美滋中國為本公司之間接全資子公司。因此，實驗室檢測服務協議及該等協議項下之交易各自構成上市規則第14A章項下本公司之關連交易。由於基於(i)於有關期間根據實驗室共享過渡服務協議及(ii)根據實驗室檢測服務協議應付之檢測費款項總額而計算之最高適用百分比率高於0.1%但低於5%，實驗室檢測服務協議(被視為一個整體)須遵守上市規則第14A章項下之申報、公告及年度審核規定，惟獲豁免遵守獨立股東批准之規定。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

3. The Oushi Mengniu Processing Agreement

On 1 January 2017, Oushi Mengniu entered into a processing agreement (the “Oushi Mengniu Processing Agreement”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu agreed to provide processing services and production of whole milk powder and other products to Inner Mongolia Mengniu from 1 January 2017 to 31 July 2017 at a consideration of RMB10.16 million. Please refer to the announcement of the Company dated 29 September 2017 for further details.

The Directors are of the view that the transactions contemplated under the Oushi Mengniu Processing Agreement enable the Group to meet the production needs for its milk powder products as well as fully utilise and better allocate the Group’s production capacities which in turn generate additional revenue to the Group.

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

3. 歐世蒙牛加工協議

於2017年1月1日，歐世蒙牛與蒙牛乳業之子公司內蒙蒙牛訂立加工協議（「歐世蒙牛加工協議」），據此，歐世蒙牛同意以人民幣10.16百萬元之代價於2017年1月1日至2017年7月31日期間為內蒙蒙牛提供加工服務並生產全脂奶粉及其他產品。有關更多詳情，請參閱本公司日期為2017年9月29日的公告。

董事認為歐世蒙牛加工協議項下擬進行之交易可以在滿足本集團奶粉產品生產需求之同時，充分利用和優化分配本集團之產能資源，從而為本集團帶來額外收益。

截至歐世蒙牛加工協議日期，蒙牛乳業之子公司蒙牛國際持有本公司之51.04%股份，並為本公司之主要股東。因此，蒙牛乳業為本公司之關連人士。由於內蒙蒙牛為蒙牛乳業之子公司，而歐世蒙牛為本公司之子公司，故訂立歐世蒙牛加工協議構成上市規則第14A章項下本公司之關連交易。由於有關歐世蒙牛加工協議之最高適用百分比率高於0.1%但低於5%，故歐世蒙牛加工協議須遵守上市規則第14A章項下之申報、公告及年度審核規定，惟獲豁免遵守獨立股東批准規定。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

4. Procurement Agency Agreement with Arla Import & Export

On 28 February 2017, Oushi Mengniu entered into a procurement agency agreement (the "Procurement Agency Agreement") with Arla Dairy Products Import & Export Co., Ltd. ("Arla Import & Export"), a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu appointed Arla Import & Export as its exclusive agent for the procurement of dairy products from Arla Foods from 28 February 2017 to 30 June 2017. Pursuant to the Procurement Agency Agreement, Arla Import & Export shall be responsible for, among others, negotiating the terms of the procurement on behalf of Oushi Mengniu, and Oushi Mengniu shall pay for the dairy products procured by Arla Import & Export on behalf of Oushi Mengniu to Arla Import & Export. For the period from 28 February 2017 to 30 June 2017, the total value of the dairy products procured by Arla Import & Export on behalf of Oushi Mengniu pursuant to the Procurement Agency Agreement shall be RMB11.57 million. Please refer to the announcement of the Company dated 29 September 2017 for further details.

The Directors are of the view that the Procurement Agency Agreement and the transactions contemplated thereunder enable the Group to utilise the well-established overseas procurement system of Arla Import & Export, thereby achieving greater synergies with the Mengniu Group.

As of the date of the Procurement Agency Agreement, Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As Arla Import & Export is a subsidiary of Mengniu Dairy and Oushi Mengniu is a subsidiary of the Company, the entering into of the Procurement Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Procurement Agency Agreement exceeds 0.1% but is less than 5%, the Procurement Agency Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

4. 愛氏晨曦進出口公司採購代理協議

於2017年2月28日，歐世蒙牛與蒙牛乳業之子公司愛氏晨曦乳製品進出口有限公司(「愛氏晨曦進出口公司」)訂立採購代理協議(「採購代理協議」)。據此，自2017年2月28日至2017年6月30日期間，歐世蒙牛委任愛氏晨曦進出口公司作為其從Arla Foods採購乳製品之獨家代理商。根據採購代理協議，愛氏晨曦進出口公司應負責(其中包括)代表歐世蒙牛磋商採購條款，歐世蒙牛應向愛氏晨曦進出口公司支付愛氏晨曦進出口公司代表歐世蒙牛採購之乳製品之價款。自2017年2月28日至2017年6月30日期間，愛氏晨曦進出口公司根據採購代理協議代表歐世蒙牛採購之乳製品之總價值為人民幣11.57百萬元。有關更多詳情，請參閱本公司日期為2017年9月29日的公告。

董事認為採購代理協議及其項下擬進行之交易可以使本集團利用愛氏晨曦進出口公司之完善海外採購系統，從而與蒙牛集團達至更大協同效應。

截至採購代理協議日期，蒙牛乳業之子公司蒙牛國際持有本公司之51.04%股份，並為本公司之主要股東。因此，蒙牛乳業為本公司之關連人士。由於愛氏晨曦進出口公司為蒙牛乳業之子公司，而歐世蒙牛為本公司之子公司，故訂立採購代理協議構成上市規則第14A章項下本公司之關連交易。由於有關採購代理協議之最高適用百分比率高於0.1%但低於5%，故採購代理協議須遵守上市規則第14A章項下之申報、公告及年度審核規定，惟獲豁免遵守獨立股東批准規定。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

5. The Gift Card Purchase Contract

On 20 December 2017, Yashili Dairy (Maanshan) Trading Limited (“Maanshan Trading”), a subsidiary of the Company, entered into a gift card purchase contract (the “Gift Card Purchase Contract”) with Arla Import & Export, a subsidiary of Mengniu Dairy, pursuant to which Maanshan Trading agreed to purchase, and Arla Import & Export agreed to sell, *Milk Deluxe* and *Just Yoghurt* products by way of gift cards for a consideration of approximately RMB3.85 million inclusive of tax (RMB3.43 million exclusive of tax). Pursuant to the Gift Card Purchase Contract, Maanshan Trading will distribute the gift cards to end customers of the Group for marketing purposes. Subject to the terms and conditions of the gift cards, Arla Import & Export is required to deliver the *Milk Deluxe* and *Just Yoghurt* products to the holders of the gift cards in accordance with the order of the relevant holder. Please refer to the announcement of the Company dated 20 December 2017 for further details.

The Directors are of the view that the Gift Card Purchase Contract and the transactions contemplated thereunder would support the marketing activities of the Group and enhance the shopping experience of end customers of the Group.

As of the date of the Gift Card Purchase Contract, Mengniu International, a subsidiary of Mengniu Dairy, holds 51.04% of the shares of the Company and is a substantial shareholder of the Company. Therefore, Mengniu Dairy is a connected person of the Company. As Arla Import & Export is a subsidiary of Mengniu Dairy and Maanshan Trading is a subsidiary of the Company, the entering into of the Gift Card Purchase Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Gift Card Purchase Contract exceeds 0.1% but is less than 5%, the Gift Card Purchase Contract is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

5. 禮品卡採購協議

於2017年12月20日，本公司之子公司雅士利乳業(馬鞍山)銷售有限公司(「馬鞍山銷售公司」)與蒙牛乳業之子公司愛氏晨曦進出口公司訂立禮品卡採購協議(「禮品卡採購協議」)，據此，馬鞍山銷售公司同意以禮品卡形式購買而愛氏晨曦進出口公司同意以禮品卡形式出售特侖蘇及純甄產品，代價為約人民幣3.85百萬元(含稅)(不含稅代價為人民幣3.43百萬元)。根據禮品卡採購協議，該等禮品卡將由馬鞍山銷售公司分發予本集團終端客戶作市場推廣用途。在該等禮品卡之條款及條件規限下，愛氏晨曦進出口公司須按照禮品卡持有人要求向有關持有人交付特侖蘇及純甄產品。有關更多詳情，請參閱本公司日期為2017年12月20日之公告。

董事認為禮品卡採購協議及其項下擬進行之交易將支持本集團之市場推廣活動及增強本集團之終端客戶之消費體驗。

截至禮品卡採購協議日期，蒙牛乳業之子公司蒙牛國際持有本公司51.04%之股份，並為本公司之主要股東。因此，蒙牛乳業為本公司之關連人士。由於愛氏晨曦進出口公司為蒙牛乳業之子公司，而馬鞍山銷售公司為本公司之子公司，故訂立禮品卡採購協議構成上市規則第14A章項下本公司之關連交易。由於有關禮品卡採購協議之最高適用百分比率超過0.1%但低於5%，故禮品卡採購協議須遵守上市規則第14A章項下申報、公告及年度審核規定，惟獲豁免遵守獨立股東批准規定。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

CONTINUING CONNECTED TRANSACTIONS

Connected Persons

(a) Inner Mongolia Mengniu, Tian Jin New Value Supply Chain Company Limited (“Tianjin New Value”) and Burra Foods Pty Ltd (“Burra Foods”)

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

(b) Danone Trading ELN B.V. (“Danone Trading”), Danone Asia-Pacific Management Co. Ltd. (“DAPM”), NELN, Danone Asia Pacific Holdings Pte. Ltd. (“DAPH”) and Nutricia Research B.V. (“Nutricia Research”) and Nutricia Pharma

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

持續關連交易

關連人士

(a) 內蒙蒙牛、天津通瑞供應鏈有限公司(「天津通瑞」)及Burra Foods Pty Ltd(「Burra Foods」)

蒙牛乳業之子公司蒙牛國際持有本公司股份之51.04%，並為本公司之主要股東。因此，蒙牛乳業為本公司之關連人士。由於內蒙蒙牛及天津通瑞各自為蒙牛乳業的子公司，故內蒙蒙牛及天津通瑞各自為本公司之關連人士。內蒙古富源牧業有限責任公司擁有Burra Foods 51.35%的權益，而蒙牛乳業擁有內蒙古富源牧業有限責任公司42.3%的權益。因此，根據上市規則第14A.13(3)條，Burra Foods為蒙牛乳業之聯繫人，並為本公司之關連人士。

(b) Danone Trading ELN B.V. (「Danone Trading」)、達能亞太(上海)管理有限公司(「DAPM」)、NELN、Danone Asia Pacific Holdings Pte. Ltd. (「DAPH」)及Nutricia Research B.V. (「Nutricia Research」)及紐迪希亞製藥

達能SA的子公司達能亞洲持有本公司股份權益之25.0%，因此達能SA為本公司之關連人士。Danone Trading、DAPM、NELN、DAPH、Nutricia Research及紐迪希亞製藥各自為達能SA的間接子公司及達能集團成員公司，因此Danone Trading、DAPM、NELN、DAPH、Nutricia Research及紐迪希亞製藥各自為本公司之關連人士。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

Continuing Connected Transactions

1. Trademark Licensing Agreement

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

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

持續關連交易

1. 商標使用許可合同

作為完成有關歐世蒙牛全數股本權益之股權轉讓協議事項的其中一項先決條件，於2015年9月25日，雅士利(廣東)、歐世蒙牛與內蒙蒙牛訂立一項商標使用許可合同(「商標使用許可合同」)，據此，內蒙蒙牛(作為許可人)同意授予歐世蒙牛、雅士利(廣東)及其關聯公司(作為被許可人)一項在中國有分許可權，但無轉讓權的非排他性、非獨佔使用內蒙蒙牛的某些註冊商標(「商標」)(可由內蒙蒙牛不時更改)的權利，期限為自商標使用許可合同簽訂之日生效起(i)50年，或(ii)歐世蒙牛經營期限(以較後者為準)。且隨後各方可經協商一致確定商標使用許可合同續訂事宜。每年的許可費金額應相當於(a)該年度內雅士利(廣東)及其關聯公司銷售商標所用於的嬰幼兒配方奶粉產品及成人奶粉產品的淨銷售收入的3%，及(b) (i)於該年度內歐世蒙牛銷售商標所用於的嬰幼兒配方奶粉產品及成人奶粉產品(「產品」)的淨銷售收入的3%；或(ii)人民幣18.0百萬元(以較高者為準)。歐世蒙牛的淨銷售收入將從(i)完成註冊資本減少註冊(進一步詳情請參閱2015年9月21日本公司與蒙牛乳業之聯合公告及本公司日期為2015年10月29日之通函)之後，或(ii)2016年1月1日(以較早者為準)開始累計。年度許可費將由歐世蒙牛、雅士利(廣東)及其關聯公司於每年度結束後的兩個月內支付。進一步詳情請參閱本公司日期為2015年9月25日之公告(「2015年9月公告」)。

董事認為訂立商標使用許可合同將在整體上在下述方面有利於本公司及其股東：(i)借力蒙牛乳業品牌的品牌力：「蒙牛」商標在中國市場的知名度高，使用「蒙牛」商標有利於本公司成人奶粉產品的銷售，並保持歐世蒙牛嬰幼兒奶粉的市場份額；及(ii)借助「蒙牛」商標許可，獲取蒙牛乳業在品牌資源上的更多支持。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

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

For the year ended 31 December 2017, the aggregate license fees payable by Oushi Mengniu, Yashili (Guangdong) and its affiliates to Inner Mongolia Mengniu under the Trademark Licensing Agreement was RMB0, which was less than the cap of RMB40 million (equivalent to approximately HK\$46.2 million) as disclosed in the September 2015 Announcement.

2. Transition Services Agreements

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

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

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

截至2017年12月31日止年度，根據商標使用許可合同，應由歐世蒙牛、雅士利(廣東)及其關聯公司付予內蒙蒙牛的累計應付許可費為人民幣0元，低於2015年9月公告所披露之上限人民幣40百萬元(相等於約46.2百萬港元)。

2. 過渡服務協議

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

A. IT Support Transition Services Agreement

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

B. Lab Sharing Transition Services Agreement

Pursuant to the Lab Sharing Transition Services Agreement entered into between NELN and Dumex China, Dumex China will grant, or cause to be provided to NELN access to and use of the analytical laboratory and research and development laboratory equipment and the office space in Dumex China’s Shanghai factory from the completion of Dumex Transaction to 31 December 2017. NELN will pay to Dumex China per lab test pursuant to the access granted, the office rental services, actual cost of any other services that it may request from Dumex China from time to time, and one-off cost of decoration and recovery.

C. Accounting Services Transition Services Agreement

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

A. IT支援過渡服務協議

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

B. 實驗室共享過渡服務協議

根據NELN與多美滋中國訂立之實驗室共享過渡服務協議，多美滋中國將於多美滋交易事項交割日至2017年12月31日止，向NELN授予或促使向其提供使用權，以使用多美滋中國位於上海工廠的分析實驗室及研發實驗室設備以及辦公室空間。NELN將根據各次實驗室檢測獲授使用權、辦公室租賃服務、其可能不時向多美滋中國要求提供之任何其他服務的實際成本及一次性裝修及復原成本向多美滋中國付款。

C. 會計服務過渡服務協議

根據多美滋中國與NELN所訂立之會計服務過渡服務協議(「會計服務過渡服務協議」)，NELN將於多美滋交易事項交割日至NELN於會計服務過渡服務協議項下所提供服務之所有個別過渡期間屆滿當日，向多美滋中國提供或促使向其提供稅務服務、庫務服務及會計服務。根據會計服務過渡服務協議提供服務之代價將為服務成本另加5%以及NELN向多美滋中國出具書面發票時的適用增值稅的總額。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

D. Office Sharing Transition Services Agreement

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

Please refer to the announcement of the Company May 2016 Announcement for further details of the Transition Service Agreements.

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

For the year ended 31 December 2017, the value of the transactions contemplated under the IT Support Transition Services Agreement was RMB0.20 million, which was less than the cap of RMB5 million (equivalent to approximately HK\$5.92 million) as disclosed in the May 2016 Announcement.

For the year ended 31 December 2017, the value of the transactions contemplated under the Lab Sharing Transition Services Agreement was RMB0.96 million, which was less than the cap of RMB1 million (equivalent to approximately HK\$1.184 million) as disclosed in the May 2016 Announcement.

For the year ended 31 December 2017, the value of the transactions contemplated under the Accounting Service Transition Services Agreement was RMB0 million, which was less than the cap of RMB0.8 million (equivalent to approximately HK\$0.947 million) as disclosed in the May 2016 Announcement.

D. 辦公室共享過渡服務協議

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

有關過渡服務協議的進一步詳情，請參閱2016年5月公告。

董事均認為過渡服務協議確保多美滋中國於多美滋交易事項完成後平穩過渡及正常營運。

截至2017年12月31日止年度，IT支援過渡服務協議下擬進行之交易金額為人民幣0.20百萬元，低於2016年5月公告所披露之年度上限人民幣5百萬元(相等於約5.92百萬港元)。

截至2017年12月31日止年度，實驗室共享過渡服務協議下擬進行之交易金額為人民幣0.96百萬元，低於2016年5月公告所披露之年度上限人民幣1百萬元(相等於約1.184百萬港元)。

截至2017年12月31日止年度，會計服務過渡服務協議下擬進行之交易金額為人民幣0百萬元，低於2016年5月公告所披露之年度上限人民幣0.8百萬元(相等於約0.947百萬港元)。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

For the year ended 31 December 2017, the value of the transactions contemplated under the Office Sharing Transition Services Agreement was RMB0.28 million, which was less than the cap of RMB0.3 million (equivalent to approximately HK\$0.355 million) as disclosed in the May 2016 Announcement.

3. Manufacturing and Supply Agreement

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

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

For the year ended 31 December 2017, the value of the transactions contemplated under the Manufacturing and Supply Agreement was RMB0, which was less than the cap of RMB11 million (equivalent to approximately HK\$12.717 million) as disclosed in the May 2016 Announcement.

截至2017年12月31日止年度，辦公室共享過渡服務協議下擬進行之交易金額為人民幣0.28百萬元，低於2016年5月公告所披露之年度上限人民幣0.3百萬元(相等於約0.355百萬元)。

3. 生產及供應協議

於2016年5月27日(交易時段後)，多美滋中國與Danone Trading(達能SA的一家間接子公司)訂立生產及供應協議(「生產及供應協議」)，據此，於多美滋交易事項交割日至2027年12月31日止期間內，多美滋中國同意不時購買而Danone Trading同意不時出售若干嬰幼兒營養品。價格將於每年年初之前進行磋商，並參考多美滋中國預期向Danone Trading提交的訂單數量按所提供的相關嬰幼兒營養品的成本另加10%的基準計算。進一步詳情請參閱2016年5月公告。

董事認為，生產及供應協議可令多美滋中國獲得達能集團對於四種定制營養品的長期供應，這將豐富本集團的現有產品組合，從而加強本集團在渠道分銷方面的議價能力。

截至2017年12月31日止年度，生產及供應協議下擬進行之交易金額為人民幣0元，低於2016年5月公告所披露之年度上限人民幣11百萬元(相等於約12.717百萬元)。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

4. Milk Powder Purchase Contract with Inner Mongolia Mengniu

On 1 December 2015, Oushi Mengniu entered into a purchase contract (the “Milk Powder Purchase Contract with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu agreed to purchase and Inner Mongolia Mengniu agreed to sell the skim milk powder and whole milk powder from 1 January 2016 to 31 December 2017. The price of the skim milk powder and whole milk powder under the Milk Powder Purchase Contract with Inner Mongolia Mengniu will be negotiated on an arm’s length basis and determined in the ordinary course of business on normal commercial terms and specified in individual purchase orders. Please refer to the announcement of the Company dated 12 August 2016 for further details.

The Directors are of the view that the Milk Powder Purchase Contract with Inner Mongolia Mengniu and the transactions contemplated thereunder would enable the Company to achieve greater synergies between the Group and the Mengniu Group.

The Milk Powder Purchase Contract with Inner Mongolia Mengniu was superseded by the Framework Purchase Agreement with Inner Mongolia Mengniu dated 9 March 2017. Upon the entering into of the Framework Purchase Agreement with Inner Mongolia Mengniu, transactions conducted under the Milk Powder Purchase Contract with Inner Mongolia Mengniu since 1 January 2017 were automatically subject to the Framework Purchase Agreement with Inner Mongolia Mengniu, and the consideration of such transactions has been taken into account in determining the annual cap in respect of the transactions under the Framework Purchase Agreement with Inner Mongolia Mengniu for the year ended 31 December 2017.

4. 內蒙蒙牛奶粉採購協議

於2015年12月1日，歐世蒙牛與蒙牛乳業之子公司內蒙蒙牛訂立採購協議(「內蒙蒙牛奶粉採購協議」)，據此，自2016年1月1日至2017年12月31日期間，歐世蒙牛同意購買而內蒙蒙牛同意出售脫脂奶粉及全脂奶粉。內蒙蒙牛奶粉採購協議項下脫脂奶粉及全脂奶粉之價格經公平原則磋商且於日常業務過程中按一般商業條款釐定，並將於個別採購訂單中列明。有關更多詳情，請參閱本公司日期為2016年8月12日之公告。

董事認為內蒙蒙牛奶粉採購協議及其項下擬進行之交易有利於本公司就本集團與蒙牛集團達致更大協同效應。

日期為2017年3月9日的內蒙蒙牛採購框架協議取代內蒙蒙牛奶粉採購協議。於簽訂內蒙蒙牛採購框架協議後，內蒙蒙牛奶粉採購協議項下的交易自2017年1月1日起須自動遵守內蒙蒙牛採購框架協議，而於釐定截至2017年12月31日止年度內蒙蒙牛採購框架協議項下交易的年度上限時，已計及該等交易的代價。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

5. Strategic Cooperation Supply Agreement

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

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

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

5. 戰略合作供應協議

於2016年11月4日，本公司之子公司新西蘭乳業與DAPH及Danone Trading（各自為達能SA之子公司及達能集團之成員公司）訂立戰略合作供應協議（「戰略合作供應協議」）。據此，於戰略合作供應協議期間新西蘭乳業同意銷售而DAPH及Danone Trading（代表自身及其聯屬公司）同意購買奶粉基粉產品及乳品原料。戰略合作供應協議須待(i)本公司獨立股東批准戰略合作供應協議及其項下擬進行之交易，及(ii)諮詢DAPH及Danone Trading之股東後方可生效。戰略合作供應協議將於生效日期至2018年12月31日期間（「初步年期」）有效。除非任何訂約方於初步年期屆滿前至少六個月發出通知拒絕於初步年期後延長戰略合作供應協議年期，否則戰略合作供應協議的期限將於初步年期屆滿後延長一年。奶粉基粉產品及乳品原料供應價格將於個別購買訂單中列明，並在符合行業慣例基礎上經參考適用國際貿易術語及付款條款後按成本加利潤基準釐定。每三個曆月奶粉基粉產品及乳品原料價格可經新西蘭乳業與DAPH及Danone Trading共同協定後修訂一次。

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

董事（不包括獨立非執行董事（其意見於寄發予股東之通函中所載之獨立董事委員會函件中載列））認為，戰略合作供應協議及其項下擬進行之交易將有利於新西蘭乳業提升其產能利用率，從而進一步增強本集團與達能集團的協同效應。戰略合作供應協議生效後，新西蘭乳業與DAPH於2016年8月17日訂立的採購合約（「採購合約」）會自動終止，且採購合約下之所有採購訂單將自動受戰略合作供應協議所規限。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

For the year ended 31 December 2017, the value of the transactions contemplated under the Strategic Cooperation Supply Agreement was RMB172 million, which was less than the cap of RMB350 million (equivalent to approximately HK\$404.62 million) as disclosed in the November 2016 Announcement and the November 2016 Circular and approved by the independent shareholders of the Company at the EGM.

6. Yashili (Shanxi) Processing Agreement

On 1 January 2017, Yashili (Shanxi), a subsidiary of the Company, entered into a processing agreement (the “Yashili (Shanxi) Processing Agreement”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Yashili (Shanxi) agreed to provide processing services in respect of whole milk powder and other products to Inner Mongolia Mengniu from 1 January 2017 to 31 December 2017. Please refer to the announcement of the Company dated 29 September 2017 (“29 September 2017 Announcement”) for further details.

The Directors are of the view that the transactions contemplated under the Yashili (Shanxi) Processing Agreement enable the Group to meet the production needs for its milk powder products as well as fully utilize and better allocate the Group’s production capacities which in turn generate additional revenue to the Group.

For the year ended 31 December 2017, the value of the transactions contemplated under the Yashili (Shanxi) Processing Agreement was RMB22.96 million, which was less than the cap of RMB40 million (equivalent to approximately HK\$46.24 million) as disclosed in the 29 September 2017 Announcement.

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

截至2017年12月31日止年度，戰略合作供應協議下擬進行之交易金額為人民幣172百萬元，低於2016年11月公告及2016年11月通函所披露並於股東特別大會上由本公司獨立股東批准之年度上限人民幣350百萬元(相等於約404.62百萬港元)。

6. 雅士利(山西)加工協議

於2017年1月1日，本公司的子公司雅士利(山西)與蒙牛乳業的子公司內蒙蒙牛訂立加工協議(「雅士利(山西)加工協議」)，據此，雅士利(山西)同意於2017年1月1日至2017年12月31日向內蒙蒙牛提供全脂奶粉及其他產品的加工服務。進一步詳情請參閱本公司日期為2017年9月29日的公告(「2017年9月29日公告」)。

董事認為，通過雅士利(山西)加工協議項下擬進行之交易，本集團可以在滿足本集團奶粉產品生產需求的同時，充分利用和優化分配本集團的產能資源，從而為本集團帶來額外收益。

截至2017年12月31日止年度，雅士利(山西)加工協議項下擬進行之交易的價值為人民幣22.96百萬元，低於2017年9月29日公告所披露之上限人民幣40百萬元(相當於約46.24百萬港元)。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

7. Framework Purchase Agreement with Inner Mongolia Mengniu

On 9 March 2017, Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the “Framework Purchase Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Inner Mongolia Mengniu agreed to sell (by itself or through its subsidiaries), raw materials from time to time during the term of the Framework Purchase Agreement with Inner Mongolia Mengniu. The Framework Purchase Agreement with Inner Mongolia Mengniu supersedes the Milk Powder Purchase Contract with Inner Mongolia Mengniu dated 1 December 2015. The Framework Purchase Agreement with Inner Mongolia Mengniu is effective from 9 March 2017 to 31 December 2018 and shall be extended for two more years if no written request is delivered by a party to the other party before 31 December 2018. Please refer to the announcements of the Company dated 9 March 2017, 25 August 2017 and 22 December 2017 (the “22 December 2017 Announcement”) for further details.

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

The annual cap of the Framework Purchase Agreement with Inner Mongolia Mengniu for the year ended 31 December 2017 was initially RMB100 million (equivalent to approximately HK\$115.6 million). It was adjusted to RMB55 million (equivalent to approximately HK\$63.58 million) as disclosed in the announcement of the Company dated 25 August 2017 and was further adjusted to RMB53 million (equivalent to approximately HK\$61.27 million) as disclosed in the 22 December 2017 Announcement.

For the year ended 31 December 2017, the value of the transactions contemplated under the Framework Purchase Agreement with Inner Mongolia Mengniu was RMB48.25 million, which was less than the cap of RMB53 million (equivalent to approximately HK\$61.27 million) as disclosed in the 22 December 2017 Announcement.

7. 內蒙蒙牛採購框架協議

於2017年3月9日，本公司之子公司多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛，與蒙牛乳業之子公司內蒙蒙牛訂立採購框架協議(「內蒙蒙牛採購框架協議」)，據此，在內蒙蒙牛採購框架協議的期限內，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意不時購買而內蒙蒙牛同意不時銷售(以其本身或透過其子公司)原材料。內蒙蒙牛採購框架協議取代於2015年12月1日簽訂的內蒙蒙牛奶粉採購協議。內蒙蒙牛採購框架協議自2017年3月9日至2018年12月31日生效，倘於2018年12月31日前並無一方向另一方提出書面要求，內蒙蒙牛採購框架協議將延長兩年。進一步詳情請參閱本公司日期為2017年3月9日、2017年8月25日及2017年12月22日之公告(「2017年12月22日公告」)。

董事預期內蒙蒙牛採購框架協議項下擬進行之交易將使本公司自穩定來源採購優質原材料，並降低原材料的採購成本。

截至2017年12月31日止年度，內蒙蒙牛採購框架協議的年度上限初步定為人民幣100百萬元(相當於約115.6百萬港元)。如本公司日期為2017年8月25日之公告所披露，該年度上限調整為人民幣55百萬元(相當於約63.58百萬港元)，並如2017年12月22日公告所披露進一步調整為人民幣53百萬元(相當於約61.27百萬港元)。

截至2017年12月31日止年度，內蒙蒙牛採購框架協議項下擬進行之交易的價值為人民幣48.25百萬元，低於2017年12月22日公告所披露之上限人民幣53百萬元(相當於約61.27百萬港元)。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

8. Service Agreement with Danone Nutricia NZ

On 1 May 2017, Yashili New Zealand entered into a service agreement (the "Service Agreement") with Danone Nutricia NZ Ltd ("Danone Nutricia NZ"), a subsidiary of Danone SA, pursuant to which Yashili New Zealand agreed to co-pack and deliver to Danone Nutricia NZ canned infant formula from time to time during the term of the Service Agreement. The initial term of the Service Agreement shall commence from 1 May 2017 and end on 31 December 2017. Pursuant to the terms of the Service Agreement, Yashili New Zealand and Danone Nutricia NZ have agreed to extend the term of the Service Agreement for another six months. Accordingly, the Service Agreement shall remain in force until 30 June 2018. Please refer to the announcement of the Company dated 18 January 2018 (the "18 January 2018 Announcement") for further details.

The Directors expect that the transactions contemplated under the Service Agreement would enable Yashili New Zealand to further improve its utilisation rate, thereby achieving greater synergies between the Group and the Danone Group.

During the period from 1 May 2017 to 31 December 2017, the value of the transaction contemplated under the Service Agreement was 3.05 million New Zealand dollars, which was less than the cap of 4 million New Zealand dollars (equivalent to approximately HK\$21.68 million) as disclosed in the 18 January 2018 Announcement.

9. Framework Purchase Agreement with Burra Foods

On 12 May 2017, Newou Hong Kong International Co., Limited ("Newou"), a wholly-owned subsidiary of the Company, entered into a framework purchase agreement (the "Framework Purchase Agreement with Burra Foods") with Burra Foods, pursuant to which Newou agreed to purchase, and Burra Foods agreed to sell, base powder products for milk based recipes (the "Base Powder Products") from 12 May 2017 to 31 December 2017. Please refer to the announcement of the Company dated 19 May 2017 ("19 May 2017 Announcement") for further details.

The Directors expect that the transactions contemplated under the Framework Purchase Agreement with Burra Foods would enable Newou to procure high quality raw materials from a stable source and reduce its procurement costs for raw materials.

8. 與Danone Nutricia NZ訂立之服務協議

於2017年5月1日，新西蘭乳業與達能SA的子公司Danone Nutricia NZ Ltd (「Danone Nutricia NZ」) 訂立服務協議 (「服務協議」)，據此，新西蘭乳業同意於服務協議年期內不時向Danone Nutricia NZ合作包裝並交付罐裝嬰幼兒配方奶粉。服務協議的初步年期將自2017年5月1日起 至2017年12月31日止。根據服務協議條款，新西蘭乳業及Danone Nutricia NZ同意將服務協議的年期延長六個月。因此，服務協議將保持有效直至2018年6月30日。更多詳情，請參閱本公司日期為2018年1月18日之公告 (「2018年1月18日公告」)。

董事預期服務協議項下擬進行的交易將有利於新西蘭乳業進一步提升其產能利用率，從而進一步增強本集團與達能集團的協同效應。

於2017年5月1日至2017年12月31日止期間，服務協議項下擬進行交易的價值為3.05百萬新西蘭元，低於2018年1月18日公告所披露的年度上限4百萬新西蘭元 (相當於約21.68百萬港元)。

9. 與Burra Foods訂立之採購框架協議

於2017年5月12日，本公司之全資子公司新歐香港國際有限公司 (「新歐」) 與Burra Foods訂立採購框架協議 (「Burra Foods採購框架協議」)，據此，於2017年5月12日至2017年12月31日，新歐同意購買而Burra Foods同意出售用於牛奶食譜的奶粉基粉產品 (「奶粉基粉產品」)。進一步詳情請參閱本公司日期為2017年5月19日之公告 (「2017年5月19日公告」)。

董事預期Burra Foods採購框架協議項下擬進行之交易將使新歐自穩定來源採購優質原材料，並降低其原材料的採購成本。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

For the year ended 31 December 2017, the value of the transactions contemplated under the Framework Purchase Agreement with Burra Foods was RMB16.52 million, which was less than the cap of RMB50 million (equivalent to approximately HK\$57.80 million) as disclosed in the 19 May 2017 Announcement.

10. Framework Purchase Agreement With Tianjin New Value

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

The Directors expect that the Framework Purchase Agreement with Tianjin New Value and the transactions contemplated thereunder would enable the Company to procure high quality raw materials from a stable source and reduce its procurement costs for raw materials.

The annual cap of the Framework Purchase Agreement with Tianjin New Value for the year ended 31 December 2017 was initially RMB55 million (equivalent to approximately HK\$63.58 million). It was adjusted to RMB57 million (equivalent to approximately HK\$65.90 million) as disclosed in the 22 December 2017 Announcement.

For the year ended 31 December 2017, the value of the transactions contemplated under the Framework Purchase Agreement with Tianjin New Value was RMB54.48 million, which was less than the cap of RMB57 million (equivalent to approximately HK\$65.90 million) as disclosed in the 22 December 2017 Announcement.

截至2017年12月31日止年度，Burra Foods採購框架協議項下擬進行之交易的價值為人民幣16.52百萬元，低於2017年5月19日公告所披露之上限人民幣50百萬元(相當於約57.80百萬港元)。

10. 天津通瑞採購框架協議

於2017年8月22日，本公司之子公司多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛，與天津通瑞訂立採購框架協議(「天津通瑞採購框架協議」)，據此，於2017年8月22日至2019年7月31日，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意購買而天津通瑞同意銷售原材料。進一步詳情請參閱本公司日期為2017年8月25日之公告及2017年12月22日公告。

董事預期天津通瑞採購框架協議及其項下擬進行之交易將使本公司自穩定來源採購優質原材料，並降低其原材料的採購成本。

截至2017年12月31日止年度，天津通瑞採購框架協議的年度上限初步定為人民幣55百萬元(相當於約63.58百萬港元)。如2017年12月22日公告所披露，該年度上限調整為人民幣57百萬元(相當於約65.90百萬港元)。

截至2017年12月31日止年度，天津通瑞採購框架協議項下擬進行之交易的價值為人民幣54.48百萬元，低於2017年12月22日公告所披露之上限人民幣57百萬元(相當於約65.90百萬港元)。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

11. Lab Testing Service Framework Agreement

On 13 November 2017, Dumex China, a wholly-owned subsidiary of the Company, entered into a lab testing service framework agreement (the “Lab Testing Service Framework Agreement”) with Nutricia Pharma, an indirect subsidiary of Danone SA and a member of the Danone Group, pursuant to which Dumex China agreed to provide lab testing services to Nutricia Pharma from 13 November 2017 to 31 December 2019. Please refer to the announcement of the Company dated 14 November 2017 (“14 November 2017 Announcement”) for further details.

The Directors are of the view that the transactions contemplated under the Lab Testing Service Framework Agreement enable the Group to achieve greater synergies between the Group and the Danone Group.

For the year ended 31 December 2017, the value of the transactions contemplated under the Lab Testing Service Framework Agreement was RMB0.04 million, which was less than the cap of RMB0.30 million (equivalent to approximately HK\$0.35 million) as disclosed in the 14 November 2017 Announcement.

Other than the connected transactions and the continuing connected transactions set out above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2017.

The independent non-executive directors of the Company have reviewed these connected transactions and confirmed that such transactions were entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms or better; and
- according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

11. 實驗室檢測服務框架協議

於2017年11月13日，本公司之全資子公司多美滋中國與紐迪希亞製藥(為達能SA之間接子公司及達能集團之成員公司)訂立實驗室檢測服務框架協議(「實驗室檢測服務框架協議」)，據此，多美滋中國同意於2017年11月13日起至2019年12月31日向紐迪希亞製藥提供實驗室檢測服務。進一步詳情請參閱本公司日期為2017年11月14日之公告(「2017年11月14日公告」)。

董事認為，實驗室檢測服務框架協議項下擬進行交易能夠擴大本集團與達能集團之間協同效應。

截至2017年12月31日止年度，實驗室檢測服務框架協議項下擬進行之交易的價值為人民幣0.04百萬元，低於2017年11月14日公告所披露之上限人民幣0.30百萬元(相當於約0.35百萬港元)。

除上文所載的關連交易及持續關連交易(已就此遵守上市規則第14A章的披露規定)外，本公司或其任何子公司與控股股東於截至2017年12月31日止年度內概無訂立重大合約。

本公司的獨立非執行董事已審閱該等關連交易，並確認該等關連交易乃：

- 於本集團一般及日常業務過程中進行；
- 按正常或較佳的商業條款訂立；以及
- 按照規管彼等之協議進行，而有關協議屬公平和合理，並符合本公司股東之整體利益。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

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

Save as disclosed above, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2017.

本公司的核數師根據香港會計師公會頒佈的《香港核證委聘準則》第3000號「審核或審閱過去財務資料以外之核證委聘」，並參閱《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，受聘對本集團的持續關連交易匯報。核數師已就本集團按照上市規則第14A.56條在本年報披露的持續關連交易發出無保留意見的函件，並載有其發現和結論。本公司已將核數師函件副本提供予聯交所。

除上文所披露者外，於截至2017年12月31日止年度，本公司或其任何子公司與控股股東並無訂立任何重大合約。

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2017 and up to and including the date of this Annual Report.

MANAGEMENT CONTRACTS

Other than the service contracts disclosed in the paragraph headed "Directors' Service Contracts" above, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2017.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated applicable to the Company.

董事於競爭性業務的權益

除本集團業務外，概無董事現正或曾經於截至2017年12月31日止年度內及截至本年報日期(包括該日)止任何時間直接或間接於與本集團業務競爭或曾經競爭或現正或曾經可能競爭的任何業務中擁有權益。

管理合約

除上文「董事服務合約」一段所披露的服務合約外，於截至2017年12月31日止年度內概無訂立或存在有關本公司業務整體或任何大部分的管理及行政合約。

優先權

本公司組織章程細則或開曼群島(本公司註冊成立所在地)法例項下概無任何優先權條文適用於本公司。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

EMOLUMENT POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically. The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has previously adopted two share option schemes to motivate and reward its Directors and eligible employees. Details of the schemes are set out in the paragraph headed "Share Option Schemes" above.

None of the Directors waived any emoluments during the year ended 31 December 2017.

薪酬政策

本集團的薪酬政策乃按個別僱員的優點、資歷及能力為基礎，並定期由薪酬委員會審閱。董事薪酬乃經參考本集團的經營業績、個別表現及可比較的市場統計數字後由薪酬委員會建議，並由董事會決定。

本公司過往已採納兩項購股權計劃以推動及獎勵其董事及合資格僱員。該等計劃的詳情載於上文「購股權計劃」一段。

概無董事於截至2017年12月31日止年度內放棄任何酬金。

RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries of the Company are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute certain percentages of basic salaries of the employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the state-managed retirement benefits scheme.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

For the year ended 31 December 2017, the Group's total contributions to the retirement benefits schemes charged in the income statement amounted to RMB33.7 million. Details of the Group's retirement benefits scheme and the basis of calculation are set out in note 7 to the consolidated financial statements.

退休福利計劃

本公司於中國之子公司的僱員為由中國政府運作的國家管理退休福利計劃的成員。中國子公司須按僱員基本薪金的若干百分比向退休福利計劃供款以撥付該等福利。本集團有關退休福利計劃的唯一責任為根據計劃作出所需供款。該等供款乃於根據國家管理退休福利計劃的規則成為應付時於合併收益表內扣除。

本集團並無有關上述年度供款以外的任何其他重大退休福利付款責任。

截至2017年12月31日止年度，本集團於收益表內扣除的退休福利計劃總供款為人民幣33.7百萬元。本集團的退休福利計劃及計算基準的詳情載於合併財務報表附註7。

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers were 8% and 16% of the Group's total sales respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers were 11% and 32% of the Group's total purchases respectively.

主要客戶及供應商

本集團最大及五大客戶所佔的銷售總額分別佔本集團銷售總額的8%及16%。

本集團最大及五大供貨商所佔的採購總額分別佔本集團採購總額的11%及32%。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告 (續)

At no time during the year ended 31 December 2017 did a Director, his/her associate(s) or a shareholder, which to the knowledge of the Directors owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers and suppliers.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of shareholders who are entitled to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Monday, 28 May 2018 to Friday, 1 June 2018, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting to be held on Friday, 1 June 2018, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 25 May 2018.

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control, whistleblowing policy and system and financial reporting matters, including the review of the Group's financial statements' for the year ended 31 December 2017.

AUDITORS

The consolidated financial statements for the year ended 31 December 2017 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for its re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

於截至2017年12月31日止年度內任何時間，概無董事、其聯繫人或據董事所知擁有本公司股本超過5%的股東於本集團任何五大客戶及供貨商中擁有權益。

暫停辦理股份過戶登記手續

為釐定有權出席應屆股東周年大會並於會上表決的股東身份，本公司將於2018年5月28日(星期一)至2018年6月1日(星期五)(包括首尾兩日)暫停辦理股份過戶登記手續，期間將不會進行任何本公司股份過戶登記。為符合出席將於2018年6月1日(星期五)舉行之應屆股東周年大會並於會上表決的資格，所有已填妥及簽署之過戶表格連同相關股票必須於2018年5月25日(星期五)下午4時30分前送達本公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖以作登記。

審核委員會

本公司審核委員會與本公司管理層以及外部核數師審閱本公司採納的會計原則與慣例，並討論審核、風險管理、內部監控、舉報政策及系統以及財務報告事宜，其中包括審閱本集團截至2017年12月31日止年度之財務報表。

核數師

截至2017年12月31日止年度的合併財務報表已由安永會計師事務所審核，其將會退任並符合資格於本公司應屆股東周年大會上膺選以獲續聘。一項續聘安永會計師事務所為本公司核數師的決議案將於本公司應屆股東周年大會上提呈。



REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed public float of not less than 23.42% of the Company's issued shares pursuant to a waiver granted to the Company by the Stock Exchange for the period from the Listing Date.

BANK LOANS AND OTHER BORROWINGS

Particulars of short-term and long-term bank loans of the Group as at 31 December 2017 are set out in note 27 to the consolidated financial statements. Other than such bank loans, the Group had no other bank loans.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 45 to 67 of this Annual Report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2017 is set out on page 224 of this Annual Report.

EVENT AFTER THE REPORTING PERIOD

Other than those disclosed in note 41 to the consolidated financial statements, the Group had no significant event after the reporting period.

On behalf of the Board

Jeffrey, Minfang Lu
Chairman

Hong Kong, 26 March 2018

充足公眾持股量

根據本公司可取得的公開資料及據董事於本年報日期所知，自上市日期以來期間，本公司已根據聯交所授予本公司的豁免，維持不低於本公司已發行股份23.42%的指定公眾持股量。

銀行貸款及其他借貸

本集團於2017年12月31日的短期及長期銀行貸款的詳情載於合併財務報表附註27。除該等銀行貸款外，本集團並無其他銀行貸款。

企業管治

本公司的企業管治原則及常規載於本年報第45至67頁的企業管治報告。

財務資料概要

本集團截至2017年12月31日止五個財政年度的業績以及資產及負債概要載於本年報第224頁。

報告期後事項

除合併財務報表附註41所披露，本集團並無報告期後之重大事項。

代表董事會

盧敏放
主席

香港，2018年3月26日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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To the shareholders of Yashili International Holdings Ltd
(Incorporated in the Cayman Islands with limited liability)

致雅士利國際控股有限公司股東
(於開曼群島註冊成立的有限責任公司)

OPINION

We have audited the consolidated financial statements of Yashili International Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 223, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

我們已完成審計雅士利國際控股有限公司(「貴公司」)及其子公司(「貴集團」)載於第113至223頁的合併財務報表，包括於2017年12月31日的合併財務狀況表、截至該日止年度的合併損益表、合併全面收益表、合併權益變動表及合併現金流量表，以及合併財務報表附註，包括重大會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會頒佈的國際財務報告準則真實而公平地反映貴集團在2017年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港公司的披露規定妥為編製。

意見的基礎

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS

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

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

關鍵審計事項

關鍵審計事項為我們的專業判斷中，審計本期合併財務報表中最重要的事項。此等事項乃於我們審計整體合併財務報表及就此出具意見時處理，而不會就此等事項單獨發表意見。下文載有我們的審計如何處理以下各項事項的資料。

我們已履行本報告「核數師就審計合併財務報表須承擔的責任」一節所述的責任，包括有關此等事項的責任。因此，我們的審計包括執行為評估應對合併財務報表重大錯誤陳述風險而設的程式。審計程式結果包括處理以下事項的程式，為我們就隨附的合併財務報表審計意見提供基礎。

How our audit addressed the key audit matter

Key audit matters

Impairment testing of goodwill

Goodwill amounting to RMB991 million represented 13% of the Group's total assets as at 31 December 2017. The impairment tests performed by management involved significant estimations of the value in use of the CGU groups to which the goodwill is allocated.

The accounting policies, significant estimates and related disclosures are included in note 2.4 Business combinations and goodwill, note 3 Impairment of goodwill and note 18 Goodwill to the consolidated financial statements.

Our audit procedures included, among others, evaluation of management's identification of CGU groups to which goodwill is allocated and assessment of impairment model and underlying assumptions by comparing key assumptions such as the forecasted revenue and gross margins with historical operating results. We involved internal valuation experts to assist in evaluating the impairment model and in benchmarking key assumptions including expected perpetual growth rates and discount rates. We also assessed management's sensitivity analysis to evaluate the impact of reasonably possible changes including revenue growth rate and gross margin.

We also reviewed the adequacy and appropriateness of the related disclosures included in the consolidated financial statements.

該事項在審計中是如何應對的：

關鍵審計事項：

商譽減值測試

於2017年12月31日，商譽為人民幣9.91億元，佔貴集團總資產的13%。管理層執行的減值測試包含對商譽所分配至的現金產出單元組使用價值的重要估計。

會計政策、重要估計和相關披露包含於合併財務報告附註2.4業務合併及商譽、附註3商譽減值和附註18商譽中。

我們的審計程式包括評價管理層對於分配商譽的現金產出單位組的認定；評估減值模型及其假設，將收入增長率及毛利率等主要假設與歷史經營業績進行比較。我們邀請內部估值專家，協助我們評估減值模型，並對包括預期永續增長率及貼現率在內的主要假設進行同行業基準測試。我們還評估了管理層的敏感性分析，以評估收入增長率和毛利率在合理範圍內的變化對減值測試的影響。

我們也關注了貴公司合併財務報表中相關披露的充足性及適當性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

Key audit matters	How our audit addressed the key audit matter	關鍵審計事項：	該事項在審計中是如何應對的：
Impairment testing of trademarks with indefinite lives <p>Trademarks with indefinite life amounting to RMB283 million represented 4% of the Group's total assets as at 31 December 2017. The impairment tests performed by management involved significant estimations in determination of the value in use of the CGUs to which the trademarks belong.</p> <p>The accounting policies, significant estimates and related disclosures are included in note 2.4 Intangible assets, note 3 Impairment of non-financial assets and note 17 Intangible assets to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, assessment of the impairment model and the key assumptions, such as forecasted revenue growth rate and gross margin. We compared key assumptions such as forecasted revenue growth rates, unit selling prices and unit costs with historical results or industry peers. We involved internal valuation experts to assist us in evaluating the impairment model and key assumptions in particular those relating to perpetual growth rates and discount rates. We also assessed management's sensitivity analysis to evaluate the impact of reasonably possible changes including revenue growth rate and gross margin.</p> <p>We also reviewed the adequacy and appropriateness of the related disclosures included in the consolidated financial statements.</p>	<p>不確定使用壽命商標的減值測試</p> <p>於2017年12月31日，多美滋商標價值為人民幣2.83億元，佔貴集團總資產的4%。管理層執行的減值測試包含對商標所屬現金產出單元使用價值的重要估計。</p> <p>會計政策、重要估計和相關披露包含於合併財務報告附註2.4無形資產、附註3非金融資產的減值和附註17無形資產中。</p>	<p>我們的審計程式包括對減值模型、預計收入增長率和預計毛利率等關鍵假設的評估。我們將管理層對重大假設如收入增長率、單位收入和單位成本的預測與公司歷史業績和同行業可比公司進行了比較。我們邀請內部估值專家，協助我們評估減值模型與包括預期永續增長率及貼現率在內的主要假設。我們還評估了管理層的敏感性分析，以評估收入增長率和毛利率在合理範圍內的變化對減值測試的影響。</p> <p>我們也關注了貴公司合併財務報表中相關披露的充足性及適當性。</p>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

年報所載其他資料

貴公司董事須負責編製其他資料。其他資料包括年報所載資料，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式的鑒證結論。



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

審計合併財務報表時，我們的責任為閱讀其他資料，在此過程中，考慮其他資料是否與合併財務報表或我們於審計過程中所瞭解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於我們已執行的工作，倘我們認為其他資料有重大錯誤陳述，我們須報告該事實。在此方面，我們並無任何報告。

董事對合併財務報表的責任

貴公司董事遵照國際會計準則理事會頒佈的國際財務報告準則及香港公司法編製真實兼公允地呈列的合併財務報表，並須負責其認為就編製不存在由於欺詐或錯誤而導致的重大錯誤陳述的合併財務報表而言屬必要的內部監控。

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

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

核數師就審計合併財務報表須承擔的責任

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- 識別及評估合併財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審計程序，獲得充足及適當審計憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高。
- 瞭解有關審計的內部控制，以設計恰當的審計程序，但並非旨在對貴集團內部控制的有效程度發表意見
- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理。
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審計憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘我們總結認為存在重大不確定因素，我們需於核數師報告中提請注意合併財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們的結論以截至核數師報告日期所獲得的審計憑證為基礎，惟未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估合併財務報表(包括資料披露)的整體列報、架構及內容，以及合併財務報表是否已公允反映及列報相關交易及事項。



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. TONG KA YAN, AUGUSTINE.

- 就貴集團內各實體或業務活動的財務資料獲得充足的審計憑證，以就合併財務報表發表意見。我們須負責指導、監督及執行集團的審計工作。我們須為我們的審計意見承擔全部責任。

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

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們的獨立性的關係及其他事宜及相關防範措施(如適用)與審核委員會溝通。

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

出具本獨立核數師報告的審計項目合夥人為唐嘉欣。

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2018

安永會計師事務所
執業會計師

香港
2018年3月26日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

合併損益表

Year ended 31 December 2017 截至2017年12月31日止年度

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
REVENUE	收入	5	2,254,716	2,203,315
Cost of sales	銷售成本	7	(1,332,513)	(1,166,015)
GROSS PROFIT	毛利		922,203	1,037,300
Other income and gains	其他收入及收益	5	70,167	227,396
Selling and distribution expenses	銷售及經銷開支		(893,156)	(1,170,950)
Administrative expenses	行政開支		(271,224)	(389,555)
Other expenses	其他開支	6	(162,974)	(148,230)
LOSS FROM OPERATIONS	經營虧損		(334,984)	(444,039)
Finance income	財務收入	7	123,728	130,238
Finance costs	財務成本	8	(18,109)	(18,825)
Net finance income	淨財務收入		105,619	111,413
LOSS BEFORE TAX	除稅前虧損	7	(229,365)	(332,626)
Income tax credit	所得稅抵減	10	49,554	12,408
LOSS FOR THE YEAR	年度虧損		(179,811)	(320,218)
Attributable to:	歸屬於：			
Owners of the parent	母公司股權持有人		(179,811)	(320,218)
			RMB cents 人民幣分	RMB cents 人民幣分
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股擁有人應佔 每股虧損			
Basic and diluted	基本和攤薄	12	(3.8)	(6.7)



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

Year ended 31 December 2017 截至2017年12月31日止年度

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
LOSS FOR THE YEAR	年度虧損	(179,811)	(320,218)
OTHER COMPREHENSIVE (LOSS)/INCOME	其他全面(損失)/收益		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:	可於以後期間重新分類至損益之其他全面(損失)/收益:		
Exchange differences on translation of foreign operations	海外經營外幣報表折算差額	(33,250)	76,667
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	可於以後期間重新分類至損益之淨其他全面(損失)/收益:	(33,250)	76,667
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	年度全面損失總額	(213,061)	(243,551)
Attributable to:	歸屬於:		
Owners of the parent	母公司股權持有人	(213,061)	(243,551)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

31 December 2017 2017年12月31日

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	1,602,976	1,788,658
Construction in progress	在建工程	14	64,383	38,812
Investment properties	投資物業	15	59,333	67,486
Land use rights	土地使用權	16	88,793	93,734
Intangible assets	無形資產	17	316,750	297,801
Goodwill	商譽	18	991,236	991,236
Deferred tax assets	遞延稅項資產	19	277,793	202,950
Long-term bank deposits	長期銀行存款	24	—	379,927
Prepayments, deposits and other receivables	預付款項、押金及其他應收款項	22	3,462	5,496
Total non-current assets	非流動資產總額		3,404,726	3,866,100
CURRENT ASSETS	流動資產			
Inventories	存貨	20	786,324	619,876
Trade and bills receivables	貿易應收款及票據	21	144,336	161,391
Prepayments, deposits and other receivables	預付款項、押金及其他應收款項	22	191,189	191,230
Other financial assets	其他金融資產	23	724,748	476,994
Pledged deposits	保證金存款	24	243,621	803,123
Cash and bank balances	現金及銀行結餘	24	1,748,395	1,642,818
			3,838,613	3,895,432
Assets of a disposal group classified as held for sale	分類為持有待售的處置組資產	30	187,237	204,459
Total current assets	流動資產總額		4,025,850	4,099,891
CURRENT LIABILITIES	流動負債			
Trade payables	貿易應付款	25	338,440	237,621
Other payables and accruals	其他應付款及應計費用	26	1,037,658	862,233
Interest-bearing bank loans	計息銀行借款	27	529,696	1,143,091
Tax payable	應付所得稅		12,192	5,602
			1,917,986	2,248,547
Liabilities directly associated with the assets classified as held for sale	與分類為持有待售資產直接相關的負債	30	—	4,988
Total current liabilities	流動負債總額		1,917,986	2,253,535
NET CURRENT ASSETS	流動資產淨值		2,107,864	1,846,356
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		5,512,590	5,712,456



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

合併財務狀況表(續)

31 December 2017 2017年12月31日

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Deferred income	遞延收益	28	2,245	3,329
Deferred tax liabilities	遞延稅項負債	19	19,418	7,513
Total non-current liabilities	非流動負債總額		21,663	10,842
NET ASSETS	資產淨額		5,490,927	5,701,614
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人 應佔權益			
Share capital	股本	29	399,352	399,352
Reserves	儲備		5,091,575	5,302,262
TOTAL EQUITY	權益總額		5,490,927	5,701,614

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Mr. Chopin Zhang
張平 (Chopin Zhang) 先生
Director
董事

Mr. Zhang Ping
張平先生
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

Year ended 31 December 2017 截至2017年12月31日止年度

		Share capital	Share premium	Capital redemption reserve	PRC statutory reserve	Other capital reserve	Share option reserve/ share award reserve	Translation reserve	Contributed surplus	Merger reserve	Retained earnings	Total
		股本	股份溢價	股份回購儲備	中國法定儲備	其他資本儲備	獎勵儲備	匯兌儲備	實繳盈餘	合併儲備	保留盈利	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Notes		(note 29)	(note 41(i))					(note 41(iii))	(note 41(ii))			
附註		(附註 29)	(附註 41(i))					(附註 41(iii))	(附註 41(ii))			
As at 1 January 2016	於2016年1月1日	399,352	3,881,093*	818*	182,021*	(44,615)*	—	(19,600)*	1,367,204*	(850,504)*	1,064,873*	5,980,642
Loss for the year	年度虧損	—	—	—	—	—	—	—	—	—	(320,218)	(320,218)
Other comprehensive income	其他全面收益	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	海外子公司外幣報表折算差額	—	—	—	—	—	—	76,667	—	—	—	76,667
Total comprehensive income for the year	全面收益總額	—	—	—	—	—	—	76,667	—	—	(320,218)	(243,551)
Dividends approved in respect of the previous year	前期股利分配	11	(35,477)	—	—	—	—	—	—	—	—	(35,477)
At 31 December 2016	於2016年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	—	57,067*	1,367,204*	(850,504)*	744,655*	5,701,614
At 1 January 2017	於2017年1月1日	399,352	3,845,616*	818*	182,021*	(44,615)*	—	57,067*	1,367,204*	(850,504)*	744,655*	5,701,614
Loss for the year	年度虧損	—	—	—	—	—	—	—	—	—	(179,811)	(179,811)
Other comprehensive income	其他全面收益	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of foreign operations	海外子公司外幣報表折算差額	—	—	—	—	—	—	(33,250)	—	—	—	(33,250)
Total comprehensive (loss)/ income for the year	全面收益總額	—	—	—	—	—	—	(33,250)	—	—	(179,811)	(213,061)
Share option and share award arrangements**	股票期權及股權激勵計劃**	—	—	—	—	—	2,374	—	—	—	—	2,374
At 31 December 2017	於2017年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	2,374*	23,817*	1,367,204*	(850,504)*	564,844*	5,490,927

* These reserve amounts comprise the consolidated reserves of RMB5,091,575,000 (2016: RMB5,302,262,000) in the consolidated statement of financial position.

* 這些儲備金額組成2017年財務狀況合併表中的儲備人民幣5,091,575,000元(2016年: 人民幣5,302,262,000元)。

** On 13 July 2017, China Mengniu Dairy Company Limited ("Mengniu Dairy"), the Company's ultimate holding company, granted 265,845 unit of shares and 533,870 unit of share options under its share award scheme and share option scheme, respectively, to the Company's directors and management of the Group for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Mengniu Dairy. The amount represented the fair value amortization of these share options and share awards in 2017.

** 於2017年7月13日, 中國蒙牛乳業有限公司(「蒙牛乳業」), 本公司之最終控股公司, 根據其股票期權及股權激勵計劃向本公司董事及管理人員授出265,845股股票和533,870股期權, 以向為中國蒙牛業務成功作出貢獻的重要人員提供激勵及獎勵。列式金額為以上股票期權及股權激勵在2017年的公允價值攤銷額。



CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended 31 December 2017 截至2017年12月31日止年度

			2017	2016
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES 經營活動現金流量				
Loss before tax	稅前虧損		(229,365)	(332,626)
Adjustments for:	調整項目：			
Depreciation and amortisation	折舊及攤銷	7	178,596	169,713
Net loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損淨額	6	250	2,392
Impairment losses for property, plant and equipment	物業、廠房及設備的減值		7,216	—
Provision for impairment of construction in progress	在建工程的減值		—	1,712
Provision for impairment of trade and other receivables	貿易及其他應收款的減值準備		17,437	2,876
Provision for impairment of inventories	存貨跌價準備	6	25,656	31,147
Interest income	利息收入	7	(105,813)	(103,522)
Interest expense	利息開支	8	18,109	18,825
Foreign exchange difference, net	匯兌損益淨額		3,300	(15,591)
Loss on disposal of a subsidiary	處置子公司損失	6	11,698	—
Gain on other investments	其他投資收益	7	(17,915)	(26,716)
Share option and share award arrangements	股票期權及股權激勵計劃		2,374	—
			(88,457)	(251,790)
(Increase)/decrease in inventories	存貨(增加)／減少		(200,331)	86,170
Decrease/(increase) in trade receivables	貿易應收賬款減少／(增加)		4,598	(27,349)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、押金及其他應收款項減少／(增加)		48,837	(49,161)
(Increase)/decrease in pledged deposits and other financial assets	受限制銀行存款和其他金融資產(增加)／減少		(288,016)	80,406
Increase/(decrease) in trade payables, other payables and accruals	貿易應付賬款、其他應付款項和應計費用增加／(減少)		288,940	(256,515)
Decrease in deferred income	遞延收益減少		(1,084)	(1,083)
Cash generated from/(used in) operations	經營活動所得／流出現金		(235,513)	(419,322)
Income tax paid	已付所得稅		(19,345)	(57,917)
Net cash flows from/(used in) operating activities	經營活動所得／流出現金淨額		(254,858)	(477,239)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

合併現金流量表(續)

Year ended 31 December 2017 截至2017年12月31日止年度

	Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and gain on investment received		77,408	120,384
Proceeds from disposal of property, plant and equipment		13,789	7,539
Proceeds from the disposal of an investment property		—	1,306
Proceeds from sales of other financial assets		1,587,245	2,913,765
Receipts of bank deposits with original maturity of more than three months		379,927	1,071,892
Proceeds from disposal of a subsidiary	32	4,747	—
Payment of bank deposits with original maturity of more than three months		(18,107)	(977,619)
Acquisition of property, plant and equipment		(23,102)	(25,176)
Payment of construction in progress		(97,604)	(46,360)
Acquisition of intangible assets		(1,086)	(535)
Acquisition of other financial assets		(1,635,895)	(2,516,900)
Payment of acquisition of a subsidiary	31	—	(987,624)
Receipts of acquisition of a subsidiary	31	—	72,437
Net cash flows from/(used in) investing activities		287,322	(366,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		1,227,252	772,932
Receipts of pledged deposits at maturity in relation to bank loans		798,905	510,357
Payment of pledged deposits in relation to bank loans		(150,491)	(798,905)
Repayments of interest-bearing bank loans		(1,807,132)	(335,714)
Interest paid		(18,154)	(18,586)
Dividends paid		—	(35,477)
Net cash flows (used in)/from financing activities		50,380	94,607
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		82,844	(749,523)
Cash and cash equivalents at beginning of year	24	581,491	1,307,556
Effect of exchange rate changes on cash and cash equivalents		4,627	23,458
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	668,962	581,491



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

31 December 2017 2017年12月31日

1 CORPORATE AND GROUP INFORMATION

Yashili International Holdings Ltd (the “Company”) was incorporated in the Cayman Islands on 3 June 2010 as an exempted company with limited liability under the Companies Law, Chapter 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is primarily engaged in the manufacture and sale of dairy and nourishment products.

In the opinion of the directors, the holding company is China Mengniu International Company Limited (BVI). The ultimate holding company of the Company is China Mengniu Dairy Company Limited (Cayman).

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

1 公司及集團資料

雅士利國際控股有限公司(「本公司」)於2010年6月3日根據開曼群島公司法第22章(1961年第三號法例，經合併及修訂)在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本集團主要從事製造及銷售乳製品及營養品。

董事認為，集團控股公司為中國蒙牛國際有限公司(BVI)。集團最終控股公司為中國蒙牛乳業有限公司(開曼)。

本公司重要子公司的詳情如下：

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Particulars of registered/ issued capital 註冊資本/ 已發行股本詳情	Percentage of equity interest attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili International Ltd. ("Yashili (BVI)") 雅士利國際有限公司 (「Yashili (BVI)」)		BVI	US\$1	100%	—	Investment holding 投資控股
Yashili International Group Limited ("Yashili (HK)") 雅士利國際集團有限公司 (「雅士利(香港)」)		Hong Kong	HK\$1	—	100%	Investment holding 投資控股
Newou Hong Kong International Co., Limited ("Newou Hong Kong") 新歐香港國際有限公司 (「新歐香港」)		Hong Kong	HK\$1	—	100%	Import and export of dairy products and related materials 進出口乳製品及相關材料
Yashili New Zealand Dairy Co., Limited ("Yashili New Zealand") 新西蘭雅士利乳業有限公司 (「新西蘭乳業」)		New Zealand	NZD287,032,059	—	100%	Production and sale of dairy products 生產及銷售乳製品
Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. ("Oushi Mengniu") 內蒙古歐世蒙牛乳製品有限責任 公司(「歐世蒙牛」)	(ii)	PRC	RMB470,000,000	—	100%	Production and sale of dairy products 生產及銷售乳製品
Yashili International Baby Nourishment Co., Ltd. ("Yashili Nourishment") 雅士利國際嬰幼兒營養品 有限公司(「雅士利營養品」)	(i) & (ii)	PRC	RMB531,815,600	—	100%	Production and sale of dairy products 生產及銷售乳製品

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and operations 註冊成立/ 登記及營業地點	Particulars of registered/ issued capital 註冊資本/ 已發行股本詳情	Percentage of equity interest attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili Dairy (Maanshan) Trading Limited ("Maanshan Trading") 雅士利乳業(馬鞍山)銷售有限公司 (「馬鞍山銷售」)	(ii)	PRC 中國	RMB20,000,000 人民幣20,000,000元	—	100%	Wholesale and retail of dairy products 乳製品批發兼零售
Yashili International Group Ltd. ("Yashili (Guangdong)") 雅士利國際集團有限公司 (「雅士利(廣東)」)	(i) & (ii)	PRC 中國	RMB1,126,105,300 人民幣1,126,105,300元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Shanxi Yashili Dairy Co., Ltd. ("Yashili (Shanxi)") 山西雅士利乳業有限公司 (「雅士利(山西)」)	(ii)	PRC 中國	RMB300,000,000 人民幣300,000,000元	—	100%	Production and sale of dairy products 生產及銷售乳製品
Dumex Baby Food Co., Ltd. ("Dumex China") 多美滋嬰幼兒食品有限公司 (「多美滋中國」)	(iii)	PRC 中國	RMB2,226,000,000 人民幣2,226,000,000元	—	100%	Production and sale of dairy products 生產及銷售乳製品

(i) These companies are wholly foreign invested enterprises established in the PRC.

(ii) These companies are limited liability companies established in the PRC. The official names of these companies are in Chinese and the English names are for reference only.

(iii) In May 2016, Yashili (Guangdong) acquired Dumex China from Danone Asia Pacific Holdings Pte Ltd. ("Danone Asia").

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

(i) 該等公司為於中國成立的外資企業。

(ii) 該等公司為於中國成立的有限責任公司。該等公司的正式名稱為中文，而其英文譯名則僅供參考。

(iii) 2016年5月，雅士利(廣東)從達能亞洲收購了多美滋中國。

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Boards (“IASB”) and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for other financial assets which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. In addition, these consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing right that give the Group the current ability to direct the relevant activities of the investee).

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

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

2.1 呈列基準

該等財務報表乃根據由國際會計準則理事會發佈的國際財務報告準則(「國際財務報告準則」)(其中包括全部國際會計報告準則、國際會計準則及其詮釋)的披露規定以及香港公司法編製。除其他金融資產以公允價值計量外，該等財務報表已根據歷史成本慣例編製。持有待售處置資產組按照其賬面價值與公允價值減去處置費用的淨額孰低列示。此外，該等合併財務報表以人民幣(「人民幣」)呈列，除另有指明外，所有數值均調整至最接近的千位數。

合併基準

合併財務報表包括本公司及其子公司(統稱為「本集團」)於截至2017年12月31日止年度的財務報表。

子公司是指由本公司直接或間接控制的實體(包括結構化實體)。當本集團因參與被投資企業的活動而承擔或有權獲得可變回報，且有能力通過對被投資企業行使權力影響所得到回報的金額(即本集團有對被投資企業相關活動施加影響的現時權利)，視為本集團能夠控制該被投資企業。

當本公司直接或間接擁有被投資企業半數或半數以下的表決權，本集團會考慮以下相關事實來確定其是否對被投資企業擁有控制：

- (a) 與被投資企業其他投票權持有者之間的協議；
- (b) 因其他協議而擁有的權利；
- (c) 本集團的投票權和潛在投票權。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.1 BASIS OF PRESENTATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

2.1 呈列基準(續)

合併基準(續)

子公司的財務報表乃使用一致的會計政策，並按與本公司相同的報告期間編製。子公司的業績由收購日期(即本集團取得控制權之日)起合併於賬目內，並將繼續合併直至該控制終止之日。

損益和其他全面收益的各組成部分都在集團母公司的所有者和非控股權益之間進行分配，即使這樣會導致非控股權益產生赤字。所有集團內成員之間發生的資產、負債、權益、收入、開支及現金流相關的交易都在合併層面予以抵銷。

如果事實和情況表明以上所描述的三項控制條件中的一項或多項發生了改變，集團將會對是否控制以下子公司進行重評估。在不失去對子公司控制權情況下的所有者權益的改變被核算為權益性交易。

倘本集團失去對一間子公司的控制權，則其撤銷確認(i)該子公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計折算差額；及確認(i)所收代價的公允價值、(ii)所保留任何投資的公允價值及(iii)損益賬中任何因此產生的盈餘或虧損。先前於其他全面收益內確認的本集團應佔部份重新分類為損益或保留利潤，在集團直接處置相關資產和負債的情況下也應作相同的考慮。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

<i>Amendments to IAS 7</i>	<i>Disclosure Initiative</i>
<i>Amendments to IAS 12</i>	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12</i>

The nature and the impact of the amendments are described below:

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 amendments, entities are not required to provide comparative information for preceding periods.

The Group disclosed the required information in its annual consolidated financial statements for the year ended 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.

2.2 會計政策及披露事項的變動

本集團已於本年首次應用以下新訂及經修訂國際財務報告準則。

國際會計準則第7號	披露動議
國際會計準則第12號	未實現虧損產生的遞延所得稅資產之確認
國際財務報告準則第12號包含在2014年至2016年週期之年度改進中	在其他主體中權益的披露：國際財務報告準則第12號的披露範圍要求

修訂的性質及影響如下：

國際會計準則第7號之修訂：「現金流量表之披露動議」

該等修訂要求企業披露其融資活動引起的負債的變動，無論該等變動是由現金流還是非現金流活動（譬如匯兌損益）引起的。於初步實行該等修訂時，企業無需提供前期比較信息。

本集團在2017年12月31日止年度合併財務報告中按照修訂要求披露了相關信息。

國際會計準則第12號之修訂：「所得稅：未實現虧損之遞延所得稅資產之確認」

該等修訂釐清，當對可抵扣暫時性予以抵扣時，企業需考慮稅法是否限制該等應納稅所得的來源。此外，該等修訂對於企業如何確定未來應納稅所得額提供了指引，並闡釋了應納稅所得額可能包含某些資產其高於賬面價值的部分。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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, their 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.

Annual Improvements 2014–2016 Cycle 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–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. The Group disclosed the required information about certain assets of Scient (China) Baby Nourishment Co., Ltd. ("Scient (China)"), a wholly-owned subsidiary, that were classified as held for sale as at 31 December 2017. Further details are given in Note 30.

2.2 會計政策及披露事項的變動(續)

國際會計準則第12號之修訂：「所得稅：未實現虧損之遞延所得稅資產之確認」(續)

該等修訂需追隨應用。但初步應用該等修訂時，最早可比期間期初權益的變動可能確認在期初留存收益(或權益的其他合適科目)，而沒有在期初留存收益和其他權益科目間進行分配。企業若實行該等簡化方法需進行相關披露。

本集團追溯應用了該等修訂。但因本集團無該等修訂範圍內的可抵扣暫時性差異或相關資產，該等修訂的應用對本集團的財務狀況及其表現沒有影響。

2014–2016週期的年度改進國際財務報告準則第12號「披露其他實體中的權益之修訂：釐清國際財務報告準則第12號披露要求中的披露範圍」

該等修訂釐清了國際財務報告準則第12號應用於除B10—B16段中包含的項目，企業被劃分為(或包含在處置組中被劃分為)持有待售的子公司、聯營或合營企業(或聯營或合營企業中一定比例的權益)。

本集團追溯應用了該等修訂。本集團的全資子公司施恩(中國)嬰幼兒營養品有限公司(「施恩(中國)」)的特定資產在2017年12月31日被劃分為持有待售資產。更細節的信息將會在附註30中闡述。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> ¹
IFRS 9 (2014)	<i>Financial Instruments</i> ¹
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
IFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i> ¹
IFRS 16	<i>Leases</i> ²
Amendments to IAS 40	<i>Transfers of Investment Property</i> ¹
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i> ²
Annual Improvements 2014–2016	<i>Amendments to IFRS 1 and Cycle IAS 28</i> ¹
Amendments to IAS 28	<i>Long-term Interests in associates and Joint Ventures</i> ²
Annual Improvements 2015–2017 Cycle	<i>Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23</i> ²
IFRS 17	<i>Insurance Contracts</i> ³
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ³

2.3 已公佈未生效的國際會計準則

本集團在編製該等財務報表時並未採用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第2號修訂本	股份支付交易的分類和計量 ¹
國際財務報告準則第4號	與國際財務報告準則第4號保險合約一併應用的國際財務報告準則第9號金融工具 ¹
國際財務報告準則第9號(2014年版本)	金融工具 ¹
國際財務報告準則第9號修訂本	提早還款特性及負補償 ²
國際財務報告準則第10號修訂本 國際會計準則第28號修訂本(2011年版本)	投資者與其聯營公司或合營公司之間的資產出售或投入 ³
國際財務報告準則第15號	來自客戶合約的收入 ¹
國際財務報告準則第15號第15號修訂版	釐清國際財務報告來自客戶合約的收入 ¹
國際財務報告準則第16號	租賃 ²
國際會計準則第40號修訂版	投資物業的轉移 ¹
IFRIC 詮釋第22號	外幣交易及墊付代價 ¹
IFRIC 詮釋第23號	所得稅的不確定性的處理 ²
國際財務報告準則2014年至2016年週期之年度改進	國際財務報告準則第1號修訂版和國際會計準則第28號修訂版 ³
國際會計準則第28號修訂版	聯營公司或合營的長期投資 ³
國際財務報告準則2015年至2017年週期之年度改進	國際財務報告準則第3號修訂版、國際財務報告準則第11號修訂版、國際會計準則第12號修訂版、國際會計準則第23號修訂版 ³
國際財務報告準則第17號	保險合同 ³
國際會計準則第19號修訂版	設定提存計劃 ³

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

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

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after 1 January 2021
- 4 No mandatory effective date yet determined but available for adoption

Further information about these IFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group has early adopted IFRS 9 (2013) on 1 July 2014, while the Group expects to adopt the full text of IFRS 9 (2014) from 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

- 1 於2018年1月1日或之後開始的年度期間生效
- 2 於2019年1月1日或之後開始的年度期間生效
- 3 於2021年1月1日或之後開始的年度期間生效
- 4 尚未確定生效日，但可以採用。

下文描述了該等預計適用於本集團的國際財務報告準則的詳細信息。採用該等準則的實際影響可能與以下描述有些許不同，具體影響還要依賴本集團在採用該等準則時獲得的更合理及更具支持性的信息。

於2014年7月，國際會計準則理事會發佈了國際財務報告準則第9號的最終版本，匯總了金融工具項目的所有階段用以取代國際會計準則第39號以及國際財務報告準則第9號所有前期版本。該項準則引入分類與計量、減值及對沖會計之新規定。本集團於2014年7月1日提前採用了國際財務報告準則第9號(2013)，並預計於2018年1月1日採用國際財務報告準則第9號(2014)完整版本。於2017年，本集團已對採用國際財務報告準則第9號的影響作出詳細評估，集團認為該等修訂預期不會對本集團財務報表產生任何重大影響。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

IFRS 15, issued in May 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt IFRS 15 from 1 January 2018. The Group plans to adopt the transitional provisions in IFRS 15 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not complete before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of IFRS 15 will not be material. During 2017, the Group has performed a detailed assessment on the impact of the adoption of IFRS 15.

2.3 已公佈未生效的國際會計準則(續)

國際財務報告準則第15號於2014年5月發佈，建立了全新五步模型以對客戶合約收益進行入賬。根據國際財務報告準則第15號，收益確認的金額反映實體預期向客戶轉讓貨品或服務而有權換取的代價。國際財務報告準則第15號提供更有系統地計量及確認收入的方法。準則亦引入大量定性及定量披露規定，包括劃分總收入、有關履行責任的資料、各期間之間的合約資產及負債賬目結餘變動，以及主要判斷及估計。該準則將取代國際財務報告準則項下所有現有收入確認規定。於初步應用該準則時，需要全面追溯應用或經修改追溯應用。2016年4月，國際會計準則理事會頒佈國際財務報告準則第15號的修訂，以引入識別表現責任、委託人與代理的應用指引、知識產權許可及過渡安排的實施問題。修訂亦旨在協助確保於實體採納國際財務報告準則第15號時應用一致，並降低應用準則的成本及複雜程度。本集團將於2018年1月1日採納國際財務報告準則第15號；本集團計劃採納國際財務報告準則第15號中將首次採納的累積影響作為調整於2018年1月1日的保留利潤期初結餘的過渡條款。此外，本集團計劃僅就於2018年1月1日前尚未完成的合同應用新規定。本集團預期由於首次採納國際財務報告準則第15號而將於2018年1月1日作出之前述過渡性調整不重大。於2017年，本集團已對採用國際財務報告準則第15號之影響進行詳盡評估。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

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

The Group's principal activity consists of the manufacture and sale of dairy and nourishment products. The expected impacts arising from the adoption of IFRS 15 on the Group are summarised as follows:

(a) Variable consideration on the sale of dairy and nourishment products

The Group provides a right of return and trade discounts for some of the sales contracts of dairy and nourishment with customers. Currently, the Group recognises revenue from the sale of goods measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. If revenue cannot be reliably measured, revenue recognition is deferred until the uncertainty is resolved. Under IFRS 15, a transaction price is considered variable if a customer is provided with a right of return or trade discounts. The Group is required to estimate the amount of consideration to which it will be entitled in the sales of its dairy and nourishment and the estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The amendments are not expected to have any significant impact on the Group's financial statements.

(b) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that these requirements are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

本集團的主要經營活動包括生產和銷售乳製品和營養品，因採用新會計準則而會產生的預期影響總結如下：

(a) 乳製品和營養品的銷售收入的變動考慮

本集團在部分乳製品和營養品的銷售合同中提供了退貨和銷售折扣等優惠條款。本集團現採用淨值法確認收入，以已收到或應收的收入的公允價值確認收入，不包含因為預計退貨而計提的退貨準備和銷售折扣。如果收入的金額無法可靠計量，收入會被推遲確認，直到不確定事項完全消除。基於國際財務報告準則第15號，如果客戶被授予退貨的權利或銷售折扣則交易價格並不是一個確定的數字。準則要求本集團估計在銷售乳製品和營養品時所需承擔的代價，該估計的可變代價僅當與其相關的不確定因素的發生和解決不太可能對累積確認的收入產生顯著影響時，才可被包含於交易價格中。該等修訂預期不會對本集團財務報表產生任何重大影響。

(b) 表達和披露

國際財務報告準則第15號對於表達和披露較現行的國際會計準則第18號有更多細節要求。該披露要求會引起本集團財務報告披露量現行準則大幅增加。國際財務報告準則第15號增加了很多全新的披露要求且本集團已經評估該等要求預期不會對本集團財務報表產生任何重大影響。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

IFRS 16, issued in January 2016, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied.

The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted.

2.3 已公佈未生效的國際會計準則(續)

國際財務報告準則第16號於2016年1月發佈，取代了國際會計準則第17號租賃、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、常設詮釋委員會詮釋第15號經營租賃—優惠及常設詮釋委員會詮釋第27號評估牽涉租賃的法律形式的交易的內容。該準則載列有關租賃確認、計量、呈列及披露的原則，並要求承租人就絕大部分租賃按單一資產負債表模式入賬。準則包括承租人免於確認的兩項事項：租賃低價值資產及短期租賃。於租賃開始日期，承租人將確認負債以作出租賃付款(即租賃負債)，而資產指於租期使用相關資產的權利(即使用權資產)。使用權資產其後按成本減累計折舊及任何減值虧損計量，除非使用權資產符合於國際會計準則第40號中投資物業的定義，或對物業、廠房及設備採用價值重估模式。

租賃負債將於其後增加以反映有關租賃負債利息並因支付租賃付款而減少。承租人將須單獨確認有關租賃負債的利息開支及有關使用權資產的折舊費。承租人亦將須於發生若干事件(即租期變動、用於釐定未來租賃付款的指數或利率變動導致的該等付款變動)時重新計量租賃負債。承租人將一般確認重新計量租賃負債金額，作為對使用權資產的調整。國際財務報告準則第16號項下的出租人會計與國際會計準則第17號項下的會計相比並無大幅改變。出租人將繼續使用國際會計準則第17號中的相同劃分原則劃分所有租賃及區分經營租賃及融資租賃。與國際會計準則第17號相比，國際財務報告準則第16號亦要求承租人及出租人更加廣泛地進行披露。承租人在採用該準則時，可選擇完全追溯調整法或經修訂的追溯調整法。本集團預期將於2019年1月1日採納國際財務報告準則第16號。本集團目前正評估採納國際財務報告準則第16號後的影響以及正在考慮是否利用可利用的過度之方式以減緩準則轉變之影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

As disclosed in note 36 to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB12,870,000. Upon adoption of IFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

Amendments to IAS 40, issued in December 2016, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

如集團2017年12月31日財務報告中報表附註36披露，本集團與本年末基於不可取消的經營租賃合同尚有未來最低租賃付款額總計約人民幣12,870,000元。若採用國際財務報告準則第16號，該特定金額將需要被重新確認為資產使用權和租賃負債。然而，關於新的資產使用權和租賃服戰需要進一步分析以重新認定，例如但不限於租賃低價值資產或短期租賃，選用其他更緩和的過度方式以及在錄用日前新的租賃發生。

國際會計準則第40號的修訂本於2016年12月發佈，澄清實體應將物業(包括建設中或發展中物業)轉撥至或轉撥自投資物業的時間。該等修訂指明，物業的用途發生變動需要其符合或不再符合投資物業的定義且有證據證明用途發生變動。單憑管理層對物業用途的意向產生變動不足以證明其用途有所變動。實體應就實體首次應用該等修訂的年度報告期初或其後產生的物業用途變動，以未來適用法應用該等修訂本。實體應重新評估於其首次採用該等修訂當日所持有的物業分類，並(如適用)重新分類物業以反映當日的實際情況。倘毋須採用事後確認，方可追溯應用。本集團預期自2018年1月1日起以未來適用法採納該等修訂。該等修訂預期不會對本集團的財務報表產生任何重大影響。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

IFRIC 22, issued in December 2016, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

IFRIC 23, issued in June 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

國際財務報告詮釋委員會第22號詮釋澄清於2016年12月發佈。該詮釋為如何確定採用國際會計準則第21號的情況實體預收或預付外幣並確認為一項非貨幣性資產的交易時間。該詮釋澄清了：在初始確認與預付代價相關的非貨幣性資產或非貨幣性負債時，為確定初步確認相關資產、開支或收入(或部分收入)時採用的即期匯率，交易日期是實體初步確認預付代價產生的非貨幣性資產或非貨幣性負債的日期。如有多次支付或收取多筆預付款項，則實體必須確定每次支付或收取預付代價的交易日期。實體可全面追溯應用該等修訂。實體可選用追溯調整法或未來適用法於實體首次應用詮釋的報告期初；或於先前報告期初或其後初步確認的所有資產、費用及收入採用未來適用法應用詮釋，將其於實體首次應用該詮釋之報告期之財務報表呈列為比較資料。本集團期望於2018年1月1日錄用該詮釋。本集團預期此舉對其合併財務報表不會產生重大影響。

倘稅項處理涉及影響國際會計準則第12號的應用的不確定性，則國際財務報告詮釋委員會第23號詮釋(於2017年6月發佈)該情況下的所得稅會計處理方法，及不適用於國際會計準則第12號範圍外的稅項或徵稅，及尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。詮釋具體處理以下事項：(i) 實體是否考慮不確定稅項進行單獨處理；(ii) 實體對稅務機關的稅項處理檢查所作的假設；(iii) 實體如何釐定應課稅溢利(稅項虧損)、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv) 實體如何考慮事實及情況變動。該解釋被追溯應用，一種方式為視同該解釋自始至終存在，是完全追溯的形式；另一種方式是自最初適用日起，追溯調整期初權益的累積影響，並且不對可比資訊進行重述。本集團預期於2019年1月1日採用該詮釋。本集團預期此舉對合併財務報表不會產生重大影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

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

The Group is in the process of making an assessment of the impact of other new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

2.3 已公佈未生效的國際會計準則(續)

本集團仍在對其他新訂及經修訂的國際財務報告準則經過初步適用產生的影響進行評估，但並未能夠對該等新訂及經修訂的國際財務報告準則是否對本集團的運營和財務狀況具有重大影響而做出確切說明。

2.4 主要會計政策摘要

業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公允價值計算，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團自被收購方之前任擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，本集團選擇是否以公允價值或被收購方可識別資產賬面淨值的應佔比例，計算被賦予現時擁有人權利並將於清盤時按比例分佔實體的淨資產的非控股股東權益。非控股股東權益的一切其他成分乃按公允價值計量。收購成本於產生時列為開支。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及標示。其中包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘企業合併分階段進行，收購方先前持有的被收購方股權於收購日期的權益價值應按收購日期的公允價值以及透過損益賬確認的損益重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公允價值確認。或然代價(被視為一項資產或負債)公允價值的其後變動確認為損益。倘將或然代價分類為權益，則其毋須重新計量。後續結算計入權益。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

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

2.4 主要會計政策摘要(續)

業務合併及商譽(續)

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

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢討。本集團於12月31日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日被分配至預期可從合併產生的協同效益中獲益的本集團各個現金產生單位或現金產生單位組別，而無論本集團其他資產或負債是否已分配予該等單位或單位組別。

減值通過評估與商譽有關的現金產生單位(或現金產生單位組別)的可收回金額來確定。如果現金產生單位(或現金產生單位組別)的可收回金額低於賬面值，則確認減值損失。已確認的商譽減值損失不在後續期間內回撥。

如果商譽構成現金產生單位(或現金產生單位組別)的一部分，該單位的部分業務出售時，則在確定所出售業務的盈虧時，與所出售的業務相關的商譽計入該業務的賬面值。在這種情況下出售的商譽根據所出售業務的相對價值和現金產生單位的保留份額進行計量。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

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

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

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

2.4 主要會計政策摘要(續)

公允價值計量

主體在每個報告期末對其衍生金融工具採用公允價值計量。公允價值為市場參與者之間在計量日發生的有序交易中，出售一項資產所能收到或轉移一項負債所需支付的價格。公允價值計量假設出售資產或者轉移負債發生在主要市場，或者在主要市場不存在的情況下，能夠在最有利的市場上進行資產和負債的交易。並且主體可以在主要市場或者有利市場上進行交易。對資產和負債採用公允價值計量假定市場參與者以符合其經濟利益的最優價格，對資產和負債進行定價。

以公允價值計量非金融資產，應當考慮市場參與者通過直接將該資產用於最佳效用的方式產生經濟利益的能力，或者通過將該資產出售給能夠使其用於最佳效用的其他市場參與者的方式產生經濟利益的能力。

主體在計量公允價值時，應當採用在當前情況下適用並且有足夠可利用數據支持的估值技術，應當盡可能多地使用相關可觀察輸入值，盡可能少地使用不可觀察輸入值。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 主要會計政策摘要(續)

公允價值計量(續)

所有在財務報表上以公允價值計量和披露的資產和負債，基於對公允價值計量整體而言重要的輸入值所屬的最低層次，分為以下層級：

- 第1層次 — 以在活躍市場中相同資產或負債的報價(未經調整)來確定公允價值。
- 第2層次 — 以使用輸入數據為可直接或間接觀察的及對公允價值計量有重要影響的市場信息的估值技術來確定公允價值。
- 第3層次 — 以使用輸入數據是對公允價值計量有重大影響，而並非可觀察的市場信息的估值技術來確定公允價值。

資產和負債基於連續性原則在財務報表上進行確認，集團根據在每個報告結束時的重新評估分類。(根據最低水準的輸入值對作為整體的公允價值計量有重大影響)來決定是否在層級上發生轉移。

非金融資產減值

當有跡象顯示出現減值，或當須進行資產年度減值測試(存貨、遞延所得稅資產及金融資產除外)，則估計資產的可收回金額。資產的可收回金額乃選取資產或現金產生單位的使用價值及其公允值減處置成本的較高者，並對個別資產釐定，惟倘資產並無產生大致獨立於其他資產或資產組別的現金流入，則可收回金額在該資產所屬的現金產生單位基礎上確定。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 主要會計政策摘要(續)

非金融資產減值(續)

減值損失僅於資產賬面值超逾其可收回金額時確認。在評估使用價值時，估計未來現金流量乃按稅前折現率折現至現值。所用稅前折現率反映了當前市場對貨幣時值及該資產特定風險的評估。減值損失於產生期間自損益表中與減值資產功能一致的支出類別扣除。

於各報告期末，本集團評估是否有跡象顯示先前確認的減值損失可能不再存在或已經減少。如有該等跡象，本集團會估計可收回金額。僅若用以釐定商譽除外資產的可收回金額的估計有變動，方會撥回先前確認該資產的減值損失，惟金額不得超過假使該資產在過往年度並無確認減值損失時，原應釐定的賬面值(扣減任何折舊/攤銷後)。減值損失撥回計入產生期間的損益表中。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 主要會計政策摘要(續)

關聯人士

一方被視為與本集團有關聯，倘：

- (a) 該方為該名人士家族的人士或直系親屬，而該名人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團施加重大影響；或
 - (iii) 為本集團或本集團母公司主要管理人員的成員；

或

- (b) 該方為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體的母公司、子公司或同系子公司之旗下)；
 - (iii) 該實體及本集團均為同一第三方的合營企業；
 - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關的實體僱員；
 - (vi) 該實體由(a)項所述人士控制或共同控制；

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 主要會計政策摘要(續)

關聯人士(續)

(b) (續)

- (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理人員的成員；及
- (viii) 該實體或集團內的任意一部分，其主要管理人員服務於本集團或者本集團的母公司。

物業、廠房及設備以及折舊

物業、廠房及設備，在建工程除外，是按成本值減去累計折舊及任何減值損失後列賬。當一項物業、廠房及設備被分類為持有待售或作為被分類為持有待售的處置資產組的組成部分，並且根據國際財務報告準則第5號，將不做折舊處理，在之後分類為持有待售的非流動資產中有相關解釋。物業、廠房及設備項目成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。

物業、廠房及設備項目投入運作後產生的支出，例如維修及保養，一般於其產生期間於損益損益表扣除。而大修支出在符合確認條件時，重要檢修費用資本化計入資產的賬面價值而作為更換成本。當物業、廠房及設備的重要部件須定期更換，本集團將該等部件確認為獨立的資產，並在特定可使用年期下單獨計提折舊。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Freehold land	Not depreciated
Plant and buildings	13–47 years
Machinery and equipment	5–10 years
Motor vehicles	4–5 years
Office equipment and others	3–5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 主要會計政策摘要(續)

物業、廠房及設備以及折舊(續)

折舊乃按物業、廠房及設備的各個項目於其估計可使用年期以直線法撇減其成本至剩餘價值。物業、廠房及設備的估計可使用年期：

自有土地	不提折舊
廠房及樓宇	13–47年
機器及設備	5–10年
機動車	4–5年
辦公室設備及其他設備	3–5年

倘一項物業、廠房及設備的各部分有著不同可使用年期，則有關項目的成本以合理基準分配於各部分，而每部分將作獨立折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度結算日審閱及調整。

物業、廠房及設備項目(包括經初步確認為資產的任何重要部件)乃在處置時或在預計未來不可從其使用或處置中獲得經濟利益時終止確認。於終止確認資產當年的損益表中確認的處置或廢棄而產生的任何收益或虧損乃銷售所得款項淨額與相關資產賬面值之間的差額。

在建工程是指正在興建的廠房及物業，乃以成本值減任何減值損失列賬，在建工程不計提折舊。成本值包括在建期間的直接建築成本以及已借相關資金所屬已撥充資本的借貸費用。當在建工程竣工、隨時可供使用時，在建工程重新分類歸入物業、廠房及設備內的適當類別。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 50 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 主要會計政策摘要(續)

投資物業

投資物業指為賺取租賃收入及/或資本增值而持有的樓宇，而非用作生產或提供商品或服務，或用作行政用途，或屬於在日常業務過程中出售的土地及樓宇。該等物業初始確認時按成本(包括交易成本)計量。初始確認之後，投資物業按成本減去累計折舊和任何減值損失列賬。

折舊根據資產成本減去剩餘價值計量。折舊是在投資物業的估計可使用年內，以直線法在損益中確認。估計可使用年期為50年。折舊方法、可使用年期及剩餘價值於各報告日重新審核。

在資產退役或處置時所產生的任何損益會在該項目被取消確認的年度內計入損益。

非流動資產和持有待售的處置組

當非流動資產或待處置組的賬面價值通過銷售交易收回，而非繼續使用，則其將被列為持有待售。對於這種情況，資產或處置組須符合可以在當前狀態下按通常或慣用條款即可立即出售的條件及該出售是極可能發生的。集團子公司定義為處置組的所有資產和負債將重分類為持有待售，無論本集團是否保留在其非控制性權益。

非流動資產或處置組(除金融資產外)被分類為持有待售將按賬面價值和公允價值減去處置成本後的淨額孰低計量。房產、廠房及設備和無形資產在列為持有待售後不計提折舊或攤銷。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Office software

Office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2.4 主要會計政策摘要(續)

無形資產(商譽除外)

單獨收購的無形資產於初步確認時按成本計量。於業務合併時所收購無形資產的成本相等於收購日期的公允值。無形資產的可使用年期可評估為有限或無限。年期有限的無形資產於可使用經濟年期內攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。可使用年期有限的無形資產的攤銷年期及攤銷方法至少於各財政年度結算日覆核一次。

年期無限的無形資產每年將單獨或以現金組的形式進行測試。該無形資產不進行攤銷。年期無限的無形資產每年將進行使用年期測試以確定其是否繼續符合年期無限的條件。如果不符合，使用年限從無限到有限的改變將採用未來適用法核算。

辦公軟件

所購買的軟件按成本減任何減值損失列賬，並於5年期內按直線法攤銷。

研發成本

所有研究成本均於產生時計入損益。

當本集團可證明完成無形資產以供使用或出售在技術上屬可行，且有意完成並有能力使用或出售該資產，能明確資產產生未來經濟利益的方法及擁有足夠的資源以完成項目，並能夠可靠衡量開發期間的開支時，方會將開發新產品的項目開支資本化並遞延處理。不符合上述條件的產品開發支出於產生時列作費用開支。

遞延開發成本按成本減任何減值損失入賬，並於有關產品投入商業生產之日起在其商業年期內以直線法攤銷。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

The Group recognises financial assets at which the Group becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

This classification depends on whether the financial asset is a debt or equity investment.

Financial assets are classified, at initial recognition, as debt instruments at amortised cost, debt instruments, derivatives and equity instruments at fair value through profit or loss and equity instruments designated as measured at fair value through other comprehensive income (with gains and losses remaining in other comprehensive income, without recycling).

2.4 主要會計政策摘要(續)

經營租賃

凡資產擁有權的絕大部分回報及風險仍由出租人承擔的租賃均以經營租賃入賬。倘本集團為出租人，則本集團根據經營租賃所出租的資產計入非流動資產，而經營租賃的應收租金則按照租期以直線法計入損益表。倘本集團為承租人，則經營租賃的應付租金抵銷掉應收出租人的一切金額後按照租期以直線法自損益表扣除。

經營租賃的預付土地租賃款項初始按成本入賬，其後則按租期以直線法確認。

投資及其他金融資產

初始確認和計量

本集團將金融工具於交易對手形成合同義務時確認金融資產。

金融資產的定期購買及出售均於交易日(即本集團承諾購買或出售該資產當日)確認。常規方式買賣乃指遵循一般法規或市場慣例在約定時間內交付資產的金融資產買賣。

於初始確認時，本集團以公允值計量金融資產，另倘金融資產並非以公允值計量且其變動計入損益，則加入因收購金融資產而直接應佔之交易成本。以公允值計量且其變動計入損益之金融資產之交易成本乃於損益表內支銷。

此分類視乎金融資產是債務或股權投資而定。

金融資產於初始確認時被分類為按攤銷成本計量之債務工具、以公允值計量且其變動計入損益之債務工具、衍生工具及權益工具以及指定為以公允值計量且其變動計入其他全面收益之權益工具(連同仍於其他全面收益列賬且並未重新使用之收益及虧損)。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

A financial asset is classified as a debt instrument at amortised cost, if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

All other financial assets are measured at fair value through profit or loss, except that for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income ("OCI").

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Debt instruments at amortised cost

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

Debt instruments, derivatives and equity instruments at fair value through profit or loss

A gain or loss on debt investments, derivatives and equity instruments that are subsequently measured at fair value and are not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss in the period in which it arise.

2.4 主要會計政策摘要(續)

投資及其他金融資產(續)

初始確認和計量(續)

一項金融資產被分類為按攤銷成本計量的債務工具，當：

- 持有該資產的業務模型在於獲取合同現金流；及
- 該資產的合同條款表明在某特定日的現金流入僅限於本金和利息的支付。

除持有日的不是交易的股權投資可在初始確認時選擇為公允價值變動計入其他綜合收益外，其他金融資產按公允價值變動計入損益計量。

後續計量

金融資產的後續計量取決於其分類如下：

以攤餘成本計量的債務性工具

其後按攤銷成本計量且並非對沖關係一部分的債務投資的收益或虧損，於金融資產取消確認或減值時在損益中確認，並利用實際利率法攤銷。

公允價值變動計入損益的債務性、衍生或權益性工具

其後按公允價值計量且並非對沖關係一部分的債務投資、衍生工具及權益工具的收益或虧損於損益中確認並於其產生期間於損益表中呈列。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Equity instruments designated as measured at fair value through other comprehensive income

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when, and only when, its business model for managing those assets changes.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 主要會計政策摘要(續)

投資及其他金融資產(續)

後續計量(續)

指定為公允價值變動計入其他綜合收益的權益性工具

權益工具按照公允價值進行後續計量。當集團管理層選擇在其他綜合收益中列報目前未實現和已實現的公允價值變動損益時，該公允價值變動損益後續不會再轉入當期損益。代表投資回報的股利將計入損益。

只有當用於管理資產的商業模式變化時集團將重分類所有受影響的債權投資。

終止確認金融資產

金融資產(或，倘適用，一項金融資產的一部分或一組類似金融資產的一部分)在下列情況下將終止確認(既：從集團合併財務報表移除)：

- 收取該項資產所得現金流量的權利經已屆滿；或
- 本集團已轉讓其收取該項資產所得現金流量的權利，或根據「轉手」安排承擔在無重大延誤下向第三方全數支付已收取現金流量的責任；及(a)本集團已轉讓資產絕大部分風險及回報，或(b)本集團並無轉讓或保留資產的絕大部分風險及回報，但已轉讓資產的控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排，則將評估其是否已保留資產所有權的風險及其回報程度。倘並無轉讓或保留資產絕大部分風險及回報，亦無轉讓資產的控制權，則按本集團持續參與資產的程度將已轉移的資產確認為資產。在此情況下，本集團將確認相應的負債。已轉移資產及相關負債以本集團保留的權利與義務為基礎進行計量。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 主要會計政策摘要(續)

終止確認金融資產(續)

以經轉讓資產擔保方式的持續參與按資產原始賬面值與本集團可能被要求償還的對價的最高金額之間的較低者計量。

金融資產減值

本集團會於各報告期末評估是否有客觀證據顯示某項金融資產或一組金融資產出現減值。當有客觀證據顯示由於其初始確認後發生一宗或多宗事件致使某項金融資產或一組金融資產的預計未來現金流量受影響，且該影響金額可以可靠估計而發生減值，則有關資產被視為已發生減值。發生減值的證據可包括債務人或一組債務人出現重大財政困難，違約或拖欠利息或本金支付，有面臨破產或進行其他財務重組的可能以及有公開資料表明其估計未來現金流量確已減少且可計量，如欠款數目變動或出現與違約相關的經濟狀況。

按攤銷成本列賬的金融資產

對於按攤銷成本列賬的金融資產，本集團首先單獨評估單項金額重大的金融資產是否存在減值，或對單項金額不重大的金融資產按組合評估是否存在減值客觀證據。對本集團釐定為不存在減值客觀證據的單獨評估金融資產，無論其金額是否重大，其應當包括在具有類似信用風險特性的金融資產組合內並按組合進行減值測試。已單獨進行減值測試及已確認減值損失或繼續確認減值損失的資產，不應包括在組合中進行減值測試。

倘有客觀證據顯示已發生減值損失，虧損金額按該資產的賬面值與估計未來現金流量的現值兩者的差額計量(不包括尚未發生的未來信貸虧損)。估計未來現金流量的現值按該金融資產的原實際利率(即初始確認時使用的實際利率)折現。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank loans, other loans and other financial liabilities.

2.4 主要會計政策摘要(續)

金融資產減值(續)

按攤銷成本列賬的金融資產(續)

該資產的賬面值可通過使用備抵賬目方式來抵減，虧損則於損益表確認。利息收入就削減賬面值持續累算，並按計量減值損失時對未來現金流進行折現時使用的利率累算。當並無可變現的未來減值恢復跡象並且所有抵押品已變現或已轉讓至本集團時，貸款及應收款項連同任何相關備抵可予撇銷。

倘在後續期間，在減值確認後發生致使估計減值損失的金額增加或減少的事件，則會調整備抵賬目以增加或減少先前確認的減值損失。倘其後收回撇銷，則收回金額記入損益表的其他費用。

金融負債

初始確認和計量

金融負債於初始確認時分類為以公允價值計量且其變動計入損益的金融負債，貸款及借款，或指定為有效對沖的對沖工具的衍生工具(如適用)。

所有金融負債初始時均按公允價值確認，而貸款和借款則須在此基礎上扣除直接應佔交易成本。

本集團的金融負債包括貿易應付賬款、其他應付款項、計息銀行貸款、其他貸款及其他金融負債。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 主要會計政策摘要(續)

金融負債(續)

後續計量

金融負債的後續計量取決於其分類如下：

貸款和借款

於初始確認後，計息貸款和借款其後採用實際利率法以攤銷成本計量，除非折現影響非屬重大，在此情況下，則按成本列賬。當負債終止確認並透過以實際利率法攤銷時，收益及虧損於綜合損益表確認。

攤銷成本乃經考慮收購的任何折價或溢價以及屬實際利率組成部分的費用或成本後計算。實際利率攤銷金額列入綜合損益表的融資成本中。

財務擔保合約

本集團發行的財務擔保合約乃因特定債務人不能支付到期款項(與債務工具所述條款一致)而應向持有人支付款項以彌補其由此招致的損失的合約。財務擔保合約首次按公允值並對發行擔保的直接應佔交易成本進行調整後確認為負債。於首次確認後，本集團按下列兩者的較高者計量財務擔保合約：(i)於報告期末履行現時責任的最佳估計開支金額；及(ii)首次確認金額減累計攤銷金額(如適用)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 主要會計政策摘要(續)

終止確認金融負債

當負債項下的責任解除、註銷或屆滿，即終止確認金融負債。

倘現有的金融負債被另一項從同一貸款人按相當不同的條款訂定的金融負債取代，或現有負債的條款有相當修改，該項交換或修改乃被視作終止確認原負債並確認新負債，而各賬面值的差額乃於損益表中確認。

金融工具的抵銷

倘目前有強制執行的法律權力要求抵銷已確認的金額且有按照淨額結清，或同時變現資產和結清負債的意圖，金融資產和金融負債可抵銷並按淨值列報於財務狀況表中。

存貨

存貨按成本與可變現淨值兩者中較低者入賬。成本按加權平均法計算，就在產品及製成品而言，其成本包括直接原料成本、直接勞工及按適當比例分攤的間接成本。可變現淨值根據估計出售價減去預計至完工及出售將產生的任何估計成本計算。

現金及現金等價物

就現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金、價值變動風險極微及一般自購入後三個月或三個月內到期的短期高流動性投資，扣減須應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就合併財務狀況表而言，現金及現金等價物包括用途不受限制的手頭現金及銀行存款(包括定期存款)及與現金性質相似的資產。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 主要會計政策摘要(續)

撥備

本集團若因過往事項而現時有法定或推定債務，而且可能需要有涉及經濟利益的資源外流以償付這些債務，並能對債務數額作出可靠估計，便確認撥備。

如折現的影響重大，則確認的撥備額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而增加的折現現值，列作融資成本計入損益表。

所得稅

所得稅包括即期及遞延稅項。損益賬外確認的相關所得稅項目，計入損益賬外的其他全面收益或直接計入權益。

當期或前期的即期稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)按預期可收回的數額或支付予稅務機關數額計算，並考慮本集團經營所在國家的現行詮釋及慣例。

於報告期末的資產及負債的稅基與其就財務報告而言的賬面值之間的暫時性差異，須按債務法計提遞延稅項撥備。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 主要會計政策摘要(續)

所得稅(續)

所有應課稅暫時性差異均會確認遞延稅項負債，惟下列各項除外：

- 倘若遞延稅項負債的起因，是產生於商譽或非業務合併交易中資產或負債的初始確認，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司的投資的應課稅暫時性差異，倘若撥回暫時性差異的時間可以控制，且該暫時性差異在可預見的將來很可能不會撥回。

對於所有可扣減暫時性差異及結轉的未用稅項抵免及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異、結轉的未用稅項抵免及未用稅項虧損的，則遞延稅項資產一律確認入賬，惟下列各項除外：

- 倘若有關可扣減暫時性差異的遞延稅項資產的起因，是產生於非業務合併交易中資產或負債的初始確認，而且在交易時，對會計利潤或應課稅利潤或虧損均無影響；及
- 對於涉及子公司的投資的可扣減暫時性差異，只有在暫時性差異有可能在可預見將來撥回，而且日後有可能出現應課稅利潤，可用以抵扣該等暫時性差異時，方會確認遞延稅項資產。

遞延稅項資產的賬面值，在報告期末予以審閱。若不再可能有足夠應課稅利潤用以抵扣遞延稅項資產的全部或部分金額，則扣減遞延稅項資產賬面值。並無確認的遞延稅項資產，在報告期末重新評估，若日後可能有應課稅利潤將可收回遞延稅項資產，則予確認。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

2.4 主要會計政策摘要(續)

所得稅(續)

變現資產或清償負債的年度預期適用的稅率，會用作計量遞延稅項資產及負債，並以報告期末已經頒佈或實質上已經頒佈的稅率(及稅法)為基準。

當且僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應課稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債之不同稅務實體徵收的所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助金

當有相當把握將會收到補助金及將符合所有附帶條件時，政府補助金即按公允值確認入賬。若補助金與支出項目有關，即於所擬補償的成本的支銷期間內有系統地確認為收入。

若補助金與資產有關，即將其公允值計入遞延收益賬戶，並於有關資產的預計可使用年期內，以等額年金調撥往損益表或從資產賬面值中扣減並以經扣減折舊開支調撥往損益表。

收入確認

收入是在經濟利益很可能流入本集團以及能夠可靠地計量時按下列準則確認入賬：

貨品銷售

當貨品所有權附帶的重大風險及回報轉給買家，且本集團不再對所售貨品具有通常與所有權有關的管理權，亦無實際控制權時即確認收入。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Rental income

Revenue is recognised on a time proportion basis over the lease terms.

Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment has been established.

Employee benefits

Defined contribution plans

The Group's subsidiaries operating in the People's Republic of China (the "PRC") except for Hong Kong ("Mainland China") participate in a central defined contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. Contributions are made based on a percentage of the companies' payroll costs and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central defined contribution retirement benefit plan.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

2.4 主要會計政策摘要(續)

收入確認(續)

租金收入

收入乃按租期的時間比例確認。

利息收入

在利息收入產生時預先確認為收入，採用實際利率法計算，該比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間，如適用，折現至金融資產賬面淨值的折現率。

股息

當股東收取款項的權利得以確立時確認收入。

僱員福利

界定供款計劃

本集團在中華人民共和國(「中國」)香港除外(「中國大陸」)營運的子公司，參與其營業所在地的地方政府管理的中央界定供款退休福利計劃，有關供款乃根據公司薪金費用的某百分比計算，並根據中央界定供款退休福利計劃的規則，應付時在綜合利潤表內支銷。

短期僱員福利

短期僱員福利責任乃按未折現基準計算，並於提供有關服務時列為開支。

倘本集團就僱員過去提供的服務而擁有現有法定或推定責任支付有關金額，且該責任能可靠估計，則就預期根據短期現金獎金或分紅計劃將予支付的金額確認準備。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 主要會計政策摘要(續)

僱員福利(續)

股權支付

本集團採納股權支付計劃，藉此對集團業務有貢獻的合資格參與者作出鼓勵及獎賞。本集團僱員(包括董事)會收取以股份為基礎的支付形式的酬金，而僱員會提供服務作為換取股本工具(權益結算的交易)的代價。

與僱員進行的股權結算交易乃參考授出權利當日的公允值計算成本。公允值乃由外聘估值師按二項式計價模式釐定。

在員工福利費中，權益結算交易的成本連同權益的相應增加會於業績及/或服務條件達到的期間內確認。歸屬日之前的各報告期末就權益結算交易確認的累計支出反映歸屬期屆滿的部分以及本集團對最終將歸屬的股本工具數目的最佳估計。期間內於損益表扣除或計入的數額指於該期間初及終已確認累計支出的變動。

釐定獎勵的授出日期公允值時並不計及服務和非市況表現條件，但將評估條件獲達成的機會率，作為本集團對最終將歸屬的股權工具數目的最佳估計一部分。市況表現條件在授出日期公允值內反映。在一項獎勵上附加但不設相關服務要求的任何其他條件被視為非歸屬條件。非歸屬條件在一項獎勵的公允值內反映，並導致一項獎勵的即時支銷，除非同時有其他服務及/或表現條件。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payments (Continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee as measured at the date of modification.

Where a share-based option award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 主要會計政策摘要(續)

僱員福利(續)

股權支付(續)

對因非市場表現及/或服務條件未達成而最終未有歸屬的獎勵而言，將不會確認開支。如獎勵附帶市況或非歸屬條件，則該情況下不論是否達到該市況或非歸屬條件，該交易均會視作歸屬處理，惟其他所有業績及/或服務條件必須達成。

當權益結算報酬條款修訂時，倘報酬的原條款達到，需按條款並無進行修訂的情形確認最少的支出。此外，倘任何修訂導致於修訂日期所計量的以股份為基礎的支付的總公允值增加或以其他方式令僱員受惠，則所產生的任何額外支出予以確認。

當股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未達致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payments (Continued)

Where a share-based option award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. Any payment made to the employee on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, i.e. as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 主要會計政策摘要(續)

僱員福利(續)

股權支付(續)

當股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未達致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。在取消或結算授予時支付給僱員的所有款項均應作為權益的回購處理，即作為權益的減項，除非支付的金額超過了所授予權益性工具在回購日的公允價值。所有超過部分均應確認為費用。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。

借貸費用

若借貸費用直接屬於購買、興建或生產合資格資產(即需要相當長時間才可擬定用途的資產)，即撥充資本作為該等資產成本的一部分，而當相關資產大致達到擬定用途時，即不再把該等借貸費用撥充資本。用以支付合資格資產的特定借款的臨時投資所賺取的投資收益從撥充資本的借貸費用中扣除。所有其他借貸費用皆於產生期間支銷。借貸費用包括利息及實體因資金借貸而產生的其他成本。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Each entity in the Group determines its own functional currency based on the assessment of its specific facts and circumstances. Once the functional currency is determined, it can be changed only if there is a change to the underlying transactions, events and conditions. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 主要會計政策摘要(續)

股息

期末股息一經股東大會批准，即確認為負債。建議末期股息披露於財務報表附註。

中期股息同時建議及宣派。因此，中期股息在建議及宣派時直接確認為負債。

外幣

本集團各實體按其特定事實及情況釐定其功能貨幣。只有當基礎交易，事件和條件發生變化時，實體才能改變已確定的功能貨幣。由於本集團主要於中國大陸營業，故使用人民幣作為本集團的呈列貨幣。由本集團實體記錄的外幣交易最初以交易當日各通行功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於損益表確認。

當外幣貨幣性項目是由於管理層對於國外業務淨投資特定套期保值的一部份時，以外幣為單位的貨幣資產及負債按報告期末的適用功能貨幣匯率重新換算的差額不撥入損益，而計入其他全面收益，直到在這些國外投資項目處置時，此前累計記錄的差額將重分類至損益。因這些貨幣性項目匯率差異造成的稅務收入及費用也計入其他全面收益中。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 主要會計政策摘要(續)

外幣(續)

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公允值計量的非貨幣項目，須按釐定公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理(即其他全面收益或合併損益表已確認的項目的公允值收益或虧損，其換算差額亦分別於其他全面收益或損益表確認)。

若干集團內子公司的功能貨幣並非人民幣。於報告期末，該等實體的資產及負債按報告期末的匯率換算為本集團的列報貨幣，該等實體的損益表按本年度的加權平均匯率換算為人民幣，因此產生的匯兌差額於其他全面收益中確認並計入外幣變動儲備中。在出售海外業務時，與該特定海外業務相關的其他全面收益組成部分確認於損益中。

就合併現金流量表而言，海外子公司的現金流量按產生現金流量當日的適用匯率換算為人民幣。海外子公司全年經常產生的現金流量則按當年的加權平均匯率換算為人民幣。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. 重大會計判斷及估計

管理層於編製本集團的財務報表時，須對收入、開支、資產及負債及其隨附披露事項，以及或然負債的披露作出判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致資產或負債的賬面值須於未來作出重大調整。

判斷

於應用本集團的會計政策的過程中，除了預製關聯的估計，管理層已作出以下判斷，乃對合併財務報表內已確認金額構成最重大影響：

投資物業與自置物業的分類

本集團決定物業是否符合投資物業的資格，並已制訂出作此判斷的準則。投資物業是為賺取租金或資本增值或同時為此兩項目的而持有的物業。因此，本集團會考慮一項物業產生現金流量時是否基本上與本集團持有的其他資產無關。若干物業包括就賺取租金或資本增值而持有的部分及持作生產或供應貨品或服務或作行政用途的另一部分。倘此等部分可獨立出售或根據融資租約獨立出租，本集團會將該等部分個別列賬。倘該等部分無法獨立出售，則僅於非重大部分乃持作生產或供應貨品或服務或作行政用途的情況下，該項物業方分類為投資物業。本集團按個別物業基準作出判斷，以釐定輔助服務是否極為重大，以致物業不合資格列為投資物業。

估計的不確定性

對未來事項的主要假設及於報告期末估計的不確定性的其他主要來源(存有重大風險可能導致資產及負債賬面值須於下一財政年度內作出重大調整者)於下文論述。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 17 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and all unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, which affects the probability of utilisation and the tax rate to be used in the calculations. Details of deferred tax assets are contained in note 19 to the financial statements.

3. 重大會計判斷及估計(續)

商譽減值

本集團每年最少一次釐定商譽是否減值。釐定商譽是否減值須對獲分派商譽的現金產生單位的使用價值作出估計。估計使用價值時，本集團須估計預期來自現金產生單位之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。更細節的信息將會在附註18中闡述。

非金融資產的減值(商譽除外)

集團在每一報告期結束時對所有非金融資產進行評估以確定該資產是否有減值跡象。無限年期的無形資產將每年或者存在減值跡象時進行減值測試。其他非金融資產在賬面價值可能無法回收時進行減值測試。當資產或者現金產生組的賬面價值高於其可回收價值時，即其公允價值減去處置成本和使用價值孰高值，該資產存在減值。交易的公允價值減去成本是根據在一定時期內相似資產的交易或處置資產可觀察的市場價格等相關有效數據進行計算。在計算時，管理者必須估計資產或現金產生組織的預期未來現金流，並選擇合適的折現率來計算現金流的現值。進一步的細節，包括關鍵假設的敏感性分析，在財務報表附註17中披露。

遞延稅項資產

遞延稅項資產就所有可扣減暫時性差異及所有未用稅項虧損加以確認，惟僅限於日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異及未用稅項虧損的情況。在釐定可予確認的遞延稅項資產金額時，須就會影響可用作扣減的可能性及用於計算的稅率的日後應稅利潤的大致時間及水平，作出重要的管理層判斷。遞延稅項資產的詳情請參閱財務報表附註19。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Impairment of non-financial assets (other than goodwill) (Continued)

Impairment of trade receivables

The Group determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition. Management reassesses the provisions at the end of each reporting period. Details of the impairment of trade receivables are contained in note 21 to the financial statements.

Useful lives, residual values and depreciation of items of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charges where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods.

Business Combination

When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Management estimation is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. The fair values of the identifiable assets acquired and the liabilities assumed are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Management must estimate the expected future cash flows and discount rate in order to calculate the fair values.

3. 重大會計判斷及估計(續)

非金融資產的減值(商譽除外)(續)

貿易應收款項

本集團按應收款項可收回程度的評估就應收賬款及其他應收款項釐定減值撥備。該等評估乃基於客戶及其他債務人的信貸紀錄及現時市況。管理層於各報告期末重新評估撥備。應收賬款減值的詳情請參閱財務報表附註21。

物業、廠房及設備的使用年期、剩餘價值及折舊

本集團就其物業、廠房及設備釐定估計可使用年期及相關折舊開支。此項估計乃按照性質及用途相似的物業、廠房及設備的實際可使用年期的過往經驗而作出。倘可使用年期與過往的估計年期有出入，本集團將調整折舊開支，或撤銷或撤減技術上陳舊或非策略性而已遭廢棄或出售的資產。實際經濟年期或會與估計可使用年期有所不同；實際剩餘價值亦可能會與估計剩餘價值有所不同。定期審閱可導致可予折舊年期及剩餘價值有所更改，從而導致未來期間的折舊開支有所更改。

業務合併

當本集團實現企業合併時，將按照公允價值確認可辨認資產和負債。管理層需對取得的資產、承擔的負債、收購對價的公允價值，以及收購對價在可辨認資產和負債之間的分配進行估計。取得的可辨認資產以及承擔的可辨認負債的公允價值的確定需使用折現現金流量模型等估值技術。估值模型的輸入值應從可觀察市場中取得，若不可行，則需執行一定程度的判斷和估計。為計算獲得公允價值，管理層必須估計預期未來現金流和折現率。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION

Since the acquisition of Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. (“Oushi Mengniu”) in 2015, the acquisition of Dumex Baby Food Co., Ltd. (“Dumex China”) in 2016 and the operation of Yashili New Zealand Dairy Co., Limited (“Yashili New Zealand”) at the end of 2015, the Group underwent various group reorganisation, including the purchase and sales function.

From the second half of 2016, the Group is reorganised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Production and sale of infant milk formula products — this segment includes the development, manufacture and sale of infant milk formula products in the PRC and overseas.
- (b) Production and sale of nutrition products — this segment includes the development, manufacture and sale of milk powder for adults and teenagers, soymilk powder, rice flour and cereal products in the PRC and overseas.
- (c) Other operations mainly include the production and sale of packing materials which mainly serve the Group’s internal use, the sale of surplus raw materials and the sale of base-powder to third parties. The results of these operations are included in the “others” column.

The change was made to improve the way in which the business units can be managed.

For the purpose of assessing segment performance and allocating resources among segments, the senior executive management team assesses the performance of the operating segments based on a measure of “reportable segment profit”, i.e., “revenue less cost of sales and allocated selling and distribution expenses”. The Group does not allocate other income and gains, net finance costs, expenses other than certain selling and distribution expenses to its segments, as the senior executive management does not use this information to allocate resources to or evaluate the performance of the operating segments. Segment assets and liabilities are not regularly reported to the Group’s senior executive management and therefore information of reportable segment assets and liabilities is not presented in these financial statements.

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

4. 經營分部資料

自從2015年收購內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)、2016年收購多美滋嬰幼兒食品有限公司(「多美滋中國」)、以及2015年底雅士利新西蘭乳業有限公司(「新西蘭乳業」)的運營，本集團經歷了數次集團重組，包括購銷職能。

自2016年下半年，本集團根據產品和服務對經營分部進行重新分類，共有下列三個可報告經營分部：

- (a) 生產及銷售嬰幼兒配方奶粉產品 — 該分部包括在中國及海外開發、製造及銷售嬰幼兒配方奶粉產品。
- (b) 生產及銷售營養品 — 該分部包括在中國及海外開發、製造及銷售成人及青少年奶粉、豆奶粉、米粉及麥片產品。
- (c) 其他業務主要包括生產及銷售主要供本集團內部使用的包裝材料，銷售盈餘原材料及出售第三方基粉。該等業務的業績載於「其他」一欄。

可報告經營分部的改變是為了優化業務單元的管理。

為便於在分部之間評估分部表現及分配資源，高級行政管理團隊會根據「可呈報分部溢利」的計量(即「收入減去銷售成本和可分攤的銷售及經銷開支」)來評估經營分部的表現。本集團不會把其他收入及收益、財務成本淨額、部份銷售及經銷開支以外的開支分配至分部中，原因是高級行政管理人員並不會使用上述資料分配資源至經營分部或評估其表現。由於本集團不會定期向高級行政管理人員匯報分部資產及負債，因此，此等財務報表內並無呈列可呈報分部資產及負債的資料。

分部間銷售及轉讓是參考以當時市價向第三者銷售所採用的售價進行交易。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Year ended 31 December 2017

截至2017年12月31日止年度

		Infant milk formula products 嬰幼兒配方 奶粉產品 RMB'000 人民幣千元	Nutrition products 營養品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment revenue:	分部收入：				
Sales to external customers	銷售予外部客戶	1,530,707	481,533	242,476	2,254,716
Intersegment sales	分部間銷售	—	—	9,360	9,360
		1,530,707	481,533	251,836	2,264,076
<i>Reconciliation:</i>	<i>對賬：</i>				
Elimination of intersegment sales	抵銷分部間銷售	—	—	(9,360)	(9,360)
Total revenue	總收入				2,254,716
Segment results	分部業績	98,994	(20,643)	(8,257)	70,094
<i>Reconciliation:</i>	<i>對賬：</i>				
Finance income	財務收入				123,728
Finance costs	財務成本				(18,109)
Other income and gains	其他收入及收益				70,167
Unallocated other expenses	未分配的其他支出				(475,245)
Loss before tax	除稅前虧損				(229,365)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	86,838	30,680	38,799	156,317
Unallocated amounts	未分配款項				22,279
Total depreciation and amortisation	折舊及攤銷總額				178,596



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Year ended 31 December 2016

截至2016年12月31日止年度

		Infant milk formula products 嬰幼兒配方 奶粉產品 RMB'000 人民幣千元	Nutrition products 營養品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment revenue:	分部收入：				
Sales to external customers	銷售予外部客戶	1,462,414	668,150	72,751	2,203,315
Intersegment sales	分部間銷售	20,436	25,274	—	45,710
		1,482,850	693,424	72,751	2,249,025
<i>Reconciliation:</i>	<i>對賬：</i>				
Elimination of intersegment sales	抵銷分部間銷售	(20,436)	(25,274)	—	(45,710)
Total revenue	總收入				2,203,315
Segment results	分部業績	(164,950)	71,531	(16,589)	(110,008)
<i>Reconciliation:</i>	<i>對賬：</i>				
Finance income	財務收入				130,238
Finance costs	財務成本				(18,825)
Other income and gains	其他收入及收益				227,396
Unallocated other expenses	未分配的其他支出				(561,427)
Profit before tax	除稅前溢利				(332,626)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	130,442	36,136	—	166,578
Unallocated amounts	未分配款項				3,135
Total depreciation and amortisation	折舊及攤銷總額				169,713

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mainland China	中國內陸	2,066,132	2,146,045
Overseas	海外地區	188,584	57,270
		2,254,716	2,203,315

The revenue information above is based on the locations of the customers.

4. 經營分部資料(續)

地區資料

		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mainland China	中國內陸	2,066,132	2,146,045
Overseas	海外地區	188,584	57,270
		2,254,716	2,203,315

上述收入信息以客戶所在地區劃分。

5. REVENUE, OTHER INCOME AND GAINS

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

5. 收入、其他收入及收益

本集團的收入、其他收入及收益的分析如下：

		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入		
Sales of goods	商品銷售	(a) 2,254,716	2,203,315
Other income and gains	其他收入及收益		
Government grants	政府補助		
— Compensation for expenses incurred	— 對已產生支出的補償	1,698	3,582
— Compensation for acquisition of assets	— 對購買資產的補償	1,084	1,084
— Taxes refunded	— 退稅	400	14,120
Compensation income	補償收入	(b) 85	2,252
Rental income	租金收入	9,423	6,053
Consigned processing income	委託加工收入	(c) 33,267	36,731
Foreign exchange gains, net	匯兌收益淨額	—	16,649
Promotion service income	推廣服務收入	(d) 17,000	134,090
Others	其他	7,210	12,835
		70,167	227,396



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Notes:

- (a) The Group is principally engaged in the manufacture and sale of dairy and nourishment products. Revenue represents the sales value of goods supplied to customers. Revenue excludes sales taxes and is after deduction of any trade discounts.

The Group's customer base is diversified and no revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue during the year.

- (b) Compensation income mainly represented forfeitures received from distributor customers during the year for cross territorial sales that breached the terms of distribution agreements.
- (c) This mainly represented consigned processing income and cost of sales from processing milk powder for Inner Mongolia Mengniu (Group) Dairy Company Limited, a fellow subsidiary of the Company.
- (d) This represented promotion service income from Danone Asia and Arla Foods amba during the year.

5. 收入、其他收入及收益(續)

附註：

- (a) 本集團主要從事乳製品及營養品生產及銷售。營業收入，即向客戶供應的貨品的銷售價值。收入不包括銷售稅，並經扣除任何銷售折扣。

本集團的客戶基礎多元化，於年內，並無任何單一客戶的交易所帶來的收入佔本集團總營業額的10%或以上。

- (b) 補償收入主要指於年內就違反經銷協議條的違約而從經銷商客戶沒收的款項。
- (c) 委託加工收入及成本是指受內蒙古蒙牛乳業(集團)股份有限公司(本公司的同系附屬公司)委託加工乳粉的收入及銷售成本。
- (d) 該款項代表為達能亞洲和Arla Foods amba的推廣服務收入。

6. OTHER EXPENSES

6. 其他開支

		2017	2016
	Notes	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Loss on disposal of items of property, plant and equipment, net		250	2,392
Losses on disposal of inventories	(a)	50,356	56,091
Loss on disposal of a subsidiary	31	11,698	—
Impairment of inventories		25,656	31,147
Donations		940	4,455
Cost of consigned processing	5(c)	38,289	31,084
Foreign exchange expenses, net		3,300	—
Loss on impairment of trade and other receivables		17,437	2,876
Others		15,048	20,185
		162,974	148,230

Note:

- (a) Losses on disposal of inventories mainly represented losses arising from stocktake and disposal of obsolete inventories.

附註：

- (a) 存貨報廢損失主要指因盤點及報廢存貨所產生的損失。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

7. 除稅前虧損

本集團的稅前虧損乃經扣除/(增加)下列各項後計算所得：

			2017	2016
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Cost of goods sold	貨品銷售成本		1,332,513	1,166,015
Depreciation of items of property, plant and equipment*	物業、廠房及設備折舊*	13	164,445	159,375
Depreciation of investment properties	投資物業折舊	15	2,447	2,457
Amortisation of land use rights	土地使用權攤銷	16	2,394	2,031
Amortisation of other non-current assets	其他非流動資產攤銷		4,275	3,078
Amortisation of intangible assets	無形資產攤銷	17	5,035	2,772
Total depreciation and amortisation	折舊及攤銷總額		178,596	169,713
Minimum lease payments under operating leases of buildings	房屋的經營租賃最低租金		27,125	6,444
Auditors' remuneration	核數師酬金		2,726	3,190
Employee benefit expense* (excluding directors' and chief executive's remuneration):	僱員福利費* (不包括董事及主要行政人員薪酬):			
Wages, salaries and allowances	工資、薪金及津貼		418,121	447,331
Termination benefits	離職補償		42,876	74,132
Pension scheme contributions (defined contribution schemes)	退休金計劃供款(定額供款計劃)		33,677	38,644
Equity-settled share-based payment expenses	股權結算股份支付開支		2,374	—
			497,048	560,107
Interest income	利息收入		(105,813)	(103,522)
Gain on other investments	其他投資收益		(17,915)	(26,716)
Total financial income	財務收入總額		(123,728)	(130,238)
Impairment of trade receivables	貿易應收賬款減值	21	7,495	296

* Part of these costs and expenses were included in "Cost of goods sold" as disclosed above.

* 部分的該等成本和費用已包含在上述披露的「貨品銷售成本」中。

8. FINANCE COSTS

8. 財務成本

			2017	2016
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Interest on bank loans wholly repayable within five years	須於五年內悉數償還的銀行貸款的利息		18,109	18,825



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(a) Directors' and chief executive's remuneration

The Directors' and chief executive's remuneration for the years ended 31 December 2016 and 2017, disclosed pursuant to the Hong Kong Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

9. 董事及行政總裁薪酬

(a) 董事及行政總裁薪酬

根據香港公司條例第383條(1)(a)、(b)、(c)和(f)及第二部分(關於董事及行政總裁薪酬的披露)，於截至2017年及2016年12月31日止年度，董事及行政總裁的姓名及其酬金如下：

		2017				
		Salaries, allowances, and benefits	Performance related bonuses	Pension scheme contributions	Total remuneration	
		Fees in kind				
		薪金、津貼 袍金及實物利益	與業績有關 的獎金	退休金計劃 供款	薪酬總額	
		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	
Executive directors	執行董事					
— Mr. Chopin Zhang (i)	— 張平 (Chopin Zhang) 先生(i)(iv)	—	1,230	5,794	43	7,067
— Mr. Hua Li	— 華力先生(iv)	—	1,041	2,128	51	3,220
		—	2,271	7,922	94	10,287
Non-executive directors	非執行董事					
— Mr. Lu Minfang	— 盧敏放先生	—	—	—	—	—
— Mr. Qin Peng	— 秦鵬先生	—	—	—	—	—
— Mr. Zhang Ping	— 張平先生	—	—	—	—	—
— Mr. Huang Xiaojun (ii)	— 黃曉軍先生(ii)	—	—	—	—	—
— Ms. Lam Pik Po (iii)	— 林碧寶女士(iii)	—	—	—	—	—
Independent non-executive directors	獨立非執行董事					
— Mr. Mok Wai Bun Ben	— 莫衛斌先生	220	—	—	—	220
— Mr. Cheng Shoutai	— 程守太先生	220	—	—	—	220
— Mr. Lee Kong Wai Conway	— 李港衛先生	220	—	—	—	220
		660	—	—	—	660
		660	2,271	7,922	94	10,947

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Directors' and chief executive's remuneration (Continued)

9. 董事及首席執行官薪酬(續)

(a) 董事及首席執行官薪酬(續)

		2016				
		Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物利益	與業績有關的獎金	退休金計劃供款	薪酬總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors	執行董事					
— Mr. Lu Minfang	— 盧敏放先生	—	2,200	—	43	2,243
— Mr. Li Dongming	— 李東明先生	—	675	360	38	1,073
— Mr. Hua Li	— 華力先生	—	668	3,620	16	4,304
		—	3,543	3,980	97	7,620
Non-executive directors	非執行董事					
— Ms. Sun Yiping	— 孫伊萍女士	—	—	—	—	—
— Mr. Lu Minfang	— 盧敏放先生	—	—	—	—	—
— Mr. Wu Jingshui	— 吳景水先生	—	—	—	—	—
— Mr. Qin Peng	— 秦鵬先生	—	—	—	—	—
— Mr. Zhang Ping	— 張平先生	—	—	—	—	—
— Mr. Huang Xiaojun	— 黃曉軍先生	—	—	—	—	—
Independent non-executive directors	獨立非執行董事					
— Mr. Mok Wai Bun Ben	— 莫衛斌先生	200	—	—	—	200
— Mr. Cheng Shoutai	— 程守太先生	200	—	—	—	200
— Mr. Lee Kong Wai Conway	— 李港衛先生	200	—	—	—	200
		600	—	—	—	600
		600	3,543	3,980	97	8,220

(i) On 1 January 2017, Mr. Chopin Zhang was appointed as an executive director.

(ii) On 5 June 2017, Mr. Huang Xiaojun resigned as a non-executive director.

(iii) On 5 June 2017, Ms. Lam Pik Po was appointed as a non-executive director.

(i) 於2017年1月1日，張平(Chopin Zhang)先生獲委任為執行董事。

(ii) 於2017年6月5日，黃曉軍先生辭任非執行董事。

(iii) 於2017年6月5日，林碧寶女士獲委任為非執行董事。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Directors' and chief executive's remuneration (Continued)

- (iv) For the year ended 31 December 2017, Mr. Chopin Zhang and Mr. Hua Li have been granted certain units of shares and share options by Mengniu Dairy under its share option scheme and share award scheme. The amounts of fair value amortization of these shares and share options granted to Mr. Chopin Zhang and Mr. Hua Li during the year ended 31 December 2017 were RMB542,000 and RMB875,000 respectively. The remuneration relating to the share options and shares granted to the directors are not included in the above analysis.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Five highest paid employees

Two (2016: two) of the five highest paid individuals were directors whose emoluments are shown above. Details of the emoluments paid to the three (2016: three) highest paid individuals who are neither a director nor chief executive of the Company for the year were as follows:

9. 董事及首席執行官薪酬(續)

(a) 董事及首席執行官薪酬(續)

- (iv) 截至2017年12月31日止年度，張平(Chopin Zhang)先生及華力先生被授予蒙牛乳業的購股權計劃及股份獎勵計劃下的若干股份及購股權。張平(Chopin Zhang)先生及華力先生獲授予的該等股份及購股權於截至2017年12月31日止年度的公允價值攤銷金額分別為人民幣542,000元及人民幣875,000元。有關董事獲授予的該等購股權及股票的相關酬金並未包含於上述分析中。

9. 董事及首席執行官薪酬(續)

(b) 五名最高酬金僱員

五位最高薪人士中包括兩位(2016年：兩位)董事，有關彼等的酬金資料已於上文披露。本年度支付予三位(2016年：三位)非董事、非首席執行官的最高薪高級行政人員的酬金如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,168	1,723
Performance related bonuses	與業績有關的獎金	5,427	5,310
Pension scheme contributions (defined contribution schemes)	退休金計劃供款 (定額供款計劃)	101	124
		6,696	7,157

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Five highest paid employees

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員數目	
		2017	2016
HK\$500,001 to HK\$1,000,000	港幣500,001元至港幣1,000,000元	—	—
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至港幣1,500,000元	—	3
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至港幣2,000,000元	—	—
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至港幣2,500,000元	1	—
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至港幣3,000,000元	2	—
		3	3

10. INCOME TAX CREDIT

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Current income tax	即期所得稅	13,694	9,722
Adjustments in respect of current tax of previous periods	本年內確認以往年度的 即期稅項調整	1,382	13,194
Deferred income tax	遞延所得稅	(64,630)	(35,324)
Tax credit for the year	本年度稅項支出	(49,554)	(12,408)

9. 董事及首席執行官薪酬(續)

(b) 五名最高酬金僱員

酬金列入以下組別的非董事及非首席執行官的最高薪酬的僱員數目如下：

10. 所得稅抵減



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

10. INCOME TAX CREDIT (Continued)

A reconciliation of the income tax credit applicable to loss before tax at the PRC statutory income tax rate and the income tax credit at the Group's effective income tax rate for the year is as follows:

10. 所得稅抵減(續)

在年度內，就除稅前虧損按中國法定所得稅稅率計算的所得稅抵減，與按照本集團實際所得稅稅率計算的所得稅抵減，對賬如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(229,365)	(332,626)
At the PRC statutory tax rate of 25% (2016: 25%) (i)	按中國法定稅率25% (2016年：25%) (i)	(57,341)	(83,157)
Adjustments in respect of current tax of previous periods	本年內確認以往年度的即期稅項調整	1,382	13,194
Effect of non-deductible expenses	不可扣稅開支的影響	3,349	10,703
Effect of tax rate differences (i)	不同稅率的影響(i)	(14,169)	(40,800)
Unrecognised tax losses	未確認稅項虧損	54,033	158,485
Utilisation of previously unrecognised tax losses	動用以往未確認虧損	(22,849)	(50,254)
Effect of non-taxable income	不徵稅收入的影響	(13,959)	(20,579)
Tax credit for the year at the effective rate	本年度按實際稅率計算的稅項支出	(49,554)	(12,408)

Note:

- (i) Pursuant to the Corporate Income Tax Law of the PRC passed by the Tenth National People's Congress on 16 March 2007 (the "New Tax Law"), the statutory income tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008, except for Oushi Mengniu which is subject to a preferential tax rate of 15%, in accordance with "The Notice of Tax Policies Relating to The Implementation of Western China Development Strategy".

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong profits tax for 2017 is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the year.

Pursuant to the rules and regulations of New Zealand, Yashili New Zealand is subject to an income tax rate of 28% (2016: 28%) in New Zealand.

附註：

- (i) 根據第十屆全國人民代表大會於2007年3月16日通過的《中華人民共和國企業所得稅法》(「新稅法」)，本集團中國附屬公司自2008年1月1日起的法定所得稅稅率為25%。根據《關於深入實施西部大開發戰略有關稅收政策問題的通知》，歐世蒙牛享有15%的優惠稅率。

根據開曼群島及英屬處女群島(「英屬處女群島」)的規定及法規，本集團無須在開曼群島及英屬處女群島繳納任何所得稅。

本集團2017年香港利得稅撥備是以本年度的估計應課稅溢利，按照16.5%(2016年：16.5%)的稅率計提。

根據新西蘭國家的規定及法規，新西蘭乳業在新西蘭採納法定28%(2016年：28%)的所得稅稅率。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

11. DIVIDENDS

The dividends for the year are set out below:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Dividends:	股息：		
Declared and paid during the year	本年宣派及支付		
— Equity dividends on ordinary shares (i)	— 普通股股息(i)	—	35,477
Proposed:	擬派：		
— Final dividend: Nil (2016: Nil)	— 末期股息：無(2016年：無)	—	—

Note:

- (i) In 2017, the Company did not declare and pay dividend to the shareholders of the Company (In 2016: the Company declared and paid a final dividend of approximately RMB0.75 cents per share as an appropriation of share premium for the year ended December 2015 to the shareholders of the Company).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic loss per share for the year is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The parent has no dilutive potential shares.

11. 股息

本年度的股息載列如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Dividends:	股息：		
Declared and paid during the year	本年宣派及支付		
— Equity dividends on ordinary shares (i)	— 普通股股息(i)	—	35,477
Proposed:	擬派：		
— Final dividend: Nil (2016: Nil)	— 末期股息：無(2016年：無)	—	—

附註：

- (i) 於2017年，未向本公司股東宣派及派付股息(於2016年：本公司股東週年大會上批准宣派上一財政年度末期股息每股普通股人民幣0.75分)。

12. 母公司普通權益持有人應佔的每股虧損

每股基本虧損乃根據年內母公司普通權益持有人應佔虧損除以年內已發行普通股的加權平均數計算。

本公司無潛在攤薄股本。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculations of basic and diluted loss per share are based on:

12. 母公司普通權益持有人應佔的每股虧損(續)

計算每股基本和攤薄虧損金額基於如下：

	2017	2016
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	(179,811)	(320,218)
	Number of shares	
	股份數目	
	2017	2016
	'000	'000
	千股	千股
Shares:		
Weighted average number of ordinary shares for the purpose of the basic and diluted loss per share calculation	4,745,560	4,745,560

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Freehold land	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
		自有土地 RMB'000	廠房及樓宇 RMB'000	機器及設備 RMB'000	機動車 RMB'000	辦公室及 其他設備 RMB'000	合計 RMB'000
2017	2017年	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：						
At 1 January 2017	於2017年1月1日	54,513	909,521	1,616,310	33,091	45,789	2,659,224
Additions	添置	—	5,483	10,665	5	6,949	23,102
Transfer from construction in progress (note 14)	轉撥自在建工程(附註14)	—	5,651	23,450	362	2,767	32,230
Transfer from assets of a disposal group classified as held for sale (note 30)	轉撥自持有待售的處置組資產(附註30)	—	2,002	11,356	1,613	5,447	20,418
Transfer from investment properties (note 15)	轉撥自投資物業(附註15)	—	55,011	—	—	—	55,011
Assets of a disposal group classified as held for sale (note 30)	分類為持有待售處置組資產(附註30)	—	(53,274)	—	—	—	(53,274)
Transfer to construction in progress (note 14)	轉撥至在建工程(附註14)	—	(185)	(1,050)	—	—	(1,235)
Disposals	處置	—	(3,147)	(46,426)	(11,715)	(19,883)	(81,171)
Disposal of a subsidiary (note 31)	處置子公司(附註32)	—	(34,984)	(38,653)	(539)	(1,875)	(76,051)
Exchange realignment	匯率調整	(2,227)	(16,228)	(33,657)	(30)	(86)	(52,228)
At 31 December 2017	於2017年12月31日	52,286	869,850	1,541,995	22,787	39,108	2,526,026
Accumulated depreciation and impairment:	累計折舊及減值：						
At 1 January 2017	於2017年1月1日	—	(191,082)	(617,374)	(25,498)	(36,612)	(870,566)
Depreciation provided during the year (note 7)	年內計提的折舊(附註7)	—	(45,003)	(112,219)	(2,037)	(5,186)	(164,445)
Impairment	減值	—	(3,077)	(3,956)	(154)	(29)	(7,216)
Transfer from assets of a disposal group classified as held for sale (note 30)	轉撥自持有待售的處置組資產(附註30)	—	(905)	(4,375)	(522)	(2,226)	(8,028)
Transfer from investment properties (note 15)	轉撥自投資物業(附註15)	—	(4,531)	—	—	—	(4,531)
Disposals	處置	—	1,586	37,011	10,165	18,370	67,132
Assets of a disposal group classified as held for sale (note 30)	分類為持有待售處置組資產(附註30)	—	8,500	—	—	—	8,500
Transfer to construction in progress (note 14)	轉撥至在建工程(附註14)	—	27	150	—	—	177
Disposal of a subsidiary (note 31)	處置子公司(附註32)	—	18,591	30,625	512	1,034	50,762
Exchange realignment	匯率調整	—	1,148	3,955	20	42	5,165
At 31 December 2017	於2017年12月31日	—	(214,746)	(666,183)	(17,514)	(24,607)	(923,050)
Net carrying amount:	賬面淨值：						
At 31 December 2017	於2017年12月31日	52,286	655,104	875,812	5,273	14,501	1,602,976
At 1 January 2017	於2017年1月1日	54,513	718,439	998,936	7,593	9,177	1,788,658



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

		Freehold land	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
		自有土地 RMB'000 人民幣千元	廠房及樓宇 RMB'000 人民幣千元	機器及設備 RMB'000 人民幣千元	機動車 RMB'000 人民幣千元	辦公室及 其他設備 RMB'000 人民幣千元	合計 RMB'000 人民幣千元
2016	2016年						
Cost:	成本:						
At 1 January 2016	於2016年1月1日	37,095	832,862	1,438,808	42,465	63,862	2,415,092
Additions	添置	—	7,419	8,926	398	7,883	24,626
Transfer from construction in progress	轉撥自在建工程	13,625	11,036	46,225	—	84	70,970
Acquisition of a subsidiary	收購一家子公司	—	59,241	8,263	—	786	68,290
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	35,083	49,156	5,566	13,657	103,462
Assets of a disposal group classified as held for sale	分類為持有待售處置組資產	—	(2,002)	—	—	(610)	(2,612)
Transfer to construction in progress	轉撥至在建工程	—	—	(9,060)	—	—	(9,060)
Disposals	處置	—	(1,017)	(4,319)	(15,412)	(40,014)	(60,762)
Transfer to investment properties	轉撥至投資物業	—	(52,175)	—	—	—	(52,175)
Exchange realignment	匯率調整	3,793	19,074	78,311	74	141	101,393
At 31 December 2016	於2016年12月31日	54,513	909,521	1,616,310	33,091	45,789	2,659,224
Accumulated depreciation and impairment:	累計折舊及減值:						
At 1 January 2016	於2016年1月1日	—	(142,709)	(474,926)	(31,074)	(51,813)	(700,522)
Depreciation provided during the year	年內計提的折舊	—	(36,294)	(113,037)	(3,171)	(6,841)	(159,343)
Impairment	減值	—	—	—	—	(32)	(32)
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	(13,973)	(33,316)	(4,505)	(11,556)	(63,350)
Disposals	處置	—	210	4,709	12,948	32,964	50,831
Transfer to investment properties	轉撥至投資物業	—	1,554	—	—	—	1,554
Assets of a disposal group classified as held for sale	分類為持有待售處置組資產	—	905	—	—	518	1,423
Transfer to construction in progress	轉撥至在建工程	—	—	2,386	—	—	2,386
Exchange realignment	匯率調整	—	(775)	(3,190)	304	148	(3,513)
At 31 December 2016	於2016年12月31日	—	(191,082)	(617,374)	(25,498)	(36,612)	(870,566)
Net carrying amount:	賬面淨值:						
At 31 December 2016	於2016年12月31日	54,513	718,439	998,936	7,593	9,177	1,788,658
At 1 January 2016	於2016年1月1日	37,095	690,153	963,882	11,391	12,049	1,714,570

As at 31 December 2017, all the assets of Yashili New Zealand including property, plant and equipment of RMB1,093,906,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

截止2017年12月31日，新西蘭乳業的全部資產包括價值人民幣1,093,906,000元的物業、廠房及設備處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

14. CONSTRUCTION IN PROGRESS

14. 在建工程

		Notes	2017	2016
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
Cost	成本			
At beginning of the year	於年初		40,524	33,151
Additions	增加		79,730	66,300
Acquisition of a subsidiary	收購一家子公司	31	—	7,473
Disposal of a subsidiary	處置一家子公司	32	(41)	—
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	13	1,058	6,674
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		—	41
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	13	(32,230)	(70,970)
Transfer to intangible assets	轉撥至無形資產	17	(22,478)	(2,472)
Transfer to long-term deferred expense	轉撥至長期待攤費用		(332)	—
Exchange realignment	匯率調整		(136)	327
At end of the year	於年末		66,095	40,524
Provision for impairment	減值		(1,712)	(1,712)
Carrying amount at 31 December	於12月31日的賬面值		64,383	38,812

As at 31 December 2017, all the assets of Yashili New Zealand including construction in progress of RMB3,576,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

None of the interest expense was capitalised to construction in progress for the year ended 31 December 2017 (2016: Nil) prior to being transferred to buildings and machinery.

截止2017年12月31日，新西蘭乳業的全部資產包括價值人民幣3,576,000元的在建工程處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

於轉出至樓宇及機器前，於截至2017年12月31日止年度，無被資本化為在建工程的利息費用(2016年：無)。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

15. INVESTMENT PROPERTIES

15. 投資物業

			2017	2016
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Cost:	成本：			
At beginning of the year	於年初		75,032	24,076
Additions	添置		—	550
Transfer from property, plant and equipment	轉撥自物業、廠房及設備		—	52,175
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		53,274	—
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	13	(55,011)	—
Disposals	處置		—	(1,769)
At end of the year	於年末		73,295	75,032
Accumulated depreciation:	累計折舊：			
At beginning of the year	於年初		(7,546)	(3,998)
Charge for the year	年內折舊	7	(2,447)	(2,457)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備		—	(1,554)
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		(8,500)	—
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	13	4,531	—
Disposals	處置		—	463
At end of the year	於年末		(13,962)	(7,546)
Carrying amount at end of the year	於年末賬面價值		59,333	67,486

The fair value of the investment properties, as determined by the directors of the Company, based on the market approach with reference to market transaction prices of similar properties, taking into account other factors, i.e., characteristics of the properties and locations, is estimated to be approximately RMB124,721,000 as at 31 December 2017 (2016: RMB94,566,000).

本公司的董事參照類似物業的市場交易價格，並考慮到其他的因素，如該物業的特徵、位置，以市場法評估出該投資物業於2017年12月31日的公允價值約為人民幣124,721,000元(2016年：人民幣94,566,000元)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

15. 投資物業(續)

公允價值層次結構

下面表格說明了本集團投資性物業的公允價值計量的層次結構：

Fair value measurements as at 31 December 2017 using

用於2017年12月31日的公允價值的測量

	Quoted prices in active markets (Level 1) 活躍市場 之報價 (等級一) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (等級二) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (等級三) RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Fair value measurement for:				
Commercial properties	—	—	124,721	124,721

公允價值計量：
商業性物業

Fair value measurements as at 31 December 2016 using

用於2016年12月31日的公允價值的測量

	Quoted prices in active markets (Level 1) 活躍市場 之報價 (等級一) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (等級二) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (等級三) RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Fair value measurement for:				
Commercial properties	—	—	94,566	94,566

公允價值計量：
商業性物業

During the years of 2017 and 2016, there were no transfers into or out of Level 3.

2017年及2016年均無公允價值計量轉入第三級或自第三級轉出。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

16. LAND USE RIGHTS

16. 土地使用權

		2017年 RMB'000 人民幣千元	2016年 RMB'000 人民幣千元
Carrying amount at beginning of the year	年初賬面價值	95,265	53,191
Disposal of a subsidiary (note 32)	處置子公司(附註32)	(2,496)	—
Amortisation for the year (note 7)	年內計提攤銷(附註7)	(2,394)	(2,031)
Acquisition of a subsidiary (note 31)	收購一家子公司(附註31)	—	41,527
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	—	2,578
		90,375	95,265
Current portion included in prepayments, deposits and other receivables	計入流動資產中預付款、押金及其他應收款項	(1,582)	(1,531)
		88,793	93,734

Land use rights represent prepayments of land use rights premium to the PRC authorities by the Group. The Group's leasehold land is located in Mainland China, on which its manufacturing plants were located. The Group is granted land use rights for a period of 50 years. The Group has obtained land title certificates for all the land use rights.

土地使用權為本集團向中國政府機關預付的土地使用權出讓金。本集團的租賃土地位於中國，建有生產廠房。本集團獲授予的土地使用權，為期50年。本集團已經取得賬面記錄的全部土地使用權的權證。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

17. INTANGIBLE ASSETS

17. 無形資產

31 December 2017	2017年12月31日	Notes 附註	Software	Trademarks	Total
			軟件	商標	合計
			RMB'000	RMB'000	RMB'000
			人民幣千元	人民幣千元	人民幣千元
Cost at 1 January 2017, net of accumulated amortisation	年初淨值		14,754	283,047	297,801
Purchased	購置		1,086	—	1,086
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產	30	645	—	645
Transfer from construction in progress	轉撥自在建工程	14	22,478	—	22,478
Disposal of a subsidiary	處置子公司	32	(10)	—	(10)
Amortisation provided during the year	本年攤銷	7	(5,035)	—	(5,035)
Exchange realignment	匯率變動		(215)	—	(215)
At 31 December 2017	年末淨值		33,703	283,047	316,750
At 31 December 2017	年末				
Cost	成本		53,953	283,047	337,000
Accumulated amortisation	累計攤銷		(20,250)	—	(20,250)
Net carrying amount	年末淨值		33,703	283,047	316,750



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

17. INTANGIBLE ASSETS (Continued)

17. 無形資產(續)

31 December 2016	2016年12月31日	Note 附註	Software 軟件 RMB'000 人民幣千元	Trademarks 商標 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Cost at 1 January 2016, net of accumulated amortisation	年初淨值		12,651	—	12,651
Purchase	購置		535	—	535
Acquisition of a subsidiary	收購一家子公司		73	283,047	283,120
Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		101	—	101
Transfer from construction in progress	轉撥自在建工程		2,472	—	2,472
Amortisation provided during the year	本年攤銷	7	(2,772)	—	(2,772)
Amortisation — Transfer from assets of a disposal group classified as held for sale	轉撥自持有待售的處置組資產		(77)	—	(77)
Exchange realignment	匯率變動		1,771	—	1,771
At 31 December 2016	年末淨值		14,754	283,047	297,801
At 31 December 2016	年末				
Cost	成本		29,687	283,047	312,734
Accumulated amortisation	累計攤銷		(14,933)	—	(14,933)
Net carrying amount	年末淨值		14,754	283,047	297,801

As at 31 December 2017, all the assets of Yashili New Zealand including intangible assets of RMB4,761,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

截止2017年12月31日，新西蘭乳業的全部資產包括價值人民幣4,761,000元的無形資產處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

As at 31 December 2017 and 31 December 2016, the intangible assets represented trademarks with indefinite useful lives identified in acquisition, and purchased and customised software held by the Group. Amortisation of the intangible assets is included in "Administrative expenses", "Selling and distribution expenses" and "Cost of sales".

於2017年12月31日及2016年12月31日，無形資產為收購中識別的使用壽命不確定的商標和購買及訂製的由本集團持有的軟件。無形資產攤銷乃計入「行政開支」、「銷售及經銷開支」及「銷售成本」。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

17. INTANGIBLE ASSETS (Continued)

Impairment testing of trademarks

The recoverable amount of the Dumex infant formula products cash-generating unit ("CGU") to which the trademarks belong has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 16.87% (2016: 14.22%). The growth rate used to extrapolate the cash flows of the Dumex infant formula products CGU beyond the five-year period is 3% (2016: 3%).

Assumptions were used in the value in use calculation for 31 December 2017 and 31 December 2016. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of trademarks:

- (a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- (b) Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant CGU.
- (c) Raw materials price fluctuation — Reference is made to the actual data of the past year of countries from where raw materials are sourced.

The values assigned to key assumptions are consistent with external information sources.

17. 無形資產(續)

商標減值測試

商標所屬於的多美滋嬰兒配方奶粉產品現金產出單位的可收回金額乃以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。推算五年期以後現金流量的貼現率為16.87% (2016: 14.22%)。多美滋嬰幼兒配方奶粉現金產生單位現金流量增長率根據涵蓋五年期之財務預算確定為3% (2016年: 3%)。

在計算2017年12月31日及2016年12月31日的使用價值時採用若干假設。管理層按現金流量預測進行商標減值測試所依據的各項主要假設詳述如下：

- (a) 預算毛利率 — 用於釐定預算毛利率價值的基準乃緊接預算年度前一年所達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- (b) 折現率 — 所用折現率乃稅前並反映有關現金產出單位的特定風險。
- (c) 原材料價格變動 — 參考原料採購國家往年實際數據。

主要假設的價值與外部數據來源一致。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

17. INTANGIBLE ASSETS (Continued)

Impairment testing of trademarks (Continued)

The sensitivity analysis for Dumex infant formula products CGU to which the trademarks belong on the key assumptions used in the calculation of value in use, taken individually, gives the following results:

		Reasonably possible change 可能發生的合理變動	Impairment 減值 RMB'000 人民幣千元
Revenue growth rate	收入增長率	Decrease 1% 降低1%	89,158
Gross margin rate	毛利率	Decrease 3% 降低3%	96,647

17. 無形資產(續)

商標減值測試(續)

計算商標所屬於的多美滋品牌產品現金產出單位的使用價值時有幾項關鍵假設，通過對其分別進行敏感性分析，得出結果如下：

18. GOODWILL

As at 31 May 2016, Yashili (Guangdong) (the "acquirer"), a subsidiary of the Group, acquired a 100% equity interest in Dumex China (the "acquiree"). The business acquisition gave rise to goodwill of RMB718,476,000.

In 2015, Yashili (Guangdong) (the "acquirer"), a subsidiary of the Group, acquired a 100% interest in Oushi Mengniu (the "acquiree"), a subsidiary of Mengniu Dairy, which is also the ultimate holding company of the Group. The acquirer recorded goodwill amounting to RMB272,760,000, which was originally recorded in the book of Mengniu Dairy as a result of the Mengniu Dairy's acquisition of Oushi Mengniu in a previous year.

18. 商譽

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日賬面值	991,236	272,760
Acquisition of a subsidiary	收購一家子公司	—	718,476
Carrying amount at 31 December	於12月31日的賬面價值	991,236	991,236

於2016年5月31日，雅士利(廣東)(「收購方」)，本集團的一家子公司，收購多美滋中國(「被收購方」)100%股權。此項業務收購帶來價值人民幣718,476,000元之商譽。

於2015年，雅士利(廣東)(「收購方」)，本集團的一家子公司，收購了歐世蒙牛(「被收購方」)(本集團的控股公司蒙牛乳業的一家子公司)的100%股權。收購方賬面記錄了人民幣約272,760,000元的商譽。該商譽為過往年度蒙牛乳業收購歐世蒙牛股權時產生。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

18. GOODWILL (Continued)

Impairment testing of goodwill

The above goodwill is allocated to the following groups of cash-generating units for impairment testing which is in line with the way in which the Company manages its business:

- Infant milk formula products cash-generating unit group, and
- Nutrition products cash-generating unit group.

The carrying amounts of goodwill reallocated to the infant milk formula products cash-generating unit group and nutrition products cash-generating unit group are RMB932,984,000 and RMB58,252,000, respectively.

The recoverable amounts of the infant milk formula products cash-generating unit group and nutrition products cash-generating unit group have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.70% (2016: 14.17%). The growth rate used to extrapolate the cash flows of the infant milk formula products and nutrition products CGUs beyond the five-year period are 3% and 3% (2016: 3% and 3%).

18. 商譽(續)

商譽減值測試

本集團根據管理業務的方式，將上述商譽重分配到以下兩個現金產出單元組以做減值測試：

- 嬰兒配方奶粉產品現金產出單位組合，和
- 營養品現金產出單位組合。

被重新分配到嬰兒配方奶粉現金產生單位組合和營養品現金產生單位組合的商譽分別為人民幣932,984,000元和人民幣58,252,000元。

嬰兒配方奶粉產品現金產出單位組合和營養品現金產出單位組合的可收回金額乃以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。推算五年期以後現金流量的貼現率為14.70% (2016年：14.17%)。嬰幼兒配方奶粉產品和營養品現金產生單位現金流量增長率根據涵蓋五年期之財務預算確定為3%和3% (2016年：3%和3%)。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Assumptions were used in the value in use calculation for 31 December 2017 and 2016. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

- (a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected increase in production costs.
- (b) Discount rates — The discount rate used is before tax and reflects specific risks relating to the relevant group of CGUs.
- (c) Raw materials price fluctuation — Reference is made to the actual data of the past year of countries from where the raw materials are sourced.

The values assigned to key assumptions are consistent with external information sources.

The sensitivity analysis for the infant milk formula product cash-generating unit group on the key assumptions used in the calculation of value in use, taken individually, gives the following results:

		Reasonably possible change 可能發生的合理變動	Impairment 減值 RMB'000 人民幣千元
Revenue growth rate	收入增長率	Decrease 3% 降低3%	168,164
Gross margin rate	毛利率	Decrease 5% 降低5%	470,533

In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the nutrition products cash-generating unit group's carrying amount to exceed its recoverable amount.

18. 商譽(續)

商譽減值測試(續)

在計算2017年及2016年12月31日的使用價值時採用若干假設。管理層按現金流量預測進行商譽減值測試所依據的各項主要假設詳述如下：

- (a) 預算毛利率—用於釐定預算毛利率價值的基準乃緊接預算年度前一年所達致的平均毛利率，並因應預計效能提升及預期生產成本增加而予以調整。
- (b) 折現率—所用折現率乃稅前並反映有關現金產出單位的特定風險。
- (c) 原材料價格變動—參考原料採購國家往年實際數據。

主要假設的價值與外部數據來源一致。

計算嬰兒配方奶粉產品現金產出單位組合的使用價值時有幾項關鍵假設，通過對其分別進行敏感性分析，得出結果如下：

Reasonably possible change 可能發生的合理變動	Impairment 減值 RMB'000 人民幣千元
Decrease 3% 降低3%	168,164
Decrease 5% 降低5%	470,533

本集團董事認為，營養品現金產出單位組合的可回收價值所依據的關鍵假設發生任何可能的合理變動，都不會導致賬面價值超過可回收價值。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Impairment	Tax losses	Accruals	Others	Total
		資產減值	稅務虧損	預提費用	其他	合計
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於2017年1月1日	10,152	108,255	62,738	21,805	202,950
Debited/(credited) to the statement of profit or loss	年內於損益表計入的遞延稅項	10	(1,393)	17,994	44,735	15,199
Charged to other comprehensive income	其他全面收益內支賬		(12)	(1,680)	—	—
						(1,692)
At 31 December 2017	於2017年12月31日	8,747	124,569	107,473	37,004	277,793
At 1 January 2016	於2016年1月1日	1,971	73,749	62,923	15,012	153,655
Debited/(credited) to the statement of profit or loss	年內於損益表計入的遞延稅項	10	8,905	24,935	(185)	5,345
Charged to other comprehensive income	其他全面收益內支賬		—	1,720	—	—
Transfer to assets classified as held for sale	轉撥自持有待售		724	7,851	—	—
						8,575
At 31 December 2016	於2016年12月31日	10,152	108,255	62,738	21,805	202,950

19. 遞延稅項

年內遞延所得稅資產項和負債項的變動如下：

遞延所得稅資產



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

19. DEFERRED TAX (Continued)

Deferred tax liabilities

		Interest income accruals	Others	Total
		定期存款 利息預提	其他	合計
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017 (Debited)/credited to the statement of profit or loss	於2017年1月1日 年內於損益表計入的 遞延稅項	7,482	31	7,513
	10	11,905	—	11,905
At 31 December 2017	於2017年12月31日	19,387	31	19,418
At 1 January 2016 (Debited)/credited to the statement of profit or loss	於2016年1月1日 年內於損益表計入的 遞延稅項	3,742	95	3,837
	10	3,740	(64)	3,676
At 31 December 2016	於2016年12月31日	7,482	31	7,513
			2017	2016
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Represented by:	其中包括：			
— Deferred tax assets	— 遞延稅項資產	277,793		202,950
— Deferred tax liabilities	— 遞延稅項負債	(19,418)		(7,513)
		258,375		195,437

As at 31 December 2017, all the assets of Yashili New Zealand including deferred tax assets of RMB39,607,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

Management expects it is probable that taxable profits will be available against which the above tax losses and deductible temporary differences can be utilised in the coming years.

19. 遞延稅項(續)

遞延所得稅負債

	Interest income accruals	Others	Total
	定期存款 利息預提	其他	合計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017 (Debited)/credited to the statement of profit or loss	7,482	31	7,513
	11,905	—	11,905
At 31 December 2017	19,387	31	19,418
At 1 January 2016 (Debited)/credited to the statement of profit or loss	3,742	95	3,837
	3,740	(64)	3,676
At 31 December 2016	7,482	31	7,513
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元

截止2017年12月31日，新西蘭乳業的全部資產包括價值人民幣39,607,000元的遞延稅項資產處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

管理層預期未來年度有可能出現應課稅利潤，可用以抵扣上述稅項虧損及可扣減暫時性差異。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

19. DEFERRED TAX (Continued)

Deferred tax assets have not been recognised in respect of the following item:

	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Tax losses arising in Mainland China (i) 於中國大陸產生的稅項虧損(i)	2,515,312	2,218,755

- (i) The above tax losses are available for a maximum of five years to offset against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that there will be taxable profit available to against the tax losses in the future.

The following deferred tax liabilities have not been recognised in respect of the following items:

At 31 December 2017, temporary differences relating to the undistributed profits of the subsidiaries established in Mainland China amounted to RMB413,557,000 (2016: RMB630,749,000). Deferred tax liabilities have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained earnings, as the Company controls the dividend policy of these subsidiaries in Mainland China and the directors have determined that these profits are not likely to be distributed in the foreseeable future.

19. 遞延稅項(續)

遞延稅項資產並未就下列項目確認：

	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Tax losses arising in Mainland China (i) 於中國大陸產生的稅項虧損(i)	2,515,312	2,218,755

- (i) 上述稅項虧損可用以抵銷公司產生虧損日後應課稅利潤最多五年。

就上述各項的遞延稅項資產並無而予以確認，原因是本集團不大可能擁有未來應課稅利潤用以抵銷未動用稅項虧損。

未確認的遞延稅項負債：

於2017年12月31日，與在中國大陸成立的子公司的未分配利潤有關之暫時性差異為人民幣413,557,000元(2016年：人民幣630,749,000元)。由於本公司控制此等在中國大陸的子公司的股息政策，並且董事已確定於可見的將來溢利將不會被分配，故未有確認於分配此等留存溢利時須要繳納的預提稅款為遞延稅項負債。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

20. INVENTORIES

20. 存貨

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Raw materials	原材料	208,142	201,218
Finished goods	成品	398,607	211,591
Work in progress	半成品	161,501	180,259
Packing materials	包裝材料	16,985	25,915
Low value consumables	低價消耗品	1,089	893
Total	合計	786,324	619,876

As at 31 December 2017, all the assets of Yashili New Zealand including inventories of RMB152,961,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

截至2017年12月31日，新西蘭乳業的全部資產包括價值人民幣152,961,000元的存貨處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

21. TRADE AND BILLS RECEIVABLES

21. 貿易應收款及票據

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款及票據	153,455	162,138
Impairment	減值	(9,119)	(747)
		144,336	161,391

The Group normally allows a credit limit and credit term to its customers which is adjustable in certain circumstances. 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. Trade and bills receivables are non-interest-bearing.

本集團通常給予客戶特定信貸額度和信貸期限，並可在特定情況下調整。鑒於上文所述及本集團的貿易應收款及票據與大量不同類別的客戶有關，故並無重大信貸集中風險。貿易應收款及票據並無附帶利息。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

21. TRADE AND BILLS RECEIVABLES (Continued)

The aging analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within 3 months	三個月以內	126,288	117,057
3 to 6 months	三至六個月	4,606	38,521
More than 6 months	六個月以上	13,442	5,813
		144,336	161,391

As at 31 December 2017, all the assets of Yashili New Zealand including trade receivables of RMB101,608,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

The movements in provision for impairment of trade and bills receivables are as follows:

			2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
At 1 January	於1月1日		747	421
Impairment losses recognised	已確認的減值損失	7	7,495	296
Transfer from assets of a disposal group classified as held for sale	轉自持有待售		877	30
At 31 December	於12月31日		9,119	747

There was no provision made for individually impaired trade and bills receivables at 31 December 2017 and 31 December 2016.

21. 貿易應收款及票據(續)

於報告期末，經扣除撥備的應收賬款及應收票據按發票日期的賬齡分析如下：

截至2017年12月31日，新西蘭乳業的全部資產包括價值人民幣101,608,000元的貿易應收款處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

貿易應收款及票據減值撥備的變動如下：

2017年12月31日和2016年12月31日均沒有個別減值貿易應收賬款及票據計提的撥備。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

21. TRADE AND BILLS RECEIVABLES (Continued)

The aging analysis of the trade receivables, that are neither individually nor collectively considered to be impaired, is as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Neither past due nor impaired	並未逾期或減值	129,600	81,656
Less than 3 months past due	逾期少於三個月	7,096	16,318
		136,696	97,974

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The amounts due from related parties of the Group included in the trade receivables are as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股股東的子公司	2	9,953
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其附屬公司	98,796	—
		98,798	9,953

The above amounts are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to the major customers of the Group.

21. 貿易應收款及票據(續)

並未個別或整體被視為已減值之貿易應收款之賬齡分析如下：

既未逾期亦無減值之應收款項乃與大量不同類別的客戶有關，彼等在近期並無拖欠款項之記錄。

到期未付但並無減值之應收款項乃與一些獨立客戶有關，該等客戶在本集團內有良好的交易記錄。根據過往經驗，董事認為無需就該等結餘計提減值撥備，皆因信貸質量並無重大的變化而結餘被認為依然可以全數收回。

列入貿易應收款的應收本集團關聯方款項如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股股東的子公司	2	9,953
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其附屬公司	98,796	—
		98,798	9,953

上述款項為無抵押、免息及須按給予本集團主要客戶的類似信貸期限償還。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

22. 預付款、押金及其他應收款項

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Value-added tax recoverable	待抵扣增值稅	81,065	35,098
Interest receivable	應收利息	57,116	10,796
Prepayments for purchase of raw materials	購買原材料的預付款	14,939	10,886
Advances to sales offices	聯絡點備用金	3,172	3,365
Other receivables arising from promotion services	應收市場推廣費用	—	91,999
Prepayments for purchase of advertising services	預付廣告開支	—	2,802
Others	其他	38,359	41,780
		194,651	196,726
Less: Non-current prepayments	減：一年以上的長期待攤費用	3,462	5,496
Total	合計	191,189	191,230

The amounts due from related parties included in prepayments, deposits and other receivables are as follows:

列入預付款、押金及其他應收款項的應收關聯方款項如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股股東的子公司	33	3,600
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東及其聯屬公司	241	—
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其附屬公司	1,641	70,296
		1,915	73,896



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

As at 31 December 2017, all the assets of Yashili New Zealand including prepayments, deposits and other receivables of RMB9,209,000 were collateralised for a bank loan of RMB66,883,000 under a general security agreement (2016: Nil).

Except the amounts disclosed above, the amounts due from related parties as at 31 December 2017 and 2016 were unsecured, non-interest-bearing and had no fixed terms of repayment.

23. OTHER FINANCIAL ASSETS

22. 預付款、押金及其他應收款項(續)

截止2017年12月31日，新西蘭乳業的全部資產包括價值人民幣9,209,000元的預付款、押金及其他應收款項處於一般保證協議下，以獲取數額約為人民幣66,883,000元的銀行貸款(2016年：無)。

除上述金額外，2017年及2016年12月31日應收關聯結餘均為無抵押及免息，沒有固定還款日期。

23. 其他金融資產

	Note	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Bank wealth management products 商業銀行財富投資產品	(i)	724,748	476,994

Note:

- (i) As at 31 December 2017, the Group's bank wealth management products were mainly financial products purchased from banks with good credit ratings with expected annual interest rates of 2.0% to 5.1% (31 December 2016: 3.1% to 4.0%). These investments were acquired with original maturity of one month to one year and were not allowed to be withdrawn prior to the maturity date without the banks' consent.

As at 31 December 2017, the bank wealth management products amounting to RMB199,105,000 (2016: Nil) was pledged to secure letters of credit and an interest-bearing bank loan.

附註：

- (i) 於2017年12月31日，本集團的商業銀行財富投資產品主要為從良好的信貸評級的銀行購買的金融產品，預期的年利率為2.0%至5.1%(2016年12月31日：3.1%至4.0%)。這些投資為一個月到一年到期且到期前沒有銀行的同意不得撤回。

於2017年12月31日，兩項金額為人民幣199,105,000(2016年：無)商業銀行財富投資產品被質押用於擔保信用證和一項計息銀行銀行貸款。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

24. CASH AND BANK BALANCES AND OTHER DEPOSITS

24. 現金及銀行結餘及保證金存款

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	668,962	581,491
Pledged deposits	受限制的銀行存款	243,621	803,123
Time deposits with original maturity of more than three months	原到期日為三個月以上的定期存款	1,079,433	1,441,254
		1,992,016	2,825,868
Less: Short-term pledged deposits for banking facilities	減：銀行融資之短期保證金存款	243,621	803,123
Less: Long-term bank deposits	減：長期銀行存款	—	379,927
Cash and bank balances	現金及銀行結存	1,748,395	1,642,818

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
The above balances denominated in:	以下列貨幣列值的現金及銀行結餘：		
— RMB	— 人民幣	1,919,656	2,473,884
— United States Dollar ("USD")	— 美元	57,925	307,206
— Hong Kong Dollar ("HKD")	— 港幣	14,182	2,008
— European Dollar ("EUR")	— 歐元	247	34,686
— New Zealand Dollar ("NZD")	— 紐幣	6	8,083
		1,992,016	2,825,868

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at the prevailing market interest rates. As at 31 December 2017, the effective annual interest rates of short-term time deposits were approximately 1.1% to 8.5% (31 December 2016: 1.5% to 8.5%). The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As of 31 December 2017, other than certain bank loans secured by time deposits amounting to RMB234,731,000 (2016: RMB798,905,000), a deposit of RMB8,890,000 (2016: RMB4,218,000) was pledged for letters of credit.

人民幣並非可自由兌換為其他貨幣。然而，根據中國大陸的外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行，將人民幣匯兌為其他貨幣。

銀行現金按通行市場利率計息。於2017年12月31日，短期定期存款的實際年利率約為1.1%至8.5%（2016年12月31日：1.5%至8.5%）。銀行結餘及已抵押存款於近期無違約記錄且信譽良好的銀行儲存。

於2017年12月31日，除了一些銀行貸款是通過定期存款人民幣234,731,000元（2016年：人民幣798,905,000元）進行抵押，尚有人民幣8,890,000元存款（2016年：人民幣4,218,000元）被作為開具信用證的保證金。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

25. TRADE PAYABLES

The aging analysis of the Group's trade payables, based on the invoice date, as at the reporting date is as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within 3 months	三個月以內	116,634	222,504
3 to 6 months	三個月至六個月	122,870	12,356
More than 6 months	六個月以上	98,936	2,761
		338,440	237,621

The amounts due to related parties included in trade payables are as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of a substantial shareholder	對本集團有重大影響的投資方的 附屬公司	127	—
Subsidiaries of the parent's main shareholder	最終控股公司一主要股東的聯屬公司	18,695	9,758
Subsidiaries of the ultimate holding company	最終控股股東的子公司	23,205	2,997
		42,027	12,755

Trade payables, including amounts due to related parties, are non-interest-bearing and are normally settled within one month to three months.

25. 貿易應付款

於報告日期，本集團根據發票日期的貿易應付款的賬齡分析如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within 3 months	三個月以內	116,634	222,504
3 to 6 months	三個月至六個月	122,870	12,356
More than 6 months	六個月以上	98,936	2,761
		338,440	237,621

列入貿易應付款的應付關聯方的款項如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of a substantial shareholder	對本集團有重大影響的投資方的 附屬公司	127	—
Subsidiaries of the parent's main shareholder	最終控股公司一主要股東的聯屬公司	18,695	9,758
Subsidiaries of the ultimate holding company	最終控股股東的子公司	23,205	2,997
		42,027	12,755

貿易應付款，包括應付關聯方的賬款，為不計息且一般於一至三個月內結算。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

26. OTHER PAYABLES AND ACCRUALS

26. 其他應付款及應計費用

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Advances from customers	客戶預付款	289,320	135,383
Accrued payroll	應計薪金	158,160	129,581
Termination benefits payables	應付離職補償	7,103	53,595
Interest payables	應付利息	194	239
Other tax payables	其他應付稅項	28,089	15,783
Guarantee deposits from customers	收取客戶的保證金	67,280	66,513
Accrued expenses	預提費用	429,849	363,052
Payables for constructions of property, plant and equipment	應付工程款	30,849	61,068
Customer loyalty program	客戶忠誠計劃 (i)	—	—
Others	其他	26,814	37,019
		1,037,658	862,233

(i) Customer loyalty program

(i) 客戶忠誠計畫

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
At 1 January	於1月1日	—	3,203
Additions	增加	—	—
Recognised as revenue during the year	年內已確認收入	—	(3,203)
At 31 December	於12月31日	—	—

The amounts due to related parties included in other payables and accruals are as follows:

列入其他應付款項和應計費用的應付關聯方的款項如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股公司的子公司	—	414
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的聯屬公司	40	—
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其附屬公司	4,639	—
		4,679	414



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

27. INTEREST-BEARING BANK LOANS

27. 計息銀行借款

		As at 31 December 2017 於2017年12月31日			As at 31 December 2016 於2016年12月31日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期時間	RMB'000 人民幣 千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期時間	RMB'000 人民幣 千元
Current	即期						
Short term bank loans:	短期銀行貸款：						
— Pledged loans	— 質押借款	0.80 to 3.30*	2018	262,813	1.50 to 1.54	2017	743,091
— Guaranteed loans	— 擔保借款	—	—	—	1.47 to 3.92	2017	300,000
— Pledged and guaranteed loans	— 抵押借款及 擔保借款	2.41 to 2.76**	2018	66,883	—	—	—
— Credit loans	— 信用借款	1.47***	2018	200,000	3.92	2017	100,000
				529,696			1,143,091

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Bank loans denominated in	銀行貸款		
— RMB	— 以人民幣計值	249,421	400,000
— USD	— 以美元計值	33,799	673,767
— HKD	— 以港幣計值	128,729	69,324
— EUR	— 以歐元計值	52,197	—
— NZD	— 以紐幣計值	53,498	—
— Australian Dollar (“AUD”)	— 以澳元計值	12,052	—
		529,696	1,143,091

(a) As at 31 December 2017, bank loans with an aggregate amount of approximately RMB213,392,000 (31 December 2016: RMB743,091,000) were secured by time deposits amounting to RMB234,731,000 (31 December 2016: RMB798,905,000).

(a) 於2017年12月31日，一些總數額約為人民幣213,392,000元(2016年12月31日：人民幣743,091,000元)的銀行貸款以人民幣234,731,000元(2016年12月31日：人民幣798,905,000元)的定期存款進行質押。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

27. INTEREST-BEARING BANK LOANS(Continued)

(b) As at 31 December 2017, a bank loan for letters of credit with an amount of approximately RMB49,421,000 (31 December 2016: Nil) was secured by a bank wealth management product amounting to RMB49,052,000 (31 December 2016: Nil).

(c) As at 31 December 2017, a bank loan of RMB66,883,000 (31 December 2016: Nil) was guaranteed by Yashili International Group Ltd., and was also secured by the total the assets of Yashili New Zealand under a general security agreement. As at 31 December 2017, the carrying amount of the total assets of Yashili New Zealand was NZD305,333,000 (approximately equal to RMB1,414,516,000).

* The contracted interest rate is HIBOR+0.7, EURIBOR¹+0.8, BBSW²+0.8, LIBOR+0.8 or 3.3.

** The contracted interest rate is BKBM³+0.85 or LIBOR+0.85.

*** The contracted interest rate is 1.47 + National trade interest discount⁴.

1. EURIBOR: The Euro Interbank Offered Rate (EURIBOR) is a daily reference rate, published by the European Money Markets Institute for Eurozone banks.

2. BBSW: The Bank Bill Swap Bid Rate (BBSW) is a base rate in Australia.

3. BKBM: The New Zealand Bank Bill Benchmark Rate (BKBM) is a base rate in New Zealand.

4. National trade interest discount: A financial subsidy granted by government for minorities business.

27. 計息銀行借款(續)

(b) 於2017年12月31日，一項數額約為人民幣49,421,000元(2016年12月31日：無)的信用證銀行貸款以一項人民幣49,052,000元(2016年12月31日：無)的商業銀行財富投資產品進行質押。

(c) 於2017年12月31日，數額約為人民幣66,883,000元(2016年12月31日：無)的銀行貸款由雅士利國際集團有限公司進行擔保，同時新西蘭乳業截至2017年12月31日價值約為紐幣305,333,000元(約等於人民幣1,414,516,000元)的全部資產處於一般保證協議下，以獲取該借款。

* 合同利率為HIBOR+0.7·EURIBOR¹+0.8·BBSW²+0.8·LIBOR+0.8或3.3。

** 合同利率為BKBM³+0.85或LIBOR+0.85。

*** 合同利率為1.47+民貿貼息⁴。

1. EURIBOR：歐元銀行間利率為歐洲貨幣市場署發佈每日參考匯率。

2. BBSW：澳大利亞銀行票據基準利率為澳大利亞金融市場中的基礎參考匯率。

3. BKBM：新西蘭銀行票據基準利率為新西蘭金融市場中的基礎參考匯率。

4. 民貿貼息：政府給與少數民族企業的一項財政支持。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

28. DEFERRED INCOME

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
As at beginning of the year	年初結餘	3,329	4,412
Amortisation for the year	年內攤銷	(1,084)	(1,083)
As at end of the year	年末結餘	2,245	3,329

Deferred income mainly represented the government grants received for the acquisition of a new plant and for certain technical innovation and production line expansion projects. These grants are deferred over the useful lives of the relevant assets and the amount recognised as other income and gains in 2017 was RMB1,084,000 (2016: RMB1,083,000).

28. 遞延收益

遞延收益主要指就購置新廠房及若干技術創新及生產線擴充項目獲得的政府補助。該等補助於有關資產的可使用年期內遞延入賬，於2017年確認為其他收入及收益的與資產支出相關的金額為人民幣1,084,000元(2016年：人民幣1,083,000元)。

29. SHARE CAPITAL

		Notes 附註	Number of shares 股份數目 '000 千股	Nominal value 面值 RMB'000 人民幣千元
Authorised:	已註冊：			
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股	(i)	10,000,000	861,600
Ordinary shares, issued and fully paid:	已發行、已繳足：			
Shares issued upon the Reorganisation in 2010	於2010年重組時發行的股份	(ii)	100	9
Capitalisation issue in 2010	於2010年資本化發行	(iii)	2,925,900	251,364
Shares issued by share offer in 2010	於2010年透過股份發售發行股份	(iv)	574,000	49,312
Shares repurchased in 2011	於2011年股份回購	(v)	(10,000)	(818)
Accumulated share options exercised up to 2014	2014年前累計股權計劃行權		69,170	5,665
Shares issued to Danone Asia in 2016	於2015年向達能亞洲發行股權	(vi)	1,186,390	93,820
At 31 December 2016 and 2017	於2016年及2017年12月31日		4,745,560	399,352

29. 股本

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

29. SHARE CAPITAL (Continued)

Notes:

- (i) The Company was incorporated on 3 June 2010 with authorised capital of 3,800,000 shares at HK\$0.10 per share. As part of a reorganisation of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2010 (the "Reorganisation"), the authorised share capital of the Company was increased to HK\$1,000,000,000 (equivalent to RMB861,600,000) divided into 10,000,000,000 shares of HK\$0.10 each.
- (ii) On 2 July 2010, as part of the Reorganisation, the Company issued a total of 99,999 shares at HK\$0.10 per share equivalent to RMB9,000 to the shareholder of Yashili (Guangdong) as the consideration to acquire Yashili (Guangdong).
- (iii) Pursuant to the resolution of the Company's shareholders passed on 8 October 2010, the authorised share capital of the Company was increased from HK\$380,000 to HK\$1,000,000,000; in addition, 2,925,900,000 ordinary shares of HK\$0.1 each were issued at par value to the shareholders of the Company as at 8 October 2010 by way of capitalisation of HK\$292,590,000 (equivalent to RMB251,364,000) from the Company's share premium account.
- (iv) A total of 3,500,000,000 shares of the Company were listed on the Stock Exchange on 1 November 2010 ("IPO"), among which 644,000,000 shares (18.4% of the total number of shares of the Company) were issued to the public, comprising 574,000,000 new shares and 70,000,000 sale shares. The gross proceeds received by the Company from the IPO were approximately HK\$2,411 million.
- (v) On 10 June 2011 and 13 June 2011, the Company repurchased all of its own ordinary shares of 10,000,000 at an aggregate price (including a transaction fee and commission) of HK\$18,728,000 (equivalent to RMB15,538,000), which was deducted from reserves.

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of HK\$1,000,000 (equivalent to RMB818,000) was transferred to the capital redemption reserve. The premium and transaction costs paid on the repurchase and cancellation of the shares of HK\$17,728,000 (equivalent to RMB14,720,000) were charged to reserves.

29. 股本(續)

附註：

- (i) 本公司於2010年6月3日註冊成立，法定股本為3,800,000股，每股面值為0.1港元的股份。作為本集團於2010年為籌備本公司股份於香港聯合交易所有限公司(「香港聯交所」)主板上市而進行的重組(「重組」)的一部分，其法定股本增至港幣1,000,000,000元(相當於人民幣861,600,000元)，分為10,000,000千股，每股面值0.10港元的股份。
- (ii) 於2010年7月2日，作為重組的一部分，本公司向雅士利(廣東)當時每名股東發行合共99,999股每股面值0.1港元的股份，相等於人民幣9,000元，作為本公司收購雅士利(廣東)的對價。
- (iii) 根據本公司股東於2010年10月8日通過的決議案，本公司的法定股本由380,000港元增加至1,000,000,000港元；此外，透過從本公司股份溢價賬撥充292,590,000港元(相當於人民幣251,364,000元)作資本，本公司於2010年10月8日按面值向其股東發行2,925,900,000股每股面值0.1港元的普通股。
- (iv) 本公司的股份於2010年11月1日在香港聯交所上市(「首次公開發行」)，總數為3,500,000,000股，其中644,000,000股(佔本公司股份總數的18.4%)向公眾人士發行，其中包括574,000,000千股新股及70,000,000股銷售股份。本公司收取的首次公开发行的所得款項總額約為2,411百萬港元。
- (v) 於2011年6月10日及6月13日，本公司共回購其自身的普通股10,000,000股，總價格(含手續費及佣金)為港幣18,728,000元(相當於人民幣15,538,000元)，並已於儲備中扣除。

回購股份已被註銷，而本公司對已發行股本亦已相應減去該等回購股份的面值。依照香港公司條例第49H章節，註銷股份的面值港幣1,000,000元(等值人民幣818,000元)轉入股份回購儲備中。就回購及註銷股份所支付的溢價及交易成本港幣17,728,000元(等值人民幣14,720,000元)已在儲備中扣除。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

29. SHARE CAPITAL (Continued)

Notes: (Continued)

- (vi) On 30 October 2014, the Company, Mengniu International and Danone Asia entered into a Subscription Agreement pursuant to which, among other things, Danone Asia has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,186,390,074 subscription shares at the subscription price of HK\$3.70 per subscription share.

The share subscription has been approved by the Company's shareholders at an extraordinary general meeting on 28 November 2014.

On 12 February 2015, the Company received all the share subscription proceeds of HK\$4,389,643,000, equivalent to RMB3,471,330,000, among which RMB93,820,000 was accounted for as share capital, and the remaining, after deducting issuance cost, amounting to RMB3,374,773,000 was accounted for as share premium.

30. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

Scient (China) is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is primarily engaged in the production and sale of dairy products.

In December 2015, the Company decided to dispose of Scient (China) to improve the Group's capacity utilization. As at 31 December 2016, the negotiation for the sale of Scient (China) is still in the process and therefore the assets and liabilities directly related to Scient (China) were classified as a disposal group held for sale.

On 22 December 2017, Scient (China) entered into an agreement regarding the disposal of a piece of land, together with certain property, plant and equipment on the land to the local government authority.

The disposal transaction had not been completed until January 2018. As such, as at 31 December 2017, the related assets continued to be classified as a disposal group classified as held for sale, while other assets and liabilities of Scient (China) ceased to be classified as a disposal group held for sale.

29. 股本(續)

附註：(續)

- (vi) 2014年10月30日，本公司、蒙牛國際及達能亞洲簽訂了認購協定，其中據此，達能亞洲已附條件同意認購，且本公司已附條件同意配發及發行1,186,390,074股認購股份。認購價格為每股認購股份3.70港元。

於2014年11月28日該股份認購已獲本公司股東在股東特別大會上批准。

於2015年2月12日，本公司收到全部股權認購款4,389,643,000港元，約合人民幣3,471,330,000元，其中人民幣93,820,000元計入已發行股本，剩餘金額在扣除發行費用後約人民幣3,374,773,000元計入股本溢價。

30. 分類為持有待售的處置組資產及與分類為持有待售資產直接相關的負債

施恩(中國)是本公司在中國註冊的全資附屬公司，主要從事乳制品的生產和銷售。

於2015年12月，本公司決定處置施恩(中國)以提升集團產能利用率。直至2016年12月31日，有關出售施恩(中國)仍在進行中，因此相關資產和負債仍被分類為持有代售資產組。

2017年12月22日，施恩(中國)與政府機構達成一項處置一項土地使用權和附屬的物業、廠房及設備的協議。

該處置交易於2018年1月完成。因此，於2017年12月31日，相關資產繼續被劃分為一項持有待售資產組，而施恩(中國)的其他資產及負債則不再被劃分為持有待售資產組。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

30. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The major classes of assets and liabilities classified as held for sale as at 31 December 2017 are as follows:

30. 分類為持有待售的處置組資產及與分類為持有待售資產直接相關的負債(續)

於2017年12月31日持有待售資產及負債如下：

			2017	2016
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Assets:	資產：			
Property, plant and equipment	物業、廠房及設備	13	159,550	127,166
Land use rights	土地使用權		27,687	27,687
Intangible assets	無形資產	17	—	645
Trade receivables	貿易應收款		—	39
Prepayments, deposits and other receivables	預付款項、押金及其他應收款		—	3,068
Cash and short term deposits	現金及銀行結存		—	1,080
Investment properties	投資物業		—	44,774
Assets classified as held for sale	分類為持有待售的處置資產		187,237	204,459
Liabilities:	負債：			
Trade payables	貿易應付賬款		—	(201)
Other payables and accruals	其他應付款及應計費用		—	(4,787)
Liabilities directly associated with assets classified as held for sale	分類為持有待售資產直接相關的負債		—	(4,988)
Net assets directly associated with the disposal group	與處置組直接相關的淨資產		187,237	199,471



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

31. BUSINESS COMBINATION

Acquisition of Dumex China in 2016

On 31 May 2016, the Group acquired a 100% equity interest in Dumex China from Danone Asia. Dumex China is mainly engaged in the manufacture and sale of infant formula products under the Dumex China brand. The acquisition was made as part of the Group's strategy to expand its market share of infant formula products in Mainland China.

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

31. 業務合併

於2016年收購多美滋中國

於2016年5月31日，本集團向達能亞洲收購其全資子公司多美滋中國100%股權。該公司主要從事多美滋中國品牌嬰幼兒配方奶粉產品的生產與銷售。作出收購事項乃本期團擴張中國大陸嬰幼兒配方奶粉業務的一部分。

於收購日期，多美滋中國之可識別資產淨值及負債之公允值如下：

		Notes	Fair value recognized on acquisition 收購時確認之 公允值 RMB'000 人民幣千元
		附註	
Assets	資產		
Property, plant and equipment	物業、廠房及設備	13	68,290
Construction in progress	在建工程	14	7,473
Land use rights	土地使用權	16	41,527
Intangible assets	無形資產	17	283,120
Inventories	存貨		64,945
Trade and bills receivables	貿易應收款及票據		63,887
Prepayments, deposits and other receivables	預付款項、押金及其他應收款項		14,116
Cash and bank balances	現金及銀行結存		112,071
Total assets	資產總額		655,429
Liabilities	負債		
Trade payables	貿易應付款		(43,626)
Other payables and accruals	其他應付款及應計費用		(302,909)
Current tax payable	應付所得稅		(112)
Total liabilities	負債總額		(346,647)
Total identifiable net assets at fair value	按公允值列值之可識別資產總額		308,782
Add: Goodwill arising on acquisition	加：收購產生商譽		718,476
Purchase consideration at fair value	按公允值列值之購買代價		1,027,258

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

31. BUSINESS COMBINATION (Continued)

Acquisition of Dumex China in 2016 (Continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB63,887,000 and RMB14,116,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB63,887,000 and RMB14,116,000.

The Group incurred transaction costs of RMB5,510,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Dumex China is as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	1,099,695
Receipt of adjustments to purchase consideration	收到收購代價補償款	(72,437)
		1,027,258
Cash and cash equivalents acquired	已收購現金及現金等價物	(112,071)
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動產生的現金流量之現金及現金等價物流出淨額	915,187
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動產生的現金流量之收購事項交易成本	5,510
		920,697

Since the acquisition, Dumex China contributed RMB101,089,000 to the Group's revenue and RMB55,905,000 to the consolidated loss for the year ended 31 December 2016.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year ended 31 December 2016 would have been RMB2,332,773,000 and RMB469,437,000, respectively.

31. 業務合併(續)

於2016年收購多美滋中國(續)

於收購日，應收和其他應收賬款的公允價值分別為人民幣63,887,000元和人民幣14,116,000元，賬面價值分別為人民幣63,887,000元和人民幣14,116,000元。

本集團該次收購產生交易費用人民幣5,510,000元，此等交易費用已被費用化，並載入合併利潤表中的行政開支支出項。

有關多美滋中國收購事項之現金流分析列載如下：

自收購後，多美滋中國為本集團的收入貢獻了人民幣101,089,000元，產生了人民幣55,905,000的損失。

若該收購發生於年初，本集團2016年度將分別產生收入人民幣2,332,773,000元及虧損人民幣469,437,000元。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

32. DISPOSAL OF A SUBSIDIARY

Disposal of Yashili (Heilongjiang)

In June 2017, the Group disposed of a 100% equity interest in Heilongjiang Yashili Dairy Co., Ltd (“Yashili (Heilongjiang)”) to an independent third party.

The net assets of Yashili (Heilongjiang) as at the date of disposal were as follows:

32. 處置子公司

處置雅士利(黑龍江)

於2017年6月，本集團將持有的黑龍江雅士利乳業有限公司(以下簡稱「雅士利(黑龍江)」)的100%權益轉讓給了獨立第三方。

於處置日，雅士利(黑龍江)之淨資產如下：

		Notes 附註	RMB'000 人民幣千元
Net assets disposed of:	處置的淨資產賬面價值：		
Property, plant and equipment	物業、廠房及設備	13	25,289
Construction in progress	在建工程	14	41
Land use rights	土地使用權	16	2,496
Intangible assets	無形資產	17	10
Inventories	存貨		588
Prepayments, deposits and other receivables	預付款項、押金及其他應收款項		60
Trade payables	貿易應付款		(635)
Accruals and other payables	應計費用及其他應付款		(11,445)
Tax payable	應付所得稅		41
			16,445
Loss on disposal of a subsidiary	處置子公司損失	6	(11,698)
			4,747
Satisfied by:	收到的對價：		
Cash	現金		4,747

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

32. DISPOSAL OF A SUBSIDIARY (Continued)

Disposal of Yashili (Heilongjiang) (Continued)

An analysis of the cash flows in respect of the disposal of Yashili (Heilongjiang) for the current year is as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	4,747
Cash and bank balances disposed of	處置現金及銀行存款	—
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	計入投資活動產生的現金流量之現金及 現金等價物流出淨額	4,747

32. 處置子公司(續)

處置雅士利(黑龍江)(續)

於本年度，有關處置雅士利(黑龍江)事項之現金流分束列載如下：

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not enter into finance lease arrangements or any other significant non-cash transactions.

(b) Changes in liabilities arising from financing activities

33. 合併現金流量表附註

(a) 主要非現金交易

本年內，本集團未發生金融租賃安排或其他形式的重大非現金交易。

(b) 融資活動引起的負債變動如下：

		Bank and other loans 銀行及其他借款 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	1,143,091
Changes from financing cash flows	融資現金流量的變動	(579,880)
Exchange differences on translation of foreign operations	海外經營外幣報表折算差額	(33,515)
At 31 December 2017	於2017年12月31日	529,696



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

34. PLEDGE OF ASSETS

Details of the Group's pledged assets are included in notes 13, 14, 17, 19, 20, 21, 22, 23 and 24 to the financial statements.

35. OPERATING LEASE ARRANGEMENTS

As Lessee

At the reporting date, the total future minimum lease payments under non-cancellable operating leases in respect of buildings were payable as follows:

34. 資產抵押

有關集團獲資產作抵押的詳情，載於財務報表附註13、14、17、19、20、21、22、23及24。

35. 經營租賃安排

作為承租人

於報告日期，不可取消經營租賃項下就房屋建築物應付的未來最低租賃款項如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within one year	一年內	8,051	7,835
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	4,819	9,914
		12,870	17,749

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35, the Group had the following capital commitments as at the end of the reporting period:

36. 承擔

除附註35詳述的經營租賃承擔外，於報告期末，本集團的資本承擔如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Land and buildings	房屋及建築物	7,592	19
Plant and machinery	機械設備	15,509	36,276
		23,101	36,295

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the years ended 31 December 2017 and 2016:

37. 關聯方交易

(a) 除去在本財務報表其他附註中提及的關聯交易，本集團於截至2017年及2016年12月31日止年度曾與關聯方進行以下重大交易：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Transactions with subsidiaries of the ultimate holding company	與最終控股股東的子公司的關聯方交易		
Sale of raw materials*	銷售原料*	44	115
Sale of milk powder products *	銷售奶粉產品*	753	4,028
Sale of power*	銷售電力*	—	232
Purchase of milk powder products *	購買奶粉產品*	11,573	105,357
Purchase of raw materials*	購買原料*	102,729	77,958
Purchase of complimentary products*	購買搭贈商品*	3,434	—
Income from consigned processing*	委託加工奶粉產品*	33,126	36,713
Service expense*	服務費*	1,096	200
Trade mark licence fee*	商標使用許可費*	—	—
Transactions with subsidiaries of the parent's main shareholder	與最終控股公司的主要股東及其聯屬公司的關聯方交易		
Purchase of packing materials	購買包裝材料	37,338	2,526
Purchase of starch and sugar, etc.	購買澱粉、糖等	5,989	24,046
Transactions with a substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其附屬公司		
Sale of raw materials*	銷售原料*	—	6,341
Sale of base powder*	銷售基粉*	172,131	32,464
Purchase of base powder*	採購基粉*	—	4,143
Testing service income*	檢測服務收入*	3,685	676
Office rental expense*	辦公室租賃費用*	276	127
IT service expense*	信息技術服務費*	195	4,666
Entrusted loan and interest income*	委託貸款及利息收入*	—	582
Training service expense*	培訓服務費*	41	—
Warehouse expense*	倉儲費用*	211	2,020
Income from consigned processing*	委託加工奶粉產品*	14,130	—
Sponsorship for marketing promotion*	市場推廣費*	—	96,324
Transactions with an associate of the ultimate holding company	與最終控股公司的聯營公司的關聯方交易		
Purchase of base powder*	採購基粉*	16,520	—



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

37. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms during the ordinary course of business. The directors have confirmed that the above transactions will continue in the future.

* The above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 21, 22, 25 and 26 to the financial statements.

(c) Compensation of key management personnel of the Group

Key management compensation is detailed in note 9 to the financial statements.

37. 關聯方交易(續)

(a) (續)

本公司董事認為，以上關連方交易乃按一般商業條款進行，並在日常業務過程中進行。董事已確認，以上交易將會於未來繼續進行。

* 上述交易也構成上市規則14A章所界定的關連交易或持續關連交易。

(b) 與關聯方的未償還結餘

有關與關聯方的未償還結餘詳情載於財務報表附註21、22、25及26。

(c) 本集團主要管理人員的酬金

主要管理人員的報酬詳載於財務報表附註9。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

38. 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:

31 December 2017

		Financial assets at fair value through profit or loss 以公允價值變動計入損益計量的金融資產 RMB'000 人民幣千元	Financial assets at amortised cost 以攤餘成本計量的金融資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Financial assets	金融資產			
Trade and bills receivables	貿易應收款及票據	—	144,336	144,336
Prepayments, deposits and other receivables	預付款、押金及其他應收款項	—	69,065	69,065
Other current financial assets	其他金融資產	724,748	—	724,748
Pledged deposits	受限制銀行存款	—	243,621	243,621
Cash and cash equivalents	現金及銀行結存	—	1,748,395	1,748,395
		724,748	2,205,417	2,930,165

		Financial liabilities at fair value through profit or loss 以公允價值變動計入損益的金融負債 RMB'000 人民幣千元	Financial liabilities at amortised cost 以攤餘成本計量的金融負債 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Financial liabilities	金融負債			
Trade payables	貿易應付賬款	—	338,440	338,440
Other payables and accruals	其他應付款及應計費用	—	554,986	554,986
Short-term interest-bearing bank loans	短期計息銀行借款	—	529,696	529,696
		—	1,423,122	1,423,122

38. 按類別劃分的金融工具

於報告期末，各類金融工具的賬面值如下：

2017年12月31日



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

38. FINANCIAL INSTRUMENTS BY CATEGORY (Continued) 38. 按類別劃分的金融工具(續)

31 December 2016

2016年12月31日

		Financial assets at fair value through profit or loss 以公允價值 變動計入損益 計量的金融資產 RMB'000 人民幣千元	Financial assets at amortised cost 以攤餘成本 計量的金融資產 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Financial assets	金融資產			
Trade and bills receivables	貿易應收款及票據	—	161,391	161,391
Prepayments, deposits and other receivables	預付款、押金及其他 應收款項	—	114,932	114,932
Other current financial assets	其他金融資產	426,884	50,110	476,994
Pledged deposits	受限制銀行存款	—	803,123	803,123
Long-term bank deposits	長期銀行存款	—	379,927	379,927
Cash and cash equivalents	現金及銀行結存	—	1,642,818	1,642,818
		426,884	3,152,301	3,579,185
		Financial liabilities at fair value through profit or loss 以公允價值 變動計入損益 的金融負債 RMB'000 人民幣千元	Financial liabilities at amortised cost 以攤餘成本 計量的金融負債 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Financial liabilities	金融負債			
Trade payables	貿易應付賬款	—	237,621	237,621
Other payables and accruals	其他應付款及應計費用	—	253,496	253,496
Short-term interest-bearing bank loans	短期計息銀行借款	—	1,143,091	1,143,091
		—	1,634,208	1,634,208

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

39. 金融工具之公允值及公允值層級

本集團的金融工具的賬面值及公允值，不包括近似於公允值的賬面值，詳情如下：

	Carrying amount		Fair value	
	賬面價值		公允價值	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	2017年12月31日	2016年12月31日	2017年12月31日	2016年12月31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				
Long-term bank deposits	—	379,927	—	389,524
金融資產				
長期銀行存款	—	379,927	—	389,524

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade and bills receivables, other current financial assets, trade payables, financial assets included in prepayments and deposits, interest receivable, and other receivables, financial liabilities included in accruals and customers' deposits, interest payables and other payables and accruals, short-term bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to management. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with management twice a year for interim and annual financial reporting.

管理部門已評估現金和現金等價物、計入流動資產部分的抵押存款、貿易應收款及應收票據、其他金融資產、貿易應付款項、計入預付款及按金、應收利息及其他應收款項的金融資產、計入預提費用及客戶訂金、應付利息及其他應付款項的金融負債、短期計息銀行借款的公允價值與其賬面價值相同，由於這些金融工具的大部分將在短期內到期。

本集團由財務經理負責的財務團隊負責確定金融工具公允價值計量的政策和程序。財務團隊直接向管理層報告。在每個報告日，公司財務團隊分析金融工具價值的變動並確定應用於估值的主要輸入值。該估值由管理層審核與批准。為了中期和年度財務報告，估值過程和結果與管理層每年討論兩次。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of long-term bank deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets for which fair values are disclosed:

39. 金融工具之公允值及公允值層級(續)

金融資產及負債的公允值以該工具自願交易方(強迫或清盤出售除外)當前交易下之可交易金額入賬。下列方法及假設乃用以估計公允價值。

計入非流動資產的長期銀行存款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。

公允值層級

本集團採用以下層級以說明金融工具的公允值計量：

按公允值披露的資產：

Fair value measurement using

公允值計量的應用

Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
重大不可觀察輸入數據 (第三等級)	重大不可觀察輸入數據 (第三等級)
As at 31 December 2017	As at 31 December 2016
於2017年12月31日	於2016年12月31日
RMB'000	RMB'000
人民幣千元	人民幣千元

Other financial assets	其他金融資產	724,748	476,994
Long-term bank deposits	長期銀行存款	—	389,524
		724,748	866,518

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. The Group's accounting policies in relation to derivative financial instruments are set out in note 2.4 above.

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short-term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

40. 財務風險管理目標及政策

本集團除衍生工具外的主要金融工具包括計息銀行貸款、現金及現金等價物及已抵押存款。該等金融工具的主要目的乃為本集團運營籌措資金。本集團擁有多種由其運營直接產生的其他金融資產及負債，如貿易應收款項及應收票據及貿易應付款項。

本集團金融工具產生的主要風險為公允價值及現金流量利率風險，外幣風險，信貸風險及流動資金風險。一般而言，本公司高級管理層會定期召開會議分析及制定政策，管理本集團面臨的該等風險。此外，本公司董事會定期召開會議分析及批准本公司高級管理層提呈的建議。一般而言，本集團於其風險管理中採取保守策略。本集團有關衍生金融工具的會計政策載於上文附註2.4。

(a) 公允價值及現金流量利率風險

公允價值利率風險是指金融工具的價值將因市場利率變動而出現波動的風險。現金流量利率風險是指金融工具的未來現金流量將因市場利率變動而出現波動的風險。由於借款按固定及浮動利率借出，本集團面臨公允價值及現金流量利率風險。

本集團定期審查並監督固定及浮動利率的借款組合，以管理其利率風險。本集團計息銀行貸款及短期存款按攤銷成本列值，而不會定期重估。浮動利率利息收入及開支按賺取/引致的收入及開支計入/扣自損益。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Fair value and cash flow interest rate risks (Continued)

If there was a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB2,803,000 (2016: RMB11,431,000) for the year ended 31 December 2017, with no impact on other components of the consolidated equity, except for retained earnings of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and the Group has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

(b) Foreign currency risk

The Group is exposed to foreign currency risk primarily on bank deposits, other receivables, trade payables and bank loans of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HKD, USD, NZD, and EUR.

40. 財務風險管理目標及政策 (續)

(a) 公允價值及現金流量利率風險(續)

倘按浮動利率計算的銀行貸款的利率整體加息/減息一個百分點，而所有其他變量不變，則截至2017年12月31日止年度，合併稅前利潤將減少/增加約人民幣2,803,000元(2016年：人民幣11,431,000元)，其對本集團合併權益的其他部分並無影響，惟未分配利潤除外。上述敏感度分析是假設利率變動已於各報告期末發生而釐定，本集團已將面臨的利率風險應用於該等日期存在的金融工具。估計一個百分點的增減是管理層對期內直至下一個報告期末為止利率能合理變動的評估。

(b) 外幣風險

本集團的外匯風險主要來自以外幣計價之銀行存款，其他應收款、貿易應付款項以及銀行貸款，即與營運相關交易之功能貨幣以外的貨幣。引致風險之貨幣主要為港幣、美元、紐幣以及歐元。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates to HKD, USD, NZD, and EUR with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities):

		Increase/ (decrease) in RMB exchange rate % 人民幣匯率 上升/(下降)%	Increase/(decrease) in loss before tax	
			2017	2016
			RMB'000	RMB'000
			人民幣千元	人民幣千元
If RMB weakens against the USD	倘人民幣兌美元貶值	(5)	746	(22,415)
If RMB strengthens against the USD	倘人民幣兌美元升值	5	(746)	22,415
If RMB weakens against the HKD	倘人民幣兌港元貶值	(5)	(7,448)	(50,042)
If RMB strengthens against the HKD	倘人民幣兌港元升值	5	7,448	50,042
If RMB weakens against the NZD	倘人民幣兌紐元貶值	(5)	3,823	6,570
If RMB strengthens against the NZD	倘人民幣兌紐元升值	5	(3,823)	(6,570)
If RMB weakens against the EUR	倘人民幣兌歐元貶值	(5)	(3,203)	2,597
If RMB strengthens against the EUR	倘人民幣兌歐元升值	5	3,203	(2,597)

40. 財務風險管理目標及政策(續)

(b) 外幣風險(續)

下表列示在所有其他變數維持不變的情況下，人民幣與港幣、美元、紐幣、以及歐元的兌換率可能出現的合理變動(因貨幣資產及負債的公允值變動導致)對本集團稅前虧損的影響。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Exposure to the credit risk is monitored by management on an ongoing basis.

Details of the Company's credit policy are contained in note 21 to the financial statements.

Majority of the Group's customers have been trading with the Group for years and the Group did not record significant bad debt losses during 2017 and 2016. At the end of the reporting period, the Group had certain concentration of credit risk of the trade receivables as the receivables from the five largest trade debtors represented 84.85% of the total trade receivables as at 31 December 2017 (31 December 2016: 49.35%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

(d) Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that the Group as a whole has always maintained sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

40. 財務風險管理目標及政策 (續)

(c) 信貸風險

本集團的信貸風險主要來自貿易及其他應收款。信貸風險乃由管理層持續監察。

本公司的信用政策載於財務報表附註21。

本集團大部分客戶一直與本集團交易多年，而2017年與2016年中本集團於相關期間內並無錄得重大壞賬虧損。於結算日，本集團有若干集中貿易應收款信貸風險，於2017年12月31日，五大貿易應收款佔總貿易應收款的84.85% (2016年12月31日：49.35%)。

最高信貸風險指合併資產負債表內各金融資產的賬面值。本集團並無提供任何其他擔保致使本集團面臨信貸風險。

有關本集團因應收賬款而須面對之信貸風險之其他量化數據，披露於財務報表附註21。

(d) 流動性風險

本集團管理流動資金的方式為盡可能確保本集團整體於一般及壓力情況下經常保有充裕流動資金，以滿足其到期負債，而毋須產生不可接納的虧損或導致損害本集團的聲譽。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at 31 December 2017 and 2016, based on the contractual undiscounted payments, is as follows:

		Within 1 year or on demand 一年內或 按要求 RMB'000 人民幣千元	1 to 2 years 一至兩年 RMB'000 人民幣千元	2 to 5 years 二至五年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2017	2017年12月31日				
Interest-bearing bank loans	計息銀行借款	533,735	—	—	533,735
Trade payables	貿易應付賬款	338,440	—	—	338,440
Other payables and accruals	其他應付款及 應計費用	554,986	—	—	554,986
		1,427,161	—	—	1,427,161
31 December 2016	2016年12月31日				
Interest-bearing bank loans	計息銀行借款	1,149,344	—	—	1,149,344
Trade payables	貿易應付賬款	237,621	—	—	237,621
Other payables and accruals	其他應付款及 應計費用	253,496	—	—	253,496
		1,640,461	—	—	1,640,461

(e) Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

40. 財務風險管理目標及政策(續)

(d) 流動性風險(續)

本集團及本公司金融負債於2017年及2016年12月31日的到期情況(按合同未折現付款計算)如下:

(e) 資本管理

本集團管理資本的目標為保障本集團持續的能力，以為股東及其他有關人士提供回報及利益，及維持優化資本結構以減低資本成本。



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management (Continued)

The Group uses different measures including an adjusted net debt-to-equity ratio to monitor its capital. Net debt is calculated as interest-bearing bank loans, as shown in the consolidated statement of financial position less cash and bank deposits (excluding frozen bank deposits). Total capital is calculated as equity holders' funds (i.e., total equity attributable to owners of the parent), as shown in the consolidated statement of financial position.

40. 財務風險管理目標及政策(續)

(e) 資本管理(續)

本集團使用不同措施，包括經調整淨債務權益比率，以監察其資本。淨債務以合併資產負債表所示的貸款及借款減現金及銀行存款(不包括被凍結的銀行存款)計算得出。總資本以合併資產負債表所示的股權持有人資金(即母公司股權持有人應佔總權益)計算得出。

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Interest-bearing bank loans (note 27)	計息銀行借款(附註27)	529,696	1,143,091
Less:	減：		
Cash and cash equivalents (note 24)	現金及現金等價物(附註24)	668,962	581,491
Short-term bank deposits (note 24)	短期銀行存款(附註24)	1,079,433	1,061,327
Long-term bank deposits (note 24)	長期銀行存款(附註24)	—	379,927
Pledged bank deposits (note 24)	受限制銀行存款(附註24)	243,621	803,123
Net debt	負債淨額	(1,462,320)	(1,682,777)
Total equity attributable to owners of the parent	母公司股權持有人應佔權益總額	5,490,927	5,701,614
Adjusted net debt-to-equity ratio	經調整淨債務權益比率	(27%)	(30%)

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

無論是本公司或其任何子公司概無受限於外部施加的資本要求。

41. EVENTS AFTER THE REPORTING PERIOD

On 22 December 2017, Scient (China), Guangzhou Development District Land Development and Reserve Exchange ("GDD") and its agents entered into an expropriation and compensation agreement pursuant to which certain properties of Scient (China) will be expropriated by GDD for a compensation amount of RMB253 million. The transaction is completed in January 2018.

41. 報告期後事項

於2017年12月22日，施恩(中國)、廣州開發區土地開發儲備交易中心及其代理訂立一項徵收補償協議，據此廣州開發區土地開發儲備交易中心將自施恩(中國)徵收物業，補償金額為人民幣253百萬元。該交易已於2018年1月完成。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of reporting period is as follows:

42. 公司財務狀況報表

報表期末本公司的財務狀況信息如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於子公司的權益	5,745,792	6,184,284
Total non-current assets	非流動資產總額	5,745,792	6,184,284
CURRENT ASSETS	流動資產		
Cash and cash equivalents	現金及現金等價物	1,694	2,068
Total current assets	流動資產總額	1,694	2,068
CURRENT LIABILITIES	流動負債		
Loans and borrowings	短期借款	—	43,774
Other payables and accruals	其他應付款項及應計費用	13,203	11,503
Total current liabilities	流動負債總額	13,203	55,277
NET CURRENT LIABILITIES	流動負債淨額	(11,509)	(53,209)
Net assets	資產淨額	5,734,283	6,131,075
EQUITY	權益		
Share capital	股本	399,352	399,352
Reserves	儲備	5,334,931	5,731,723
Total equity	權益總額	5,734,283	6,131,075



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

42. 公司財務狀況報表(續)

附註：

本公司的儲備變動如下：

		Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Retained earnings	Total equity
		股份溢價	資本回購儲備	實繳盈餘	匯兌儲備	保留盈利	權益總額
		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
		(i)		(ii)	(iii)		
At 1 January 2016	於2016年1月1日的結餘	3,881,093	818	1,449,863	42,100	6,252	5,380,126
Total comprehensive income for the year	全面收益總額	—	—	—	387,459	(385)	387,074
Dividends approved in respect of the previous year	前期股利分配	(35,477)	—	—	—	—	(35,477)
At 31 December 2016	於2016年12月31日的結餘	3,845,616	818	1,449,863	429,559	5,867	5,731,723
Total comprehensive income for the year	全面收益總額	—	—	—	(400,462)	3,670	(396,792)
At 31 December 2017	於2017年12月31日的結餘	3,845,616	818	1,449,863	29,097	9,537	5,334,931

Notes:

(i) Share premium

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company. Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

附註：

(i) 股本溢價

發行價(扣除任何發行開支)超出已發行股本面值的數額已計入本公司的股份溢價賬。根據開曼群島公司法(經修訂),本公司股本溢價賬的資金可分派予本公司股東,惟緊隨建議分派股息日期後,本公司須有能力償還其於日常業務過程中已到期之債務。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2017 2017年12月31日

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(ii) Contributed surplus

As part of the Reorganisation, the shareholders of Yashili (Guangdong) transferred their equity interests in Yashili (Guangdong) to Yashili (HK) on 2 July 2010. A contributed surplus of RMB1,367,204,000 was resulted from these transfers for the purpose of the Group's consolidated financial statements.

In addition, for the purpose of the Company's financial statements, a contributed surplus of RMB1,449,863,000 arose from the issuance of shares by the Company in exchange for the equity interests in the subsidiaries held by the shareholders of this subsidiary pursuant to the Reorganisation.

(iii) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2018.

42. 公司財務狀況報表(續)

附註：(續)

(ii) 實繳盈餘

於2010年7月2日，作為重組的一部份，雅士利(廣東)當時的股東將其於雅士利(廣東)的權益轉讓於雅士利(香港)。本集團在合併財務報表中因該轉讓產生實繳盈餘人民幣1,367,204,000元。

此外，於本公司財務報表中，因重組本公司發行股票以換取子公司股東在子公司持有的權益產生實繳盈餘人民幣1,449,863,000元。

(iii) 匯兌儲備

換算儲備包括因換算海外業務的財務報表而產生的所有外匯差額。

43. 批准財務報表

董事會已於2018年3月26日批准及授權刊發財務報表。



FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

摘自經審核財務報表之本集團過往五個財政年度已公佈之業績、資產及負債概要如下。

The table below sets forth our summary income statement information for the periods indicated:

下表載列本集團於所示期間的收益表概要資料：

RMB million	人民幣百萬元	2013	2014 Restated 經重述	2015	2016	2017
Revenue	營業額	3,890.0	3,553.5	2,761.6	2,203.3	2,254.7
Cost of sales	銷售成本	(1,809.9)	(1,734.7)	(1,359.3)	(1,166.0)	(1,332.5)
Gross profit	毛利	2,080.1	1,818.8	1,402.3	1,037.3	922.2
Other revenue	其他收入	26.2	198.6	178.5	227.4	70.2
Other net (loss)/income	其他(虧損)/收益淨額	(0.8)	—	—	—	—
Selling and distribution expenses	銷售及經銷開支	(1,393.8)	(1,368.3)	(1,320.3)	(1,170.9)	(893.2)
Administrative expenses	行政開支	(219.2)	(224.7)	(207.9)	(389.5)	(271.2)
Other expenses	其他開支	(11.6)	(86.0)	(92.9)	(148.3)	(163.0)
Profit/(loss) from operations	經營溢利/(虧損)	480.9	338.4	(40.3)	(444.0)	(335.0)
Finance income	財務收入	108.2	61.8	187.3	130.2	123.7
Finance costs	財務成本	(13.2)	(6.7)	(24.2)	(18.8)	(18.1)
Net finance income/(expense)	淨財務收入/(開支)	95.0	55.1	163.1	111.4	105.6
Profit/(loss) before income tax	除所得稅前溢利/ (虧損)	576.7	393.5	122.8	(332.6)	(229.4)
Income tax expense	所得稅開支	(137.4)	(60.9)	(4.5)	12.4	49.6
Profit/(loss) from continuing operations	持續經營業務溢利/ (虧損)	439.3	332.6	118.3	(320.2)	(179.8)
Discontinued operation	終止經營業務					
Loss from discontinued operation (net of income tax)	終止經營業務虧損 (扣除所得稅)					
Profit/(loss) for the year	年度溢利/(虧損)	439.3	332.6	118.3	(320.2)	(179.8)
Profit/(loss) attributable to Non-controlling interests	以下人士分佔溢利/ (虧損)	437.6	332.6	118.3	(320.2)	(179.8)
Non-controlling interests	非控股權益	1.7	—	—	—	—
Profit/(loss) for the year	年度溢利/(虧損)	439.3	332.6	118.3	(320.2)	(179.8)

The table sets forth our summary balance sheet information as of 31 December 2013, 2014, 2015, 2016 and 2017:

下表載列本集團於2013年、2014年、2015年、2016年及2017年12月31日的資產負債表概要資料：

RMB million	人民幣百萬元	2013	2014 Restated 經重述	2015	2016	2017
Non-current assets	非流動資產	2,129.7	2,299.5	2,622.0	3,866.1	3,404.7
Current assets	流動資產	2,386.9	3,393.7	5,041.7	4,099.9	4,025.9
Current liabilities	流動負債	1,335.0	1,598.9	1,674.8	2,253.5	1,918.0
Net current assets/(liabilities)	流動資產/(負債)淨額	1,051.9	1,794.8	3,366.9	1,846.4	2,107.9
Total assets less current liabilities	總資產減流動負債	3,181.6	4,094.3	5,988.9	5,712.5	5,512.6



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