


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

2019 Annual Report





Yashili International Holdings Ltd (the “Company” or “Yashili”) (Stock Code: 01230) and its subsidiaries (collectively the “Group”)

As a whole is a domestically leading professional infant formula producer with international presence that focuses on the production and sales of premium infant formula and nutrition food. The Group has factories in Guangdong, Shanghai, Shanxi, Inner Mongolia and New Zealand. It sells infant formula through widely recognized brands such as Yashily, Reeborne, Dumex, Arla and Doraler, as well as various nutrition food including milk powder for adults and dissolvable products.

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

是中國領先的國際化專業嬰幼兒配方奶粉生產商，專注生產及銷售優質嬰幼兒配方奶粉及營養食品。本集團在廣東、上海、山西、內蒙古、新西蘭等地擁有工廠，通過雅士利、瑞哺恩、多美滋、Arla及朵拉小羊等廣受認可品牌銷售嬰幼兒配方奶粉，並出售包括成人奶粉及沖調產品在內的多種營養食品。

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Non-executive directors

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Mr. Gu Peiji (alias Philip Gu) ⁽¹⁾

Executive director

Mr. Yan Zhiyuan (*Chief Executive Officer*) ⁽²⁾

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

AUTHORIZED REPRESENTATIVES

Mr. Yan Zhiyuan ⁽²⁾
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
顧培基(又名Philip Gu)先生⁽¹⁾

執行董事

閻志遠先生(*行政總裁*)⁽²⁾

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

授權代表

閻志遠先生⁽²⁾
張平先生

COMPANY SECRETARY

Mr. Kwok Wai Cheong, Chris ⁽³⁾

公司秘書

郭偉昌先生⁽³⁾

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

中國主要營業地點

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

香港主要營業地點

香港
銅鑼灣
告士打道262號
中糧大廈
32樓A室

REGISTERED ADDRESS OF THE COMPANY

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

公司註冊地址

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

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

HONG KONG BRANCH SHARE REGISTRAR

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

香港股份過戶登記分處

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

INVESTOR RELATIONS DEPARTMENT

Office of the Board

投資者關係部門

董事會辦公室

INVESTOR ENQUIRY HOTLINE

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

投資者諮詢熱線

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

INVESTOR ENQUIRY EMAIL ADDRESS

ir@yashili.cn

投資者諮詢郵箱

ir@yashili.cn

STOCK CODE

Hong Kong Stock Exchange 01230

股份代號

香港聯合交易所01230

COMPANY'S WEBSITE

www.yashili.hk

公司網站

www.yashili.hk

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
China Guangfa Bank Limited Guangzhou South Yuexiu Subbranch
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
廣發銀行股份有限公司廣州越秀南支行
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:

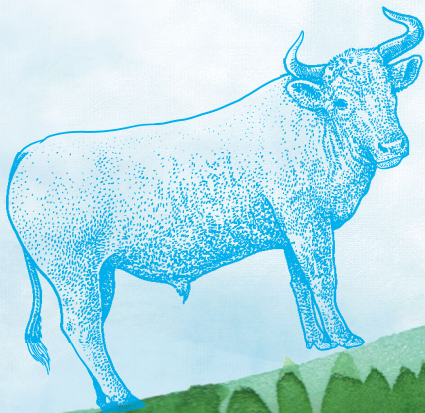
- (1) Appointed on 29 April 2019.
- (2) Appointed on 8 January 2020.
- (3) Appointed on 10 April 2019.

附註：

- (1) 於2019年4月29日獲委任。
- (2) 於2020年1月8日獲委任。
- (3) 於2019年4月10日獲委任。

Gathering
THE BEST WORLDWIDE
for Chinese Babies

為中國寶寶
聚全球的好



LETTER TO SHAREHOLDERS

致股東的信



On behalf of the board of directors (the “Board”) of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2019 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2019年12月31日止年度之年報。

CHAIRMAN 主席



LETTER TO SHAREHOLDERS (CONTINUED)

致股東的信(續)

DEAR SHAREHOLDERS,

On behalf of the Board of Yashili International Holdings Ltd, I hereby present the Annual Report of the Group for the year ended 31 December 2019 to all shareholders of the Company.

In 2019, under the continuously tightening policy environment of the milk powder industry and the market environment where market segments and consumption upgrades became new growth points, Yashili was committed to building an international high-end and high-quality brand image and focusing on diversified products in market segments, continued to develop organic products, and explored goat milk powder channels in depth to develop products that cater to the market demand. During the year, Yashili achieved steady growth in revenue and net profit, and by virtue of its trustworthy product quality and strong brand, Yashili took a lead among the enterprises in the number of registered recipes in the industry, occupying a more favorable position and advantage in the current policy environment.

Under the continuous support of the controlling shareholder and one of the “Top Ten Dairy Enterprises Worldwide”, China Mengniu Dairy Company Limited (“Mengniu Dairy”), and the second largest shareholder, Danone Asia Baby Nutrition Pte. Ltd. (“Danone Asia”), Yashili, always true to its original aspiration, is committed to becoming the brand of choice to provide Chinese mothers and babies with comprehensive nutrition and health solutions. The Group completed the comprehensive upgrade for the Yashili brand in 2019, and invited Ms. Yao Chen as the brand ambassador to showcase the new brand proposition of “Gathering the Best Worldwide for Chinese Babies”. In addition, Yashili gathered the nationwide and global attention by enhancing the strong cooperation with CCTV and local landmarks, and carried out in-depth promotion and interaction in cooperation with various channels to uplift the confidence of the channels and consumers. During the year, the Group’s brands and products won various awards including the “International High Quality Gold Award (國際高質量金獎)” with the new session of “Monde Selection (世界食品品質評鑒大會)”, “Craftsmanship Brand Award for Chinese Mother-and-Baby Milk Powder Products (中國母嬰產品匠心智選奶粉匠心品牌獎)”, “Product Innovation Award (產品創新獎)” and “Best Brand Marketing Award 2019 (2019年最佳品牌營銷獎)”.

尊敬的各位股東：

本人謹代表雅士利國際控股有限公司董事會，在此向本公司全體股東提呈本集團截止2019年12月31日止年度之年報。

2019年，在持續收緊的奶粉行業政策環境，以及細分市場與消費升級成為新增長點的市場環境下，雅士利致力打造國際化高端優質品牌形象、聚焦細分多元化產品，繼續發展有機品類，深耕羊奶粉渠道，開發迎合市場需求的產品。年內雅士利收入、淨利潤均實現穩步增長，並憑藉值得信賴的產品質量和良好的品牌，雅士利在註冊配方數量位於業內前列，在當下政策環境中佔據較有利地位和優勢。

雅士利在控股股東「全球乳業十強」中國蒙牛乳業有限公司(「蒙牛乳業」)，以及第二大股東 Danone Asia Baby Nutrition Pte. Ltd.(「達能亞洲」)的持續支持下，不忘初心，致力成為中國媽媽和寶寶營養健康全方案的首選品牌。2019年，雅士利品牌完成全面升級，啟用姚晨為品牌大使，展示「為中國寶寶，聚全球的好」的全新品牌主張。另外，通過加強與CCTV以及地標建築強勢霸屏合作，彙聚來自全國乃至世界各地的目光，配合多元渠道進行深入推廣互動，提振渠道和消費者信心。年內，本集團旗下品牌及產品屢獲殊榮，包括新一屆「世界食品品質評鑒大會國際高質量金獎」、「中國母嬰產品匠心智選奶粉匠心品牌獎」、「產品創新獎」及「2019年最佳品牌營銷獎」等多項大獎。

In order to meet the needs of different groups of people and at different consumption levels, Yashili's professional R&D team actively carried out the work regarding milk powder recipe registration, milk powder formula upgrade and nutrition product research and development, developed infant formula milk powder products similar to breast milk in terms of nutrition, designed special recipes for the different needs of different groups of people including children and teenagers, adults, middle-aged and elderly people, and continued to increase investment in scientific research to create a competitive and differentiated product matrix.

Yashili comprehensively sped up digitalized and intelligent operations in all aspects. At the sales end, it built a data center and commenced new retail to improve the capability and efficiency of consumer operation; at the supply chain end, it launched an intelligent monitoring cloud system to achieve visual and effective tracking of the supply chain and the quality, and connected Yashili's tracking system with the platform of the Ministry of Industry and Information Technology (the "MIIT") to enable consumers to gain the access to the key information of product descriptions and enterprises on the national platform of the MIIT, which is a sufficient testament of the Group's confidence in its product quality.

In January 2020, Yashili welcomed the new President Mr. Yan Zhiyuan. He has extensive experience in the marketing management and the integrated operation management of production, supply and marketing in the dairy industry. In addition, as witnessed by his past working experience, there were successful cases where he helped companies to maintain stable performance growth and continuous profit growth in the past three years. The Board believes that Mr. Yan can effectively lead Yashili's team to integrate superior resources to achieve synergetic development and continuous and stable growth in performance.

In 2020, under the new leadership and new organizational structure, and with the coordination and support of the large-scale resource platforms of COFCO, Mengniu, Danone and Arla Foods, Yashili will continue to focus on the operation quality of brands and products, embrace challenges, seize opportunities, and strive to provide Chinese mothers and Chinese babies with high-quality and differentiated nutrition products.

Yashili gathers the best worldwide for Chinese babies.

Jeffrey, Minfang Lu
Chairman

Hong Kong, 25 March 2020

為滿足不同人群及不同消費層次的需求，雅士利的專業研發團隊，積極開展奶粉配方註冊、奶粉配方升級、營養產品研發等方面工作，開發接近母乳營養的嬰幼兒配方奶粉產品，設計針對兒童、青少年、成人、中老年等不同人群需求的特有配方，持續加大在科研領域的投入，打造有競爭力的差異化產品矩陣。

雅士利全面提速數智化運營，在銷售端，搭建數據中台、開啟新零售，提升消費者運營能力和效率；在供應鏈端，啟動智能化監控雲系統，實現供應鏈和質量的可視及有效追蹤，並將雅士利的追溯系統和國家工業和信息化部(「工信部」)平台對接，實現在國家工信部平台供消費者查詢產品、企業等關鍵信息，足證本集團對產品質量的信心。

2020年1月，雅士利迎來了新任總裁閔志遠先生。彼在乳製品行業營銷管理領域、產供銷一體化經營管理領域擁有豐富經驗。另外，在彼過往履歷中，有著實現公司近三年業績穩步增長，利潤持續提升的成功案例。董事會相信閔先生能夠有效帶領雅士利團隊整合優勢資源實現協同發展，業績持續穩步增長。

2020年，雅士利將在新的領導、新的組織架構下，在中糧、蒙牛、達能和Arla Foods等大資源平台的協作支持下，繼續專注品牌及產品運營質量，迎接挑戰，緊抓機遇，為中國媽媽和中國寶寶提供優質、差異化的營養產品。

雅士利，為中國寶寶，聚全球的好。

盧敏放
主席

香港，2020年3月25日

SELECTED FINANCIAL DATA

挑選的財務數據

Year ended 31 December 截至12月31日止年度

		2019	2018	Percentage change 變動百分比
(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	收入	3,412.0	3,011.2	13.3%
Gross profit	毛利	1,266.8	1,193.8	6.1%
Operating profit	經營溢利	18.3	-132.3	-113.8%
Earnings before interest, tax, depreciation and amortization (EBITDA)	息稅折舊攤銷前盈利	156.9	20.9	650.7%
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	112.4	52.3	114.9%
Net operating cash flow (Note 1)	經營現金流量淨額(附註1)	177.2	264.1	-32.9%
Basic earnings per share (RMB cents) (Note 2)	每股基本盈利(人民幣分)(附註2)	2.4	1.1	118.2%
Net asset value per share (RMB yuan) (Note 3)	每股資產淨值(人民幣元)(附註3)	1.2	1.2	0.0%
Proposed special dividend per share (RMB cents) (Note 4)	每股建議特別股息(人民幣分)(附註4)	0	1	-100%
Dividend payout ratio	股息分派比率	-	-	-
Key performance ratios	主要業績比率			
<i>Profitability ratios</i>	<i>盈利比率</i>			
Gross profit margin	毛利率	37.1%	39.6%	
Operating profit margin	經營溢利率	0.5%	-4.4%	
Net profit margin	純利率	3.3%	1.7%	
Margin of profit attributable to equity holders	股權持有人應佔溢利率	3.3%	1.7%	
Return on net assets	淨資產回報率	2.0%	0.9%	
Net profit to total assets (Note 11)	淨溢利對總資產比率(附註11)	1.5%	0.7%	
<i>Asset ratios</i>	<i>資產比率</i>			
Current ratio (Note 5)	流動比率(附註5)	1.9	1.9	
Inventory turnover days (Note 6)	存貨周轉天數(附註6)	157	152	
Trade receivable turnover days (Note 7)	貿易應收款周轉天數(附註7)	16	20	
Trade payable turnover days (Note 8)	貿易應付款周轉天數(附註8)	94	62	
Debt to equity ratio (Note 9)	負債對權益比率(附註9)	32.2%	38.9%	
Gearing ratio (Note 10)	資產負債比率(附註10)	0.7%	5.4%	

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. Proposed special dividend for the year divided by the number of ordinary shares at year end.
5. Total current assets at year end divided by total current liabilities at year end.
6. Inventory balances at year end divided by cost of sales for the year and multiplied by 365 days.
7. Balances of trade and bills receivables at year end divided by turnover for the year and multiplied by 365 days.
8. Balances of trade and bills payables at year end divided by cost of sales for the year and multiplied by 365 days.
9. Total liabilities at year end divided by total equity attributable to equity holders of the Company at year end.
10. Total interest-bearing bank and other borrowings at year end divided by total assets at year end.
11. Profit for the year divided by total assets at year end.

附註：

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

管理層討論與分析

INDUSTRY REVIEW

New policies optimized industry's competition landscape with development opportunities for leading enterprises ahead

In 2019, China further revised the normative policies and food safety regulations for the Chinese milk powder market to raise the registration threshold and quality requirements for infant formula. Among such policies and regulations, the Administrative Measures for the Registration of Infant Formula Milk Powder Products (《嬰幼兒配方乳粉產品配方註冊管理辦法》) (the “**Recipe Registration Requirement**”) which has a significant impact on the Chinese milk powder industry, clarified that formula milk powder will be regulated by pharmaceutical management methods, only infant formula milk powder enterprises that meet the requirements of relevant production specifications can apply for formula registration of the products, and penalties are intensified for violations. As of 31 December 2019, a total of 164 infant formula enterprises had completed the registration of 1,281 recipes and the Company had completed the registration of 54 recipes in total, which enabled the Company to take its place among the enterprises with the highest registered recipes in the industry. The 2019 Food Safety Supervision and Sampling Plan (《2019年食品安全監督抽檢計劃》) stipulates that “double random” spot checks will be conducted on key food production enterprises, tightening the safety regulation for infant formulas. The newly revised Regulations on the Implementation of the Food Safety Law (《食品安全法實施條例》) was also officially implemented, with emphasis on improving the monitoring for food safety risks, including infant formulas, special medical food and healthcare food. The Plan for the Promotion of Domestic Infant Formula Milk Powder (《國產嬰幼兒配方乳粉提升行動方案》) issued by the NDRC (the “**Infant Formula Promotion Plan**”) in June 2019 clearly stated that the proportion of domestic infant formula milk powder sold in China shall be increased with a goal to maintain 60% of self-supply in the industry. Supported by the Infant Formula Promotion Plan, the quality and brand improvement of domestic infant formulas is expected to accelerate again in the future. These initiatives will help optimize the structure of the industry, improve the quality of milk powder in the domestic market, accelerate the reshuffle of the industry, and bring favorable development opportunities for leading enterprises.

行業回顧

新政優化行業競爭格局，龍頭企業迎來發展契機

2019年，中國進一步修訂中國奶粉市場的規範性政策及食品安全條例，提高嬰幼兒配方奶粉配方註冊門檻及品質要求。其中，對中國奶粉行業影響重大的《嬰幼兒配方乳粉產品配方註冊管理辦法》(「**配方註冊制**」)，明確了將以藥品管理方式規範配方奶粉，只有符合相關生產規範要求的嬰幼兒配方乳粉企業，才能申請產品配方註冊，並加大違規懲罰力度。截止至2019年12月31日，共有164家嬰幼兒奶粉企業1,281個配方通過配方註冊。本公司共有54個配方通過配方註冊，註冊數目位於業內前列。《2019年食品安全監督抽檢計劃》規定對重點食品生產企業進行「雙隨機」抽檢，對嬰幼兒配方奶粉的安全監管更加嚴苛。重新修訂的《食品安全法實施條例》亦正式實施，重點強調和完善了包括嬰幼兒配方食品、特醫食品、保健食品在內的食品安全風險監測。2019年6月國家發改委頒佈的《國產嬰幼兒配方乳粉提升行動方案》(「**嬰配粉提升方案**」)，明確指出要增加在中國國內出售的國產嬰幼兒配方奶粉比例，目標是為行業維持60%的自給水平。在嬰配粉提升方案的鼓勵下，未來國產嬰幼兒配方奶粉品質和品牌提升可能再次提速。這些措施將有利於優化行業結構，提升國內市場上的奶粉質量，加速行業洗牌，預期將為龍頭企業帶來利好的發展契機。

Industrial concentration is further promoted, and consumption upgrade has become a new growth driver

Against the backdrop of declining growth in new births, consumption upgrade has become the new growth driver for China's milk powder market. Milk powder products are trending towards premiumization and branding promotion, and the upgrade of formula ingredients has led to rising product prices. The new generation of consumers for mother-and-baby products is less sensitive to product prices, but instead focuses on quality assurance, diversified products, after-sales services and one-stop shopping experience. As consumers focus on reputation and quality, channel vendors tend to cooperate with big brands with nationwide resources. Therefore, the market share of China's infant formula industry is increasingly concentrated on big brands, leaving less and less room for small and medium-sized milk powder brand enterprises. Large-scale milk powder enterprises are making plans centered on "products + channels", increasing R&D investment, enriching product portfolios to strive for the shares in different market segments, actively implementing the omni-channel strategy of "e-commerce + mother-and-baby", further extending channels downwards, and continuously improving the regional competitiveness of mother-and-baby chain stores and single stores. The continuous optimization of digitalized management is an important means applied by major milk powder enterprises for precise marketing.

Consumption upgrade promotes premiumization and enormous growth potential for goat milk powder and adult milk powder

With the steady growth of national income, the infant milk powder market is rapidly developing towards premiumization. In recent years, goat milk powder has gradually become popular in the market. In 2019, the goat milk powder market experienced explosive growth and has become a new growth force for the Chinese dairy product market, and many milk powder enterprises are putting greater efforts on the exploration of the market segment of goat milk powder. In addition, under the background that the aging of population is intensifying and people's health awareness and demand are increasing day by day, the market demand for middle-aged and elderly milk powder continues to expand. Compared with the infant formula market, the size of adult milk powder industry is still small with no outstanding leading brands, the maturity of the industry still needs to be improved, and because of its wider range of consumers and more market segments, this industry enjoys a vast space for future development, with differentiated products being the key to success.

行業集中度進一步提升，消費升級成新增長引擎

在出生人口增長下降的背景之下，消費升級成為中國奶粉市場新增長引擎，奶粉產品正向高端化、品牌化趨勢發展，配方成分升級導致產品價格上升。新一代的母嬰消費者對產品價格的敏感度下降，反而著重品質保證、多元化產品、售後服務及一站式購物體驗。由於消費者著重口碑及品質，渠道商傾向與具全國性資源的大品牌合作，中國嬰幼兒配方奶粉行業的市場份額越來越向大品牌集中，而中小奶粉品牌企業生存空間變得越來越小。具規模的奶粉企業都從「產品+渠道」部署，投入龐大研發，豐富產品組合以搶佔不同細分市場的份額，積極打造「電商+母嬰」全渠道戰略，進一步下沉渠道，並不斷提升區域母嬰連鎖店及單店的競爭力。數字化管理持續優化，是各大奶粉企業尋求精準營銷的重要手段。

消費升級推動高端化，羊奶粉及成人奶粉增長空間廣闊

隨著國民收入穩步增長，嬰幼兒奶粉高端化發展趨勢迅猛。近年來，羊奶粉逐漸受到市場的追捧，羊奶粉市場於2019年更呈爆炸式增長，成為中國乳製品市場的增長新勢力，眾多奶粉企業都在開拓羊奶粉的細分市場發力。此外，人口老化加劇，加上民眾的健康意識及需求與日俱增，市場對於中老年奶粉的需求持續擴大。和嬰幼兒配方奶粉市場相比，成人奶粉行業規模尚小，還未有明顯的領先品牌，行業成熟度有待提高，加上受眾群體更為廣泛，以及細分市場更多，未來發展空間廣闊，而差異化產品更是致勝關鍵。

BUSINESS REVIEW

Always true to its original aspiration, the Group is committed to becoming the trustworthy brand of choice to provide consumers with comprehensive nutrition and health solutions. The Group has strong resource support from the controlling shareholder, Mengniu Group and the second largest shareholder, Danone Asia which advances the Group's business exploration and internationalization. The business model of the Group incorporates key factors such as premium imported dairy raw materials, world-class milk sources, world-class scientific research and self-developed recipes, advanced manufacturing system, strict quality control and quality management systems, and gathers global high-quality resources in the pursuit of the highest quality in the dairy industry, which enable us to offer trustworthy products to consumers. During the year, the Group continued to enrich its product portfolio, innovate brand strategies, increase R&D investment, promote differentiated layout, innovate marketing efforts, and expand digitalized management to seize the opportunities in the industry and enhance performance growth.

In 2019, the Group maintained a good momentum of development. The Group continued the development of new high-end infant milk powder, goat milk powder and organic milk powder products, and launched the formula milk powder more suitable for middle-aged and elderly people to drink, cooperated with well-known brand spokespersons, and innovated digital and intelligent marketing methods. In the fiercely competitive market landscape, the sales of organic and goat milk powder increased by 16%. "Doraler" and "Dumex" and "Dumex TruYn" far exceeded the industry average, achieving a growth of more than 60% in 2019. At the same time, the Group expanded the coverage of adult milk powder and nutrition products on special nutrition products for high-end development. At the same time, it horizontally developed market segments and made outstanding performance in adult milk powder, an overall increase of 95% over the same period last year, of which, the high-end products under Yourui brand for middle-aged and elderly people grew by 900%.

業務回顧

本集團不忘初心，致力成為值得消費者信賴的營養健康全方案的首選品牌。本集團擁有控股股東蒙牛集團以及第二大股東Danone Asia Baby Nutrition Pte. Ltd.的豐厚資源支持，推動本集團在業務拓展及國際化的道路上不斷前行。本集團的業務模式結合了進口優質乳品原材料、世界級奶源地、世界級科學研究及自主研發配方、先進生產系統、嚴謹品控及質量管理體系等幾大因素，集全球優質資源，追求乳業至臻品質，為廣大消費者提供具有信心保證的產品。年內，本集團持續豐富產品組合、創新品牌策略、加大研發投入、推動差異化佈局、創新營銷、加大數字化管理等，以把握行業機遇，提升業績增長。

2019年，本集團保持了良好的發展勢頭。本集團持續佈局高端嬰幼兒奶粉、羊奶粉及有機奶粉新品，並且推出更適合中老年人飲用的配方奶粉，配合知名品牌代言人，創新數智化營銷手段。在競爭激烈的市場格局中，有機及羊奶系列銷售同比提升16%。旗下「朵拉小羊」、「多美滋」羊奶粉、「多美滋初穎」成功遠超行業平均水平，2019年實現60%以上的增長。同時，本集團擴大成人奶粉及營養品中特殊營養產品的覆蓋率，向高端化發展，同時橫向發展細分市場，使成人奶粉業績表現亮眼，整體較上年同期增長95%，其中，悠瑞中老年高端系列成長900%。

During the year, the growth in Yashili's sales revenue was mainly due to the continued development of organic products in the infant formula market, increasing the market share of the overall organic products, and the in-depth exploration of the goat milk powder channels to achieve long-term, sustainable and stable development. Among them, goat milk products enjoy a good momentum of development with a double-digit growth rate in 2019 much higher than the industry average. In addition, with the aging population structure in China, the Group adjusted its strategy for adult milk powder by focusing on high-end adult milk powder, launching middle-aged and healthy functional milk powder, and focusing on the promotion of Mengniu's adult milk powder, and invited Mr. Li Jianyi as the spokesman of the Yourui adult powder series, which successfully increased brand exposure through all-round advertisements on media. The empowerment of Mengniu brand and the advantages in malls and supermarkets have facilitated the brand building of infant formula and adult milk powder.

Segment results

Since the first half of 2019, the Group, based on the particularities of base powder products in terms of raw material purchase, production and sales, has separated the base powder business from the original operating segment under "Others" and renamed as "Other milk powder products" segment. There are four reportable operating segments as follows:

Milk powder products

For the twelve months ended 31 December 2019, the results of milk powder products segment were RMB2,650.3 million (2018: RMB2,442.3 million), increasing by over 8.5% as compared to the last year, which was mainly attributable to the significant growth in adult milk powder, because, with the aging population structure in China, the Group adjusted its strategy for adult milk powder by focusing on high-end adult milk powder and the promotion of Oushi Mengniu adult milk powder; meanwhile, Oushi Mengniu adult milk powder uses the trademark of Mengniu and takes advantages of its advantages in the channels of malls and supermarkets to record a significant growth in sales volume.

年內，雅士利銷售收入增長主要在於嬰幼兒配方奶粉市場上繼續發展有機品類，增加整體有機品類的市佔率，並深耕羊奶粉渠道，以獲得長期、持續穩定發展；其中，羊奶發展勢頭不錯，2019年實現雙數的增幅，遠高於行業平均水平。此外，隨著國家人口結構老齡化，本集團調整了成人奶粉策略，注重成人奶粉高端化，推出中老年健康功能型奶粉，並主推蒙牛成人奶粉，以李建義先生代言悠瑞成人奶粉系列，透過媒體立體投放，成功提升品牌曝光度。憑藉蒙牛品牌的賦能、商超渠道優勢，均助力嬰配粉及成人奶粉的品牌建設。

分部業績

自2019年上半年，本集團根據基粉產品從原料採購、生產及銷售等各方面的特殊性，將基粉業務從原來的「其他」經營分部獨立出來，更名為「其他奶粉製品」，共分為下列四個可報告經營分部：

奶粉產品

截至2019年12月31日止十二個月，奶粉產品分部業績為人民幣2,650.3百萬元(2018年：人民幣2,442.3百萬元)，較去年上升超過8.5%，主要由於成人粉增長較為明顯。隨著國家人口結構老齡化，本集團調整成人粉策略，注重成人粉高端化，並主推歐世蒙牛成人粉；同時，歐世蒙牛成人粉使用蒙牛商標並借助其商超渠道優勢，銷量上升明顯。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Other milk powder products

For the twelve months ended 31 December 2019, the results of other milk powder products segment were RMB574.9 million (2018: RMB327.9 million), increasing by 75.3% as compared to the last year, which was mainly attributable to sales of base powder products of Yashili New Zealand Dairy Co., Limited ("Yashili New Zealand"). The growth for current period as compared to the last year was primarily due to the increase in utilization of production capacity of Yashili New Zealand.

Dissolvable products

For the twelve months ended 31 December 2019, the results of dissolvable products segment were RMB143.2 million (2018: RMB145.0 million), decreasing by 1.3% as compared to the last year, which was mainly attributable to the Group focusing its major production and sales efforts on milk powder products with higher gross profit, which led to the decrease in the results of dissolvable products.

Others

For the twelve months ended 31 December 2019, the results of others segment were RMB43.6 million (2018: RMB96.0 million), decreasing by 54.5% as compared to the last year, which was mainly attributable to the reduction of the consigned processing service due to the allocation of the production capacity to the Group's self-products during the year, and the increase of low-value waste with the increase of production during the year, which resulted in the decrease in the performance of the others segment.

Introduction to Products

Craftsmanship with ingenuity

The Group has been focusing on the research, development and production of nutrition food, bringing together high-quality raw materials worldwide with the spirit of craftsmanship, and manufacturing high-quality infant formula and health and nutrition products with high international standards to meet the nutritional needs of Chinese infants and children during daily feeding at different stages of growth, and the pursuit of people at various ages for health.

其他奶粉製品

截至2019年12月31日止十二個月，其他奶粉製品分部業績為人民幣574.9百萬元(2018年：人民幣327.9百萬元)，較上年上升75.3%，主要是新西蘭雅士利乳業有限公司(「新西蘭乳業」)銷售基粉產品，本期較上年增長主要由於新西蘭乳業產能利用率增加。

沖調產品

截至2019年12月31日止十二個月，沖調產品分部業績為人民幣143.2百萬元(2018年：人民幣145.0百萬元)，較上年下降1.3%，主要是由於本集團將主要產銷力量集中於高毛利的奶粉產品，從而令沖調產品業績有所下降。

其他

截至2019年12月31日止十二個月，其他分部業績為人民幣43.6百萬元(2018年：人民幣96.0百萬元)，較去年下降54.5%。主要是由於本年集團將產能集中於生產本集團產品，委託代加工業務減少，且低價值的廢料隨本年產量上升而增加，從而令其他分部業績有所下降。

產品介紹

以匠心造匠品

本集團一直專注於營養食品的研究、開發與生產，以匠人精神彙聚全球優質原料，以國際級高標準製造高品質的嬰幼兒配方奶粉及健康營養品，滿足中國嬰幼兒在不同生長階段日常餵哺的營養需求及各年齡層對健康的追求。

The Group lays equal focus on the two businesses of infant formula and health and nutrition food. In order to meet the diversified needs of consumers, the Group has built up a product matrix of five major brands, namely Yashily, Dumex, Reeborne, Doraler and Arla, to achieve the brand strategy of focusing on both “cow and goat” and the full coverage in multi-level markets, including middle, high-end and ultra-high-end markets. Currently, the Group has completed the registration of 54 infant formulas under 18 series, including Arla Baby & Me.

- Yashily, a brand focusing on the nutrition research of Chinese babies for 36 years, boasts its production base in New Zealand, sources milk with superior quality from New Zealand and concurrently implements quality inspection standards of both China and New Zealand, thereby striving to become a world-class “infant formula expert in China”. In terms of branding, Yashily has invited Ms. Yao Chen to act as its global brand ambassador, seeking to upgrade brand image to be a wise choice for mothers; in terms of products, it gathers high-quality raw materials worldwide such as OPO structured lipid, lactoferrin, prebiotics and nucleotides.
- Reeborne enjoys organic milk sources in Alps that are fostered on clean soil for more than three years to ensure that the milk sources are pure and pollution-free; selects Simmental cows with high protein content that are grass-fed outdoor to produce natural milk; passes WIT organic certification, and ensures strict compliance with organic standards from milk source, production to transportation, making every can safe and traceable.
- Dumex was born in Europe in 1946 with over 50 years of experience in research on breast milk and over 20 years of experience in research on immune and digestive systems, constantly innovates in the formulas from cow milk to goat milk with a golden ratio of 9:1 of probiotics, high DHA and lactoferrin content.
- With a century-old brand history and as the world’s largest organic dairy brand, Arla, has been authorized as the brand used by Danish royals. The organic milk powder of Arla Baby & Me has obtained three major organic certifications, and contains high DHA and a superior ratio of prebiotics; Arla Baby & Me Lanxi (藍曦) contains unique nutrition synergistic combination of NutriCollab, and contains quality nutritious elements such as choline, taurine and nucleotide; the new upgraded formula of Arla Milex (美力滋) combines OPO structured lipid, Bb-12 probiotics and a superior ratio of prebiotics to form Pro Plus nutrition equation which fits the natural needs.

本集團在嬰幼兒配方奶粉和健康營養品兩大業務齊頭並進。為滿足消費者多元化的需求，本集團已建立雅士利、多美滋、瑞哺恩、朵拉小羊和Arla五大品牌的產品矩陣，實現「牛羊並舉」的品牌戰略，並全面覆蓋中端、高端和超高端等層級市場。目前，本集團已有18個系列54個配方嬰幼兒配方奶粉註冊獲批(包括Arla寶貝與我)。

- 雅士利，36年專注中國寶寶營養研究，擁有新西蘭生產基地，甄選新西蘭黃金奶源，執行中國及新西蘭雙重質檢標準，致力於成為世界一流的「中國嬰配奶粉專家」。品牌上，啟用姚晨女士作為全球品牌大使，全新升級智慧媽媽的品牌形象；產品上，彙聚全球優質原料，如OPO結構脂、乳鐵蛋白、益生元、核苷酸等。
- 瑞哺恩，來自阿爾卑斯高山有機奶源，三年以上淨土保養，確保奶源純淨無污染；甄選高蛋白含量的西門塔爾奶牛，戶外草飼放養，自然產奶；通過萬泰(WIT)有機認證，從奶源、生產到運輸嚴格遵循有機標準，每一罐都安全可溯。
- 多美滋，1946年誕生於歐洲，擁有長達50多年的母乳研究以及20多年的免疫和消化系統研究經驗。從牛奶到羊奶，配方不斷創新，含黃金9:1配比益生元，高DHA，乳鐵蛋白。
- Arla擁有百年品牌歷史，作為全球最大的有機乳品商，高品質使品牌被授權為丹麥皇室御用品牌。Arla寶貝與我有機奶粉獲得3大有機認證，含高DHA，黃金比例益生元；Arla寶貝與我藍曦含有獨特的NutriCollab營養協同組合，添加膽鹼、牛磺酸、核苷酸等優質營養元素；Arla美力滋全新升級配方以OPO結構脂、Bb-12益生菌、黃金比例益生元，組成Pro Plus營養方程式，貼合自然需求。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

- Originating from Australia, Doraler goat milk powder contains 100% whole goat milk protein, which is easy to be digested as its natural attributes and to be absorbed by human body. Doraler upholds the brand philosophy of “Freedom, Bravery and Exploration” and advocates “Freedom to Grow, Be Loved by Nature”. It proposes parents in new generations to avoid excessive intervention in their babies’ development and encourages parents to free their babies appropriately for more growing room, such that the babies would express freely and explore the new territories with confidence and courage.
 - Yashili’s products also include various milk powder products for adults, such as Mengniu brand adult milk powder, Youyi brand adult milk powder, Yourui brand milk powder for the middle-aged and elderly and various dissolvable products such as Zhengwei brand oatmeal and Yashily infant nutritional rice cereal. Infant rice cereal products are upgraded and innovated to launch an organic rice cereal series, and Mr. Li Jianyi has been invited to act as the spokesperson for the Mengniu adult milk powder under the Mengniu Yourui brand to inject vitality into the brand.
- 朵拉小羊奶粉來自澳大利亞，含有100%純羊乳蛋白，天然易消化、腸胃好吸收。朵拉小羊堅持「自由、勇敢、探索」的品牌理念，主張「自由成長，自然有愛」，提倡新生代父母減少對寶寶成長歷程的過度干預，鼓勵父母適當放手、給寶寶更多的成長空間，讓寶寶自由表達、自信勇敢地探索新世界。
 - 雅士利的產品亦包括多種成人奶粉產品如蒙牛品牌成人奶粉、優怡品牌成人奶粉、悠瑞品牌中老年奶粉和多個系列沖調產品，包括正味品牌麥片和雅士利嬰幼兒營養米粉等。嬰幼兒米粉產品升級創新，推出有機米粉系列。其中蒙牛品牌成人奶粉啟用李建義先生為蒙牛悠瑞品牌代言人，為品牌注入活力。

Brand Strategies

Reshaping brand image with the proposition of “Gathering the Best Worldwide for Chinese Babies”

The Group completed a comprehensive brand upgrade for the Yashily brand in 2019, and held a brand conference in Shanghai to launch a new TVC, where Ms. Yao Chen, the brand ambassador, was invited to showcase the brand proposition of “Gathering the Best Worldwide for Chinese Babies”. The brand conference achieved more than 180 million advertising exposures by putting screen advertisements and pre-movie advertisements in mainstream video media such as iQIYI and Douyin, and successfully won more than 160 million views on Weibo.

Strengthening brand image and attracting international attention

In 2019, the Group continued to strengthen its cooperation with China Central Television (“CCTV”) by increasing advertising in CCTV, including on its News, TV series and children channels, such as CCTV-1, CCTV-8, CCTV-13, CCTV-14, to fully cover consumer groups of distributors and mothers. Through the cooperation with the Canton Tower, the landmark of Guangzhou, the Group has continuously gathered the nationwide and global attention to turn Yashily into talk of the town. According to third-party research, the brand reputation of Yashily is taking a lead among domestic milk powder brands.

品牌策略

「為中國寶寶，聚全球的好」煥新品牌形象

本集團旗下雅士利品牌在2019年完成品牌全面升級，於上海舉行品牌發佈會，發佈全新TVC，邀得品牌大使姚晨女士展示「為中國寶寶，聚全球的好」的品牌主張。發佈會通過在愛奇藝、抖音等主流視頻媒體投放開屏廣告和貼片廣告，實現廣告曝光逾1.8億，成功引起微博話題熱議逾1.6億閱讀量。

強化品牌形象，吸引國際注視

本集團持續強化與中國央視(「CCTV」)合作，於2019年增加CCTV廣告投入，投放頻道包括CCTV-1、CCTV-8、CCTV-13、CCTV-14等新聞、電視劇和少兒頻道，全面覆蓋經銷商消費人群和媽媽消費人群。通過與廣州地標建築廣州塔的合作，長期彙聚來自全國乃至世界各地的目光，為品牌搶佔輿論和關注焦點。根據第三方調研數據，雅士利品牌知名度在國產奶粉中排名領先。

Wining various awards with outstanding quality achieved by craftsmanship

By virtue of a series of breakthroughs in brand cultivation, quality improvement and leadership in standards, the Group has won recognition and appreciation from the industry and consumers. During the year, the Group's brands and products won various awards including the "International High Quality Gold Award (國際高質量金獎)" with "Monde Selection (世界食品品質評鑒大會)", "Craftsmanship Brand Award for Chinese Mother-and-Baby Milk Powder Products (中國母嬰產品匠心智選奶粉匠心品牌獎)", "Product Innovation Award (產品創新獎)" and "Best Brand Marketing Award 2019 (2019年最佳品牌營銷獎)".

Promoting brand reputation with innovative experience marketing

In 2019, the Group launched an integrated marketing activity of "A Journey of Tracing the Source of Five Countries in Three Continents" (三洲五國溯源之旅) to bring distributors and media to the Group's milk sources, and became the title sponsor of "Feel The World" (慢遊全世界), the first exclusive travel IP program of iQIYI to show the public its four overseas milk sources and production bases, and propagated the Group's brand culture and value centered on high quality through the great appeal of celebrities to strengthen the consumers' confidence in the Group's brands.

Capturing target market by recommending and selling products in Alibaba e-commerce platform

The Group entered into strategic partnership with Alibaba to comprehensively accelerate digital and intelligent operations, and it promotes the conversion of the e-commerce through precise consumer group targeting by Alibaba to conduct advertising and marketing. In 2019, the e-commerce channel continued to grow, achieving a double-digit growth. During the Double Eleven shopping festival, the e-commerce channel achieved an outstanding performance with a growth of 142% compared to the same period of last year, the total sales volume in 2018 was exceeded in just 13 minutes after the activity commenced. The brand flagship store of the Group also recorded a significant increase of 500% compared to 2018, and the Doraler infant formula even ranked Top 1 under the infant goat milk category in terms of the number of buyers on the very day and was awarded the "Heimaxianfeng (黑馬先鋒) Silver Prize".

匠心堅守卓越品質，一舉斬獲多項大獎

本集團憑藉在品牌培育、品質提升、標準引領等方面的一系列突破，贏得行業和消費者的認可與讚賞。年內，本集團旗下品牌及產品屢獲殊榮，包括新一屆「世界食品品質評鑒大會國際高質量金獎」、「中國母嬰產品匠心智選奶粉匠心品牌獎」、「產品創新獎」及「2019年最佳品牌營銷獎」等多項大獎。

創新的體驗營銷提升品牌美譽度

2019年，本集團啟動「三洲五國溯源之旅」整合營銷活動，帶領經銷商、媒體等溯源團前往集團奶源地，以及冠名愛奇藝全網第一旅遊IP節目《慢遊全世界》，向大眾展示本集團四大海外奶源地和生產基地，並通過明星強大的號召力，傳遞品牌以高品質為內涵的品牌文化及價值，增強消費者對品牌的信心。

阿里巴巴電商帶貨鎖定目標市場

本集團與阿里巴巴簽署戰略合作，全面提速數智化運營，通過阿里巴巴的精準人群定向進行廣告營銷，助力電商轉化。2019年，電商渠道發展規模繼續增大，較去年同期實現雙位數增長。雙十一期間，電商渠道表現亮眼，業績較上年同期增長142%，活動開始後13分鐘內超越2018年雙十一總量，旗艦店較2018年錄得500%顯著升幅，朵拉小羊幼兒配方奶粉在雙十一當天購買人數更名列嬰幼兒羊奶品類的Top 1，並頒獲「黑馬先鋒銀獎」。

Product Research and Development

In the course of scientific research, the Group continuously strives for excellence, and gathers the world's best scientific research talents to conduct research on breast milk, provide scientific basis for infant formula products, and develop milk powder that is more suitable for Chinese babies and better meets consumers' differentiated needs for products. At the same time, in view of the growing nutritional needs of the middle-aged and elderly, the Group has mastered mature R&D and production technologies for formula milk powder, and has developed a series of adult milk powder for different needs. The Group continued to increase its investment in scientific research, and made great progress in the registration of milk powder formula and the research and development of nutrition products.

Infant formula keeps gaining recognition

As at the end of December 2019, the Group and its partner Arla had a total of 54 infant formula products out of 18 series approved for recipe registration, of which, the Group obtained the approval for registering 6 new infant formula recipes of 2 series in the first half of 2019.

Enriching the product portfolios for the group of people at the same age to achieve full coverage on market segments

The Group further designed unique recipes to cater for the demands of consumer groups in different age stages including children, teenagers, adults, middle-aged and elderly people. During the year, the Group completed the development and launch of Reeborne series of organic children milk powder, organic teenager milk powder, organic adult milk powder and organic maternal formula milk powder. In addition, the field of product development for special medical formula food was also expanded to special consumer groups targeted at adults.

產品研發

在科研路上，本集團不斷精益求精，彙聚全球優秀科研人才，對母乳進行研究，為嬰幼兒配方奶粉產品提供科學依據，研製更適合中國寶身體質的奶粉，更好地滿足消費者對於產品的差異化需求。同時，有鑒於中老年人群的營養需求不斷增長，本集團掌握著成熟的配方奶粉研發生產技術，研發出一系列針對不同需求的成人奶粉。本集團持續加大在科研領域的投入，在奶粉配方註冊工作、營養產品研發等方面均取得駐足進展。

嬰幼兒配方奶粉再獲認可

截至2019年12月底，本集團及其合作夥伴Arla共有18個系列54個獲批註冊的嬰幼兒配方奶粉。其中2019年本集團上半年新增完成2個系列6個獲批註冊的嬰幼兒配方奶粉。

豐富同年齡人群產品組合，實現細分市場全覆蓋

本集團進一步針對兒童、青少年、成人、中老年等不同人群的年齡需求設計特有配方。年內，本集團完成開發並上市了瑞哺恩系列有機兒童成長奶粉、有機青少年奶粉、有機成人奶粉、有機孕產婦配方奶粉。此外，特殊醫學用途配方食品的產品開發領域也已擴展到針對成人的特殊消費群體。

The new formula for adult milk powder adds special functional food ingredients to provide added value for specific health care and improve the appeal of the products to consumers. During the year, the Group completed the development of four milk powder series for middle-aged and elderly people, namely Youruiguyi (悠瑞骨宜), Shunyi (順宜), Yitian (怡添) and selenium-rich high-calcium goat milk powder, and continued to innovate and develop nutrient-fortified milk powder with different functional ingredients to meet the diversified needs of middle-aged and elderly people.

Upgrading R&D technology and expanding research on breast milk components

The Group continued to put more efforts on fundamental R&D projects and developed research studies and patent applications on milk powder tests, which filled the gap of the national standard testing methods, improved the accuracy of testing and greatly increased the Group's industry competitiveness in terms of R&D testing. For example, the invention patent of the "Testing Method for the Casein Phosphopeptides in Food" (《食品中酪蛋白磷酸肽的檢測方法》) submitted by the Group has been under substantive review.

For the research on the nutrition composition of breast milk in the "13th Five-Year Plan", the Group has carried out the work relating to formula design, trial production and animal experiment, and has established a database accordingly. Moreover, based on the research on breast milk composition in eight cities nationwide, the Group has been proactively carrying out study on "Optimizing the Design and Development of Proteins and Amino Acids in Infant Foods" (《優化蛋白質和氨基酸在嬰配食品中的設計和開發》). In response to national policies, the Group has cooperated with national well-known medical institutions such as Capital Institute of Pediatrics to further explore the impact of nutrients contained in the infant formula on the brain, intestines and physical development of infants through clinical trials.

成人奶粉的新配方添加了特殊功能性食品配料，從而提供特定保健附加價值，提升產品對消費者的吸引力。年內，本集團完成開發悠瑞骨宜、順宜、怡添、富硒高鈣羊奶粉4個中老年奶粉系列，並繼續創新開發應用不同功能配料的營養強化奶粉，以滿足中老年人群多樣化的需求。

研發技術升級，開展母乳營養成分研究

本集團持續加大對基礎研發項目的投入，開展奶粉檢測方法的研究和專利申請，彌補國家標準檢測方法的空缺，提高檢測準確度，大大提高行業內研發檢測的競爭力，例如，本集團遞交的發明專利《食品中酪蛋白磷酸肽的檢測方法》，已進入實質審查階段。

「十三五」項目中關於母乳營養成分的研究已經開展了配方設計、工廠試產以及動物實驗的各項工作，建立了母乳營養成分數據庫。此外，基於全國8個城市母乳成分的研究，正在積極進行《優化蛋白質和氨基酸在嬰配食品中的設計和開發》的課題研究。順應國家政策，本集團通過與首都兒科研究所等國家知名醫學機構建立合作，進一步通過臨床試驗探究嬰幼兒配方奶粉中的營養成分對嬰幼兒大腦神經、腸道、體格發育的影響。

Sales Channels

Implementing the strategy of differentiated channel layout and actively developing new retail models

Under the organizational structure where business units operate on the basis of product lines, the Group gradually established the channel layout of “Mother-and-Baby Stores for Infant Formula Products, Malls and Supermarkets for Nutrition Products, Rapidly Developing E-commerce Channels and Comprehensively Developing New Channels and New Products”. Empowered by digitalization, the Group made every effort to develop star products and formed targeted channel portfolios with other products, and achieved remarkable competitiveness in core channels. With regard to the development of channels for infant formula, the Group mainly focused on mother-and-baby stores that develop steadily, and carefully operated on a combination of channels complemented by modern trade and e-commerce. The Group carefully developed the second- and the third-tier markets and expanded into the first- and the second-tier markets, and cooperated with core chain retailers nationwide. The KA (Key Account) malls and supermarkets across the country and in important regions are the main channels for the Group's adult milk powder and nutrition dissolvable products. During the year, the Group continued to strengthen and increase the market scale of adult milk powder products such as “Youyi” and “Yourui”, as well as children milk powder products such as “Future Star”. Other than the traditional channel of modern trade, the Group also actively expanded e-commerce and new retail, increasing the proportion of sales contributed by e-commerce to promote revenue growth.

Continuing efforts put on new goat milk powder and organic milk powder products

With the upgrade of consumption, goat milk powder and organic milk powder with differentiated and healthy attributes have become popular rapidly. During the year, the Group increased its investment in launching new products and conducted targeted channel layout and promotion for different product lines. “Australia Doraler”, “Dumex goat milk powder” and “Dumex TruYn” were quickly and effectively distributed in 2019, and gained certain advantages in local areas and weighted stores. The Group continued the research and development of organic products, launched the “Reeborne” organic adult milk powder series in the first half of 2019, and conducted marketing and promotion in malls and supermarkets in particular. In terms of other products, the Group also carried out product development on adult milk powder and launched selenium-rich goat milk and student milk powder in strip packaging; in terms of dissolvable products, the Group launched innovative products such as “Maiba” dissolvable cereal to achieve comprehensive coverage on the consumption needs at various age groups.

銷售渠道

差異化渠道布局策略，積極發展新零售模式

在以產品線為管理基礎的事業部運作的組織架構下，本集團逐步構建「嬰配奶粉聚焦母嬰渠道、營養品聚焦商超渠道、快速發展電商渠道、新渠道新產品全面發展」的渠道布局。在數字化賦能的推動下，本集團全力發展旗下明星產品，並與其他產品形成有針對性的渠道產品組合，在核心渠道獲得了顯著的渠道競爭力。在嬰幼兒配方奶粉品類的渠道發展上，本集團主力布局穩定發展的母嬰渠道，並以商超和電商渠道協同補充的渠道組合上精心經營，精細耕作二三線市場，拓展一二線城市，與全國範圍的核心連鎖零售商開展合作。全國及重要區域KA商超渠道為本集團成人奶粉、營養沖調產品的主要渠道，本集團于年內持續穩固、提升「優怡」、「悠瑞」等成人奶粉產品及「未來星」等兒童成長奶粉產品的市場規模。除商超傳統渠道外，本集團同時積極發展電商及新零售模式，提升電商銷售佔比，助力業績增長。

持續發力羊奶粉及有機奶粉新品

隨著消費升級，具差異化及健康屬性的羊奶粉及有機奶粉迅速崛起，本集團於年內加大投入推出新品，並就不同產品線進行針對性渠道佈局及推廣。「澳洲朵拉小羊」、「多美滋羊奶粉」、「多美滋初穎」在2019年得到了快速有效的分銷，並且在局部區域及權重門店已形成一定的優勢。本集團持續開啟有機產品的研發，在2019年上半年推出「瑞哺恩」有機成人奶粉系列，並重點在商超渠道進行了鋪市及推廣。在其他產品方面，本集團也對成人奶粉進行了產品開發，推出富硒羊奶、條狀包裝的學生奶粉；沖調產品方面，推出了「麥霸」沖調麥片等創新產品，全面覆蓋所有年齡層各種消費需求。

Promoting brand loyalty with diversified marketing campaigns

In terms of marketing, the Group invited new spokespersons during the year to enhance the popularity of such brands as “Yashily”, “Australia Doraler” and “Yurui Adult Milk Powder”, and established nearly 20,000 brand outlets, and organized more than 200 large-scale roadshow activities. At the same time, the Group carried out the “Most Beautiful Mother” theme promotion activities throughout the year, conducted nationwide roadshows, displays and exhibitions in various business units with more than 300,000 audiences, effectively improving overall performance and confidence of the channels. On the occasion of the 70th anniversary of the founding of the People's Republic of China, the Group organized the channel activity of the “Most Beautiful Mother, Scanning Code to Find Gold Can”, which brought the overall sales atmosphere across the channels to a peak during the peak season.

Increasing investment in digitalization to support innovative marketing

In terms of marketing innovation, in addition to basic promotional activities carried out regularly, the Group increased its investment in digitalization and intelligence, and explored and implemented more marketing methods in the innovative and interactive activities for attracting new consumers. The gradual transformation from traditional marketing management to marketing empowerment enables various marketing activities to be smarter, more innovative and more effective, thus effectively promoting the sustainable development of the Group's sales channels.

Quality Management

The year of 2019 is the second year of the Group's “Three Quality Years”. The Quality Management Center continued to cultivate in greater depth, constantly improve quality management, and maintain high levels of product quality.

多元市場推廣活動提升品牌忠誠度

市場推廣方面，本集團於年內採用了新的代言人，為「雅士利」、「澳洲朵拉小羊」、「優瑞成人粉」等品牌增強了品牌傳播力，佈建了近2萬家的品牌門點，大型路演活動舉行超過200場。與此同時，本集團全年開展「最美媽媽」主題推廣活動，在各事業部進行全國範圍的路演、陳列和展銷，覆蓋受眾30多萬人次，有效提升了整體業績和渠道信心。在新中國成立70周年國慶之際，本集團執行「祖國最美媽媽，掃碼尋金罐」渠道活動，在銷售旺季把整個渠道的銷售氛圍推上高峰。

加大數字化投入支持創新營銷

在營銷創新方面，除常規基础性推廣活動的開展，本集團加大在數字化、智能化上的投入，在招募新消費者方式的創新和互動活動上，探索和實現更多的營銷方式。從傳統的營銷管理，逐步轉變成營銷賦能，使得各類營銷活動更智能、更新穎、更有效，有力地推動本集團銷售渠道的持續發展。

質量管理

2019年為本集團「3年質量年」的第二年，質量管理中心繼續深耕運作，不斷完善質量管理，產品繼續維持高質量水平。

Wining various quality management awards

Throughout the year, the pass rate of the Group's products in external sample inspections was 100%, and the Group's products won the Gold Award in the "Monde Selection", the Oscars for product quality, the "Seven-Star Award for Food and Health Products in China" (中國食品健康七星獎), the "Outstanding Award for Product Quality Control" (產品質量管控卓越獎), and one of the "Top 10 Brands of 2018-2019 China Organic Milk Powder Industry" at the first China Organic Milk Powder Development Forum, which fully prove that the Group's quality management strength is highly recognized in the industry and have strengthened consumer confidence in the Group's products.

Focusing on quality control over production process

In order to improve the on-site quality management in factories, standardize operating procedures and strengthen on-site visualization, the Group's Quality Management Center and Supply Chain Management Center carried out process quality improvement projects, where various parts of the production process were analyzed in a systematic way through on-site workshops in factories to identify key points and difficulties in production process control, and formulating relevant guidance documents for these key points and difficulties. At the same time, members of the project teams visited each factory site to provide on-site guide, supporting all factories to complete and put into practice the relevant documents and records to effectively carry out standardized production activities and strengthen the quality control over the production process.

Constantly enhancing quality awareness

The trainings on the quality knowledge in the factories organized by the Group during the year were more specific in content, providing comprehensive coverage from the basic Food Safety Law, laws and regulations to specific testing procedures and equipment operation, etc., with more detailed and specific content, and the Group created the atmosphere for quality culture among all staff through various channels. During the year, the Group's domestic factories carried out a total of 321 quality training sessions, a significant increase of 118% over 2018. At the same time, the Group organized 11 promotion activities through online release of quality-related knowledge regarding Food Safety Law and GMP, etc. In addition, quality trainings were also integrated into daily production management, and sharing and communication among employees were strengthened.

榮膺多項品質管理大獎

全年本集團產品外部抽檢合格率为100%，榮膺質量界的奧斯卡獎「蒙特獎金獎」、「中國食品健康七星獎」、「產品質量管控卓越獎」、以及首屆中國有機奶粉發展論壇「2018-2019年度中國有機奶粉行業品牌榜TOP 10」獎等多項大獎，充分證明了本集團的質量管理實力獲得業界高度認可，加強了消費者對本集團產品的信心。

聚焦生產過程質量控制

為提升工廠現場質量管理，標準化作業流程及加強現場目視化，本集團質量管理中心聯合供應鏈管理中心開展了過程質量提升項目。通過工廠現場工作坊，有系統的對生產過程各個環節進行分析，識別出生產過程控制的關鍵點和難點，針對這些關鍵點和難點制定相關指南。同時，項目組組員分別到各工廠提供現場指導，支持各工廠也搭建完成並運行相關文件和記錄，有效實施標準化的生產作業，加強生產過程質量控制。

持續提高質量意識

本集團在年內的工廠質量知識培訓內涵更具針對性，從基本的食品安全法，法律法規到具體的檢測操作、設備操作等，從面到點全面覆蓋，內容更為詳細、具體，並通過各種途徑營造全員質量文化氛圍。年內，本集團國內各工廠共計開展了321場次的質量培訓，較2018年大幅提升118%，同時，透過開展11次與食品安全法、GMP等質量相關知識的線上推送進行全集團宣傳。此外，質量培訓也融入到日生產管理中，並加強員工之間的分享交流。

Passing production permission and certification at the rate of 100%, and improving quality level through internal and external audit

In 2019, the Group's factories passed 78 audits in total, including production permission, GMP, HACCP, FSSC22000, BRC and organic certification. Among them, the Shanxi factory passed the national inspection of the food safety production standard system for infant formula milk powder, and several other domestic factories passed the unannounced inspections by the market supervision and management bureaus at provincial (municipal) levels. In addition, the Group's internal quality cross-audit system was established, and the Quality Management Center, in conjunction with the Supply Chain Management Center and the R&D Management Center, conducted cross-audits of the quality systems of four domestic factories. The Group continued to improve the quality management level of its own factories by promoting the routinization of internal cross-audits and calibrating standards with external audits.

Upgrading product quality and safety tracking system to national platform

The Group is committed to the construction of product quality tracking systems. All infant formula products under the brands of the Group have achieved "One can, one code". In 2019, the Group has become one of the pilot enterprises for the construction of infant formula quality and safety tracking system. The Group's internal product tracking information system has been upgraded into the platform of the MIIT, and consumers can currently gain the access to the key information of product descriptions and enterprises for a number of products on the platform of the MIIT, which is a sufficient testament of the Group's confidence in its product quality.

生產許可認證100%通過，內外審核提升質量水平

2019年，本集團各工廠通過生產許可、GMP、HACCP、FSSC22000、BRC及有機認證等審核共計78次。其中山西工廠通過國家嬰幼兒配方乳粉食品安全生產規範體系檢查，其他幾家國內工廠都順利通過了各自省(市)級市場監督管理局的飛行檢查。此外，本集團的質量交叉內審體系也已搭建完成，質量管理中心聯合供應鏈管理中心和研發管理中心進行了國內4家工廠的質量體系交叉審核。本集團通過推動內部交叉審核常規化，外部審核對標做校準，不斷提升自身工廠的質量管理水平。

產品質量安全追溯體系升級至國家平台

本集團致力於產品質量追溯體系建設，旗下所有品牌的嬰幼兒配方產品均已實現「一罐一碼」。2019年，本集團成為嬰幼兒配方奶粉質量安全追溯體系建設試點企業之一，將本集團內部的產品追溯信息逐步升級至工信部平台，目前多個產品已實現在國家工信部平台供消費者查詢產品、企業等關鍵信息，足證本集團對產品質量的信心。

Supply Chain

Continuous improvement with priority in culture

In the strategic planning for the upstream and downstream development of the supply chain, the Group clearly defined the vision of "Supply Chain as a Service", the mission of "Becoming a Model in Industry Supply Chain Management and a Pioneer in Digital Transformation through Strict Administration and Coordinated Operations", and the core values for supply chain of "Great Performance, Great Incentives and Greater Performance", "Remaining Fastest with Continuous Improvement to Become a Pioneer", "Criticism and Self-criticism", as well as the core development strategy of "Keeping oriented to customer demand and taking the optimization of the total supply chain cost as the purpose to create an outstanding performance-driven profit center for the supply chain through teamwork, professional division of responsibilities and continuous improvement".

Refined and digitalized management to improve quality and efficiency

In respect of lean production management, the Group strengthened the refined management of quality control over production lines to improve quality and efficiency during production. All of the domestic factories of the Group passed the national infant formula production system audit in 2019. The Group also increased its investment in the projects for the digitalization of the supply chain. At the sales end, the Group started the digitalization and intelligence of middle-platform data and the intelligent commercial reports, and at the production end, the Group initiated the online digitalized and intelligent operation management to collect offline data online. At the same time, in terms of the supply chain layout worldwide, the Group successfully controlled the cost of milk sources in the upstream, maintained its competitive edge in strategic supply management and reserve of key raw milk, raw goat milk, organic raw materials and lactoferrin content, and reached out to front-line sales market to actively grasp the market demand and gradually transform to the demand-driven business strategy. The Group fully adjusted the inventory structure, responded quickly to demand growth, improved the speed of order responding, and shortened the time for product delivery.

供應鏈

持續改善，文化先行

本集團在供應鏈的上下游發展戰略規劃中，明確了「供應鏈即服務」的願景、「從嚴治軍、協同作戰，成為行業供應鏈管理的典範，數字化轉型的先驅」的使命、「高績效、高激勵、更高績效」、「唯快不破，持續改善，成為先驅者」、「批評與自我批評」的供應鏈核心價值觀，以及「以滿足客戶需求為導向，以優化供應鏈總成本為目的，通過團隊協作、專業分工、持續改善，打造績效驅動的卓越供應鏈利潤中心」的核心發展戰略。

精細化、數字化管理提質增效

在精益生產管理方面，本集團加強在線過程質量控制的精細化管理，在生產過程中提質增效。本集團國內工廠均通過了2019年度國家嬰兒配方奶粉生產體系審核。本集團亦加大在供應鏈數字化項目上的投入，銷售端開啟了中台數據及商業智能報表的數智化建設，生產端啟動了離線數據在線採集的線上化數智運營管理。同時，本集團在全球供應鏈佈局上，成功地控制上游奶源成本，在關鍵乳原料、羊乳原料、有機原料及乳鐵蛋白供應的戰略管理及資源儲備上仍然保持優勢，並深入一線銷售市場，主動把握市場需求，向拉動型業務策略逐步轉型。充分調整存貨結構，快速響應需求增長，提高訂單響應速度，縮短產品交期。

Management System

The Group further enhanced the transformation of digitalization in 2019.

During the year, the Group cooperated with e-commerce giant Alibaba to build a digitalized middle platform to link the enterprise data along the entire supply chain, and conduct data collection and analysis in seven business areas including consumer behavior, store business, marketing, shopping guide operations, membership points, e-commerce business and manager views in order to improve consumer operation capabilities and efficiency. At the same time, the Group carried out comprehensive innovation cooperation with Alibaba in new retail, including data banking, online and offline data integration, light store, and mini programs, etc. The construction of data middle platform and the commencement of new retail are the key steps for Yashili's digitalization strategy which includes data-based business operation, business-oriented data collection and data intelligence. The Group expects to achieve data-based operation to allow data to flow, generate value, and accumulate data assets across the Group, thus providing support for business innovation, operation analysis and management decisions.

In terms of supply chain, the Group launched an intelligent monitoring cloud system during the year, realizing online real-time management of factory data through intelligent BI projects, to visualize production data and gradually realize intelligent production data. In terms of warehouse management, the Group comprehensively implemented SAP WMS warehousing space management to improve warehouse management capabilities. Meanwhile, the Group's tracking system is linked to the national tracking platform of the Ministry of Industry and Information Technology, and the data is transparent online in real time on the official platform. At the front end, the Group further developed and launched a smart shopping guide platform to fully digitalize shopping guide behavior management and performance management. In terms of expense control, the Group initiated the construction of a marketing expense management system to optimize the management of promotional campaign expenses and utilization efficiency and such management system will be launched in 2020.

管理系統

2019年本集團進一步深入數字化轉型。

本集團於年內與電商巨頭阿里巴巴合作，搭建數據中台，打通企業全鏈路數據，在消費者行為、門店業務、營銷閉環、導購運營、積分、電商業務及管理視圖等7大業務範疇進行數據收集及分析，以提升消費者運營能力和效率。同時，本集團在新零售方面和阿里巴巴展開了全面的創新合作，包括數據銀行、線上線下數據融合、輕店鋪、小程序等。數據中台建設和新零售開啟是雅士利數字化戰略，包括業務數據化，數據業務化，及數據智能化的關鍵一步，本集團期望打通數據運營，讓數據流動起來，產生價值，沉澱企業的數據資產，為企業業務創新、經營分析、管理決策提供支持。

在供應鏈端方面，本集團於年內啟動了智能化監控雲系統，通過智能BI項目實現工廠數據實時在線管理，讓生產數據可視化，逐步實現生產數據智能化。在倉庫管理方面，本集團全面實施SAP WMS庫位管理，提升倉庫的管理能力。同時，本集團的追溯系統和國家的工信部溯源平台對接，數據在官方平台上實時在線透明。在前端，本集團進一步開發及推出智慧導購平台，全面數字化導購行為管理及績效管理。在費控方面，本集團啟動了營銷費用管理系統，以優化促銷活動費用及使用效率的管理，該管理系統將在2020年上線。

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the Group's revenue amounted to RMB3,412.0 million (2018: RMB3,011.2 million), representing a 13.3% increase compared to the last year.

By product category	按品牌類別劃分	2019	2018	Percentage change 變動比例
		RMB million 人民幣百萬元	RMB million 人民幣百萬元	
Milk powder products	奶粉產品	2,650.3	2,442.3	8.5%
Other milk powder products	其他奶粉製品	574.9	327.9	75.3%
Dissolvable products	沖調產品	143.2	145.0	-1.3%
Others	其他	43.6	96.0	-54.5%
Total	總計	3,412.0	3,011.2	13.3%

As of 31 December 2019, sales revenue from milk powder products amounted to RMB2,650.3 million (2018: RMB2,442.3 million), representing an increase of 8.5% from the last year. Sales revenue from organic and goat infant formula milk powder products amounted to RMB719.0 million, accounting for 27.1% (2018: RMB617.3 million, accounting for 25.3%) of the sales revenue from milk powder products. Sales revenue from dissolvable products amounted to RMB143.2 million (2018: RMB145.0 million), representing a decrease of 1.3% from the last year, which was mainly because the operation of dissolvable products ceased in certain traditional channels. Sales revenue from other milk powder products amounted to RMB574.9 million (2018: RMB327.9 million), representing an increase of 75.3% from the last year, which was mainly derived from the base powder sold by the subsidiary Yashili New Zealand to Danone.

The increase in the Group's sales revenue was mainly due to: (1) the continuous development of organic products in the infant formula market to increase the market presence of organic products; and the in-depth exploration of the channels for goat milk powder to achieve long-term, sustainable and stable development, with goat milk products enjoying a good development momentum and growing by approximately 60% in 2019, far higher than the industry average; (2) expansion of the coverage of adult milk powder and nutrition products on new functional products to shift focus to high-end products while developing market segments; (3) the promotion of brand credibility empowered by A-listers, and the increased exposure of products through all-round advertisements on media to boost the growth in online and offline sales.

財務回顧

收入

截至2019年12月31日止年度，本集團之收入達人民幣3,412.0百萬元(2018年：人民幣3,011.2百萬元)，較上年上升13.3%。

截至2019年12月31日，奶粉產品實現銷售收入人民幣2,650.3百萬元(2018年：人民幣2,442.3百萬元)，較上年上升8.5%，其中，有機及羊奶嬰配粉系列實現銷售收入人民幣719.0百萬元，佔比27.1%(2018年：人民幣617.3百萬元，佔比25.3%)。沖調產品實現銷售收入人民幣143.2百萬元(2018年：人民幣145.0百萬元)，較上年下降1.3%，主要是由於沖調產品撤出部分傳統渠道的經營；其他奶粉製品實現銷售收入人民幣574.9百萬元(2018年：人民幣327.9百萬元)，相比上年上升75.3%，主要是子公司新西蘭乳業銷售基粉給達能產生。

本集團銷售收入上升主要是由於：(一)嬰配粉市場上繼續發展有機品類，增加整體有機品類的市佔率；深耕羊奶粉管道，以獲得長期、持續穩定發展。其中羊奶發展勢頭不錯，2019年的增幅約60%，遠高於行業平均水準；(二)成人粉及營養品擴大新功能性產品覆蓋率，向高端化發展，同時發展細分市場；(三)一線明星代言提升品牌公信力，媒體立體投放，提升品牌曝光度，促進線上線下銷量增長。

Gross profit

For the year ended 31 December 2019, the Group recorded a gross profit of RMB1,266.8 million (2018: RMB1,193.8 million), representing an increase of 6.1% from the last year. The gross profit margin was 37.1%, representing a decrease of 2.5% from the last year, which was mainly because the proportions of the sales revenue from adult milk powder products and base powder increased significantly, and yet both adult milk powder and base powder products generated lower gross profit as compared to infant formulas. In addition, the prices of raw materials for milk powder have been increasing steadily, imposing modest pressure on the costs

Selling and distribution expenses

For the year ended 31 December 2019, the Group generated selling and distribution expenses of RMB963.8 million (2018: RMB1,140.4 million), representing a decrease of 15.5% from the last year.

The Group's selling and distribution expenses as a percentage of revenue decreased to 28.2% (2018: 37.9%), representing a decrease of 9.7% from the last year, which was mainly due to the optimization of the utilization efficiency of selling expenses in the year, and the decreased investment resulting from the adjustment of brand strategy in line with market conditions.

Administrative expenses

For the year ended 31 December 2019, administrative expenses amounted to RMB223.0 million (2018: RMB208.6 million), representing an increase of 6.9% from the last year, which was mainly attributable to the one-off strategic consultation fees incurred by Yashili (Cayman Islands) during the year. The proportion of administrative expenses in revenue dropped to 6.5% (2018: 6.9%), a decrease of 0.4%, indicating an improvement in the efficiency of the expenses.

Net finance income

For the year ended 31 December 2019, net finance income amounted to RMB84.7 million (2018: RMB97.5 million). The decrease in net finance income of 13.1% was mainly attributable to the decrease of liquidity available for investment as a result of repayment of borrowings.

毛利

截至2019年12月31日止年度，本集團錄得毛利為人民幣1,266.8百萬元(2018年：人民幣1,193.8百萬元)，較上年上升6.1%。毛利率為37.1%，毛利率較上年下降2.5%，下降的主要原因在於本年成人粉產品和基粉銷售收入佔比大幅上升，成人粉產品及基粉產品毛利均低於嬰幼兒奶粉產品。此外，全球原料奶粉價格穩中有升，對成本稍有壓力。

銷售及經銷開支

截至2019年12月31日止年度，本集團產生銷售及經銷開支為人民幣963.8百萬元(2018年：人民幣1,140.4百萬元)，較上年下降15.5%。

本集團銷售及經銷開支佔收入比例下降至28.2% (2018年：37.9%)，較上年下降了9.7%；下降的主要原因為本年優化銷售費用的使用效率，同時品牌策略在根據市場情況調整中，因而投入較少。

行政開支

截至2019年12月31日止年度，行政開支為人民幣223.0百萬元(2018年：人民幣208.6百萬元)，較上年上升了6.9%，主要是由於本年有一次性的控股公司(開曼)戰略諮詢費用發生。行政開支佔收入比例下降至6.5%(2018年：6.9%)，較上年下降了0.4%，費用的使用效率得到了提升。

淨財務收入

截至2019年12月31日止年度，財務收入淨額為人民幣84.7百萬元(2018年：人民幣97.5百萬元)。財務收入淨額下降13.1%，主要由於歸還借款導致可用於投資的流動資金減少。

Income tax credit

For the year ended 31 December 2019, the income tax credit of the Group amounted to RMB9.4 million (income tax credit of 2018: RMB87.1 million), and the effective income tax rate was -9.1% (2018: -250.3%). The increase in income tax credit was mainly attributable to utilization of unrecognized temporary differences in previous years, decrease in taxable losses and performance improvement this year.

Inventory

As at 31 December 2019, the balance of inventory of the Group amounted to RMB924.0 million (31 December 2018: RMB757.4 million). The increase in inventory was mainly due to the increased inventory in preparation for the Spring Festival and the storage of certain rare raw materials in advance.

Other current financial assets/structural bank deposits

As at 31 December 2019, other current financial assets included fixed yield wealth management products and structural bank deposits of RMB643.4 million, with an anticipated annualised yield of 1.3% to 6.1% (31 December 2018: 4.1% to 4.5%).

Trade receivables

As at 31 December 2019, the Group's trade receivables amounted to RMB152.6 million (31 December 2018: RMB151.6 million). In 2019, the trade receivables turnover days were 16 days (2018: 18 days), representing a decrease of 2 days as compared to the last year, which was attributable to the accelerated collection of receivables.

Contingent liabilities

As at 31 December 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

Capital commitment

As at 31 December 2019, the Group's net cash outflow in capex was RMB102.7 million (31 December 2018: RMB110.6 million). As at 31 December 2019, the Group's capital commitment was RMB9.7 million (31 December 2018: RMB5.4 million), which is mainly related to workshop renovation projects and the purchase of milk powder production equipment.

所得稅抵減

截至2019年12月31日止年度，本集團的所得稅抵減為人民幣9.4百萬元(2018年所得稅抵減：人民幣87.1百萬元)，實際所得稅率為-9.1%(2018年：-250.3%)。所得稅遞減上升的原因主要是本集團本年利用以往年度未確認的暫時性差異以及本年稅項虧損減少，盈利較上年好轉所致。

存貨

於2019年12月31日，本集團存貨餘額為人民幣924.0百萬元(2018年12月31日：人民幣757.4百萬元)，存貨增加主要是應對春節備貨以及部分稀缺原料提前囤貨。

其他流動金融資產／結構性銀行存款

於2019年12月31日，其他流動金融資產包含穩健型理財產品及結構性銀行存款人民幣643.4百萬元，預期年化收益率為1.3%至6.1%(2018年12月31日：4.1%至4.5%)。

貿易應收款

於2019年12月31日，本集團貿易應收款金額為人民幣152.6百萬元(2018年12月31日：人民幣151.6百萬元)。於2019年，貿易應收款周轉天數為16天(2018年：18天)，周轉天數較上年減少2天，資金回收速度加快。

或然負債

於2019年12月31日，本集團並無重大或然負債(2018年12月31日：無)。

資本承擔

於2019年12月31日，本集團資本支出淨現金流出金額為人民幣102.7百萬元(2018年12月31日：人民幣110.6百萬元)。於2019年12月31日，本集團資本承擔額為人民幣9.7百萬元(2018年12月31日：人民幣5.4百萬元)。主要為車間改造項目及購置奶粉生產設備。

Provision for doubtful debts of trade receivables

As at 31 December 2019, the Group had provision for doubtful debts of RMB12.0 million (2018: RMB7.6 million). The provision was made for impaired receivables relating to customers that were in default or delinquency of payments. The Group does not hold any collateral or other credit enhancements over such amounts. An impairment analysis is performed by the Group at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of the balances for the groupings of various customer segments with similar loss patterns (i.e., by customer type).

Provision for impairment and disposal losses of inventories

As at 31 December 2019, the Group's balance of provision for impairment of inventories was RMB78.7 million (31 December 2018: RMB55.5 million), which was mainly because certain inventories affected by the formula recipe policy had longer age profile and were required to provide for impairment under the policy accordingly. In addition, the Group recorded losses on disposal of inventories of RMB4.4 million in 2019 (2018: RMB2.6 million), which was mainly because certain inventories affected by the formula recipe policy had longer age profile and were required to provide for impairment under the policy accordingly.

Pledge of assets

As at 31 December 2019, assets with an aggregate value of approximately RMB1,453.2 million (31 December 2018: RMB1,948.7 million) were pledged by the Group.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Group amounted to RMB112.4 million, a 114.9% increase compared to the last year. The increase was mainly due to the increase in the sales revenue and the decrease in the distribution expenses and administration expenses in the year.

貿易應收款呆賬撥備

於2019年12月31日，本集團的呆賬撥備為人民幣12.0百萬元(2018年：人民幣7.6百萬元)。該等撥備是與拖欠付款的客戶有關的減值應收款而作出的撥備。本集團並無就該等金額持有任何抵押品或其他信貸增級。本集團每個報告日期都會用撥備矩陣進行減值分析，以計量預期信用損失，撥備率基於具有類似報失模式的各個客戶羣的分組(如按客戶類型)的賬齡確定。

存貨減值撥備和報廢虧損

於2019年12月31日，本集團的存貨減值撥備餘額為人民幣78.7百萬元(2018年12月31日：55.5百萬元)。主要是由於受配方註冊政策影響的部分存貨庫齡較長，需按照政策計提相應的減值撥備。此外，本集團2019年亦錄得存貨報廢虧損人民幣4.4百萬元(2018年：人民幣2.6百萬元)；主要是由於受配方註冊政策影響的部分存貨庫齡較長，需按照政策計提相應的減值撥備。

已抵押資產

於2019年12月31日，本集團已抵押之資產合共約人民幣1,453.2百萬元(2018年12月31日：人民幣1,948.7百萬元)。

本公司股權持有人應佔溢利

本集團股權持有人應佔溢利為人民幣112.4百萬元，較上年上升114.9%。主要由於本年銷售收入提高，同時經銷開支及行政開支下降。

Liquidity and capital resources

As at 31 December 2019, the Group's liquidity and capital resources, including cash and cash equivalents, pledged bank deposits to be released within one year, bank deposits and investment deposits, amounted to RMB2,692.0 million in total (31 December 2018: RMB3,109.2 million), representing a decrease of 13.4%. The decrease was mainly due to the utilization of liquidity for the increase in inventory resulting from goods storage at the end of the year.

Operating activities

For the year ended 31 December 2019, the Group's net cash inflow from operating activities was RMB177.2 million (2018: RMB264.1 million). The decrease in the net operating cash inflow was mainly due to the utilization of certain cash flow resulting from the increased proportions of imported products and raw materials.

Investing activities

For the year ended 31 December 2019, net cash outflow generated from investing activities amounted to RMB695.1 million (2018: net cash inflow of RMB508.1 million), which was mainly attributable to the increase in time deposits with maturity more than three months during the year.

Financing activities

For the year ended 31 December 2019, net cash outflow generated from financing activities amounted to RMB64.2 million (2018: RMB283.2 million), mainly attributable to the repayment of bank loan borrowed in previous years and no additional borrowings incurred this year.

Interest-bearing bank and other borrowings

As at 31 December 2019, the Group's interest-bearing bank and other borrowings amounted to RMB54.9 million (31 December 2018: RMB415.1 million). The annualised interest rates for loans denominated in RMB was 3.2%. The above loans shall be repayable on demand upon maturity. As at 31 December 2019, the Group's gearing ratio, which is calculated by total interest-bearing bank and other borrowings at year end divided by total assets at year end, was 0.7% (31 December 2018: 5.4%).

流動資金及資本資源

於2019年12月31日，本集團的流動資金及資本資源包括現金及現金等價物，一年內解除限制的受限銀行存款、銀行存款及投資存款合計人民幣2,692.0百萬元(2018年12月31日：人民幣3,109.2百萬元)，下降13.4%。下降的原因主要是年底庫存由於備貨原因增加，佔用了部分流動資金。

經營活動

截至2019年12月31日止年度，本集團的經營活動現金淨流入人民幣177.2百萬元(2018年：人民幣264.1百萬元)。經營現金淨流入降低主要由於進口產品以及原料佔比增加，佔用部分現金流。

投資活動

截至2019年12月31日止年度，投資活動產生的現金淨流出為人民幣695.1百萬元(2018年：淨流入人民幣508.1百萬元)，主要是本年購買原到期日3個月以上定期存款增加所致。

融資活動

截至2019年12月31日止年度，融資活動所產生現金淨流出為人民幣64.2百萬元(2018年：人民幣283.2百萬元)，主要是本年銀行借款到期不再續借，歸還銀行借款導致。

計息銀行及其他借款

於2019年12月31日，本集團計息銀行及其他借款為人民幣54.9百萬元(2018年12月31日：人民幣415.1百萬元)。人民幣借款年利率3.2%。以上貸款需按要求到期償還。於2019年12月31日，本集團資產負債比率為0.7%(2018年12月31日：5.4%)，資產負債比率為年末計息銀行及其他借款總額除以年末資產總額。

Use of net proceeds from the Initial Public Offering

The Company's net proceeds from the Initial Public Offering amounted to approximately RMB1,965.8 million after deduction of relevant expenses. As of 31 December 2019, the Company had used up all the net proceeds from the Initial Public Offering in accordance with the manner as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus dated 30 October 2010.

HUMAN RESOURCES

As at 31 December 2019, the Group had a total of 2,965 full-time employees (31 December 2018: 2,920). The total staff cost for the year was approximately RMB532.4 million (2018: RMB541.8 million).

Please refer to "Share Option Schemes" of this report for the share option scheme adopted by the Company.

In 2019, the Human Resources Management Center further strengthened cultural construction, empowered business operation, motivated employees and built up brands to build a lean, professional and efficient team in accordance with the strategic objectives of the Group.

Strengthening cultural construction to enhance performance

The Group continued to strengthen the values of "Integrity, Responsibility and Entrepreneurship" and organized a series of activities to promote corporate culture, including mini lectures by senior management on corporate culture, power of models and cross-department cultural value workshops, which strengthened the staff's recognition and practice of the Group's core values, improved organizational performance, and won the "2019 Best Human Resource Management Practice Award" granted by the American Chamber of Commerce in South China.

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。於2019年12月31日，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，用完所有首次公開發售所得款項淨額。

人力資源

於2019年12月31日，本集團共有2,965名(2018年12月31日：2,920名)全職僱員。僱員本年總成本約為人民幣532.4百萬元(2018年：人民幣541.8百萬元)。

本公司採取的購股權計劃請參閱本報告「購股權計劃」。

2019年，人力資源管理中心配合本集團的戰略目標，進一步強塑文化、賦能業務、激勵員工、建立品牌，以打造一支精幹、專業、高效的團隊。

強塑文化，提升效能

本集團持續深化「誠信、擔當、創業精神」的價值觀，推行了一系列企業文化推廣活動，包括企業文化高管微講堂、榜樣力量、跨部門文化價值觀工作坊等，強化了團隊對本集團核心價值的認知及實踐，提升了組織效能，並獲得華南美商會頒發的「2019最佳人力資源管理實踐大獎」。

Developing talents to empower business development

In line with the business development needs of the Group, the Group recruited professionals in the industry, improved the mechanism for talent promotion and training, provided trainings on specialized and general knowledge to employees in various departments and ranks to improve employees' working skills and quality and add value to human resources continuously which help improve the capabilities of employees in all lines and achieve business goals of each business unit.

Motivating employees with sincerity

The Group has established a transparent and effective communication and working environment in order to establish a motivated, dedicated and professional workforce. To this end, the Group regularly conducts employee seminars and interviews with key talents to understand the employees' thoughts, and has established an employee congress to promote democratic corporate management. The Group also continued to implement a five-fold incentive mechanism to continuously encourage employees to challenge themselves and achieve better performance.

Establishing brand to improve image

The Group continued to carry out employer brand building activities and won five authoritative awards for human resources in succession in 2019, including the "Annual Breakthrough Award" (年度打破獎), "Outstanding Human Resource Management Award 2019" (2019年人力資源管理傑出獎), "Lili Treasure Management Performance Top Award" (最佳麗力寶藏管理操演鼎新前衛頭號獎) and "Best Talent Cultivation Award 2019" (2019年度最佳人才打點鼎新獎) granted by Liepin, a domestic elite career development platform, which further enhanced the corporate image. Meanwhile, the Group promoted the internal staff's employer brand recognition by broadening the internal recommendation channels, which increased the internal recommendation ratio to 30%.

發展人才，賦能業務

對應本集團的業務發展需要，本集團羅致行業中的專業人才，完善人才晉升與培養機制，向各部門及職級的員工提供專門及通用知識培訓，提升員工的工作技能及素質，使人力資本持續增值，助力各條線員工能力提升及各業務部門實現業務目標。

從心出發，激勵員工

本集團確立具透明度及有效的溝通工作環境，務求建立一支充滿幹勁、熱誠與專業的員工隊伍。為此，本集團定期開展員工座談會、關鍵人才訪談，瞭解員工心聲，並建立了職工代表大會，促進企業民主管理。本集團亦持續推行五重激勵機制，不斷鼓舞員工挑戰自我，獲得更高績效。

建設品牌，提升形象

本集團持續開展僱主品牌建設活動，並於2019年先後獲得五大人力資源權威獎項，包括國內精英事業昌盛平台獵聘機關頒發的「年度打破獎」、「2019年人力資源管理傑出獎」、「最佳麗力寶藏管理操演鼎新前衛頭號獎」、「2019年度最佳人才打點鼎新獎」等，進一步提升了企業形象；同時，透過拓寬內部推薦渠道，提升內部員工僱主品牌認可度，使內部推薦佔比提升至30%。

SOCIAL RESPONSIBILITY

Adhering to the business philosophy of “Society Nurtures Enterprises, and Enterprises Feed Society”, Yashili International always upholds the belief that product quality is the highest priority, and also takes the lead in shouldering corporate social responsibility, actively participates in public welfare undertakings to feed the society, and provide nutrition support for the poor in line with the national leader’s strategic thought of “Precise Poverty Alleviation and Precise Poverty Elimination”.

In early January, a team of volunteers of Doraler visited Dalongmiao Village of Mazhuang Xiang, Zhenping County, Nanyang City, Henan Province and carried out a “warm winter public service plan” to encourage citizens to donate spare but clean clothes, toys and stationeries for children. The Group also donated Doraler goat milk powder to the local babies.

In March, the Group entered into a strategic agreement with the relevant ministries of Lijiang government, pursuant to which the Group agreed to support a number of poverty alleviation projects covering education, ecology and other areas in the next three years, as well as local tourism and public welfare programs, with a view to improving the living standards of local residents. The Group also provided milk powder products and school uniforms to local primary schools and nursing homes. In addition, the Group also offered goods and materials to the remote Madi Village, Ruijin City, Jiangxi Province and visited the primary school in Madi Village and local poor households.

In June, the Group carried out nutrition-targeted poverty alleviation in poor areas; and together with the Women’s Federation of Li County, Gansu Province, delivered Yashili’s Youyi high-calcium nutrition milk powder for middle-aged and elderly people to poor households in Li County, Gansu Province, aiming to protect the health of people in poverty. Together with Mengniu, the Group offered healthy school milk to the local kindergarten children, in order to help children gradually cultivate good dietary habits, including drinking milk.

In July, under the organization of the China Dairy Industry Association, a team of representatives of the Group and the representatives of 15 dairy brands visited the Yanglinjie Town of Yueyang County with materials to bring Yashili’s Youyi high-calcium growth milk powder for primary and middle school students to the children of Yanglin Middle School, to help the poor young people grow up healthy through nutrition.

社會責任

雅士利國際秉承「社會養育企業，企業反哺社會」的經營理念，始終堅持以產品質量最優先的信念外，還以身作則肩負企業社會責任，積極投身公益事業回饋社會，響應國家領導人「精準扶貧、精準脫貧」的戰略思想，對貧困地區進行營養扶貧。

1月初，朵拉小羊愛心代表團走進河南省南陽市鎮平縣馬莊鄉大龍廟村，發起「冬日暖羊公益計劃」，號召市民捐出家中閑置且乾淨的兒童衣服、玩具、文具等，以及向當地寶寶捐出朵拉小羊羊奶粉。

3月，本集團與麗江政府相關部委簽署戰略協議，協議未來三年支持教育扶貧、生態扶貧等多項扶貧工作、當地旅遊業及公益項目，改善當地居民的生活水平。本集團還向當地小學及敬老院送上奶粉產品、校服等物資。此外，本集團亦帶著物資到偏僻的江西瑞金麻地村，探訪麻地村小學和當地貧困戶。

6月，本集團針對貧困地區開展精準營養扶貧工作，攜手甘肅禮縣婦聯，為甘肅禮縣貧困戶送上雅士利優怡中老年高鈣營養奶粉，旨在守護貧困人民的身體健康；本集團還與蒙牛一起，為當地的幼兒園小朋友送上了健康學生奶，以此逐漸培養孩子們包括飲用牛奶在內的良好膳食習慣。

7月，本集團愛心代表團在中國乳製品工業協會的組織下，與15個乳業品牌一起帶著物資到訪岳陽縣楊林街鎮，為楊林中學的孩子們送上雅士利優怡中小學生高鈣成長奶粉，通過營養扶貧助力青少年健康成長。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

In October, to support the special science popularization campaign for bringing healthy food to rural areas in Dadi Village, Hunan Province in 2019, the Group brought Yashili's Youyi high-calcium nutrition milk powder for middle-aged and elderly people to deliver warmth to the local poor elderly.

In the future, while adhering to the original intention of quality and sparing no effort to make every can of milk powder, the Group will continue to carry forward the spirit of caring for the society to benefit the community, and provide continuous support for the country to win the battle of precise poverty alleviation.

PUBLIC RELATIONS AND CRISIS MANAGEMENT

The Group strives to effectively communicate with social stakeholders such as relevant government departments, consumers and the media through various channels in a proactive, open, sound and active way to integrate information, relation, image, and media resources. The Group has also adopted various publicity approaches at the same time with a view to achieving win-win results. In respect of brand communication, the Group enhanced the awareness of the Group and its brands through various traditional and innovative media channels.

The Group is committed to improving the crisis management system by optimizing the efficiency of collaborative work among departments to deal with various consumer requests in a timely and effective manner, assisting and coordinating with government departments' enquiries and responding to media concerns, promptly offering solutions to consumers, preventing the outbreak of crises, effectively monitoring public opinions and promptly responding to industrial incidents. The Group paid high attention to the market, services and coordination with market sales, providing a solid support for sales.

INVESTOR RELATIONSHIP

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

10月，配合湖南省大坵村2019保健食品進鄉村專項科普宣傳活動，本集團送上雅士利優怡中老年高鈣營養奶粉，為當地貧困老人送上溫暖。

未來，在秉承品質初心、用心造好每一罐奶粉的同時，本集團將繼續弘揚關愛社會的精神，惠澤社群，持續助力國家精準扶貧攻堅戰取得勝利。

公共關係及危機處理

本集團一直堅持通過多種渠道，主動、公開、健康、積極與政府相關職能部門、消費者、媒體等社會持份者進行有效溝通，對信息資源、關係資源、形象資源以及傳播資源之間進行整合；並採取多管齊下的公關方式，達到互利共贏的效果。就品牌傳播方面，本集團透過多元化的傳統及創新媒體渠道，提高本集團及旗下品牌的知名度。

本集團致力完善危機管理機制，透過提高各部門協同工作效率，及時、有效地處理各種消費者的訴求，協助配合政府部門的諮詢以及回應媒體關注的問題，及時為消費者提供解答釋疑，預防危機事件的發生，並有效對輿情進行監控，對行業事件及時作出反應。本集團高度重視市場，服務和配合市場銷售，為銷售提供堅實後台。

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

FUTURE PROSPECTS

Policy Implications

Since the implementation of the Recipe Registration Requirement, the domestic demand for infant formula milk powder has increased significantly, which has a very obvious influence on the rise of the domestic infant formula industry, thus laying a solid foundation for the long-term healthy development of the formula milk powder market.

The Infant Formula Promotion Plan issued by the NDRC encourages enterprises to use raw milk as raw materials to produce infant formula milk powder to improve product quality, as a result of which, together with the facts that the new national standards for infant formula milk powder are about to be introduced, and that the 5-year validity period of registration of infant formula in 2017 is also about to be expired, enterprises are expected to usher in a new wave of infant formula milk powder product development and formula registration in the next one to three years.

The revision, release and update of policies, regulations and standards put forward stricter requirements on the research and development, production, inspection, labeling and formula registration, formula upgrade and change for infant formula food. In order to improve the quality of infant food, related standards and specifications will be further improved, which will bring both challenges and opportunities to the enterprises.

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

未來展望

政策影響

配方註冊制實施以來，國內嬰幼兒配方奶粉需求有了明顯的增加，對國內嬰配粉行業的崛起有著非常明顯的影響趨勢，為配方乳粉市場的長期健康發展奠定堅實的基礎。

國家發改委頒佈的嬰配粉提升方案鼓勵企業使用生乳為原料生產嬰幼兒配方奶粉，提升產品品質，加上嬰幼兒配方乳粉的新國標即將出台，2017年獲批的嬰配註冊5年有效期也臨近到期，接下來1至3年內企業預計迎來新一輪嬰幼兒配方乳粉產品研發和配方註冊的浪潮。

政策、法規和標準的修訂、發佈和更新，對嬰幼兒配方食品的研發、生產、檢驗、標識及配方註冊要求、配方升級和變更等方面提出更嚴格的要求。為了提升嬰幼兒食品的品質，相關標準和規範將進一步完善，這對企業既是挑戰也是機遇。

Industry Trend

High-quality differentiated products will dominate the market with a stable scale

With China's economic growth gradually shifting from focusing on quantity to focusing on quality, the optimization of industrial upgrade through supply-side reform and overall social consumption transformation, high-quality products and services have become the new form of social economy and life, and high-end and ultra-high-end markets are growing rapidly. The infant milk powder industry will still take on the continuous trend of providing high-quality products and differentiated services to consumers, organic and goat milk products develop rapidly. Although the birth population has declined, the birth rate is still relatively stable as seen in the birth population data for the whole year of 2019, the milk powder market is still undergoing structural adjustment, and the consumption amount per unit is also steadily increasing. Therefore, it is expected that the sales of infant formula milk powder in the entire industry will remain flat in 2020. However, at the same time, the competition in the domestic milk powder market is becoming fiercer and fiercer, and many leading brands as well as small and medium-sized brands are fighting for performance space in all channels.

Rise of domestic brands amidst fierce market competition

In the market, foreign brands have continued to penetrate into third-tier and fourth-tier cities, and leading brands have increased their investments in the market to compete for market shares, while small brands at the rear have been fiercely competing in channel prices. However, the post-90s and post-00s consumers are more preferring domestic style with high acceptance of domestic brands, which, coupled with the support of national policies and the upgrading of media advertisements for leading domestic brands, has contributed to the rise of domestic brands.

行業趨勢

規模平穩市場下，高質差異化產品是趨勢

隨著中國經濟增長逐步從注重數量向注重質量轉變，供給側改革優化產業升級，整體社會消費轉型，高質量的產品和服務成為社會經濟和生活的新形態，高端、超高端市場快速增長。嬰幼兒奶粉行業，仍然以持續為消費者提供高質量的產品、差異化的服務作為行業趨勢，有機、羊奶品類持續高速發展。雖然出生人口已出現下降，但從2019年全年出生人口數據來看，出生率仍相對穩定，奶粉市場仍在結構化調整，單位消費金額也在平穩提升，預計2020年全行業整體嬰幼兒配方奶粉銷量將基本持平。但同時，國內奶粉市場競爭格局也越為激烈，眾多一線頭部品牌商以及各中小品牌商均在全渠道爭取業績空間。

激烈市場競爭中，國產品牌興起

市場上，外資品牌持續下沉至3、4綫城市，頭部品牌加大市場投入，爭奪市場佔有率，尾部小品牌，進行渠道價格戰，競爭激烈。然而，90後及00後消費者中刮起國潮風，對國產品牌接受度高，加上國家政策傾向性支持，國產領先品牌媒體投放升級等，造就了國產品牌興起的現象。

Mother-and-baby store channel will face both competition and opportunities

The mother-and-baby store channel is still the main battlefield for infant formula milk powder. In the first-tier and second-tier markets, the number of channel stores has grown steadily, and the level of single-store operation is of particular importance. In the third-tier and fourth-tier markets, the number of channel stores has grown continuously, and there is still considerable room for further exploration. During the transformation of channel retailers, medium-sized and large-sized mother-and-baby chain stores have begun to reflect the trend of turning mall- and supermarket-like and digitalization, and more mother-and-baby stores have begun to join together with manufacturers in the search of better business modes. In terms of the competition landscape, foreign-invested brands continue to implement the strategy of exploring channels in depth to deeply explore third-tier and fourth-tier cities, which has imposed competitive pressure on domestic brands; domestic brands have increased their investment in all channels, and have made remarkable progress in brand building and channel expansion. In terms of marketing activities, in addition to classic marketplaces and promotions, the change into new retail model has also brought more investments, with developments seen in capital, personnel and store operation models. With the digital and intelligent transformation of the Chinese retail industry, the mother-and-baby product industry will usher in new development opportunities.

Consumption concept and behavior in change

At the beginning of 2020, China was challenged by the epidemic prevention of the coronavirus disease, which caused a profound impact on the consumption concepts and shopping behaviors of Chinese consumers. Consumers' consumption concepts also tend to focus on product quality and health-related functionality, which requires dairy enterprises to pay more attention to product production and quality assurance while exerting efforts on the development of milk formula and the promotion of healthy ingredients. In terms of shopping behaviors, the promotion methods of physical stores, consumer interaction and even the delivery of goods will tend to be more integrated with the Internet. The business model of Internet-based new retail will also gain ground with the operation of manufacturers and channel stores.

母嬰渠道競爭與機遇並存

母嬰渠道仍然是嬰幼兒配方奶粉的主戰場。在一二線市場，渠道門店數量增長穩定，單店運營水平突顯重要性，在三四線市場，渠道門店持續增長，仍有可觀的下沉深耕的空間。在渠道零售商的轉型上，大中型連鎖母嬰商超化、數字化的趨勢開始顯現，更多的母嬰店開始與廠商聯合，共同尋求更好的經營方式。從競爭格局來看，外資品牌持續貫徹渠道下沉策略，深耕三四線城市市場，對國產品牌產生了一定的競爭壓力；國產品牌則增大了全渠道的投入，在品牌建設和渠道拓展上，均有顯著的建樹。在營銷活動上，除了一些經典的鋪市、促銷推廣以外，新零售業態的轉變也帶來了更多的投入，在資金、人力、門店經營模式上均有發展。隨著中國零售行業的數字化、智能化的轉變，母嬰行業將迎來新的發展機遇。

變化中的消費觀念及行為

2020年初，中國受到了新冠病毒的防疫挑戰，這對中國消費者的消費觀念和購物行為都產生了深遠影響。消費者的消費觀念也趨向於產品的高質量和健康相關的功能性。這種趨勢要求乳企需要更加重視產品生產和質量的保證，同時也需要注重奶粉配方的研發和健康成分的宣傳。在購物行為方面，實體門店的促銷方式、消費者互動乃至貨物交付，將更多的趨向於與互聯網結合的形式。在廠商和渠道門店的經營當中，互聯網這種新零售業務模式也將得以發展。

Adult milk powder market to expand with rising health awareness

Under the background of the rapid development of China's general health industry, the health problems of middle-aged and elderly people have become increasingly concerned under the trend of aging population. The enhancing health awareness and the change of perceptions of middle-aged and elderly people are expected to further promote the rapid development of the nutrition food market for middle-aged and elderly people, especially the market of milk powder for middle-aged and elderly people. In the future, the Group will strive to develop adult milk powder into a new growth driver for performance and increase the business of high-end powder for middle-aged and elderly people.

Company Strategies

Brand Strategies

In 2020, the Group will focus on the brands of Reeborne, Baby & Me, Doraler and Yourui and gradually phase out certain products with low sales and gross profit, and further renew its brand, shape the high-end professional image of the brand, centralize resources, continue to invest in brand building and brand empowerment, and achieve resource sharing.

The Group will cooperate with the renowned IP "TRUMP CARD VS TRUMP CARD" (《王牌對王牌》) to expand channels in low-tier markets, precisely target consumer groups, focus on the development of high-end products, and strongly disseminate the high-end brand Reeborne's new brand proposition of "Intestinal Health Brings Happiness" through the key media in core cities to promote the awareness of the brand's high-end image. In addition to high-frequency exposure, the Group will strengthen its professional image through participating in authoritative award selections and international authoritative exhibitions including China International Import Expo; and build a closed-loop management system for precise marketing by organizing key marketing and promotion activities, terminal deployment and store promotion activities, and taking advantage of mother-and-baby vertical media and information flow advertising at the same time, to accurately target targeted groups, identify potential customers, strengthen brand authority endorsement and promote front-line sales.

健康意識提高，成人奶粉市場擴大

在中國大健康產業迅速發展背景下，中老年健康問題在人口老齡化趨勢下日趨受到關注，中老年健康意識的提升和觀念的轉變預計將進一步推動中老年營養品，尤其是中老年奶粉市場的迅速發展。本集團在未來將致力把成人奶粉拓展為新的業績發力點，做大中老年高端營養奶粉。

公司策略

品牌策略

2020年，本集團將聚焦瑞哺恩、寶貝與我、朵拉小羊、悠瑞等品牌，逐步淘汰部分銷量低毛利低的產品，進一步煥新品牌，塑造品牌高端專業形象，集中資源，持續投入品牌建設及賦能品牌，實現資源共享。

本集團將聯合著名的IP《王牌對王牌》，擴展下線市場，精準定位消費群，重點發展高端產品，通過核心重點城市主流媒體，強勢傳播高端品牌瑞哺恩的新品牌主張「腸健康，常快樂」，從而提高品牌高端形象的認知度。除了高頻次的傳播以外，本集團還將通過參加權威獎項、「中國國際進口博覽會」等國際權威展會，強化品牌專業形象；通過舉辦重點營銷推廣活動、終端佈建和門店促銷活動，同時結合母嬰垂直媒體、信息流廣告等，構建精準營銷閉環管理體系，精準定向目標人群，挖掘潛在客戶，強化品牌權威背書，推動一線銷售。

The Group will continue to carry out large-scale roadshows and classes for mothers to enhance the consumer stickiness to brands and the appeal to young consumers; the Group's channel layout strategy will focus on the investment of resources in key markets and target key customers and key stores to further enhance brand influence through interaction with consumers in the three dimensions of people, goods, and markets. At the same time, the Group will vigorously promote digitalized media operations with Alibaba, increase the investment in social media channels such as e-commerce and organize online and offline promotion activities to enhance the interaction with consumers and drive sales growth.

Product Research and Development

The Group plans to complete applications for recipe registration of all infant formula products submitted in the previous year in 2020. Meanwhile, the Group has formulated detailed upgrade plans for the infant formula products already launched across all lines in respect of formulas and packages, and capture further share in high-end market by virtue of differentiated products.

In order to meet the diversified needs of consumers, the Group has been continuously enriching its brand matrix and improving its product structure. Going forward, the Group will continue to increase investment in the research and development of high-end products, enhance the technological content of the products, and design unique formulas for the people of different age groups such as infants, teenagers, adults, middle-aged and elderly people, to cover different market segments. The Group will grasp the market demand arising from the aging population, and strengthen the innovative development of nutrition-fortified milk powder with different functional ingredients to meet the diverse needs of the middle-aged and elderly people. In addition, for the field of product development of formula food for special medical purpose, the Group will also continue to expand to the special consumer groups targeted at adults.

The Group will continue to increase the investment in basic research and development projects, and follow national policies to conduct research on the nutritional composition of breast milk, promote the research on the nutritional composition of breast milk by the "13th Five-Year Plan" projects, and conduct further clinical trials through cooperation with well-known national medical institutions, to explore the effects of nutritional ingredients in infant formula on the cerebral nerves, intestinal canal and physical development of infants.

本集團將繼續開展大型路演活動及媽媽班活動，提升消費者的品牌黏性，及對年輕消費者的吸引力；本集團的渠道佈局戰略將聚焦重點市場的資源投放力度，對準重點客戶、重點門店，從人、貨、場三個維度，通過與消費者的互動，進一步提升品牌影響力。同時，本集團將大力推動與阿里巴巴數字化媒體運營，加大電商等社交媒體渠道的投入，結合線上線下推廣活動，增加與消費者的互動，推動銷售增長。

產品研發

本集團計劃於2020年完成上一年所遞交的所有嬰幼兒配方產品的配方註冊工作。同時，本集團對已上市的嬰幼兒配方產品的配方和包裝，制定了詳盡的全線產品升級方案，以差異化的產品進一步搶佔高端市場份額。

為了滿足消費者多元化的需求，本集團不斷豐富品牌矩陣，完善產品結構。未來，本集團將繼續加大高端產品的研發投入，提升產品的科技含量，針對嬰幼兒配方、青少年、成人、中老年等不同人群的年齡需求設計特有配方，覆蓋不同细分市场。本集團將把握人口老化帶來的市場需求，加強創新開發應用不同功能配料的營養強化奶粉，以滿足中老年人群多樣化的需求。此外，特殊醫學用途配方食品的產品開發領域也將繼續向針對成人的特殊消費群體拓展。

本集團將持續加大對基礎研發項目的投入，並順應國家政策，開展母乳營養成分研究，推進「十三五」項目關於母乳營養成分的研究，通過與國家知名醫學機構合作，進一步進行臨床試驗，探究嬰幼兒配方奶粉中營養成分對嬰幼兒大腦神經、腸道、體格發育的影響。

Sales channels

Focusing on core regions and key channels

The Group will focus on the provinces with strong presence of domestic brands, centralize resources for high-frequency media exposure, and seek regional breakthroughs to expand outward. In key regions, the Group will achieve full area coverage, full channel coverage, full product category coverage and full media coverage. The Group will complete the omni-channel layout, focus on the two high-growth channels of e-commerce and chain mother-and-baby stores. For e-commerce channels, the Group will adopt a strategy of achieving comprehensive layout of cross-screen promotion while developing flagship stores and e-commerce distribution concurrently. For chain mother-and-baby stores, the Group will focus on developing national and regional mother-and-baby chain stores in the key regions as selected.

Continuously focusing on infant formula and vigorously expanding the market for organic and goat milk products

The Group will continue to develop infant formula as its core product category, and be committed to stabilizing its milk powder business, building up the star brand of Reeborne. The Group will expand high-end market segments for goat milk and organic milk powder, and enhance the development of functional adult nutrition products to form a sound brand and product echelon.

Developing high-tier and low-tier markets in parallel and continuing to localize channels

The Group will continue to develop in a balanced manner in both high-tier and low-tier markets. In the high-tier market, the Group will establish cooperation with large-scale systems and gradually establish a benchmark store system; in the low-tier market, the Group will continue to carry out channel penetration and exploration, and achieve stable distribution at the county, township, and village levels while increasing single-store sales. In terms of channels, in the mother-and-baby chain stores and KA shopping malls, the Group will formulate targeted strategic plans to continue to increase the market shares of dominant brands in mother-and-baby chain stores, while further achieving the nationwide layout of KA malls and supermarkets for adult milk powder products.

銷售渠道

聚焦核心區域，聚焦重點渠道

聚焦國產強勢省份，集中資源，媒體高頻投放，創造區域突破，並向外擴張。在核心區域實現全區域覆蓋、全渠道覆蓋、全品項覆蓋及全媒體覆蓋。完成全渠道布局，聚焦電商及連鎖母嬰兩大高成長渠道。電商渠道，採取跨屏提全面布局，旗艦店與電商分銷共同發展的策略。連鎖母嬰渠道，有的放矢，有選擇地重點發展地區內的全國及區域性連鎖母嬰。

持續聚焦嬰幼兒配方奶粉，大力拓展有機和羊奶產品市場

本集團仍將堅持以嬰幼兒配方奶粉作為核心產品品類，致力於穩固牛奶粉產品業務，打造明星品牌瑞哺恩，擴大羊奶粉及有機奶粉高端細分市場，同時加強開發功能性成人營養品系列，形成健全的品牌和產品梯隊。

上下線市場並駕齊驅，持續下沉渠道

本集團將持續在上下線市場均衡發展。在上線市場，本集團建立與大系統的廠商合作關係，並逐步建立標杆門店體系；在下線市場，本集團將繼續堅持渠道下沉和深耕工作，在縣、鄉鎮、村一級做到鋪市穩定，單店產出提升。從渠道來看，在連鎖母嬰及KA商場渠道，本集團將擬定針對性的策略規劃，持續增加優勢品牌在連鎖母嬰的市場份額，同時使成人奶粉產品進一步實現全國性KA商超渠道的布局。

Exploring new opportunities in e-commerce and new retail

With the rapid development of e-commerce and new retail models, the Group will strengthen the cooperation with Alibaba in cloud-based smart computing, Tmall new retail and digital media, focus on controlling the big data of channels and consumers, and enhance online and offline traffic exchange, while providing consumers with accurate products and services, improving the service experience of front-end consumers, and taking advantage of new retail projects to bring new growth drivers and long-term development space for the Group.

Innovation in model and digital and intelligent transformation

The Group will promote digital and intelligent transformation to achieve digitalization for offline stores. The Group will take advantage of big data technology to connect internal systems with consumer data, empower distributors, outlets and consumers with different systems, and take advantage of a digital media for precise marketing and attract consumers to offline stores for sales conversion.

Supply Chain

In 2020, the Group's supply chain will continue to focus on the empowerment and optimization of the six segments to create an elite business team; while ensuring product quality, deepen cooperation with giants in the digital technology field, and promote the upgrade and transformation of digitalized supply chain construction to improve quality and efficiency; establish strategic alliances with more outstanding suppliers, continue to maintain the advantages in upstream raw material supply resources; adhere to the vision of "Supply Chain as a Service", continue to improve customer services; and diversify the development of new products to facilitate product innovation.

Human resources

In 2020, the Group will implement strategic human resource management, delegate practical duties to the Business Units of China Brands, Imported Brands and Nutritional Products and empower the leaders to make decisions, and by taking the business as the lead, it will promote the maximization of organizational performance and maintain the Group's sustainable competitive advantages through policy deployment, organizational construction, and implementation of practices.

電商新零售拓展新機遇

隨著電子商務和新零售業態的快速發展，本集團將加大和阿里巴巴在雲智能計算、天貓新零售、數字媒體方面的合作，著力掌控渠道和消費者大數據，增強線上線下引流，為消費者提供精準到位的產品服務，改善前端消費者的服務體驗，並在新零售項目的驅動下，為本集團帶來新的增長點和長遠的發展空間。

模式創新，數智化轉型

數智化轉型，線下門店數字化。運用大數據技術，打通內部系統與消費者數據，通過不同系統賦能經銷商門店和消費者，利用數字媒介精準觸達，引流線下完成銷售轉化。

供應鏈

2020年，本集團供應鏈將持續著力於六大模塊的賦能優化，打造精銳業務團隊；在保障產品質量的同時，深化與數字技術領域巨頭的合作，推進供應鏈數字化建設的升級改造，提質增效；與更多的優秀供應商建立戰略聯盟，繼續保持上游原料供應資源的優勢；貫徹「供應鏈即服務」的願景，持續提升客戶服務水平；拓展新品開發，助力產品創新。

人力資源

2020年，本集團將實施戰略人力資源管理，做實中國品牌、進口品牌、營養品事業部，讓聽炮聲人做決定，以業務為牽引，通過政策部署、組織建構、執行實踐，促進組織績效最大化，保持本集團的可持續競爭優勢。

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Practicing cultural values and building organizational competitiveness

The Group will continue to implement and deepen the values of “Integrity, Responsibility and Entrepreneurship”, and disseminate the corporate philosophy through training and various communication channels, and share its value system. In order to implement the corporate philosophy, the management of the Group will take the lead and implement behavioral management, rules and regulations to guide employees to practice the corporate philosophy in their daily work.

Promoting organizational reform and strengthening high performance management

The Group will comply with the corporate development strategies to promote human resource reform. Through rigorous recruitment and selection of employees, the Group will extensively train and develop its employees to improve their skills. The Group will also retain outstanding employees through competitive compensation, incentive system and assessment program, and closely monitor the performance process management to promote the overall performance of the Group and maintain its competitive advantages.

Building a talent team to ensure talent supply

The Group will continue to optimize key talent competency standards in accordance with the latest strategic requirements, to provide consistent guidance for the “selection, employment, training and retention” of talents and clarify the career development. Meanwhile, through routine talent review, the Group will form a survival-of-the-fittest mechanism for selecting the key talents, build a talent team for key positions and strengthen talent reserve and training to ensure continuous supply of the talents.

Strengthening employer brand building to enhance corporate image

The Group will continue to refine the value proposition of the employer brand and constantly promote internal and external employer brand building activities. Meanwhile, through enhancing online publicity and diversifying the forms of offline activities, the Group will stimulate the recognition by internal staff of the employer brand, communicate its corporate values and attract outstanding talents to join the Group.

踐行文化價值觀，打造組織戰鬥力

本集團將繼續推行及深化「誠信、擔當、創業精神」價值觀，透過培訓及各溝通渠道傳播企業理念，共享價值體系。為了使企業理念得以實踐，本集團的管理人員將以身作則作帶頭作用，並實施行為化管理、規章制度，引導員工在日常工作中踐行企業理念。

推動組織變革，強化高績效管理

本集團將順應企業發展戰略，推動人力資源變革，通過嚴格招聘和選拔員工，廣泛培訓及發展以提高員工技能；通過有競爭力的薪酬、激勵制度及考核方案保留優秀的員工；嚴密監控績效過程管理，促進本集團的整體績效，維持競爭優勢。

搭建人才梯隊，保障人才供應

本集團將按照最新戰略要求持續優化關鍵人才勝任標準，為人才「選用育留」提供一致性指引，闡明職業發展階梯；並通過常規化的人才盤點形成關鍵人才優勝劣汰，搭建關鍵崗位人才梯隊，強化人才儲備培養，保障人才持續供應。

加強僱主品牌建設，提升企業形象

本集團將繼續完善僱主品牌價值主張，持續推動內外部僱主品牌建設，通過提高線上宣傳推廣度、多樣化線下活動的形式，激發內部員工的僱主品牌認可度，傳遞企業價值觀並吸引優秀人才加入本集團。

EVALUATION ON THE IMPACT OF THE 2019 NOVEL CORONAVIRUS

Since the 2019 Novel Coronavirus broke out in January 2020 in PRC, the Group has actively taken measures to implement the regulations and requirements posted by the local governments on coronavirus epidemic prevention and control. The Group expected the coronavirus outbreak would have a certain temporary impact on business operation as the Group postponed the resumption of operation following the Chinese New Year holidays until 10 February 2020, which led to a one-week delay. Accordingly, there were slight delays in meeting the delivery schedule in February 2020 for some of the orders. The Group will continue to pay attention on the development of the coronavirus situation and evaluate the impact on the financial position and operation of the Group.

2019年新型冠狀病毒的影響評估

自2019年新型冠狀病毒於2020年1月在中華人民共和國爆發以來，本集團積極採取措施以落實地方政府發布的有關冠狀病毒疫情防控的法規和要求。本集團預計冠狀病毒爆發將對業務運營產生一定的暫時影響，因為本集團於春節假期後的恢復生產推遲至2020年2月10日，導致生產進度延遲一周。因此，2020年2月的一些訂單的交貨時間將稍有延遲。本集團將繼續關注冠狀病毒疫情的發展，評估其對本集團財務狀況和運營的影響。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

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

The Company has applied the principles as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The Board is of the view that throughout the year ended 31 December 2019, the Company has complied with all applicable code provisions as set out in the CG Code, except for the deviation from code provision A.2.1 as explained under the paragraph “Chairman and Chief Executive Officer” below.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made by the Company with all directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2019.

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.

企業管治常規

董事會致力保持高水準的企業管治。

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

本公司已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。

董事會認為，截至2019年12月31日止年度整段期間，除下文「主席及行政總裁」一段所闡述偏離守則條文第A.2.1條外，本公司已遵守企業管治守則載列的所有適用守則條文。

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。

證券交易之標準守則

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

本公司經向全體董事作出特定查詢後，各董事已確認，於截至2019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定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。

BOARD OF DIRECTORS

Responsibilities

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

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

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

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

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

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

董事會

責任

董事會應負有領導及監控本公司的責任，並共同負責指示及監督本公司事務。

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

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

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

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

董事須向本公司披露彼等擔任其他職務的詳情。

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 2019 and up to the date of this Annual Report, the Board comprises the following directors:

Non-executive directors

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Ms. Lam Pik Po, Katty (*resigned on 25 March 2019*)
Mr. Gu Puiji (alias Philip Gu)
(*appointed on 29 April 2019*)

Executive directors

Mr. Yan Zhiyuan (*Chief Executive Officer*)
(*appointed on 8 January 2020*)
Mr. Chopin Zhang (*Chief Executive Officer*)
(*resigned on 8 January 2020*)

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 in the section headed "Directors and Management Biographies" of this Annual Report.

董事會成員

董事會現由八名成員組成，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2019年12月31日止年度及直至本年報日期，董事會由下列董事組成：

非執行董事

盧敏放先生(主席)
秦鵬先生
張平先生
林碧寶女士(於2019年3月25日辭任)
顧培基先生(又名Philip Gu)
(於2019年4月29日獲委任)

執行董事

閻志遠先生(行政總裁)
(於2020年1月8日獲委任)
張平(Chopin Zhang)先生(行政總裁)
(於2020年1月8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)載於本年報的「董事及管理層履歷」一節內。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The position of Chairman of the Company is held by Mr. Jeffrey, Minfang Lu. During the year ended 31 December 2019, Mr. Chopin Zhang was the CEO of the Company. On 8 January 2020, Mr. Chopin Zhang resigned, and Mr. Yan Zhiyuan was appointed as executive director and the CEO of the Company.

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 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive director has entered into an appointment letter with the Company for a term of three years commencing from 15 November 2013 and the service contract shall continue unless and until terminated by not less than three months’ notice in writing served by either party to another.

The Company has received written annual confirmation from each of the independent non-executive director in respect 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.

主席及行政總裁(「行政總裁」)

企業管治守則的守則條文第A.2.1條規定主席與行政總裁的職責應有區分，且不應由同一人擔任。主席與行政總裁之間職責的分工應清楚界定並以書面列載。

本公司主席由盧敏放先生出任。截至2019年12月31日止年度，張平(Chopin Zhang)先生為本公司行政總裁。於2020年1月8日，張平(Chopin Zhang)先生辭任，而閔志遠先生則獲委任為本公司執行董事及行政總裁。

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2019年12月31日止年度，董事會一直符合上市規則有關委任至少三名獨立非執行董事的規定，獨立非執行董事人數佔董事會至少三分之一及其中一名獨立非執行董事須具備合適的專業資格或會計或相關財務管理專業知識。

各獨立非執行董事已與本公司訂立委任函，任期自2013年11月15日起計為期三年，服務合約應持續生效，除非及直至由任何一方對對方發出不少於三個月的書面通知終止為止。

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

NON-EXECUTIVE DIRECTORS

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

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

非執行董事

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

本公司各非執行董事按三年之特定任期獲委任，並須每三年輪值退任。

董事之就任須知及持續專業發展

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

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

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

During the year ended 31 December 2019, the Company organized a number of training sessions conducted by the legal advisers of the Company for the directors. Such training sessions cover a wide range of topics such as rules on connected transactions, continuing obligations of Hong Kong listed companies, directors' duties and general overview of the regulatory regime governing Hong Kong listed companies. In addition, relevant reading materials have been provided to the directors for their reference and studying.

截至2019年12月31日止年度，本公司已為董事們多次安排了由本公司法律顧問舉辦的培訓課程，有關培訓課程涵蓋廣泛的議題，例如：關連交易規則、香港上市公司的持續責任、董事責任、香港上市公司監管體制概覽等。此外，董事獲提供相關閱讀材料以供彼等參閱及學習。

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2019 and up to the date of this report are summarized as follows:

於截至2019年12月31日止年度及截至本年報日期，董事已接獲有關董事職務以及監管規例及業務發展的持續專業發展記錄概述如下：

Directors	董事	Type of Training ^{Note} 培訓類別 ^{附註}
Non-executive directors		
Mr. Jeffrey, Minfang Lu	盧敏放先生	A/B/C
Mr. Qin Peng	秦鵬先生	A/B
Mr. Zhang Ping	張平先生	A/B
Ms. Lam Pik Po, Katty (resigned on 25 March 2019)	林碧寶女士(於2019年3月25日辭任)	-
Mr. Gu Peiji (alias Philip Gu) (appointed on 29 April 2019)	顧培基先生(又名Philip Gu) (於2019年4月29日獲委任)	A/B
Executive directors		
Mr. Chopin Zhang (resigned on 8 January 2020)	張平(Chopin Zhang)先生 (於2020年1月8日辭任)	A/B
Mr. Yan Zhiyuan (appointed on 8 January 2020)	閻志遠先生(於2020年1月8日獲委任)	A/B
Independent non-executive directors		
Mr. Mok Wai Bun Ben	莫衛斌先生	A/B
Mr. Cheng Shoutai	程守太先生	A/B
Mr. Lee Kong Wai Conway	李港衛先生	A/B

Note:

附註

Types of Training

培訓類別

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

A: 出席培訓會，包括但不限於簡介會、研討會、會議及工作坊

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

B: 閱讀相關的新聞快訊、報章、期刊、雜誌及相關刊物

C: Giving talks at seminars and/or conferences and/or forums

C: 在研討會及/或會議及/或論壇上發表演說

DELEGATION BY THE BOARD

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

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 specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the websites of the Company (www.yashili.hk) and the Stock Exchange (www.hkexnews.hk) and are available to shareholders upon request.

Audit Committee

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

As at 31 December 2019, the Audit Committee consists of three members including two independent non-executive directors, namely Mr. Lee Kong Wai Conway (Chairman) and Mr. Mok Wai Ben and one non-executive director, namely Mr. Zhang Ping with Mr. Lee Kong Wai Conway possessing the appropriate professional qualifications or accounting or related financial management expertise.

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(特別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，所指派的職能及責任會定期檢討。

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

董事委員會

董事會已成立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司特定方面的事務。本公司所有董事委員會已制定明確書面職權範圍，清楚闡述彼等的權限及職責。董事委員會的職權範圍載於本公司網站(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

審核委員會於2010年10月8日成立，並制定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2019年12月31日，審核委員會由三名成員組成，包括兩名獨立非執行董事李港衛先生(主席)及莫衛斌先生，以及一名非執行董事張平先生，其中李港衛先生具備適當專業資格或會計或相關財務管理專業知識。

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, 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, and providing advice and comments to the Board.

During the year ended 31 December 2019, the Audit Committee held three meetings and reviewed the Group's interim and annual financial results and interim and annual reports, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has been provided with sufficient resources to discharge its duties.

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

Remuneration Committee

The Remuneration Committee was established on 8 October 2010. As at 31 December 2019, the Remuneration Committee consists of five members including three independent non-executive directors, namely Mr. Mok Wai Bun Ben (Chairman), Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway and two non-executive directors, namely Mr. Jeffrey, Minfang Lu and Mr. Qin Peng.

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

審核委員會職權範圍的要求不比企業管治守則所載條款寬鬆。審核委員會的主要職責是協助董事會審核財務資料及匯報程序、風險管理及內部監控系統、內部審核職能的有效程度、外聘核數師的審核範圍及委任，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，以及向董事會提供意見及評論。

截至2019年12月31日止年度，審核委員會舉行了三次會議及審閱本集團的中期及年度財務業績以及中期報告及年報、有關財務報告、營運及合規監控的重大事宜、風險管理及內部監控系統及內部審核職能的有效性、外聘核數師的委任以及相關工作範圍、關連交易、僱員可就可能發生的不當行為提出關注的安排。審核委員會已獲提供充足資源履行其職責。

審核委員會亦與外聘核數師進行三次會晤，當中執行董事並無列席。

薪酬委員會

薪酬委員會於2010年10月8日成立。於2019年12月31日，薪酬委員會由五名成員組成，包括三名獨立非執行董事，分別為莫衛斌先生(主席)、程守太先生及李港衛先生，以及兩名非執行董事盧敏放先生及秦鵬先生。

薪酬委員會的職權範圍不比企業管治守則所載條款寬鬆。其主要職責為就與本集團全體董事及高級管理層有關的整體薪酬政策及結構作出評估及向董事會作出建議，包括向董事會建議個別執行董事及高級管理層的薪酬待遇；以及建立具透明度的程序以制定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。

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 2019. In addition, the Remuneration Committee made recommendations to the Board on letters of appointment of the new directors, namely Mr. Gu Peiji (alias Philip Gu) and Mr. Yan Zhiyuan, who were appointed on 29 April 2019 and 8 January 2020 respectively.

The Remuneration Committee held two meetings during the year ended 31 December 2019.

Nomination Committee

The Nomination Committee of the Company was established on 8 October 2010. As at 31 December 2019, the Nomination Committee consists of three members including one non-executive director namely Mr. Jeffrey, Minfang Lu (Chairman), and two independent non-executive directors, namely Mr. Mok Wai Bun Ben and Mr. Cheng Shoutai.

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

In assessing the Board composition, the Nomination Committee would take into account various aspects as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience, etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

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2019年12月31日止年度內的薪酬待遇及年終花紅。此外，薪酬委員會已就新董事(分別於2019年4月29日及2020年1月8日獲委任的顧培基先生及閻志遠先生)的委任函向董事會作出建議。

於截至2019年12月31日止年度內，薪酬委員會舉行了兩次會議。

提名委員會

本公司提名委員會於2010年10月8日成立。於2019年12月31日，提名委員會由三名成員組成，包括一名非執行董事盧敏放先生(主席)，以及兩名獨立非執行董事莫衛斌先生及程守太先生。

提名委員會的職權範圍不比企業管治守則所載條款寬鬆。提名委員會的主要職責包括檢討董事會的組成、建立及制定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，提名委員會考慮本公司的董事會成員多元化政策所載之各方面及因素，包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識及行業及區域經驗等。於有需要時，提名委員會須討論並議定達至董事會多元化的可計量目標，並建議董事會採納。

During the year ended 31 December 2019 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, to consider the qualifications for the retiring directors standing for election at the annual general meeting held on 6 June 2019 and to consider and recommend to the Board on the appointment of non-executive directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

The Nomination Committee held one meeting during the year ended 31 December 2019.

BOARD PROCEEDINGS

Board practices and conduct of meetings

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

Board papers together with relevant information are sent to all directors at least 3 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 version are open for director's inspection.

截至2019年12月31日止年度內及直至本年報日期，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2019年6月6日所舉行的股東周年大會上候選之退任董事之資格，以及審議非執行董事的委任及向董事會提出建議。提名委員會認為，董事會多元化各方面已維持適當的平衡。

截至2019年12月31日止年度，提名委員會舉行了一次會議。

董事會程序

董事會常規及舉行會議

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

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

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

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。

Attendance Records of Directors

董事出席會議的記錄

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 2019 are set out below:

各董事出席本公司於截至2019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：

Directors	董事姓名	Number of Attendance in Person/Number of Meeting(s) 親身出席次數/會議次數					Annual	Extraordinary
		Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting ⁽⁴⁾	General Meeting ⁽⁵⁾	
		董事會	審核委員會	薪酬委員會	提名委員會	股東周年大會 ⁽⁴⁾	股東特別大會 ⁽⁵⁾	
Mr. Jeffrey, Minfang Lu	盧敏放先生	16/16	-	2/2	1/1	1/1	1/3	
Mr. Qin Peng	秦鵬先生	15/16	-	2/2	-	0/1	1/3	
Mr. Zhang Ping	張平先生	16/16	3/3	-	-	1/1	0/3	
Ms. Lam Pik Po, Katty ⁽¹⁾	林碧寶女士 ⁽¹⁾	0/4	-	-	-	-	0/1	
Mr. Gu Peiji (alias Philip Gu) ⁽²⁾	顧培基先生 (又名Philip Gu) ⁽²⁾	10/10	-	-	-	1/1	1/1	
Mr. Chopin Zhang ⁽³⁾	張平(Chopin Zhang) 先生 ⁽³⁾	14/16	-	-	-	1/1	1/3	
Mr. Mok Wai Bun Ben	莫衛斌先生	16/16	3/3	2/2	1/1	1/1	3/3	
Mr. Cheng Shoutai	程守太先生	10/16	-	1/2	1/1	1/1	3/3	
Mr. Lee Kong Wai Conway	李港衛先生	16/16	3/3	2/2	-	1/1	3/3	

Notes:

- (1) Resigned on 25 March 2019, four Board meetings were held before 25 March 2019.
- (2) Appointed on 29 April 2019, ten Board meetings were held on or after 29 April 2019.
- (3) Resigned on 8 January 2020.
- (4) The annual general meeting of the Company was held on 6 June 2019.
- (5) The extraordinary general meetings of the Company were held on 12 March 2019, 18 April 2019 and 31 December 2019, respectively.

附註：

- (1) 2019年3月25日辭任，於2019年3月25日之前舉行了四次董事會會議。
- (2) 於2019年4月29日獲委任，於2019年4月29日或之後舉行了十次董事會會議。
- (3) 於2020年1月8日辭任。
- (4) 本公司股東周年大會於2019年6月6日舉行。
- (5) 本公司股東特別大會分別於2019年3月12日、2019年4月18日及2019年12月31日舉行。

Apart from regular Board meetings, an independent non-executive directors' meeting was also held without the presence of the executive director on 27 March 2019.

除定期董事會會議外，亦於2019年3月27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。

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層的薪酬

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

本公司已制定正式且具透明度的程序，以制定本集團董事及高級管理層的薪酬政策。

The annual remuneration of the members of the senior management (other than directors) by bands for the year ended 31 December 2019 is set out below:

截至2019年12月31日止年度，按薪酬組別劃分的高級管理層成員(董事除外)年薪如下：

		Number of individuals 人數
Nil to RMB1,000,000	零至人民幣1,000,000元	1
RMB2,000,000 to RMB3,000,000	人民幣2,000,000元至人民幣3,000,000元	1
Total	總計	2

Details of the remuneration of each of the directors for the year ended 31 December 2019 are set out in Note 9 to the consolidated financial statements.

各董事於截至2019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。

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

本集團五名最高薪酬人士的薪酬詳情載於合併財務報表附註9。

CORPORATE GOVERNANCE FUNCTIONS

企業管治職能

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

董事會負責履行企業管治守則的守則條文D.3.1條所載的職能。

During the year ended 31 December 2019, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

於截至2019年12月31日止年度，董事會已審閱本公司的企業管治政策及常規、董事及高級管理層之培訓及持續專業發展、本公司遵守法律及監管規定、遵守標準守則及僱員書面指引的政策及常規、本公司遵守企業管治守則的情況及於本企業管治報告的披露資料。

BOARD DIVERSITY POLICY

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

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

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

- To attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talent.
- To maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives.
- To assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.
- To ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.
- To set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions.
- To ensure that changes to the Board's composition can be managed without undue disruption.

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

董事會成員多元化政策

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

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

本公司相信董事更加多元化有利於企業管治並致力於：

- 於廣泛人才庫中招攬並留聘具備各類不同才能的董事會候選人。
- 維持董事會全方位多元化，特別是與本公司策略及目標一致的方面。
- 定期評估董事會及根據本公司繼任計劃下準備獲擢升至董事職位的高級管理層(如適用)的多元化狀況，以及實現多元化目標(如有)的進展。
- 確保董事會職位甄選及提名按適當的程序進行，以便能招徠更多元背景的候選人供本公司考慮。
- 設立適當的程序以培養更廣泛及更多元化、技術經驗豐富的高級管理層，為出任董事會職位作準備。
- 確保董事會組成人員的變動不會帶來不適當的干擾。

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

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

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

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

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

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

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

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

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

本公司旨在使董事會成員多元化各方面保持適當平衡，以切合本公司業務發展。

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

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

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

DIRECTOR NOMINATION POLICY

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

Criteria for nomination and appointment of directors

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

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

董事提名政策

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

提名及委任董事的準則

於評估及甄選董事候選人時，應考慮以下準則：

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

Nomination process

(a) Appointment of new director

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

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

提名程序

(a) 委任新董事

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

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

(b) Re-election of director at General Meeting

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

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

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

(b) 於股東大會上重選董事

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

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

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

DIVIDEND POLICY

The Board adopted a Dividend Policy on 14 December 2018 which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

A summary of the dividend policy is set out below:

1. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.
2. The Company intends to distribute part of the annual net profits of the Group or other special dividend amount approved by the Board as dividends to its shareholders, subject to the conditions and factors as set out below. No specific dividend proportion has been currently adopted.
3. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of the Association of the Company and all applicable laws and regulations and the factors set out below.
4. The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:
 - financial results;
 - cash flow situation;
 - business conditions and strategies;
 - future operations and earnings;
 - capital requirements and expenditure plans;
 - interests of shareholders;
 - any restrictions on payment of dividends; and
 - any other factors that the Board may consider relevant.

股息政策

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

股息政策概要載列如下：

1. 於建議或宣派股息時，本公司應維持足夠現金儲備，以應付其營運資金需求、未來增長以及其股東價值。
2. 受下列條件及因素所限，本公司擬分派本集團的部分年度純利或董事會批准的其他特定股息金額作為給予本公司股東的股息。目前概無採納特定股息比例。
3. 根據本公司組織章程細則、所有適用法律及法規以及下列因素，董事會可酌情宣派及分派股息予本公司股東。
4. 董事會在考慮宣派及派付股息時，應同時考慮下列有關本集團的因素：
 - 財務業績；
 - 現金流狀況；
 - 業務狀況及策略；
 - 未來營運及盈利；
 - 資金需求及支出計劃；
 - 股東的利益；
 - 任何派付股息的限制；及
 - 董事會可能視為相關的任何其他因素。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

5. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:
- interim dividend;
 - final dividend;
 - special dividend; and
 - any distribution of net profits that the Board may deem appropriate.
6. Any final dividend for a financial year will be subject to shareholders' approval.
7. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.
8. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.
5. 視乎本公司及本集團的財政狀況以及上述條件及因素，董事會可在財政年度或期間建議及／或宣派下列股息：
- 中期股息；
 - 末期股息；
 - 特別股息；及
 - 任何董事會認為合適的純利派付。
6. 財政年度的任何末期股息均須由股東批准。
7. 本公司可以現金或以股代息方式或董事會認為合適的其他形式宣派及派付股息。
8. 任何未領取的股息應被沒收及應根據本公司組織章程細則復歸本公司。

The Board will review the dividend policy as appropriate from time to time.

董事會將在適當時不時檢討股息政策。

ACCOUNTABILITY AND AUDIT

Directors' responsibilities for financial reporting in respect of financial statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2019.

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

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

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

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

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.

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2019年12月31日止年度的財務報表之責任。

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

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

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

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

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。

A risk control committee composed of the members of the Board and the department heads of the Group has been established pursuant to the guidelines of the Listing Rules. By establishing a comprehensive risk management organizational system, the Group carried out risk management effectively, clarified decision-making, execution, supervision and other risk management responsibilities, formed a scientific and effective system with division of duties and set up three lines of defense for risk management. The first line of defense consisted of the centres, marketing and sales affairs divisions and factories directly in charge of 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 was composed of the Audit Committee and the internal audit division of the audit centre in charge of verifying risk management.

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

風險監控委員會已根據上市規則指引成立，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、監督及其他風險管理職責，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，是各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。

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中央管理部門，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。

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

(I) Risk identification

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

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

(1) Time of risk identification: the Group will initiate routine risk identification for the coming year in the fourth quarter of each year. The risk management division will issue the relevant notice and collect internal and external information (such as changes in China’s relevant policies or industry regulatory requirements, the Company’s strategic and operational objectives for the current period as well as major findings on the risk management and internal audit supervision for the previous year) for the preparation of annual risk alerts;

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

(一) 風險識別

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

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) 風險識別的時間：本集團每年第四季度將例行啟動下年度風險識別工作。風險管理部將下發相關通知，並收集內外部信息(如中國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) 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;
- (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，須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) 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;
- (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) Principle of risk identification: it is necessary to follow the three basic principles including comprehensiveness, systematicness and continuity;
- (4) 風險識別的原則：須遵循三項基本原則包括全面性、系統性和連續性；
- (5) Method of risk identification: employing the risk identification methods commonly used by enterprises as well as a variety of ways and methods to collect a wide range of risks associated with the Group's business areas;
- (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) Summarizing and submitting findings on risk identification: risk counterpart staff of each centre, marketing and sales affairs division and factory are required to describe each risk identified strictly in accordance with the Company's common risk language and compile a list of risks identified at the centre/marketing and sales affairs division/factory level which, after being verified and confirmed by the centre, marketing and sales affairs division and factory manager, shall be submitted by the risk counterpart staff of centre, marketing and sales affairs division and factory to the risk management division of the Group's audit centre;
- (6) 風險識別概述與結果呈交：各中心、營銷事業部及工廠風險對接人須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呈交本集團審計中心風險管理部；

- (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.
- (7) 風險研討會的組織：針對各中心、營銷事業部及工廠呈交的風險識別結果，風險管理部須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：風險管理部須根據每年度各中心、營銷事業部及工廠呈交的風險識別結果，建立和完善本集團風險數據庫，作為風險管理的重要依據；
- (9) 其他要求：在每年本集團例行開展的風險識別之外，各中心、營銷事業部及工廠需根據彼等各自的內部實際情況組織開展臨時的風險識別工作，工作流程和方法參照以上標準執行。

(III) Risk assessment

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

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

(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) 分層次評估及識別重大風險；
- (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。

(III) Risk response

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

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

(IV) Risk monitoring

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

- (1) Division of duties in risk monitoring: significant risks at Group level are monitored by the risk management division throughout the process. The risk management division conducts random checks while significant risks of centre/marketing and sales affairs division/factory level are monitored by the risk counterpart staff of the centres/marketing and sales affairs divisions/factories throughout the process;

(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。風險應對須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。

(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) 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;
- (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.

- (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呈交的報告和風險管理工作進行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；
- (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)進行的過程中，各中心／營銷事業部／工廠須根據風險管理部的要求按時保質呈交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。

As part of the drive to improve the internal control systems and pursuant to the direction of the Stock Exchange in the news release published on 27 September 2019, the Company has appointed an independent international accounting firm on 25 October 2019 as the Company's internal control consultant (the "Internal Control Consultant") to conduct a thorough review (the "Review") of and make recommendations to improve the Company's internal controls to ensure compliance with Chapter 14A of the Listing Rules. The Review was completed on 27 November 2019, and the report of the Review has been issued by the Internal Control Consultant and submitted to the Stock Exchange on the same date.

Procedures implemented by the Internal Control Consultant as part of the Review include:

- (i) conducting interviews with the relevant management personnel and staff of the Company, and conducting site review of the relevant documents relating to internal control at the same time;
- (ii) conducting walk through testing on relevant internal control processes and systems;
- (iii) conducting sample testing on relevant internal controls to determine whether the internal controls of the Company are consistent with the requirements of the management and the relevant policies and procedure handbook,
- (iv) based on the results of procedures (ii) and (iii) above, identifying deficiencies of internal controls of the Company and making appropriate recommendations to improve them.

The Internal Control Consultant has identified findings and made recommendations to the Company on the issues regarding the Internal Rules on Connected Transactions currently in effect, procedure for identification of connected persons, independent review of the list of the connected persons and written rules in relation to price enquiry procedures in connected transactions in supply transactions.

作為推動改善內部監控系統工作的一部分，並根據聯交所於2019年9月27日發佈的新聞稿中的指示，本公司已於2019年10月25日委任一間獨立國際會計師事務所為本公司的內部監控顧問(「內部監控顧問」)，全面審閱本公司的內部監控(「審閱」)並就改善本公司的內部監控提出建議，以確保遵守上市規則第14A章的規定。審閱已於2019年11月27日完成，而審閱報告已由內部監控顧問發佈並於同日提交聯交所。

內部監控顧問執行的審閱程序包括以下內容：

- (i) 與本公司相關管理人員及工作人員進行訪談，同時對涉及內部監控的相關文件進行實地審核；
- (ii) 對相關內部監控程序及體系進行穿行測試；
- (iii) 對相關的內部監控作出抽樣測試，以釐定本公司的內部監控運行是否符合管理層與有關政策及程序手冊的要求，
- (iv) 基於以上步驟(ii)及(iii)的結果，識別本公司內部監控的缺陷並提出適當的改進建議。

內部監控顧問已識別有關現行關連交易內部制度、識別關連人士身份之程序、獨立審查關連人士清單，以及與供應類別關連交易詢價程序的書面指引之事宜，並向本公司提出建議。

All the recommendations of the Internal Control Consultant as set out in the report of the Review have been implemented by the Company and a follow-up review (the “**Follow-up Review**”) on the Company’s internal controls by the Internal Control Consultant was completed on 23 January 2020. Report of the Follow-up Review has been issued by the Internal Control Consultant on 23 January 2020 and submitted to the Stock Exchange on 24 January 2020.

Procedures implemented by the Internal Control Consultant as part of the Follow-up Review include:

- (i) conducting follow-up review of the rectification measures implemented by the Company;
- (ii) discussing the procedures of the rectification measures with the relevant management personnel and staff of the Company; and
- (iii) conducting walk through testing on the rectified internal control processes and systems.

Having considered the findings and results of the Follow-up Review, the Board concurs with the Internal Control Consultant’s view and are of the view that the Group’s internal controls to ensure compliance with Chapter 14A of the Listing Rules are sufficient to meet the obligations under the Listing Rules. For further details of the internal control reviews, please refer to the announcements of the Company dated 8 November 2019, 11 December 2019 and 7 February 2020.

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 2019.

At the board meeting held on 25 March 2020, the Board, as supported by the Audit Committee as well as the report from the Internal Control Consultant and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2019, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

本公司已實施審閱報告所載內部監控顧問的所有改進建議，而內部監控顧問已於2020年1月23日完成對本公司內部監控的跟進審閱（「跟進審閱」）。內部監控顧問已於2020年1月23日發佈跟進審閱報告，並於2020年1月24日提交聯交所。

內部監控顧問執行的跟進審閱程序包括以下內容：

- (i) 對本公司實施的整改措施進行後續審閱；
- (ii) 與本公司相關管理人員及工作人員討論整改措施的步驟；及
- (iii) 對已整改的內部監控程序及體系進行穿行測試。

經考慮跟進審閱的發現及結果，董事會同意內部監控顧問的意見，並認為本集團確保遵守上市規則第14A章的內部監控足以履行上市規則下的責任。有關內部監控審閱的進一步詳情，請參閱本公司日期為2019年11月8日、2019年12月11日及2020年2月7日的公告。

管理層已向董事會及審核委員會確認截至2019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。

於2020年3月25日舉行的董事會會議上，董事會於審核委員會、內部監控顧問的報告及內部審核結果的協助下審閱截至2019年12月31日止年度的風險管理及內部監控系統，包括財務、營運及合規監控，並認為此等系統屬有效及充分。年度審閱亦涵蓋財務申報及內部審核職能及員工學歷、經驗及相關資源。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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.

本公司已制定披露政策，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。

MANAGEMENT OF CONNECTED TRANSACTIONS

To ensure compliance with Chapter 14A of the Listing Rules, the Company has updated its system by implementing the "Rules for Management of Connected Transactions" (《關連交易管理制度》) with effect from 20 January 2020, with emphasis on the following areas:

- Maintenance of the list of connected persons and connected transactions;
- Procedure for identifying connected transactions other than those with members of the Mengniu Group and Danone;
- Procedure for aggregating connected transactions and managing the aggregated transaction amount; and
- Monitoring mechanism for the annual caps of continuing connected transactions.

關連交易管理

為確保遵守上市規則第14A章，本公司已自2020年1月20日起更新有關系統，實施《關連交易管理制度》，其中著重強調以下範疇：

- 關連人士和關連交易清單的維護；
- 識別除蒙牛集團和達能的成員公司以外之關連交易的程序；
- 關連交易的合併計算和交易總額管理程序；及
- 持續關連交易年度上限的監控機制。

Procedures for identifying connected transactions are as follows:

識別關連交易的程序如下：

(I) The first control gate – Business Unit

(一) 第一道控制關口 – 業務部門

All business units of the Company shall act as the first gatekeeper and maintain a high degree of sensitivity and alertness to connected transactions.

本公司各業務部門須自覺把好第一道關，保持對關連交易的高度敏感和警覺性。

- (1) When negotiating any business contract, it is necessary to take the initiative to check with the other party of the contract whether it is a connected person of the Company and conduct research and verification on the list of connected persons;
- (2) When signing any business contract, it is necessary to add an option for declaration of connection to the contract with reference to the “Supplementary Rules on Contract Management” (《合同管理補充規定》). Currently, the option for declaration of connection is mainly targeted at the Company’s substantial shareholders, Mengniu Group and Danone Group;
- (3) Contracts confirmed as connected transactions must be countersigned to the Compliance Department in the OA system;
- (4) The pricing of connected transaction contracts strictly follows the principles of fairness and impartiality;
- (5) The time limit for signing the connected transaction contracts shall not exceed three years; and
- (6) It is forbidden to make connected transactions first and then to supplement contracts or backdate the connected transaction contracts.

- (1) 談判任何業務合同，均須主動向合同的其他訂約方了解其是否屬於本公司關連人士，並結合關連人士清單進行搜索及驗證；
- (2) 簽訂任何業務合同時，均須參考《合同管理補充規定》在合同中加入關連聲明選項。關連聲明選項目前主要針對本公司主要股東蒙牛集團及達能集團；
- (3) 確定為關連交易的合同須在OA系統會簽給合規部；
- (4) 關連交易合同定價嚴格遵循公平公正原則；
- (5) 關連交易合同簽署期限不得超過三年；及
- (6) 禁止關連交易先發生後補合同，禁止關連交易合同日期倒簽。

(III) The second control gate – Legal Department

- (1) To supervise the review of any draft business contract initiated by the business unit and check whether the contract text includes the option for declaration of connection. If there is no option for declaration of connection, the draft contract will be returned to the business unit.
- (2) If the connection is declared as “the contracted party is a connected company”, the business unit must be reminded and requested to countersign the contracts to the Compliance Department in the OA system.

(III) The third control gate – OA system

The Compliance Department ensures that the latest list of connected persons is imported into the OA system back office. When the business unit initiates a contract review at the “contract process” in the OA system, the OA system will automatically search for and match the “contract counterpart” with the back-office list. The system will forcibly add the Compliance Department to the signing approval flow.

(IV) The fourth control gate – Seal Management Department

- (1) If any business contract is found to lack the option for declaration of connection, the contract shall not be stamped;
- (2) If the connection is declared as “the contracting party is a connected company”, but the contract process of the OA system is not countersigned to the Compliance Department, the contract shall not be stamped.

(二) 第二道控制關口 – 法務部門

- (1) 監督業務部門發起會審的任何業務合同草稿，檢查合同文本是否加入關連聲明選項。如缺少關連聲明選項，將合同草稿退回業務部門；
- (2) 若發現合同關連聲明選項中勾選結果為「合同對方屬於關連企業」，須提醒及要求業務部門在OA系統將合同會簽給合規部。

(三) 第三道控制關口 – OA系統

合規部確保將最新的關連人士清單導入OA系統後台。業務部門於OA系統中的「合同流程」發起合同會審時，其填寫的「合同相對方」，OA系統將自動與後台的清單進行搜索匹配，若「合同相對方」被識別為關連人士，OA系統會強制性將合規部加入至會簽的審批流程中。

(四) 第四道控制關口 – 印鑑管理部門

- (1) 若發現任何業務合同缺少關連聲明選項，合同不得予以蓋章；
- (2) 若發現關連聲明選項中勾選結果為「合同對方屬於關連企業」，但OA系統的合同流程中未會簽給合規部，合同不得予以蓋章。

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION **外聘核數師及核數師的薪酬**

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements are set out in the section headed "Independent Auditor's Report" of this Annual Report.

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「獨立核數師報告」一節。

During the year ended 31 December 2019, the remuneration paid/payable to the Company's auditors, Ernst & Young, Certified Public Accountants, is set out below:

截至2019年12月31日止年度，本公司已付／應付本公司核數師安永會計師事務所(註冊會計師)的薪酬載列如下：

Category of services	服務類別	Fee paid/payable 已付／應付費用 RMB'000 人民幣千元
Audit services	審核服務	2,769
Non-audit services	非審核服務	0
Other assurance services	其他鑑證服務	175
Total	總計	2,944

COMPANY SECRETARY

On 10 April 2019, Ms. Wu Miu Wah resigned and Mr. Kwok Wai Cheong, Chris was appointed in place of Ms. Wu as the company secretary of the Company. Mr. Kwok is the financial controller and company secretary of Mengniu Dairy (a company listed on the Stock Exchange, stock code: 2319) (the holding company of the Company), a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwok is not an employee of the Company. Mr. Kwok contacts the management of the Company and reports to the chairman of the Board and/or the chief executive officer of the Company through Mr. Eric Fang of Investment Management Division, when necessary in accordance with the code provisions set out in the CG Code in Appendix 14 of the Listing Rules. Both Ms. Wu and Mr. Kwok have confirmed that each of them has taken no less than 15 hours of relevant professional trainings during the year ended 31 December 2019.

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 Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees, are available to answer shareholders' questions at general meetings. A notice to shareholders is sent by the Company at least 20 clear business days before the annual general meeting and at least 10 clear business days in all other general meetings.

公司秘書

於2019年4月10日，胡妙華女士辭任，同時郭偉昌先生獲委任代替胡女士擔任本公司的公司秘書。郭先生為本公司控股公司蒙牛乳業(一間在聯交所主板上市的公司，股份代號：2319)的財務總監兼公司秘書，亦為香港會計師公會會員及英國特許公認會計師公會資深會員。郭先生並非為本公司僱員。郭先生將於有需要時根據上市規則附錄十四企業管治守則所載守則條文透過投資管理部方紹東先生與本公司管理層聯繫，並向董事會主席及／或本公司行政總裁匯報。胡女士及郭先生已確認其於截至2019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。

本公司致力與股東持續對話，特別是透過股東周年大會及其他股東大會。本公司的股東大會為董事會與股東溝通提供一個平台。董事會主席及提名委員會、薪酬委員會及審核委員會主席(如未能出席，則為各委員會的其他成員)，會於股東大會上回答股東提問。本公司於股東周年大會最少20個完整營業日前向股東發出通知，而所有其他股東大會則於最少10個完整營業日前向股東發出通知。

During the year ended 31 December 2019, the Company has not made any changes to its Memorandum and Articles of Association. The Company's memorandum and articles of association is available on the websites of the Company and the Stock Exchange.

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, biographical information of the Board and other information are available for public access.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a Shareholders' Communication Policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

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

本公司於截至2019年12月31日止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及聯交所的網站。

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、董事會履歷及其他資料的最新情況，以供公眾查閱。

股東權利

本公司通過各種溝通渠道與股東進行交流，並已制定股東溝通政策，以確保股東的意見及顧慮得以妥善解決。本公司定期審閱該政策以確保其成效。

為保障股東利益及權利，須就各實質上獨立的事宜(包括選舉個別董事)於股東大會提呈獨立決議案。根據上市規則，所有於股東大會上提呈的決議案將以投票方式表決。而投票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)。

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.

CONTACT DETAILS

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

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

Telephone: +852 2845 1230

Fax: +852 2845 1231

Email: ir@yashili.cn

Contact person: Mr. Eric Fang

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

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。

向董事會提出查詢

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

聯絡資料

股東可如上文所述向本公司寄發彼等的查詢或要求：

地址：香港
銅鑼灣
告士打道262號中糧大廈
32樓A室

電話：+852 2845 1230

傳真：+852 2845 1231

電郵：ir@yashili.cn

聯絡人：方紹東先生

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

DIRECTORS AND MANAGEMENT BIOGRAPHIES

董事及管理層履歷

NON-EXECUTIVE DIRECTORS

Mr. Jeffrey, Minfang Lu

Aged 51, was appointed as the Chairman of the Board, the Chairman of the Nomination Committee of the Board and a member of the Remuneration Committee of the Board, and was redesignated as a non-executive director of the Company on 15 September 2016. Mr. Lu was a director for each of the following subsidiaries of the Company, namely Yashili International Ltd., Yashili International Group Limited, Newou Hong Kong International Co., Limited ("Newou") and Scient International Group Limited from 27 April 2015 to 9 January 2017. Mr. Lu is currently an executive director and the CEO of Mengniu Dairy as well as a non-executive director and the chairman of the board of China Modern Dairy Holdings Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1117). Mr. Lu is also a director of International Dairy Federation. Mr. Lu was the Vice President (Greater China) of Danone Early Life Nutrition Greater China and had been with the Danone Group and Dumex Baby Food Co., Ltd. ("Dumex China") for over 10 years. During the tenure at the Danone Group, he demonstrated strong strategic business and market planning capabilities. With strong leadership, management skills and in-depth knowledge of markets, Mr. Lu contributed significantly to the success of the Danone Group's baby nutrition business in China. Prior to joining the Danone Group, Mr. Lu spent 9 years with Johnson & Johnson (China) Company Limited and almost 4 years with General Electric Company (China). Mr. Lu has over 18 years of experience in sales and marketing and has been served in general manager or senior management roles for over 10 years. He has extensive experience in the management of fast-moving consumer products and dairy companies and has an excellent understanding and the in-depth knowledge of the PRC market. Mr. Lu obtained his bachelor degree from Shanghai Fudan University.

非執行董事

盧敏放先生

51歲，於2016年9月15日獲委任為本公司董事會主席、董事會提名委員會主席及薪酬委員會成員，並同時調任為本公司非執行董事。盧先生曾於2015年4月27日至2017年1月9日期間擔任本公司以下附屬公司之董事：雅士利國際有限公司、雅士利國際集團有限公司、新歐香港國際有限公司（「新歐」）及施恩國際集團有限公司。盧先生目前擔任蒙牛乳業之執行董事及行政總裁，以及中國現代牧業控股有限公司（一間在聯交所主板上市的公司，股份代號：1117）之非執行董事及董事會主席。盧先生亦為國際乳品聯合會董事。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嬰幼兒食品有限公司（「多美滋中國」）超過10年。彼在達能集團任職期間已展現了非凡的戰略業務和市場規劃能力。盧先生利用其卓越的領導能力和管理技巧，以及對市場的深入瞭解，幫助達能集團在中國的嬰幼兒營養品業務取得了巨大的成功。加入達能集團前，盧先生曾在強生（中國）有限公司任職達9年並在美國通用電氣（中國）服務近4年。盧先生在銷售與市場領域擁有逾18年的經驗，亦擔任總經理或高層管理人員職務超過10年。盧先生具有豐富的快速消費品及乳品公司管理經驗，對中國市場有充分理解和豐富知識。盧先生於上海復旦大學獲得學士學位。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷(續)

Mr. Qin Peng

Aged 64, 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 deep knowledge and understanding of international and Chinese business and culture. Mr. Qin joined the Danone Group in 1983. Mr. Qin was appointed as the vice president of the China Operation division of the Danone Group from 1997 to 2006 and as the vice president of the Corporate Development division of the Danone Group in Asia Pacific from 1995 to 1996. Mr. Qin served as the general manager of Amoy Foods Limited in Hong Kong from 1991 to 1994 and as the general manager of Guangzhou Danone Yogurt Company Limited from 1988 to 1990. Mr. Qin was engaged in Danone's marketing and sales operations in France when he joined the Danone Group and has stationed in Asia since 1988. Mr. Qin graduated from the Rene Descartes University with a Bachelor degree and from the Paris Institute of Political Sciences with a Master degree.

Mr. Zhang Ping

Aged 55, was appointed as a non-executive director of the Company and a member of the Audit Committee on 27 April 2015. Mr. Zhang was appointed as the authorized representative of the Company on 16 March 2018. He has been also a director of Yashili International Group Limited, a subsidiary of the Company, since 27 April 2015. Mr. Zhang joined the Mengniu Group in 2014 and is currently a vice president and the chief financial officer of Mengniu Dairy. He has over 25 years of experience in the industry of fast-moving consumer goods, specializing in the management of operation, finance and audit as well as risk control. Mr. Zhang successively worked as the manager of internal audit and system development, finance director in Swire Beverages Co., Ltd., general manager of its bottler manufacturing company and chief executive officer in Coca-Cola Bottler Manufacturing Holdings Limited. Mr. Zhang graduated from Beijing Information Science and Technology University with a Master degree in management engineering. Mr. Zhang has also been a non-executive director of China Modern Dairy Holdings Ltd. (stock code: 1117) since 22 March 2016.

秦鵬先生

64歲，於2015年4月27日及2015年6月5日分別獲委任為本公司非執行董事及薪酬委員會成員。秦先生自2007年起獲委任為達能集團中國區主席，秦先生對國際及中國的商務及文化皆具有深入的知識和瞭解。秦先生於1983年加入達能集團。秦先生於1997年至2006年獲委任為達能集團中國營運部副總裁，於1995年至1996年獲委任為達能集團亞太區企業發展部副總裁。秦先生於1991年至1994年間出任香港淘化大同食品有限公司總經理，於1988年至1990年間出任廣州達能酸乳酪有限公司總經理。秦先生加入達能集團後先在達能法國公司從事營銷及銷售工作，自1988年起移駐亞洲。秦先生為法國巴黎第五大學(Rene Descartes University)學士畢業生及巴黎政治學院(Institute of Political Sciences)碩士畢業生。

張平先生

55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，現任蒙牛乳業副總裁及首席財務官。彼於快速消費品行業累積超過25年經驗，專責營運、財務及審計之管理以及風險監控。張先生曾就職於太古飲料公司，歷任內審及系統發展經理、財務總監、裝瓶廠總經理，及可口可樂裝瓶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。

Mr. Gu Peiji (alias Philip Gu)

Aged 66, was appointed as a non-executive director of the Company on 29 April 2019. Mr. Gu received his Master of Laws degree from the East China Institute of Politics and Law (now known as East China University of Political Science and Law) in 1988 and had been teaching in the same institute from 1988 to 1991. Mr. Gu had been a practicing lawyer in Shanghai No. 7 Law Firm (the firm has changed its name to Shanghai Bund Law Firm) for ten years since 1989. Mr. Gu joined Danone Group in 1999, and is currently the general manager of Danone Asia Pacific (Shanghai) Management Co., Ltd and the chairman of the board of Danone (China) Food & Beverage Co., Ltd. In the past, Mr. Gu has also held various positions within Danone Group, including the General Counsel for Danone China.

EXECUTIVE DIRECTOR

Mr. Yan Zhiyuan

Aged 37, was appointed as an executive director, Chief Executive Officer and authorized representative of the Company on 8 January 2020. Mr. Yan has seventeen years of working experience in China Mengniu Dairy Company Limited (“Mengniu”, together with its subsidiaries, the “Mengniu Group”), and has accumulated extensive sales and management experience in the dairy products industry. Mr. Yan was formerly the assistant vice president of Mengniu Dairy, and had also been the general manager of the sales management center of Mengniu Group’s room temperature product business division since January 2017, leading the room temperature sales team to achieve continuous high growth in sales revenue and market share. During his term of office, Mr. Yan was also in charge of Xinjiang Mengniu Dairy Company Limited (新疆蒙牛乳業有限公司) (the “Xinjiang Company”), which runs an operation with integrated production and sales of room temperature, low temperature and frozen products. With his outstanding ability to manage the entire business chain, the performance of Xinjiang Company recorded steady growth and achieved continuous growth in profits in last three years. Prior to this, Mr. Yan held different management positions within the Mengniu Group, including general manager of Mengniu Arla (Inner Mongolia) Dairy Products Co., Ltd. (內蒙古蒙牛阿拉乳製品有限責任公司) (milk powder segment) in Central/East China region and general manager of Mengniu Henan region. Mr. Yan obtained an Executive Master of Business Administration degree from the University of Texas at Arlington, and is currently pursuing a Doctorate degree in Business Administration at the City University of Hong Kong.

顧培基(又名Philip Gu)先生

66歲，於2019年4月29日獲委任為本公司的非執行董事。顧先生曾於1988年獲得華東政法學院(現稱華東政法大學)法律碩士學位，並於1988年至1991年於該校教書。顧先生自1989年起於上海市第七律師事務所(現已更名為上海市外灘律師事務所)擔任執業律師十年。顧先生於1999年加入達能集團，現擔任達能亞太(上海)管理有限公司總經理及達能(中國)食品飲料有限公司董事會主席。過往，彼亦曾於達能擔任多個職位，包括達能集團中國區總法律顧問。

執行董事

閔志遠先生

37歲，於2020年1月8日起獲委任為本公司執行董事、行政總裁及授權代表。彼於中國蒙牛乳業有限公司(「蒙牛」，連同其附屬公司，「蒙牛集團」)擁有十七年的工作經驗，在乳製品行業積累了豐富的銷售及管理經驗。加入本公司前，閔先生原為蒙牛乳業助理副總裁。並自二零一七年一月起同時擔任蒙牛集團常溫事業部銷售管理中心總經理，帶領常溫銷售團隊實現銷售收入與市場份額的持續高增長。期間，閔先生同時分管蒙牛產供銷一體化、常低冰全品類經營的新疆蒙牛乳業有限公司(「新疆公司」)，依靠其對全鏈條管理的出色能力，實現新疆公司近三年業績穩步增長，利潤持續提升。在此之前，閔先生曾擔任蒙牛集團不同職位的管理職務，包括內蒙古蒙牛阿拉乳製品有限責任公司(奶粉板塊)華中／華東大區總經理及蒙牛河南大區總經理。閔先生於美國得克薩斯大學阿靈頓分校獲高級工商管理碩士學位，目前於香港城市大學攻讀工商管理博士學位。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mok Wai Bun Ben

Aged 71, was appointed as an independent non-executive director of the Company, the Chairman of the Remuneration Committee, and a member of each of the Nomination Committee and the Audit Committee on 15 November 2013. Mr. Mok has been appointed as an independent non-executive director of China Foods Limited (a company listed on the Main Board of the Stock Exchange, stock code: 506) since 29 August 2017. Mr. Mok served as a senior consultant for COFCO Coca-Cola Beverages Limited in 2012. Mr. Mok had served as a general manager of Beijing Coca-Cola Beverage Co., Ltd. from 2002 to 2011. From 1993 to 2001, he was a general manager of Hangzhou BC Foods Company Limited and Nanjing BC Foods Company Limited. Mr. Mok also served as the general manager of Swire Beverages Limited responsible for overseeing bottling plant of Swire Beverages Limited in China. Mr. Mok was awarded a Bachelor degree of Economics from McGill University, Canada in 1975.

Mr. Cheng Shoutai

Aged 53, was appointed as an independent non-executive director of the Company, and a member of each of the Remuneration Committee and the Nomination Committee on 15 November 2013. Mr. Cheng is a qualified lawyer of the People's Republic of China, the chief partner of Tahota Law Firm, a law firm based in China. Mr. Cheng also serves as a director of the All China Lawyers Association (中華全國律師協會理事), an arbitrator of the China International Economic and Trade Arbitration Commission (CIETAC) (中國國際經濟貿易仲裁委員會仲裁員), the president of Sichuan Province Lawyers Association (四川省律師協會會長) and a legal advisor of the People's Government of Sichuan Province. Mr. Cheng holds a Doctorate's degree in civil and commercial law from Southwestern University of Finance and Economics. Mr. Cheng is honored with the titles of "Model Worker in the Judicial Administration System in Countrywide (全國司法行政系統勞動模範)", National Outstanding Lawyer, Chambers Asia-Pacific Asia's Leading Lawyer for Business (錢伯斯亞太地區傑出商務律師) and China Top Ten Influential Lawyers of Asia Legal Business (ALB) (亞洲法律雜誌). He has been nominated for the Best Managing Partners of the Year of ALB for three 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

71歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會主席、提名委員會及審核委員會成員。莫先生於2017年8月29日起出任中國食品有限公司(一間在聯交所主板上市的公司，股份代號：506)之獨立非執行董事。莫先生於2012年擔任中糧可口可樂飲料有限公司高級顧問。莫先生於2002年至2011年期間擔任北京可口可樂飲料有限公司的總經理。於1993年至2001年期間擔任杭州中萃食品有限公司及南京中萃食品有限公司的總經理。莫先生亦曾任職於太古飲料有限公司總經理，負責監督太古飲料有限公司在中國的裝瓶廠管理。莫先生於1975年獲得加拿大麥基爾大學(McGill University)經濟學學士學位。

程守太先生

53歲，於2013年11月15日獲委任為本公司獨立非執行董事、薪酬委員會及提名委員會成員。程先生為中華人民共和國合資格律師，現任位於中國的律師事務所泰和泰律師事務所首席合夥人。程先生亦分別擔任中華全國律師協會理事、中國國際經濟貿易仲裁委員會(CIETAC)仲裁員、四川省律師協會會長、四川省人民政府法律顧問。程先生獲得西南財經大學民商法博士學位。程先生榮獲「全國司法行政系統勞動模範」稱號，全國優秀律師，錢伯斯亞太地區傑出商務律師 (Chambers Asia-Pacific Asia's Leading Lawyer for Business)，亞洲法律雜誌 (ALB) 中國最具影響力的十佳律師，彼三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。

Mr. Lee Kong Wai Conway

Aged 65, 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 business development of Ernst & Young in China. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Certified Practising Accountants respectively. From 2007 to 2017, Mr. Lee was a member of Chinese People's Political Consultative Conference of Hunan Province.

Mr. Lee is an independent non-executive director of Chaowei Power Holdings Limited (stock code: 951), China Modern Dairy Holdings Ltd. (stock code: 1117), China Rundong Auto Group Limited (stock code: 1365), GCL New Energy Holdings Limited (stock code: 451), GOME Retail Holdings Limited (stock code: 493), NVC Lighting Holding Limited (stock code: 2222), 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 March 2011 to February 2020, Mr. Lee also served as an independent non-executive director of Tibet Water Resources Ltd. (a company listed on the Main Board of Stock Exchange, stock code: 1115). 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.

李港衛先生

65歲，於2013年11月27日獲委任為本公司之獨立非執行董事、審核委員會主席及薪酬委員會成員。李先生於執業會計及審核、公司財務、合併及收購以及首次公開發售方面積逾30年經驗。李先生於1980年9月至2009年9月任職於安永會計師事務所，李先生曾擔任安永會計師事務所的合夥人，並在安永會計師事務所中國業務的發展中擔任主要領導職務。李先生分別為英格蘭及威爾士特許會計師公會會員、澳洲及新西蘭特許會計師公會會員、英國特許會計師公會會員、香港會計師公會會員及澳門註冊會計師公會會員。自2007年至2017年止，李先生為中國人民政治協商會議湖南省委員。

李先生現為超威動力控股有限公司(股份代號：951)、中國現代牧業控股有限公司(股份代號：1117)、中國潤東汽車集團有限公司(股份代號：1365)、協鑫新能源控股有限公司(股份代號：451)、國美零售控股有限公司(股份代號：493)、雷士照明控股有限公司(股份代號：2222)、中國西部水泥有限公司(股份代號：2233)、萬洲國際有限公司(股份代號：288)及國泰君安證券股份有限公司(股份代號：2611)(上述均為在聯交所主板上市的公司)之獨立非執行董事。自2011年3月至2020年2月，李先生亦曾為西藏水資源有限公司(一間在聯交所主板上市的公司，股份代號1115)的獨立非執行董事。自2014年7月至2015年9月，李先生亦曾為中科生物控股有限公司(一間在聯交所主板上市的公司，股份代號：1237)的非執行董事。自2011年11月至2016年5月，李先生亦出任中信證券股份有限公司(一間在聯交所(股份代號：6030)及上海證券交易所(股份代號：600030)上市的公司)之獨立非執行董事。自2009年10月至2013年8月，李先生曾為中國太平保險控股有限公司(一間在聯交所主板上市的公司，股份代號：966)之獨立非執行董事。自2009年9月至2011年12月，李先生曾為Sino Vanadium Inc.(一間已於2011年12月從多倫多證券交易所創業板(股份代號：SVX)除牌的公司)之獨立非執行董事。

DIRECTORS AND MANAGEMENT BIOGRAPHIES (CONTINUED)

董事及管理層履歷(續)

Mr. Lee graduated from Kingston University (formerly known as Kingston Polytechnic) in London with a Bachelor 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。

SENIOR MANAGEMENT

Ms. Wen Jieping

Aged 43, is the chief financial officer and the general manager of the financial management centre of the Company. Ms. Wen joined the Company in May 2011 and is primarily responsible for the internal financial control and overseas investment projects. Prior to this, Ms. Wen was the department head and a senior manager of the audit department of KPMG (Guangzhou office). She obtained her dual Bachelor degree in International Commerce English and Accounting from Guangdong University of Foreign Studies and her Executive Master of Business Administration degree from Sun Yat-sen University. Ms. Wen is a member of the Chinese Institute of Certified Public Accountants.

高級管理層

溫潔平女士

43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。

Mr. Kwok Wai Cheong, Chris

Aged 47, was appointed as the company secretary of the Company on 10 April 2019. He is also the financial controller and company secretary of Mengniu Dairy. Prior to joining the Mengniu Group in May 2007, Mr. Kwok was the financial controller of a Hong Kong listed company and had also served in an international accounting firm. Mr. Kwok graduated from The Hong Kong Polytechnic University with a Bachelor degree in accountancy. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

郭偉昌先生

47歲，於2019年4月10日獲委任為本公司公司秘書。彼亦為蒙牛乳業的財務總監兼公司秘書。2007年5月加入蒙牛集團以前，郭先生曾任一間香港上市公司的財務總監，並曾於一間國際會計師事務所工作。郭先生畢業於香港理工大學，取得會計學學士學位，亦為香港會計師公會會員及英國特許公認會計師公會資深會員。

REPORT OF THE DIRECTORS

董事會報告

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2019.

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 2019 are provided in the section headed "Management's Discussion and Analysis" on pages 12 to 45 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 2019 using financial performance indicators is provided in the section headed "Management's Discussion and Analysis" on pages 12 to 45 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.

董事欣然提呈其報告，連同截至2019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、本集團未來業務發展及本公司業務前景的討論、本集團可能面臨的風險及不確定因素以及截至2019年12月31日止年度所發生影響本公司的重要事件，載列於本年報第12至45頁標題為「管理層討論與分析」的部分內。本公司與其主要持份者關係的說明載於本董事會報告「薪酬政策」、「退休福利計劃」及「主要客戶及供應商」的段落內。

本集團採用財務表現指標就其於截至2019年12月31日止年度表現進行的分析載列於本年報第12至45頁「管理層討論與分析」一節。

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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 2019 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 136 to 263 of this Annual Report.

FINAL DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 3 June 2020. Notice of the annual general meeting and all other relevant documents will be published and despatched to the shareholders of the Company in due course.

RESERVES

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

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2019年12月31日止年度的溢利以及本公司及本集團於該日的事務狀況載於本年報第136至263頁的合併財務報表。

末期股息

董事會不建議就截至2019年12月31日止年度派發末期股息(2018年：零)。

股東周年大會

本公司股東周年大會將於2020年6月3日(星期三)舉行。該股東周年大會的通告及所有其他相關文件將於適當時候刊發並寄發予本公司股東。

儲備

本集團於回顧年度儲備的變動詳情載於合併權益變動表。

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2019, 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 RMB528 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 RMB0.03 million.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2019, the Group held property, plant and equipment of approximately RMB1,549.67 million. Movements in property, plant and equipment of the Group for the year ended 31 December 2019 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 2019 are set out in note 29 to the consolidated financial statements.

本公司的可供分派儲備

於2019年12月31日，本公司根據開曼群島第22章（1961年第三號法例，經合併及修訂）公司法計算的可供分派儲備約為人民幣528百萬元，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0.03百萬元的捐贈。

物業、廠房及設備

截至2019年12月31日止年度，本集團持有物業、廠房及設備約人民幣1,549.67百萬元。本集團截至2019年12月31日止年度的物業、廠房及設備變動載於合併財務報表附註13。

股本

本公司截至2019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 2019 and during the period from the end of the year of 2019 to the date of this Report of the Directors were:

Non-executive directors:

Mr. Jeffrey, Minfang Lu (*Chairman*)
Mr. Qin Peng
Mr. Zhang Ping
Ms. Lam Pik Po, Katty⁽¹⁾
Mr. Gu Peiji (alias Philip Gu)⁽²⁾

Executive directors:

Mr. Chopin Zhang⁽³⁾
Mr. Yan Zhiyuan (*Chief Executive Officer*)⁽⁴⁾

Independent non-executive directors:

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

Notes:

(1) Resigned with effect from 25 March 2019.

(2) Appointed with effect from 29 April 2019.

(3) Resigned with effect from 8 January 2020.

(4) Appointed with effect from 8 January 2020.

Pursuant to Article 83 of the Articles of Association of the Company, Mr. Yan Zhiyuan, 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 himself 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.

董事

截至2019年12月31日止年度及2019年年末至本董事會報告日期期間，本公司董事為：

非執行董事：

盧敏放先生(主席)
秦鵬先生
張平先生
林碧寶女士⁽¹⁾
顧培基(又名Philip Gu)先生⁽²⁾

執行董事：

張平(Chopin Zhang)先生⁽³⁾
閻志遠先生(行政總裁)⁽⁴⁾

獨立非執行董事：

莫衛斌先生
程守太先生
李港衛先生

附註：

(1) 於2019年3月25日辭任。

(2) 於2019年4月29日獲委任。

(3) 於2020年1月8日辭任。

(4) 於2020年1月8日獲委任。

根據本公司組織章程第83條，閻志遠先生為於上屆股東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屬獨立。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 81 to 86 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 2019.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

董事及高級管理層履歷

董事及高級管理層的履歷詳情載於本年報第81至86頁。

董事於交易、安排或合約的權益

除下文所披露者外，截至2019年12月31日止年度或於該年年末，概無本公司、其控股公司或其任何子公司為訂約方而任何本公司董事直接或間接擁有重大權益的重大交易、安排或合約仍然存續。

董事服務合約

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

獲准許彌償條文

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

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

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

As at 31 December 2019, the Directors and the chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules:

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

董事及最高行政人員於股份、相關股份及債券的權益及淡倉

於2019年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見香港法例第571章《證券及期貨條例》(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部已知會本公司及聯交所的權益或淡倉(包括董事及本公司主要行政人員根據證券及期貨條例該等條文被當作及視為擁有的權益及淡倉)或須記錄於根據證券及期貨條例第352條須予存置的登記冊的權益或淡倉，或根據上市規則所載標準守則另行知會本公司及聯交所的權益或淡倉如下：

董事於蒙牛乳業(本公司的控股公司及相聯法團)股份中的權益：

Name of director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of the issued share capital 已發行股本的概約百分比
董事名稱	身份／權益性質	普通股數目	
Mr. Jeffrey, Minfang Lu 盧敏放先生	Beneficial owner 實益擁有人	11,269,457 ⁽¹⁾	0.29%
Mr. Zhang Ping 張平先生	Beneficial owner 實益擁有人	2,579,500 ⁽¹⁾	0.07%
Mr. Chopin Zhang 張平(Chopin Zhang)先生	Beneficial owner 實益擁有人	4,039,967 ⁽¹⁾	0.10%

Note:

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

附註：

(1) 所有股份均以好倉持有。

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

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

SHARE OPTION SCHEMES

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

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

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

除上文所披露者外，於2019年12月31日，董事或本公司最高行政人員概無於本公司及其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債券中擁有或被視作擁有記錄於本公司根據證券及期貨條例第352條所存置登記冊的權益或淡倉，或已根據上市規則所載標準守則知會本公司及聯交所的任何權益或淡倉。

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

購股權計劃

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

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

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

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

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

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

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

No option was granted by the Company nor was there any outstanding option granted by the Company from 1 January 2019 to 31 December 2019. As at 31 December 2019, there is no outstanding option granted by the Company.

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

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

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

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

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

自2019年1月1日至2019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2019年12月31日，本公司概無授出任何未行使期權。

EQUITY-LINKED AGREEMENTS

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

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

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

股票掛鈎協議

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

董事購買股份或債券的安排

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

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

**主要股東於股份及相關股份的權益
及淡倉**

So far as is known to the Director or chief executives of the Company, as at 31 December 2019, the persons or corporations (other than Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company or its associated corporation(s) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

就本公司董事或主要行政人員所知，於2019年12月31日，於本公司或其相聯法團的股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須披露予本公司的權益或淡倉，或須記入根據證券及期貨條例第336條規定須存置的登記冊內的權益或淡倉的人士或法團(並非本公司董事或主要行政人員)如下：

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

Notes:

- (1) As at 31 December 2019, Mengniu Dairy held 99.95% interest in Mengniu International and Mengniu International directly held the relevant Shares.
- (2) As at 31 December 2019, Danone SA held 100% interest in Danone Baby and Medical Holding. Danone Baby and Medical Holding held 100% interest in Danone Baby and Medical Nutrition BV. Danone Baby and Medical Nutrition BV held 100% interest in Nutricia International BV. Nutricia International BV held 100% interest in Danone Asia and Danone Asia directly held the relevant shares.
- (3) As at 31 December 2019, Zhang International Investment Ltd. was held as to 35.06% by Vanguard International Investment Co., Ltd, which is in turn wholly owned by Mr. Zhang Yangui.
- (4) All the shares are held in long position.
- (5) The total issued Shares as at 31 December 2019 was 4,745,560,296.

Save as disclosed above, as at 31 December 2019, 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 2019.

附註：

- (1) 於2019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2019年12月31日，達能SA持有Danone Baby and Medical Holding的100%權益。Danone Baby and Medical Holding持有Danone Baby and Medical Nutrition BV的100%權益。Danone Baby and Medical Nutrition BV持有Nutricia International BV的100%權益。Nutricia International BV持有達能亞洲的100%權益，而達能亞洲直接持有有關股份。
- (3) 於2019年12月31日，Vanguard International Investment Co., Ltd持有張氏國際投資有限公司的35.06%權益，而Vanguard International Investment Co., Ltd則由張雁桂先生全資擁有。
- (4) 所有股份均以好倉持有。
- (5) 於2019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2019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2019年12月31日止年度概無購買、出售或贖回任何本公司上市證券。

CONNECTED TRANSACTIONS

1. Product Development Cost Arrangement with Danone Trading

On 9 October 2018, Dumex China entered into a letter of intent (the "Letter of Intent") with Danone Trading ELN BV ("Danone Trading"), a subsidiary of Danone SA and a member of Danone, with respect to the proposed development and manufacture of infant formula products by Danone Trading for Dumex China. The Letter of Intent provides for, among others, the product development cost arrangement (the "Product Development Cost Arrangement"), pursuant to which Dumex China shall reimburse Danone Trading for all costs and expenses incurred by Danone Trading in developing the infant formula products for Dumex China in accordance with the development schedule set out in the Letter of Intent (the "Development Cost"). The Development Cost is expected to amount to EUR713,361 and may be adjusted upward by no more than EUR100,000 as the development work progresses in accordance with the development schedule set out in the Letter of Intent. Except for the provisions in relation to the Product Development Cost Arrangement and certain miscellaneous provisions, the entering into of the Letter of Intent does not constitute legally binding commitments from Dumex China and Danone Trading.

On 15 January 2019, Dumex China, Newou Hong Kong International Co., Limited, Newou, and Danone Trading entered into an addendum (the "Addendum"), pursuant to which Newou shall replace Dumex China to be the buyer of the infant formula products that Danone Trading undertakes to develop and manufacture, and shall be the person to reimburse Danone Trading for the Development Cost in pursuance to the Letter of Intent. Save for the amendments set out above, all other major terms and conditions of the Letter of Intent shall remain in full force and effect. Please refer to the announcements of the Company dated 9 October 2018 and 16 January 2019 for further details.

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

關連交易

1. 與Danone Trading的產品開發成本安排

於2018年10月9日，多美滋中國與達能SA的子公司及達能的成員公司Danone Trading ELN BV(「Danone Trading」)訂立意向書(「意向書」)，內容有關建議達能ELN為多美滋中國開發及生產嬰幼兒配方產品。意向書規定(其中包括)多美滋中國須根據產品開發成本安排(「產品開發成本安排」)向Danone Trading彌償按照意向書所載開發方案為多美滋中國開發嬰幼兒配方奶粉產品過程中產生的所有成本及開支(「開發成本」)。預計開發成本達713,361歐元，且根據意向書所載開發計劃，可在開發工作過程上調不超過100,000歐元。除產品開發成本安排相關條文及若干雜項條文以外，訂立意向書並不構成多美滋中國及Danone Trading具法律約束力的承諾。

於2019年1月15日，多美滋中國、新歐與Danone Trading訂立一份補充文件(「補充文件」)，據此，新歐將代替多美滋中國成為Danone Trading承接進行開發及生產的嬰幼兒配方產品的買方，並將根據意向書成為向Danone Trading彌償開發成本的人士。除上述修訂外，意向書中的所有其他主要條款及條件將維持具有十足效力及作用。有關進一步詳情，請參閱本公司日期為2018年10月9日及2019年1月16日的公告。

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

As of the date of the announcement dated 9 October 2018, Danone Asia has a 25.0% shareholding interest in the Company. Danone Trading is an indirect subsidiary of Danone SA and a member of Danone. Therefore, Danone Trading is a connected person of the Company under the Listing Rules. Each of Dumex China and Newou is a wholly owned subsidiary of the Company. As such, the Product Development Cost Arrangement and the transactions thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) calculated based on the maximum amount of the consideration of the Product Development Cost Arrangement exceeds 0.1% but is less than 5%, the Product Development Cost Arrangement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

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

於日期為2018年10月9日的公告日期，達能亞洲擁有本公司25.0%股權。Danone Trading為達能SA的間接子公司及達能的成員公司。因此，Danone Trading為本公司於上市規則項下的關連人士。多美滋中國及新歐各自為本公司的全資子公司。因此，產品開發成本安排及其項下進行的交易構成上市規則第14A章項下本公司的關連交易。由於按產品開發成本安排的代價最高金額計算所得的最高適用百分比率(盈利比率除外)高於0.1%但低於5%，故產品開發成本安排須遵守上市規則第14A章項下的申報、公告及年度審閱規定，惟獲豁免遵守獨立股東批准規定。

2. 出售新西蘭乳業的權益、股份購買協議及股東協議

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

On 14 December 2018, Yashili (HK), the Purchaser and Yashili New Zealand entered into a shareholders' agreement (the "Shareholders' Agreement") for the purpose of regulating the management of Yashili New Zealand, the relationship between Yashili (HK) and the Purchaser and their dealings in the shares of Yashili New Zealand post completion of the Disposal, subject to the approval of the independent Shareholders.

On 30 August 2019, Yashili (HK) and the Purchaser have agreed in writing to terminate the Share Purchase Agreement with immediate effect (the "Termination"). The board of directors of Mengniu Dairy and the Board consider that the Termination (i) is in the interests of Mengniu Dairy and the shareholders of Mengniu Dairy as a whole, and the Company and the shareholders of the Company as a whole, respectively; (ii) would have no material adverse impact on the business operation and financial position of the Mengniu Group and the Group, and (iii) would not affect the existing and future cooperation between the Group and the Danone Group.

Please refer to the joint announcements of the Company and Mengniu Dairy dated 14 December 2018 and 30 August 2019, and the announcement of the Company dated 10 May 2019 for further details.

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

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

於2019年8月30日，雅士利(香港)及買方已書面同意終止股份購買協議，即時生效(「終止」)。蒙牛乳業董事會及董事會認為，終止(i)分別符合蒙牛乳業及蒙牛乳業股東以及本公司及本公司股東的整體利益；(ii)不會對蒙牛集團及本集團的業務營運及財務狀況造成重大不利影響；及(iii)不會對本集團及達能集團的現時及未來合作產生影響。

有關進一步詳情，請參閱本公司及蒙牛乳業日期為2018年12月14日及2019年8月30日的聯合公告，以及本公司日期為2019年5月10日的公告。

CONTINUING CONNECTED TRANSACTIONS

Connected Persons

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

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, Tianjin New Value and Junlebao is a subsidiary of Mengniu Dairy, each of Inner Mongolia Mengniu, Tianjin New Value and Junlebao is a connected person of the Company. Burra Foods is owned as to 51.35% by Inner Mongolia Fuyuan International Industrial (Group) Co., Ltd., which is in turn owned as to 43.35% by Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy. Therefore, Burra Foods is an associate of Mengniu Dairy under Rule 14A.13(3) of the Listing Rules and a connected person of the Company. Inner Mongolia Digital Technology is wholly owned by Inner Mongolia Mengniu, which is in turn a subsidiary of Mengniu Dairy. Therefore, Inner Mongolia Digital Technology is an associate of Mengniu Dairy under Rule 14A.13(3) of the Listing Rules and a connected person of the Company. Shanghe is an indirect subsidiary of China Modern Dairy Holdings Ltd., which is in turn owned as to 60.77% by Mengniu Dairy. Therefore, Shanghe is an associate of Mengniu Dairy under Rule 14A.13 of the Listing Rules and a connected person of the Company.

Upon the completion of disposal of 51% of the entire registered capital in Junlebao by Mengniu Dairy on 19 November 2019, Junlebao has ceased to be a subsidiary of Mengniu Dairy, and thus ceased to be a connected person of the Company.

持續關連交易

關連人士

- (a) 蒙牛乳業、內蒙蒙牛、天津通瑞供應鏈有限公司(「天津通瑞」)、Burra Foods Pty Ltd (「Burra Foods」)、內蒙古數科數字營銷有限公司(「內蒙數科」)、現代牧業(商河)有限公司(「商河」)及石家莊君樂寶乳業有限公司(「君樂寶」)

蒙牛乳業子公司蒙牛國際持有本公司51.04%股份，為本公司主要股東。因此，蒙牛乳業為本公司的關連人士。由於內蒙蒙牛、天津通瑞及君樂寶各自為蒙牛乳業的子公司，故內蒙蒙牛、天津通瑞及君樂寶各自為本公司的關連人士。內蒙古富源牧業有限責任公司擁有Burra Foods 51.35%權益，而蒙牛乳業之子公司內蒙蒙牛擁有內蒙古富源國際實業(集團)有限責任公司43.35%權益。因此，根據上市規則第14A.13(3)條，Burra Foods為蒙牛乳業的聯繫人，並為本公司的關連人士。內蒙數科由內蒙蒙牛全資擁有，而內蒙蒙牛為蒙牛乳業的子公司。因此，根據上市規則第14A.13(3)條，內蒙數科為蒙牛乳業的聯繫人，並為本公司的關連人士。商河為中國現代牧業控股有限公司的間接子公司，中國現代牧業控股有限公司由蒙牛乳業擁有60.77%權益。因此，商河為蒙牛乳業於上市規則第14A.13條項下之聯繫人，並為本公司的關連人士。

於蒙牛乳業出售君樂寶全部註冊資本的51%的交易在2019年11月19日交割後，君樂寶不再為蒙牛乳業的附屬公司，因此也不再為本公司的關連人士。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

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

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

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

Continuing Connected Transactions

1. Trademark Licensing Agreement

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

持續關連交易

1. 商標使用許可合同

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

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

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

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

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

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

- 歐世蒙牛及雅士利(廣東)毋須就使用商標使用許可合同項下的商標向內蒙蒙牛支付許可費，惟歐世蒙牛及雅士利(廣東)(及其聯屬公司)於任何有關年度就產品推廣、營銷、廣告及分銷產生的開支(「營銷開支」)不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。

On 12 July 2019, Yashili (Guangdong), Oushi Mengniu and Inner Mongolia Mengniu entered into a supplemental confirmation letter (the “Supplemental Confirmation Letter”) in relation to the Trademark Licensing Agreement, pursuant to which the parties agreed that for each of the years ending 31 December 2019, 2020 and 2021:

- 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.

The Directors (including the independent non-executive Directors but excluding Mr. Jeffrey, Minfang Lu and Mr. Zhang Ping) are of the view that the entering into of the Supplemental Confirmation Letter will benefit the Company and its Shareholders as a whole as the arrangements provided in the Supplemental Confirmation Letter would support the Company’s promotional and marketing activities for the Products, which are important components of the product portfolio of the Company in the future, and thereby increasing the market share of and sales revenue of the Company.

For the year ended 31 December 2019, pursuant to the Supplemental Confirmation Letter, no license fee is payable by Oushi Mengniu, Yashili (Guangdong) and its affiliates to Inner Mongolia Mengniu under the Trademark Licensing Agreement.

於2019年7月12日，雅士利(廣東)、歐世蒙牛與內蒙蒙牛就商標使用許可合同訂立一份補充確認函(「補充確認函」)，據此，訂約方同意，截至2019年、2020年及2021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差額。

董事(包括獨立非執行董事，惟盧敏放先生及張平先生除外)認為，訂立補充確認函將對本公司及其股東整體有利，原因是補充確認函下的安排將支持本公司對於產品(該等產品是本公司未來產品組合的重要組成部分)的市場推廣活動，從而提升本公司的市場佔有率及銷售收入。

截至2019年12月31日止年度，根據補充確認函，歐世蒙牛、雅士利(廣東)及其關聯公司概無應付內蒙蒙牛的許可費。

2. Manufacturing and Supply Agreement

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

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

For the year ended 31 December 2019, the value of the transactions contemplated under the Manufacturing and Supply Agreement was RMB0, which was less than the cap of RMB14 million (equivalent to approximately HK\$16.576 million) as disclosed in the May 2016 Announcement.

2. 生產及供應協議

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

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

截至2019年12月31日止年度，生產及供應協議下擬進行交易的價值為人民幣0元，低於2016年5月公告所披露的上限人民幣14百萬元(相當於約16.576百萬港元)。

3. Framework Purchase Agreement with Inner Mongolia Mengniu

On 9 March 2017, Dumex China, Yashili (Guangdong), Shanxi Yashili Dairy Co., Ltd. (“Yashili (Shanxi)”) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the “Framework Purchase Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Inner Mongolia Mengniu agreed to sell (by itself or through its subsidiaries), raw materials from time to time during the term of the Framework Purchase Agreement with Inner Mongolia Mengniu. The Framework Purchase Agreement with Inner Mongolia Mengniu supersedes the purchase contract dated 1 December 2015 between Oushi Mengniu and Inner Mongolia Mengniu. The Framework Purchase Agreement with Inner Mongolia Mengniu is effective from 9 March 2017 to 31 December 2018 and shall be extended for two more years if no written request is delivered by a party to the other party before 31 December 2018. As of 31 December 2018, neither the Dumex China, Yashili (Guangdong), Yashili (Shanxi) or Oushi Mengniu nor Inner Mongolia Mengniu has delivered any written notice in respect of termination of the Framework Purchase Agreement with Inner Mongolia Mengniu to the other party. Therefore, the term of the Framework Purchase Agreement with Inner Mongolia Mengniu shall be extended for two years (the “31 December 2018 Extension”). Accordingly, the Framework Purchase Agreement with Inner Mongolia Mengniu shall remain in force until 31 December 2020. Please refer to the announcements of the Company dated 9 March, 25 August 2017 (the “25 August 2017 Announcement”), 22 December 2017, 31 December 2018 (“31 December 2018 Announcement”) and 1 February 2019 (“1 February 2019 Announcement”) for further details.

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

3. 與內蒙蒙牛的採購框架協議

於2017年3月9日，本公司子公司多美滋中國、雅士利(廣東)、山西雅士利乳業有限公司(「雅士利(山西)」)及歐世蒙牛與蒙牛乳業子公司內蒙蒙牛訂立採購框架協議(「與內蒙蒙牛的採購框架協議」)，據此，在與內蒙蒙牛的採購框架協議的期限內，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意不時購買而內蒙蒙牛同意不時出售(以其本身或透過其子公司)原材料。與內蒙蒙牛的採購框架協議取代歐世蒙牛與內蒙蒙牛於2015年12月1日簽訂的採購協議。與內蒙蒙牛的採購框架協議自2017年3月9日至2018年12月31日生效，倘於2018年12月31日前並無一方向另一方提出書面要求，則該協議將延長兩年。截至2018年12月31日，多美滋中國、雅士利(廣東)、雅士利(山西)或歐世蒙牛與內蒙蒙牛皆無就終止與內蒙蒙牛的採購框架協議向另一方遞交任何書面通知。因此，與內蒙蒙牛的採購框架協議的期限將延長兩年(「2018年12月31日延長」)。因此，與內蒙蒙牛的採購框架協議將維持有效，直至2020年12月31日。有關進一步詳情，請參閱本公司日期為2017年3月9日、2017年8月25日(「2017年8月25日公告」)、2017年12月22日、2018年12月31日(「2018年12月31日公告」)及2019年2月1日(「2019年2月1日公告」)的公告。

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

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

The annual cap of the Framework Purchase Agreement with Inner Mongolia Mengniu for the year ended 31 December 2019 was initially RMB30 million as disclosed in the 31 December 2018 Announcement. It was adjusted to RMB10 million (equivalent to approximately HK\$12 million) as disclosed in the 1 February 2019 Announcement.

Upon the Framework Agreement with Mengniu between the Company and Mengniu Dairy become effective on 12 March 2019, the Framework Purchase Agreement with Inner Mongolia Mengniu shall be automatically subject to the Framework Agreement with Mengniu and the transaction amount under the Framework Purchase Agreement with Inner Mongolia Mengniu has been taken into account in calculating the transaction amount under the Framework Agreement with Mengniu as disclosed in this annual report.

For the period from 1 January 2019 to the effective date of the Framework Agreement with Mengniu (being 12 March 2019), the value of the transactions contemplated under the Framework Purchase Agreement with Inner Mongolia Mengniu was less than the cap of RMB10 million (equivalent to approximately HK\$12 million) as disclosed in the 1 February 2019 Announcement.

4. The Service Agreement with Nutricia NZ

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

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

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

如2018年12月31日公告所披露，截至2019年12月31日止年度，與內蒙蒙牛的採購框架協議的年度上限初步為人民幣30百萬元。如2019年2月1日公告所披露，該年度上限調整至人民幣10百萬元(相當於約12百萬港元)。

於本公司與蒙牛乳業簽訂的與蒙牛乳業的框架協議於2019年3月12日生效後，與內蒙蒙牛的採購框架協議自動受限於與蒙牛乳業的框架協議，且在計算本年度報告中披露的與蒙牛乳業的框架協議項下進行的交易額時已經考慮了與內蒙蒙牛的採購框架協議項下進行的交易額。

於2019年1月1日至與蒙牛乳業的框架協議生效日期(即2019年3月12日)期間，與內蒙蒙牛的採購框架協議項下擬進行交易的價值低於2019年2月1日公告所披露的上限人民幣10百萬元(相當於約12百萬港元)。

4. 與Nutricia NZ的服務協議

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

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

於2018年12月3日，新西蘭乳業與Nutricia NZ同意將與Nutricia NZ的服務協議延長六個月(「2018年12月3日延長」)。因此，與Nutricia NZ的服務協議將保持有效直至2019年6月30日。有關進一步詳情，請參閱本公司日期為2018年12月3日的公告。

On 31 May 2019, Yashili New Zealand and Nutricia NZ agreed to further extend the term of the Service Agreement with Nutricia NZ for another six months (the “31 May 2019 Extension”). Accordingly, the Service Agreement with Nutricia NZ shall remain in force until 31 December 2019. Please refer to the announcement of the Company dated 31 May 2019 (the “31 May 2019 Announcement”) for further details.

On 29 November 2019, Yashili New Zealand and Nutricia NZ agreed to further extend the term of the Service Agreement with Nutricia NZ for another six months (the “29 November 2019 Extension”). Accordingly, the Service Agreement with Nutricia NZ shall remain in force until 30 June 2020. Please refer to the announcement of the Company dated 29 November 2019 for further details.

The Directors are of the view that are of the view that the transactions contemplated under the Service Agreement with Nutricia NZ, the 31 May 2018 Extension, the 3 December 2018 Extension, the 31 May 2019 Extension and the 29 November 2019 Extension would enable Yashili New Zealand to further improve its utilisation rate, thereby achieving greater synergies between the Group and Danone.

For the year ended 31 December 2019, the value of the transactions contemplated under the Service Agreement with Nutricia NZ as extended by the 31 May 2019 Extension was NZ\$0.83 million, which was less than the annual cap of NZ\$7.5 million (equivalent to approximately HK\$40.5 million) as disclosed in the 31 May 2019 Announcement.

於2019年5月31日，新西蘭乳業與Nutricia NZ同意將與Nutricia NZ的服務協議進一步延長六個月(「2019年5月31日延長」)。因此，與Nutricia NZ的服務協議將保持有效直至2019年12月31日。有關進一步詳情，請參閱本公司日期為2019年5月31日的公告(「2019年5月31日公告」)。

於2019年11月29日，新西蘭乳業與Nutricia NZ同意將與Nutricia NZ的服務協議進一步延長六個月(「2019年11月29日延長」)。因此，與Nutricia NZ的服務協議將保持有效直至2020年6月30日。有關進一步詳情，請參閱本公司日期為2019年11月29日的公告。

董事認為，與Nutricia NZ的服務協議項下擬進行的交易、2018年5月31日延長、2018年12月3日延長、2019年5月31日延長及2019年11月29日延長能令新西蘭乳業進一步提升其利用率，從而增強本集團與達能之間的協同效應。

截至2019年12月31日止年度，與Nutricia NZ的服務協議(經2019年5月31日延長後)項下擬進行交易的價值為0.83百萬新西蘭元，低於2019年5月31日公告所披露的年度上限7.5百萬新西蘭元(相當於約40.5百萬港元)。

5. Framework Purchase Agreement With Tianjin New Value

On 22 August 2017, Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu, each a subsidiary of the Company, entered into a framework purchase agreement (the "Framework Purchase Agreement with Tianjin New Value") with Tianjin New Value, pursuant to which Dumex China, Yashili (Guangdong), Yashili (Shanxi) and Oushi Mengniu agreed to purchase, and Tianjin New Value agreed to sell, raw materials from 22 August 2017 to 31 July 2019. Please refer to the 25 August 2017 Announcement and the announcements of the Company dated 22 December 2017, 20 June 2018, 4 September 2018, 23 November 2018 and 1 February 2019 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 period from 1 January 2019 to 31 July 2019 was initially RMB71 million (equivalent to approximately HK\$83 million) as disclosed in the 25 August 2017 Announcement. It was adjusted to RMB91 million (equivalent to approximately HK\$106 million) as disclosed in the 1 February 2019 Announcement.

Upon the Framework Agreement with Mengniu between the Company and Mengniu Dairy become effective on 12 March 2019, the Framework Purchase Agreement with Tianjin New Value shall be automatically subject to the Framework Agreement with Mengniu and the transaction amount under the Framework Purchase Agreement with Tianjin New Value has been taken into account in calculating the transaction amount under the Framework Agreement with Mengniu as disclosed in this annual report.

For the period from 1 January 2019 to the effective date of the Framework Agreement with Mengniu (being 12 March 2019), the value of the transactions contemplated under the Framework Purchase Agreement with Tianjin New Value was less than the cap of RMB91 million (equivalent to approximately HK\$106 million) as disclosed in the 1 February 2019 Announcement.

5. 與天津通瑞訂立的採購框架協議

於2017年8月22日，本公司子公司多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛與天津通瑞訂立採購框架協議(「與天津通瑞訂立的採購框架協議」)，據此，於2017年8月22日至2019年7月31日，多美滋中國、雅士利(廣東)、雅士利(山西)及歐世蒙牛同意購買而天津通瑞同意出售原材料。有關進一步詳情，請參閱2017年8月25日公告及本公司日期為2017年12月22日、2018年6月20日、2018年9月4日、2018年11月23日及2019年2月1日的公告。

董事預期，與天津通瑞訂立的採購框架協議及其項下擬進行的交易可令本公司自穩定來源採購優質原材料，並降低其原材料的採購成本。

如2017年8月25日公告所披露，於2019年1月1日至2019年7月31日的期間，與天津通瑞訂立的採購框架協議的年度上限初步為人民幣71百萬元(相當於約83百萬港元)。如2019年2月1日公告所披露，該年度上限調整為人民幣91百萬元(相當於約106百萬港元)。

於本公司與蒙牛乳業簽訂的與蒙牛乳業的框架協議於2019年3月12日生效後，與天津通瑞訂立的採購框架協議自動受限於與蒙牛乳業的框架協議，且在計算本年度報告中披露的與蒙牛乳業的框架協議項下進行的交易額時已經考慮了與天津通瑞訂立的採購框架協議項下進行的交易額。

於2019年1月1日至與蒙牛乳業的框架協議生效日期(即2019年3月12日)期間，與天津通瑞訂立的採購框架協議項下擬進行交易的價值低於2019年2月1日公告所披露的上限人民幣91百萬元(相當於約106百萬港元)。

6. 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 Danone, 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 Danone.

For the year ended 31 December 2019, the value of the transactions contemplated under the Lab Testing Service Framework Agreement was RMB0.14 million, which was less than the cap of RMB0.3 million (equivalent to approximately HK\$0.35 million) as disclosed in the 14 November 2017 Announcement.

7. Processing Agreement with Inner Mongolia Mengniu

On 1 January 2018, Oushi Mengniu and Yashili (Shanxi), each a subsidiary of the Company, entered into a processing agreement (the “Processing Agreement with Inner Mongolia Mengniu”) with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, pursuant to which Oushi Mengniu and Yashili (Shanxi) agreed to provide processing services in respect of whole milk powder, skim milk powder and other products to Inner Mongolia Mengniu from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 2 January 2018 (“2 January 2018 Announcement”) for further details.

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

6. 實驗室檢測服務框架協議

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

董事認為，實驗室檢測服務框架協議項下擬進行的交易能夠讓本集團擴大本集團與達能之間的協同效應。

截至2019年12月31日止年度，實驗室檢測服務框架協議項下擬進行交易的價值為人民幣0.14百萬元，低於2017年11月14日公告所披露的上限人民幣0.3百萬元(相當於約0.35百萬港元)。

7. 與內蒙蒙牛的加工協議

於2018年1月1日，本公司子公司歐世蒙牛及雅士利(山西)與蒙牛乳業子公司內蒙蒙牛訂立加工協議(「與內蒙蒙牛的加工協議」)，據此，歐世蒙牛及雅士利(山西)同意於2018年1月1日至2020年12月31日向內蒙蒙牛提供全脂奶粉、脫脂奶粉及其他產品的加工服務。有關進一步詳情，請參閱本公司日期為2018年1月2日的公告(「2018年1月2日公告」)。

董事認為，與內蒙蒙牛的加工協議項下擬進行的交易使本集團滿足奶粉產品的生產需求，同時充分利用及優化分配本集團的產能，從而為本集團產生額外收入。

Upon the Framework Agreement with Mengniu between the Company and Mengniu Dairy become effective on 12 March 2019, the Processing Agreement with Inner Mongolia Mengniu shall be automatically subject to the Framework Agreement with Mengniu and the transaction amount under the Processing Agreement with Inner Mongolia Mengniu has been taken into account in calculating the transaction amount under the Framework Agreement with Mengniu as disclosed in this annual report.

For the period from 1 January 2019 to the effective date of the Framework Agreement with Mengniu (being 12 March 2019), the value of the transactions contemplated under the Processing Agreement with Inner Mongolia Mengniu was less than the cap of RMB80 million (equivalent to approximately HK\$96 million) as disclosed in the 2 January 2018 Announcement.

8. Processing Agreement with Shanghai Nutri Go

On 23 March 2018, Dumex China, a wholly-owned subsidiary of the Company, entered into a processing agreement (the "Processing Agreement with Shanghai Nutri Go") with Shanghai Nutri Go pursuant to which Dumex China agreed to provide processing services in respect of NutriGo nutrition packs to Shanghai Nutri Go from time to time from 23 March 2018 to 22 March 2019. Please refer to the announcement of the Company dated 23 March 2018 ("23 March 2018 Announcement") for further details.

The Directors are of the view that the transactions contemplated under the Processing Agreement with Shanghai Nutri Go would generate revenue for the Group and enable the Group to explore additional business opportunities in the future.

For the period from 1 January 2019 to 22 March 2019, the value of the transactions contemplated under the Processing Agreement with Shanghai Nutri Go was RMB0.18 million, which was less than the cap of RMB4 million (equivalent to approximately HK\$4.96 million) as disclosed in the 23 March 2018 Announcement.

On 4 June 2019, Dumex China entered into a processing agreement (the "New Processing Agreement with Shanghai Nutri Go") with Shanghai Nutri Go, pursuant to which Dumex China agreed to provide processing services in respect of NutriGo nutrition packs to Shanghai Nutri Go from time to time from 4 June 2019 to 3 June 2020. Please refer to the announcement of the Company dated 4 June 2019 (the "4 June 2019 Announcement") for further details.

於本公司與蒙牛乳業簽訂的與蒙牛乳業的框架協議於2019年3月12日生效後，與內蒙蒙牛的加工協議自動受限於與蒙牛乳業的框架協議，且在計算本年度報告中披露的與蒙牛乳業的框架協議項下進行的交易額時已經考慮了與內蒙蒙牛的加工協議項下進行的交易額。

於2019年1月1日至與蒙牛乳業的框架協議生效日期(即2019年3月12日)期間，與內蒙蒙牛的加工協議下擬進行交易的價值低於2018年1月2日公告所披露的上限人民幣80百萬元(相當於約96百萬港元)。

8. 與上海起跑營養的加工協議

於2018年3月23日，本公司全資子公司多美滋中國與上海起跑營養訂立加工協議(「與上海起跑營養的加工協議」)，據此，多美滋中國同意於2018年3月23日至2019年3月22日不時向上海起跑營養提供營養起跑營養包的加工服務。有關進一步詳情，請參閱本公司日期為2018年3月23日的公告(「2018年3月23日公告」)。

董事認為，與上海起跑營養的加工協議項下擬進行的交易將為本集團產生收益，並可令本集團在將來開拓額外商機。

於2019年1月1日至2019年3月22日的期間，與上海起跑營養的加工協議項下擬進行交易的價值為人民幣0.18百萬元，低於2018年3月23日公告所披露的上限人民幣4百萬元(相當於約4.96百萬港元)。

於2019年6月4日，多美滋中國與上海起跑營養訂立加工協議(「與上海起跑營養的新加工協議」)，據此，多美滋中國同意於2019年6月4日至2020年6月3日不時向上海起跑營養提供營養起跑營養包的加工服務。有關進一步詳情，請參閱本公司日期為2019年6月4日的公告(「2019年6月4日公告」)。

The Directors are of the view that the transactions contemplated under the New Processing Agreement with Shanghai Nutri Go would generate revenue for the Group and enable the Group to explore additional business opportunities in the future.

For the period from 4 June 2019 to 31 December 2019, the value of the transactions contemplated under the New Processing Agreement with Shanghai Nutri Go was RMB1.28 million, which was less than the cap of RMB8 million for the period from 4 June 2019 to 3 June 2020 as disclosed in the 4 June 2019 Announcement.

9. Can Supply Agreement with Nutricia NZ

On 23 May 2018, Yashili New Zealand, a subsidiary of the Company, entered into a can supply agreement (the “Can Supply Agreement with Nutricia NZ”) with Nutricia NZ, a subsidiary of Danone SA, pursuant to which Yashili New Zealand agreed to purchase and Nutricia NZ, agreed to supply cans from time to time from 23 May 2018 to 30 June 2020 unless terminated earlier in accordance with the terms of the Can Supply Agreement with Nutricia NZ. Please refer to the announcement of the Company dated 23 May 2018 (“23 May 2018 Announcement”) for further details.

The Directors are of the view that the transactions contemplated under the Can Supply Agreement with Nutricia NZ would enable Yashili New Zealand to procure high quality packing materials from a stable source, further achieving greater synergies between the Group and Danone.

For the year ended 31 December 2019, the value of the transactions contemplated under the Can Supply Agreement with Nutricia NZ was NZ\$1.79 million, which was less than the cap of NZ\$7 million (equivalent to approximately HK\$37.9 million) as disclosed in the 23 May 2018 Announcement.

董事認為，與上海起跑營養的新加工協議項下擬進行的交易將為本集團產生收益，並可令本集團日後探索其他商機。

於2019年6月4日至2019年12月31日期間，與上海起跑營養的新加工協議項下擬進行交易的價值為人民幣1.28百萬元，低於2019年6月4日公告所披露於2019年6月4日至2020年6月3日期間的上限人民幣8百萬元。

9. 與Nutricia NZ訂立的鐵罐供應協議

於2018年5月23日，本公司的子公司新西蘭乳業與Nutricia NZ(達能SA的子公司)訂立鐵罐供應協議(「與Nutricia NZ訂立的鐵罐供應協議」)，據此，自2018年5月23日起至2020年6月30日止，新西蘭乳業同意不時採購，而Nutricia NZ同意不時供應鐵罐，惟根據與Nutricia NZ訂立的鐵罐供應協議條款提早終止除外。有關更多詳情，請參閱本公司日期為2018年5月23日的公告(「2018年5月23日公告」)。

董事認為，與Nutricia NZ訂立的鐵罐供應協議項下擬進行交易可使新西蘭乳業自穩定來源採購優質包材，並進一步增強本集團與達能之間的協同效應。

截至2019年12月31日止年度，與Nutricia NZ訂立的鐵罐供應協議項下擬進行交易價值為1.79百萬新西蘭元，低於2018年5月23日公告所披露的上限7百萬新西蘭元(相當於約37.9百萬港元)。

10. Framework Agreement with Mengniu Dairy

On 29 June 2018, the Company entered into a Framework Agreement (the “Framework Agreement with Mengniu Dairy”) with Mengniu Dairy in relation to (i) purchase of goods by the Mengniu Group from the Group (“Type I CCT”); (ii) purchase of goods by the Group from the Mengniu Group (“Type II CCT”); (iii) provision of services by the Mengniu Group to the Group (“Type III CCT”); and (iv) provision of services by the Group to the Mengniu Group (“Type IV CCT”). The Framework Agreement has a term of three years commencing from the date of the approval of the independent Shareholders (the “Effective Date”).

The goods under the Type I CCT and Type II CCT are mainly raw materials for dairy products, raw materials for food, food additives (including but not limited to whole milk powder, skimmed milk powder, white sugar, etc.), auxiliary materials, packing materials, semi-finished goods and finished goods. The list of goods may be updated from time to time according to the business needs of the Group and the Mengniu Group. The services under the Type III CCT and Type IV CCT are mainly testing services, storage and leasing services, marketing and sales services, IT services, labour services, advisory services and management services. The scope of services may be updated from time to time according to the business needs of the Group and the Mengniu Group. The price and terms of the transactions under the Framework Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm’s length basis and no less favourable to the Group than those available to the Group from independent third parties.

Please refer to (i) the announcement of the Company dated 2 July 2018 in relation to the entering into of the Framework Agreement with Mengniu Dairy, (ii) the announcement of the Company dated 31 December 2018 in relation to, among others, the revision of proposed annual caps of the continuing connected transactions under the Framework Agreement with Mengniu Dairy, and (iii) the circular of the Company dated 22 February 2019 (“22 February 2019 Circular”), for further details.

10. 與蒙牛乳業訂立的框架協議

於2018年6月29日，本公司與蒙牛乳業就(i)蒙牛集團向本集團採購商品(「持續關連交易類別I」)；(ii)本集團向蒙牛集團採購商品(「持續關連交易類別II」)；(iii)蒙牛集團向本集團提供服務(「持續關連交易類別III」)；及(iv)本集團向蒙牛集團提供服務(「持續關連交易類別IV」)訂立框架協議(「與蒙牛乳業訂立的框架協議」)。框架協議自獨立股東批准當日(「生效日期」)起計為期三年。

持續關連交易類別I及持續關連交易類別II項下商品主要為乳製品原材料、食物原料、食品添加劑(包括但不限於全脂奶粉、脫脂奶粉、白糖等)、輔料、包裝材料、半成品及成品。商品清單或會因應本集團及蒙牛集團的業務需要不時更新。持續關連交易類別III及持續關連交易類別IV項下服務主要為檢測服務、倉儲及租賃服務、市場及銷售服務、IT服務、勞務服務、諮詢服務及管理服務。服務範疇或會因應本集團及蒙牛集團的業務需要不時更新。框架協議項下交易的價格及條款乃於日常業務過程中按正常商業條款經公平磋商後釐定，給予本集團的價格及條款並不遜於本集團自獨立第三方所獲得者。

有關更多詳情，請參閱(i)本公司日期為2018年7月2日有關訂立與蒙牛乳業訂立的框架協議的公告，(ii)本公司日期為2018年12月31日有關(其中包括)修訂與蒙牛乳業的框架協議項下持續關連交易之建議年度上限的公告，及(iii)本公司日期為2019年2月22日的通函(「2019年2月22日通函」)。

The Directors (including the independent non-executive Directors (whose views were set out in the letter from the independent board committee included in the 22 February 2019 Circular)) are of the view that the Framework Agreement with Mengniu Dairy and the transactions contemplated thereunder would enable the Group to achieve greater synergies with the Mengniu Group. In particular, (i) the purchase of goods and services from the Mengniu Group will enable the Group to realize stable and quality sourcing and reduce purchase costs; and (ii) the provision of goods and services by the Group to the Mengniu Group will diversify and increase the Group's income and most importantly improve the capacity utilization of the Group.

The Framework Agreement with Mengniu Dairy and the transactions contemplated thereunder were approved by the independent Shareholders of the Company at the extraordinary general meeting of the Company held on 12 March 2019. The Framework Agreement with Mengniu Dairy became effective on 12 March 2019.

For the year ended 31 December 2019, the value of transactions under the Framework Agreement with Mengniu Dairy was RMB46.60 million, RMB272.32 million, RMB0.92 million, RMB16.40 million for Type I CCT, Type II CCT, Type III CCT and Type IV CCT, respectively, which was less than RMB265 million, RMB364 million, RMB35 million and RMB168 million, respectively, as disclosed in the 22 February 2019 Circular.

董事(包括獨立非執行董事, 彼等意見已於2019年2月22日通函中所載的獨立董事委員會函件中載列)認為, 與蒙牛乳業訂立的框架協議及其項下擬進行交易會有助提升本集團與蒙牛集團之間的協同效應。具體而言, (i)向蒙牛集團採購商品及服務有助本集團確保穩定及優質採購來源, 並降低採購成本; 及(ii)本集團向蒙牛集團提供商品及服務可多元化本集團的收入來源及增加本集團的收入, 而更重要的是可提升本集團的產能利用率。

與蒙牛乳業的框架協議及其項下擬進行交易已於2019年3月12日舉行之本公司股東特別大會上由本公司獨立股東批准。與蒙牛乳業的框架協議已於2019年3月12日生效。

截至2019年12月31日止年度, 有關與蒙牛乳業的框架協議項下持續關連交易類別I、持續關連交易類別II、持續關連交易類別III及持續關連交易類別IV的交易價值分別為人民幣46.60百萬元、人民幣272.32百萬元、人民幣0.92百萬元及人民幣16.40百萬元, 分別低於2019年2月22日通函所披露的人民幣265百萬元、人民幣364百萬元、人民幣35百萬元及人民幣168百萬元。

11. Settlement Agreement with Inner Mongolia Mengniu and Settlement Agreement with Mengniu Dairy

On 29 June 2018, the Company entered into: (i) a settlement agreement (the "Settlement Agreement with Inner Mongolia Mengniu") with Inner Mongolia Mengniu, a subsidiary of Mengniu Dairy, in respect of the settlement between the Company and Inner Mongolia Mengniu of the consideration of the shares of Mengniu Dairy granted to the certain employees of the Group according to and vested under the restricted share award scheme adopted by Mengniu Dairy on 26 March 2013, and (ii) a settlement agreement (the "Settlement Agreement with Mengniu Dairy") with Mengniu Dairy in respect of the settlement between the Company and Mengniu Dairy of the consideration of the share options granted to the certain employees of the Group according to and vested under the share option scheme adopted by Mengniu Dairy on 3 June 2016 (together, the "Settlement Agreements"). Please refer to (i) the announcement of Mengniu Dairy dated 7 May 2018 for further details about the abovementioned restricted share award scheme and share option scheme, and (ii) the announcements of the Company dated 2 July 2018 in relation to the Settlement Agreements (the "Settlement Agreements Announcement"), 31 May 2019 and 30 August 2019 (the "30 August 2019 Announcement") for further details of the Settlement Agreements.

The Directors are of the view that the Settlement Agreements and the transactions contemplated thereunder will provide incentives to and retain the core team of the Company, and in turn achieve the stable development of the Company in the long run.

11. 與內蒙蒙牛訂立的結算合同及與蒙牛乳業訂立的結算合同

於2018年6月29日，本公司(i)與蒙牛乳業的子公司內蒙蒙牛訂立結算合同(「與內蒙蒙牛訂立的結算合同」)，內容有關本公司與內蒙蒙牛結算根據蒙牛乳業於2013年3月26日所採納限制性股票獎勵計劃授予並歸屬於本集團若干僱員的蒙牛乳業股票的代價，及(ii)與蒙牛乳業訂立結算合同(「與蒙牛乳業訂立的結算合同」)，內容有關本公司與蒙牛乳業結算根據蒙牛乳業於2016年6月3日所採納的購股權計劃授予並歸屬於本集團若干僱員的購股權的代價(統稱「結算合同」)。(i)有關上述限制性股票獎勵計劃及購股權計劃的進一步詳情，請參閱蒙牛乳業日期為2018年5月7日的公告；及(ii)有關結算合同的進一步詳情，請參閱本公司日期為2018年7月2日有關結算合同(「結算合同公告」)、2019年5月31日及2019年8月30日(「2019年8月30日公告」)的公告。

董事認為，結算合同及其項下擬進行的交易使得本公司激勵及留住本公司核心隊伍，以達致本公司的長期穩定發展。

The annual cap of each of the Settlement Agreement with Inner Mongolia Mengniu and Settlement Agreement with Mengniu Dairy for the year ended 31 December 2019 was initially RMB10 million as disclosed in the Settlement Agreements Announcement. As disclosed in the announcement dated 31 May 2019, the Company has decided that rather than monitoring the annual caps of the Settlement Agreements on an individual basis, for the purpose of compliance with the Listing Rules, the Company will regard the annual caps of the Settlement Agreements as aggregate and will monitor the aggregate annual caps going forward. Therefore, the aggregate cap of the Settlement Agreements for the year ended 31 December 2019 is RMB20 million. The aggregate cap of the Settlement Agreements for the year ended 31 December 2019 was adjusted to RMB30 million as disclosed in the 30 August 2019 Announcement. For the year ended 31 December 2019, the aggregate value of the transactions contemplated under the Settlement Agreements was RMB16.47 million, which was less than the cap of RMB30 million as disclosed in the 30 August 2019 Announcement.

12. Distribution Agreement with Inner Mongolia Digital Technology

On 2 October 2018, Yashili Dairy (Maanshan) Distribution Co., Ltd. ("Yashili Maanshan"), a wholly-owned subsidiary of the Company, entered into a distribution agreement (the "Distribution Agreement with Inner Mongolia Digital Technology") with Inner Mongolia Digital Technology, an indirect subsidiary of Mengniu Dairy, pursuant to which Inner Mongolia Digital Technology was authorized by Yashili Maanshan and agreed to distribute the certain types of finished products of the Group (including milk powder and cereals) via a number of designated e-commerce platforms from time to time from 2 October 2018 to 31 December 2018. Please refer to the announcement of the Company dated 2 October 2018 for further details.

The Directors are of the view that the transactions contemplated under the Distribution Agreement with Inner Mongolia Digital Technology would enable the Group to access the established resources and advantages in the designated e-commerce platforms by the Mengniu Group and strengthen the synergies between the Group and the Mengniu Group.

如結算合同公告所披露，與內蒙蒙牛訂立的結算合同及與蒙牛乳業訂立的結算合同截至2019年12月31日止年度各自的年度上限初步為人民幣10百萬元。如日期為2019年5月31日的公告所披露，本公司決定不再分別監測每份結算合同之年度上限，為了遵守上市規則，本公司未來將把兩份結算合同之年度上限視為整體，監測年度上限總額。因此，結算合同截至2019年12月31日止年度的上限總額為人民幣20百萬元。如2019年8月30日公告所披露，結算合同截至2019年12月31日止年度的上限總額調整為人民幣30百萬元。截至2019年12月31日止年度，結算合同項下擬進行交易總值為人民幣16.47百萬元，低於2019年8月30日公告所披露的上限人民幣30百萬元。

12. 與內蒙數科訂立的分銷協議

於2018年10月2日，本公司全資子公司雅士利乳業(馬鞍山)銷售有限公司(「馬鞍山雅士利」)與蒙牛乳業間接子公司內蒙數科訂立分銷協議(「與內蒙數科訂立的分銷協議」)，據此，內蒙數科獲馬鞍山雅士利授權並同意自2018年10月2日起至2018年12月31日止不時通過多個指定電商平台分銷本集團多種成品(包括奶粉及麥片類產品)。有關進一步詳情，請參閱本公司日期為2018年10月2日的公告。

董事認為，與內蒙數科訂立的分銷協議項下擬進行的交易將有利於本集團共享蒙牛集團於指定電商平台已有的資源和優勢，加大本集團與蒙牛集團的協同效應。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

On 16 January 2019, the parties entered into an agreement to extend the term of the Distribution Agreement with Inner Mongolia Digital Technology for three months (the “16 January 2019 Extension”). Accordingly, the Distribution Agreement with Inner Mongolia Digital Technology shall remain in force until 31 March 2019. Please refer to the announcement of the Company dated 16 January 2019 for further details.

The Directors are of the view that the 16 January 2019 Extension would enable the Group to continue to access the established resources and advantages in the designated e-commerce platforms by the Mengniu Group and strengthen the synergies between the Group and the Mengniu Group.

Upon the Framework Agreement with Mengniu between the Company and Mengniu Dairy become effective on 12 March 2019, the Distribution Agreement with Inner Mongolia Digital Technology shall be automatically subject to the Framework Agreement with Mengniu and the transaction amount under the Distribution Agreement with Inner Mongolia Digital Technology has been taken into account in calculating the transaction amount under the Framework Agreement with Mengniu as disclosed in this annual report.

For the period from 1 January 2019 to the effective date of the Framework Agreement with Mengniu (being 12 March 2019), the value of the transactions contemplated under the Distribution Agreement with Inner Mongolia Digital Technology was less than the cap of RMB50 million as disclosed in the 16 January 2019 Extension.

13. Supply Agreement with Shanghe

On 7 January 2019, Oushi Mengniu, a wholly-owned subsidiary of the Company, entered into a supply agreement (the “Supply Agreement with Shanghe”) with Shanghe, pursuant to which Oushi Mengniu agreed to purchase, and Shanghe agreed to sell raw milk from time to time from 7 January 2019 to 31 December 2019. Please refer to the announcement of the Company dated 7 January 2019 (“7 January 2019 Announcement”) for further details.

於2019年1月16日，雙方訂立協議，以將與內蒙數科訂立的分銷協議的期限延長三個月（「2019年1月16日延長」）。因此，與內蒙數科訂立的分銷協議將維持生效直至2019年3月31日。有關進一步詳情，請參閱本公司日期為2019年1月16日的公告。

董事認為2019年1月16日延長有利於本集團繼續共享蒙牛集團於指定電商平台已有的資源和優勢，加大本集團與蒙牛集團的協同效應。

於本公司與蒙牛乳業簽訂的與蒙牛乳業的框架協議於2019年3月12日生效後，與內蒙數科訂立的分銷協議自動受限於與蒙牛乳業的框架協議，且在計算本年度報告中披露的與蒙牛乳業的框架協議項下進行的交易額時已經考慮了與內蒙數科訂立的分銷協議項下進行的交易額。

於2019年1月1日至與蒙牛乳業的框架協議生效日期（即2019年3月12日）期間，與內蒙數科訂立的分銷協議項下擬進行的交易的價值低於2019年1月16日延長所披露的上限人民幣50百萬元。

13. 與商河訂立的供應協議

於2019年1月7日，本公司的全資子公司歐世蒙牛與商河訂立供應協議（「與商河訂立的供應協議」），據此，由2019年1月7日至2019年12月31日，歐世蒙牛同意不時購買，而商河同意不時出售生鮮乳。有關進一步詳情，請參閱本公司日期為2019年1月7日的公告（「2019年1月7日公告」）。

The Directors are of the view that the Supply Agreement with Shanghe and the transactions contemplated thereunder would enable Oushi Mengniu to procure high quality raw milk from a stable source and enable the Group to strengthen the synergies between the Group and the Mengniu Group.

For the period from 7 January 2019 to 31 December 2019, the value of the transactions contemplated under the Supply Agreement with Shanghe was RMB0.31 million, which was less than the cap of RMB9 million as disclosed in the 7 January 2019 Announcement.

14. Supply Agreement with DAPH and Danone Trading

On 18 January 2019, Yashili New Zealand, a wholly-owned subsidiary of the Company, entered into a supply agreement (the "Supply Agreement with DAPH and Danone Trading") with DAPH and Danone Trading, pursuant to which Yashili New Zealand agreed to supply, and DAPH and Danone Trading and their affiliates agreed to purchase, base powder and dairy ingredients from time to time from 18 January 2019 to 31 March 2019. If the parties enter into a new supply agreement before the expiration of the Supply Agreement with DAPH and Danone Trading, the new supply agreement shall supersede the Supply Agreement with DAPH and Danone Trading upon taking effect.

The Directors are of the view that the Supply Agreement with DAPH and Danone Trading and the transactions contemplated thereunder would enable Yashili New Zealand to improve its utilisation rate, thereby achieving greater synergies between the Group and Danone.

On 27 March 2019, Yashili New Zealand entered into an agreement with DAPH and Danone Trading to extend the term of the Supply Agreement for another one month ending 30 April 2019 ("27 March 2019 Extension").

董事認為，與商河訂立的供應協議及其項下擬進行的交易將有利於歐世蒙牛自穩定來源採購優質生鮮乳，且令本集團加大本集團與蒙牛集團的協同效應。

由2019年1月7日至2019年12月31日的期間，與商河訂立的供應協議項下擬進行的交易的價值為人民幣0.31百萬元，低於2019年1月7日公告所披露的上限人民幣9百萬元。

14. 與DAPH及Danone Trading訂立的供應協議

於2019年1月18日，本公司的全資子公司新西蘭乳業與DAPH及Danone Trading訂立供應協議（「與DAPH及Danone Trading訂立的供應協議」），據此，由2019年1月18日至2019年3月31日，新西蘭乳業同意不時供應，而DAPH、Danone Trading及彼等的聯屬公司同意不時購買基粉及乳品原料。倘訂約方在與DAPH及Danone Trading訂立的供應協議屆滿前訂立新的供應協議，則新供應協議將在生效後取代與DAPH及Danone Trading訂立的供應協議。

董事認為，與DAPH及Danone Trading訂立的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之間的協同效應。

於2019年3月27日，新西蘭乳業與DAPH及Danone Trading訂立協議以將供應協議的期限延長一個月至2019年4月30日（「2019年3月27日延長」）。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

On 28 February 2019, Yashili New Zealand entered into a supply agreement with DAPH and Danone Trading and their affiliates (the "New Supply Agreement"), pursuant to which Yashili New Zealand agreed to supply, and DAPH and Danone Trading and their affiliates agreed to purchase, base powder and dairy ingredient. The New Supply Agreement shall take effect from the date of the approval of the independent Shareholders and shall remain in force until the earlier of (i) 31 December 2019, or (ii) the date on which a new strategic cooperation supply agreement entered into between the same parties to the New Supply Agreement takes effect (in which case the new strategic cooperation supply agreement upon taking effect shall supersede the New Supply Agreement).

Please refer to (i) the announcement of the Company dated 18 January 2019 in relation to the Supply Agreement with DAPH and Danone Trading, (ii) the announcement of the Company dated 27 March 2019 in relation to the extension of the Supply Agreement with DAPH and Danone Trading, (iii) the announcement of the Company dated 2 February 2019 in relation to the entering into of the New Supply Agreement, and (iv) the circular of the Company dated 1 April 2019 ("1 April 2019 Circular"), for further details.

The Directors (including the independent non-executive Directors) are of the view that the New 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 Danone.

The New 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 18 April 2019. The New Supply Agreement became effective on 18 April 2019 and supersede the Supply Agreement with DAPH and Danone Trading (as extended pursuant to the 27 March 2019 Extension).

For the year ended 31 December 2019, the value of the transactions contemplated under the New Supply Agreement was RMB511.00 million, which was less than the cap of RMB580 million as disclosed in the 1 April 2019 Circular.

於2019年2月28日，新西蘭乳業與DAPH、Danone Trading及彼等的聯屬公司訂立供應協議(「新供應協議」)，據此，新西蘭乳業同意供應，而DAPH、Danone Trading及彼等的聯屬公司同意購買基粉及乳品原料。新供應協議將於獲得獨立股東批准的日期起生效，並將維持有效至下列日期(以較早者為準)：(i) 2019年12月31日，或(ii)與新供應協議相同的訂約方訂立的新戰略合作供應協議生效的日期(在此情況下，新戰略合作供應協議將於生效後取代新供應協議)。

有關進一步詳情，請參閱(i)本公司日期為2019年1月18日有關與DAPH及Danone Trading訂立的供應協議的公告；(ii)本公司日期為2019年3月27日有關與DAPH及Danone Trading訂立的供應協議延長的公告；(iii)本公司日期為2019年2月2日有關訂立新供應協議的公告；及(iv)本公司日期為2019年4月1日的通函(「2019年4月1日通函」)。

董事(包括獨立非執行董事)認為，新供應協議及其項下擬進行的交易將使新西蘭乳業能夠提升其產能利用率，從而進一步增強本集團與達能之間的協同效應。

新供應協議及其項下擬進行的交易獲本公司獨立股東在本公司於2019年4月18日舉行的股東特別大會批准。新供應協議於2019年4月18日生效，並取代與DAPH及Danone Trading訂立的供應協議(按2019年3月27日延長而延長)。

截至2019年12月31日止年度，新供應協議項下擬進行的交易的價值為人民幣511.00百萬元，低於2019年4月1日通函所披露的上限人民幣580百萬元。

15. Processing Agreement with Junlebao

On 28 January 2019, Yashili (Shanxi), a wholly-owned subsidiary of the Company, entered into a processing agreement (the "Processing Agreement with Junlebao") with Junlebao, pursuant to which Yashili (Shanxi) agreed to provide processing services in respect of the whole milk powder to Junlebao from time to time from 28 January 2019 to 31 December 2019. Please refer to the announcement of the Company dated 28 January 2019 (the "28 January 2019 Announcement") for further details.

The Directors are of the view that the Processing Agreement with Junlebao and the transactions contemplated thereunder would enable the Group to further improve the utilization of product capacities and generate additional revenue to the Group.

Upon the Framework Agreement with Mengniu between the Company and Mengniu Dairy become effective on 12 March 2019, the Processing Agreement with Junlebao shall be automatically subject to the Framework Agreement with Mengniu and the transaction amount under the Processing Agreement with Junlebao has been taken into account in calculating the transaction amount under the Framework Agreement with Mengniu as disclosed in this annual report.

For the period from 1 January 2019 to the effective date of the Framework Agreement with Mengniu (being 12 March 2019), the value of the transactions contemplated under the Processing Agreement with Junlebao was less than the cap of RMB15 million as disclosed in the 28 January 2019 Announcement.

16. Supply Agreement with Burra Foods

On 29 March 2019, Newou, a wholly-owned subsidiary of the Company, entered into a supply agreement (the "Supply Agreement with Burra Foods") with Burra Foods, pursuant to which Newou agreed to purchase, and Burra Foods agreed to sell, base powder products for milk based recipes from time to time from 29 March 2019 to 31 December 2019. Please refer to the announcement of the Company dated 29 March 2019 (the "29 March 2019 Announcement") and 29 April 2019 (the "29 April 2019 Announcement") for further details.

15. 與君樂寶訂立的加工協議

於2019年1月28日，本公司的全資子公司雅士利(山西)與君樂寶訂立加工協議(「與君樂寶訂立的加工協議」)，據此，雅士利(山西)同意於2019年1月28日至2019年12月31日不時向君樂寶提供全脂奶粉的加工服務。有關進一步詳情，請參閱本公司日期為2019年1月28日的公告(「2019年1月28日公告」)。

董事認為與君樂寶訂立的加工協議及其項下擬進行的交易將使本集團進一步提升產能利用率並為本集團帶來額外收益。

於本公司與蒙牛乳業簽訂的與蒙牛乳業的框架協議於2019年3月12日生效後，與君樂寶訂立的加工協議自動受限於與蒙牛乳業的框架協議，且在計算本年度報告中披露的與蒙牛乳業的框架協議項下進行的交易額時已經考慮了與君樂寶訂立的加工協議項下進行的交易額。

於2019年1月1日至與蒙牛乳業的框架協議生效日期(即2019年3月12日)期間，與君樂寶訂立的加工協議項下擬進行的交易的價值低於2019年1月28日公告所披露的上限人民幣15百萬元。

16. 與Burra Foods訂立的供應協議

於2019年3月29日，本公司的全資子公司新歐與Burra Foods訂立供應協議(「與Burra Foods訂立的供應協議」)，據此，於2019年3月29日至2019年12月31日期間，新歐同意不時購買，及Burra Foods同意不時出售用於牛奶食譜的奶粉基粉產品。有關進一步詳情，請參閱本公司日期為2019年3月29日(「2019年3月29日公告」)及2019年4月29日(「2019年4月29日公告」)的公告。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

The Directors expect that the transactions contemplated under the Supply Agreement with Burra Foods would enable Newou to procure high quality raw materials from a stable source, which would lay a solid foundation for the Group's expansion into high end product categories.

The annual cap of the Supply Agreement with Burra Foods for the period from 29 March 2019 to 31 December 2019 was initially AUD15 million as disclosed in the 29 March 2019 Announcement. It was adjusted to AUD27 million as disclosed in the 29 April 2019 Announcement.

For the period from 29 March 2019 to 31 December 2019, the value of the transactions contemplated under the Supply Agreement with Burra Foods was AUD15.93 million, which was less than the cap of AUD27 million as disclosed in the 29 April 2019 Announcement.

17. Service Contract with Nutricia NZ

On 19 June 2019, Yashili New Zealand, a wholly-owned subsidiary of the Company, entered into a service contract (the "Service Contract with Nutricia NZ") with Nutricia NZ, pursuant to which Yashili New Zealand and Nutricia NZ agreed to supply services including but not limited to consulting service, labor service, management service and marketing service, to each other from 19 June 2019 to 31 December 2021. Please refer to the announcement of the Company dated 19 June 2019 (the "19 June 2019 Announcement") for further details.

The Directors are of the view that the Service Contract with Nutricia NZ and the transactions contemplated thereunder would enable Yashili New Zealand to leverage on such Services provided by Danone, and hence take advantage of Danone's industry leading edge with the ultimate aim of achieving greater synergies between the Group and Danone.

For the period from 19 June 2019 to 31 December 2019, the value of the transactions contemplated under the Service Contract with Nutricia NZ was RMB3.06 million, which was less than the cap of RMB20 million as disclosed in the 19 June 2019 Announcement.

董事預期與Burra Foods訂立的供應協議項下擬進行的交易將能夠為新歐提供穩定的優質原材料採購來源，其將為本集團擴展至高端產品類別打下堅實的基礎。

如2019年3月29日公告所披露，與Burra Foods訂立的供應協議於2019年3月29日至2019年12月31日期間的年度上限初步為15百萬澳元。如2019年4月29日公告所披露，該年度上限調整為27百萬澳元。

於2019年3月29日至2019年12月31日期間，與Burra Foods訂立的供應協議項下擬進行的交易的價值為15.93百萬澳元，低於2019年4月29日公告所披露的上限27百萬澳元。

17. 與Nutricia NZ訂立的服務合同

於2019年6月19日，本公司的全資子公司新西蘭乳業與Nutricia NZ訂立服務合同（「與Nutricia NZ訂立的服務合同」），據此，新西蘭乳業及Nutricia NZ同意於2019年6月19日至2021年12月31日互相提供服務（包括但不限於諮詢服務、勞工服務、管理服務及營銷服務）。有關進一步詳情，請參閱本公司日期為2019年6月19日的公告（「2019年6月19日公告」）。

董事認為，與Nutricia NZ訂立的服務合同及其項下擬進行的交易將使新西蘭乳業可依靠達能提供的有關服務，從而利用達能的行業領先優勢以實現增強本集團與達能之間的協同效應的最終目的。

於2019年6月19日至2019年12月31日期間，與Nutricia NZ訂立的服務合同項下擬進行的交易的價值為人民幣3.06百萬元，低於2019年6月19日公告所披露的上限人民幣20百萬元。

18. Service Agreement with Milupa

On 21 October 2019, Yashili New Zealand, a wholly-owned subsidiary of the Company, entered into a service agreement (the "Service Agreement with Milupa") with Milupa, pursuant to which Yashili New Zealand agreed to provide processing services in respect of goat milk powder to Milupa from time to time for six months commencing from 21 October 2019. Please refer to the announcement of the Company dated 21 October 2019 (the "21 October 2019 Announcement") for further details.

The Directors are of the view that the Service Agreement with Milupa and the transactions contemplated thereunder would enable Yashili New Zealand to explore more business opportunities with Danone, and achieve greater synergies between the Group and Danone.

For the period from 5 August 2019 to 31 December 2019, the value of the transactions contemplated under the Service Agreement with Milupa was RMB4.63 million, which was less than the cap of EUR0.7 million (equivalent to approximately RMB5.5 million) during the period from 5 August 2019 to 20 April 2020 as disclosed in the 21 October 2019 Announcement.

19. 2020 Supply Agreement with DAPH, Danone Trading, DANTRADE and Their Affiliates

On 19 November 2019, Yashili New Zealand entered into a supply agreement (the "2020 Supply Agreement") with DAPH, Danone Trading, DANTRADE and their affiliates (the "Purchasers under the 2020 Supply Agreement"), pursuant to which Yashili New Zealand agreed to supply, and the Purchasers under the 2020 Supply Agreement agreed to purchase, base powder and dairy ingredients from time to time. The 2020 Supply Agreement and the transactions contemplated thereunder are subject to the approval by the independent Shareholders. If the approval of the 2020 Supply Agreement by the independent Shareholders is obtained before 1 January 2020, the 2020 Supply Agreement shall take effect on 1 January 2020, and shall remain in force until 31 December 2020 unless otherwise agreed by the parties in writing. If the approval of the 2020 Supply Agreement by the independent Shareholders is obtained after 1 January 2020, the 2020 Supply Agreement shall take effect on the date on which it is approved by the independent Shareholders, and shall remain in force until 31 December 2020 unless otherwise agreed by the parties in writing. Please refer to the announcement of the Company dated 19 November 2019 and circular of the Company dated 12 December 2019 for further details.

18. 與Milupa訂立的服務協議

於2019年10月21日，本公司的全資子公司新西蘭乳業與Milupa訂立服務協議(「與Milupa訂立的服務協議」)，據此，新西蘭乳業同意由2019年10月21日起計六個月不時向Milupa提供羊奶粉加工服務。有關進一步詳情，請參閱本公司日期為2019年10月21日的公告(「2019年10月21日公告」)。

董事認為，與Milupa訂立的服務協議及其項下擬進行的交易將使新西蘭乳業探索與達能的更多商機並增強本集團與達能之間的協同效應。

於2019年8月5日至2019年12月31日期間，與Milupa訂立的服務協議項下擬進行的交易的價值為人民幣4.63百萬元，低於2019年10月21日公告所披露於2019年8月5日至2020年4月20日期間的上限0.7百萬歐元(相當於約人民幣5.5百萬元)。

19. 與DAPH、Danone Trading、DANTRADE及彼等的聯屬公司訂立的2020年供應協議

於2019年11月19日，新西蘭乳業與DAPH、Danone Trading、DANTRADE及彼等的聯屬公司(「2020年供應協議項下買家」)訂立供應協議(「2020年供應協議」)，據此，新西蘭乳業同意不時供應，而2020年供應協議項下買家同意不時購買基粉及乳品原料。2020年供應協議及其項下擬進行的交易須經獨立股東批准。倘2020年供應協議於2020年1月1日前獲獨立股東批准，則2020年供應協議將於2020年1月1日開始生效，並將維持有效至2020年12月31日(除非訂約方另行書面協定)。倘2020年供應協議於2020年1月1日後獲獨立股東批准，則2020年供應協議將於獲獨立股東批准當日生效，並將維持有效至2020年12月31日(除非訂約方另行書面協定)。有關進一步詳情，請參閱本公司日期為2019年11月19日的公告及本公司日期為2019年12月12日的通函。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

The Directors (including the independent non-executive Directors) are of the view that the 2020 Supply Agreement would enable Yashili New Zealand to improve its utilisation rate, thereby achieving greater synergies between the Group and Danone.

The 2020 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 31 December 2019. The 2020 Supply Agreement became effective on 1 January 2020.

The pricing policies set out in the relevant announcements and circulars (where applicable) of the connected transactions and continuing connected transactions set out above have been followed when determining the price and terms of the transactions conducted during the year.

Other than the connected transactions and the continuing connected transactions set out above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2019.

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

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

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

董事(包括獨立非執行董事)認為，2020年供應協議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之間的協同效應。

2020年供應協議及其項下擬進行的交易於本公司在2019年12月31日舉行的股東特別大會獲獨立股東批准。2020年供應協議於2020年1月1日生效。

於釐定年內所進行交易之價格及條款時已遵從上述關連交易及持續關連交易的相關公告及通函(如適用)內所載的定價政策。

除上文所載的關連交易及持續關連交易(已就此遵守上市規則第14A章的披露規定)外，本公司或其任何子公司與控股股東於截至2019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
- 按照規管彼等的協議進行，而有關條款屬公平合理，並符合本公司股東的整體利益。

本公司核數師根據香港會計師公會頒佈的《香港核證委聘準則》第3000號「審核或審閱過去財務資料以外的核證委聘」，並參閱《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，受聘對本集團的持續關連交易匯報。核數師已就本集團按照上市規則第14A.56條在本年報披露的持續關連交易發出無保留意見的函件，並載有其發現和結論。本公司已向聯交所提供了一份核數師函件的副本。

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors named in the paragraphs below held offices in businesses, which are considered to compete or likely to compete, either directly or indirectly, with the businesses of the Group during the year ended 31 December 2019.

Each of Mr. Jeffrey, Minfang Lu and Mr. Zhang Ping held offices in the Mengniu Group during the year ended 31 December 2019. Mengniu Dairy is a substantial shareholder of the Company. Bellamy's Australia Limited, which is an Australian organic infant formula and baby food provider, acquired by the Mengniu Group in 2019, is engaged in, among others, manufacturing and distribution of milk formula. Each of Mr. Qin Peng and Mr. Gu Peiji (alias Philip Gu) held offices in Danone. Danone Asia, a member of the Danone Group, is a substantial shareholder of the Company. Danone is engaged in, among others, manufacturing and distribution of milk formula.

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

Save as disclosed above, none of the Directors or their respective associates had any interest in any company or business which competes or may compete with the business of the Group during the year ended 31 December 2019.

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 2019.

董事於競爭性業務的權益

於截至2019年12月31日止年度內，下段所列董事於業務中任職，該等業務被視為與本集團業務直接或間接構成或可能構成競爭。

盧敏放先生及張平先生各自於截至2019年12月31日止年度內在蒙牛集團任職。蒙牛乳業為本公司的主要股東。蒙牛集團於2019年收購了澳洲有機嬰幼兒配方奶粉及嬰兒食品廠商Bellamy's Australia Limited，其從事(其中包括)生產及銷售配方奶粉。秦鵬先生及顧培基(又名Philip Gu)先生各自在達能任職。達能集團的成員公司達能亞洲是本公司的主要股東。達能從事(其中包括)生產及銷售配方奶粉。

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

除上文所披露者外，於截至2019年12月31日止年度內概無董事或其各自的聯繫人在與本集團業務構成或可能構成競爭的任何公司或業務中擁有任何權益。

管理合約

除上文「董事服務合約」一段所披露的服務合約外，於截至2019年12月31日止年度內概無訂立或存在有關本公司業務整體或任何重大部分的管理及行政合約。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

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

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

None of the Directors waived any emoluments during the year ended 31 December 2019.

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 2019, the Group's total contributions to the retirement benefits schemes charged in the income statement amounted to RMB33 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.

優先權

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

薪酬政策

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

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

概無董事於截至2019年12月31日止年度內放棄任何酬金。

退休福利計劃

本公司於中國的子公司的僱員為由中國政府運作的國家管理退休福利計劃的成員。中國子公司須按僱員基本薪金的若干百分比向退休福利計劃供款以撥付該等福利。本集團有關退休福利計劃的唯一責任為根據計劃作出所需供款。該等供款於根據國家管理退休福利計劃的規則成為應付時於合併收益表內扣除。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2019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 15% and 20% of the Group's total sales respectively. Aggregate purchases attributable to the Group's largest and five largest suppliers were 4% and 11% of the Group's total purchases respectively. At no time during the year ended 31 December 2019 did a Director, his/her associate(s) or a shareholder, which to the knowledge of the Directors owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest suppliers.

CLOSURE OF REGISTER OF MEMBERS

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 Thursday, 28 May 2020 to Wednesday, 3 June 2020, both dates 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 Wednesday, 3 June 2020, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 27 May 2020.

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 2019.

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15%及20%。本集團最大及五大供應商所佔的採購總額分別佔本集團採購總額的4%及11%。於截至2019年12月31日止年度內任何時間，概無董事、其聯繫人或據董事所知擁有本公司股本超過5%的股東於本集團任何五大供應商中擁有權益。

暫停辦理股份過戶登記手續

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2020年5月28日(星期四)至2020年6月3日(星期三)(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2020年6月3日(星期三)舉行的應屆股東周年大會並於會上表決的資格，所有已填妥及簽署的過戶表格連同相關股票必須於2020年5月27日(星期三)下午4時30分前送達本公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716號舖以作登記。

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2019年12月31日止年度的財務報表。

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

AUDITORS

The consolidated financial statements for the year ended 31 December 2019 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.

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 2019 are set out in note 27 to the consolidated financial statements. Other than such bank loans, the Group had no other bank loans.

核數師

截至2019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。

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2019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。

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 46 to 80 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 2019 is set out on page 264 of this Annual Report.

EVENT AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

On behalf of the Board

Jeffrey, Minfang Lu
Chairman

Hong Kong, 25 March 2020

企業管治

本公司的企業管治原則及常規載於本年報第46至80頁的企業管治報告。

財務資料概要

本集團截至2019年12月31日止五個財政年度的業績以及資產及負債概要載於本年報第264頁。

報告期後事項

本集團並無報告期後的重大事項。

代表董事會

盧敏放
主席

香港，2020年3月25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 136 to 264, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

我們已完成審計雅士利國際控股有限公司(「貴公司」)及其子公司(「貴集團」)載於第136至264頁的合併財務報表，包括於2019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(「國際會計準則」)真實而公平地反映貴集團在2019年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港公司法妥為編製。

意見的基礎

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

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.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment testing of goodwill</p> <p>Goodwill amounting to RMB991 million represented 13% of the Group's total assets as at 31 December 2019. The impairment tests performed by management involved significant estimations of the value in use of the cash-generating unit ("CGU") groups to which the goodwill is allocated.</p> <p>The accounting policies, significant estimates and related disclosures are included in note 2.4, 3 and 18 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, evaluation of management's identification of CGU groups to which goodwill is allocated and assessment of the impairment model and underlying assumptions by comparing the value in use of the cash-generating unit ("CGU") forecasted revenue and gross margins with historical operating results. We involved our internal valuation experts to assist us in evaluating the impairment model and in benchmarking key assumptions, including expected growth rates and discount rates. We assessed management's sensitivity analysis in relation to the reasonably possible changes in assumptions, including revenue growth rates and gross margins.</p> <p>We also reviewed the adequacy of the related disclosures included in the consolidated financial statements.</p>

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。

關鍵審計事項：	該事項在審計中是如何應對的：
<p>商譽減值測試</p> <p>於2019年12月31日，商譽為人民幣9.91億元，佔貴集團總資產的13%。管理層執行的減值測試包含對商譽所分配至的現金產出單元組使用價值的重要估計。</p> <p>會計政策、重要估計和相關披露包含於合併財務報告附註2.4、附註3和附註18中。</p>	<p>我們的審計程序包括評價管理層對於分配商譽的現金產出單位的認定；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就收入增長率和毛利率等假設發生合理可能的變動時的敏感性分析。</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。</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

Key audit matter	How our audit addressed the key audit matter	該事項在審計中是如何應對的：
<p>Impairment testing of trademark with indefinite lives</p> <p>Trademark with indefinite life amounting to RMB283 million represented 4% of the Group's total assets as at 31 December 2019. The impairment tests performed by management involved significant estimations in determination of the value in use of the CGU to which the trademarks belong.</p> <p>The accounting policies, significant estimates and related disclosures are included in note 2.4, 3 and 17 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 rates and gross margins. We compared key assumptions such as forecasted revenue growth rates, unit selling prices and unit costs with historical results or industry peers. We involved our internal valuation experts to assist us in evaluating the impairment model and key assumptions in particular those relating to the expected growth rates and discount rates. We also assessed management's sensitivity analysis in relation to the reasonably possible changes in assumptions, including revenue growth rates and gross margins.</p> <p>We also reviewed the adequacy and appropriateness of the related disclosures included in the consolidated financial statements.</p>	<p>不確定使用壽命商標的減值測試</p> <p>於2019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>我們的審計程序包括對減值模型、預計收入增長率和預計毛利率等關鍵假設的評估。我們將管理層對重大假設如收入增長率、單位售價和單位成本的預測與公司歷史業績和同行業可比公司進行了比較。我們邀請內部估值專家，協助我們評估減值模型與包括預期增長率及貼現率在內的主要假設。我們還評估了管理層就收入增長率和毛利率等假設發生合理可能的變動時的敏感性分析。</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。</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。

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.

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。

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評估合併財務報表(包括資料披露)的整體列報、架構及內容，以及合併財務報表是否已公允反映及列報相關交易及事項。
 - 就貴集團內各實體或業務活動的財務資料獲得充足的審計憑證，以就合併財務報表發表意見。我們須負責指導、監督及執行集團的審計工作。我們須為我們的審計意見承擔全部責任。

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

我們與審核委員會就(其中包括)審計工作的計劃範圍及時間安排及重大審計發現，包括我們於審計期間識別出內部監控的任何重大缺陷溝通。

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

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們的獨立性的關係及其他事宜及相關防範措施(如適用)與審核委員會溝通。

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

我們從與審核委員會溝通的事項中，決定哪些事項對本期合併財務報表的審計工作最為重要，因而構成關鍵審核事項。除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益而不應於報告中披露，否則我們會於核數師報告中描述此等事項。

The engagement partner on the audit resulting in this independent auditor's report is Mr. TONG KA YAN.

出具本獨立核數師報告的審計項目合夥人為唐嘉欣。

Ernst & Young
Certified Public Accountants

安永會計師事務所
執業會計師

Hong Kong
25 March 2020

香港
2020年3月25日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

合併損益表

Year ended 31 December 2019 截至2019年12月31日止年度

		Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue	收入	5	3,411,962	3,011,200
Cost of sales	銷售成本	7	(2,145,191)	(1,817,421)
Gross profit	毛利		1,266,771	1,193,779
Other income and gains	其他收入及收益	5	28,929	91,572
Selling and distribution expenses	銷售及經銷開支		(963,810)	(1,140,433)
Administrative expenses	行政開支		(222,978)	(208,637)
Impairment profit/(loss) on financial assets	金融資產減值 收益/(損失)		(5,804)	1,249
Other expenses	其他開支	6	(84,836)	(69,841)
Finance income	財務收入	7	94,467	113,577
Finance costs	財務成本	8	(9,816)	(16,099)
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/(虧損)	7	102,923	(34,833)
Income tax credit	所得稅抵減	10	9,443	87,108
PROFIT FOR THE YEAR	年度溢利		112,366	52,275
Attributable to:	歸屬於：			
Owners of the parent	母公司股權持有人		112,366	52,275
			RMB cents 人民幣分	RMB cents 人民幣分
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股擁有人 應佔每股盈利			
Basic and diluted	基本和攤薄	12	2.4	1.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

合併全面收益表

Year ended 31 December 2019 截至2019年12月31日止年度

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年度溢利	112,366	52,275
OTHER COMPREHENSIVE INCOME	其他全面收益		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:	可於以後期間重新分類至損益之其他全面收益：		
Exchange differences on translation of financial statements of group entities	外幣報表折算差額	43,954	7,351
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	可於以後期間重新分類至損益之淨其他全面收益：	43,954	7,351
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	年度稅後其他全面收益	43,954	7,351
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年度全面收益總額	156,320	59,626
Attributable to:	歸屬於：		
Owners of the parent	母公司股權持有人	156,320	59,626

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

31 December 2019 2019年12月31日

		Notes	2019	2018
		附註	RMB'000 人民幣千元	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	1,549,669	1,510,604
Construction in progress	在建工程	14	63,414	85,677
Investment properties	投資物業	15	73,548	73,785
Right-of-use assets	使用權資產	16	112,659	—
Land use rights	土地使用權	16	—	86,420
Intangible assets	無形資產	17	346,294	327,972
Goodwill	商譽	18	991,236	991,236
Deferred tax assets	遞延稅項資產	19	385,712	371,036
Long-term bank deposits	長期銀行存款	24	546,091	100,000
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	22	4,135	8,882
Total non-current assets	非流動資產總額		4,072,758	3,555,612
CURRENT ASSETS	流動資產			
Inventories	存貨	20	924,018	757,376
Trade receivables	貿易應收款	21	152,632	151,571
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	22	205,498	237,012
Other current financial assets	其他流動金融資產	23	49,434	86,604
Structural bank deposits	結構性銀行存款	23	593,960	608,409
Pledged deposits	保證金存款	24	9,968	315,315
Cash and bank balances	現金及銀行結餘	24	1,504,233	2,010,318
Total current assets	流動資產總額		3,439,743	4,166,605
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款及應付票據	25	553,468	308,058
Other payables and accruals	其他應付款及應計費用	26	1,202,363	1,418,278
Interest-bearing bank and other borrowings	計息銀行及其他借款	27	36,209	415,128
Tax payable	應付所得稅		7,294	8,569
Total current liabilities	流動負債總額		1,799,336	2,150,033
NET CURRENT ASSETS	流動資產淨值		1,640,407	2,016,572
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		5,713,165	5,572,184

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

合併財務狀況表(續)

31 December 2019 2019年12月31日

		Notes	2019	2018
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Deferred income	遞延收益	28	3,477	4,362
Interest-bearing bank and other borrowings	計息銀行及其他借款	27	18,671	—
Deferred tax liabilities	遞延稅項負債	19	9,296	9,997
Total non-current liabilities	非流動負債總額		31,444	14,359
Net assets	資產淨額		5,681,721	5,557,825
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		5,282,369	5,158,473
TOTAL EQUITY	權益總額		5,681,721	5,557,825

Mr. Yan Zhiyuan
閻志遠先生
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 2019 截至2019年12月31日止年度

		Attributable to owners of the parent 歸屬於母公司股權持有人										Total 總計
		Share capital 股本	Share premium 股份溢價	Capital redemption reserve 股份回購儲備	PRC statutory reserve 中國法定儲備	Other capital reserve 其他資本儲備	Share option reserve/share award reserve 購股權儲備/股份獎勵儲備	Translation reserve 匯兌儲備	Contributed surplus 實繳盈餘	Merger reserve 合併儲備	Retained earnings 保留盈利	
Notes 附註		RMB'000 人民幣千元 (note 29) (附註29)	RMB'000 人民幣千元 (note 41(ii)) (附註41(ii))	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (note 41(iii)) (附註41(iii))	RMB'000 人民幣千元 (note 41(iii)) (附註41(iii))	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 1 January 2018	於2018年1月1日	399,352	3,845,616*	818*	182,021*	(44,615)*	2,374*	23,817*	1,367,204*	(850,504)*	564,844*	5,490,927
Profit for the year	年度溢利	-	-	-	-	-	-	-	-	-	52,275	52,275
Other comprehensive income	其他全面收益	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of group entities	海外子公司外幣報表折算差額	-	-	-	-	-	-	7,351	-	-	-	7,351
Total comprehensive income for the year	全面收益總額	-	-	-	-	-	-	7,351	-	-	52,275	59,626
Share option and share award arrangements**	股票期權及股權激勵計劃**	-	-	-	-	-	7,272	-	-	-	-	7,272
At 31 December 2018	於2018年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	9,646*	31,168*	1,367,204*	(850,504)*	617,119*	5,557,825
At 1 January 2019	於2019年1月1日	399,352	3,845,616*	818*	182,021*	(44,615)*	9,646*	31,168*	1,367,204*	(850,504)*	617,119*	5,557,825
Profit for the year	年度溢利	-	-	-	-	-	-	-	-	-	112,366	112,366
Other comprehensive income	其他全面收益	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of group entities	海外子公司外幣報表折算差額	-	-	-	-	-	-	43,954	-	-	-	43,954
Total comprehensive income for the year	全面收益總額	-	-	-	-	-	-	43,954	-	-	112,366	156,320
Final 2018 dividend declared***	2018年宣派股息***	-	-	-	-	-	-	-	-	-	(47,524)	(47,524)
Share option and share award arrangements**	股票期權及股權激勵計劃**	-	-	-	-	-	15,100	-	-	-	-	15,100
At 31 December 2019	於2019年12月31日	399,352	3,845,616*	818*	182,021*	(44,615)*	24,746*	75,122*	1,367,204*	(850,504)*	681,961*	5,681,721

* These reserve amounts comprise the consolidated reserves of RMB5,282,369,000, (2018: RMB5,158,473,000) in the consolidated statement of financial position.

* 這些儲備金額組成2019年財務狀況合併表中的儲備人民幣5,282,369,000元(2018年: 人民幣5,158,473,000元)。

** On 13 July 2017, 7 May 2018 and 24 December 2018, China Mengniu Dairy Company Limited ("Mengniu Dairy"), the Company's ultimate holding company, granted 1,458,342 units of shares and 4,283,181 units of share options under its share award scheme and share option scheme, respectively, to the Company's directors and the 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 amortization of the fair value of these share options and share awards in 2019 and 2018.

** 於2017年7月13日、2018年5月7日和2018年12月24日，中國蒙牛乳業有限公司(「蒙牛乳業」)，本公司之最終控股公司，根據其股票期權及股權激勵計劃向本公司董事及管理人員授出491,445股股票和4,283,181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2019年和2018年的公允價值攤銷額。

*** The Board recommended the payment of a special dividend of RMB1 cent per ordinary share for the year ended 31 December 2018, amounting to RMB47,524,000 in total, to shareholders whose names appear on the register of members on 18 June 2019.

*** 董事會建議就截至2018年12月31日止年度向與2019年6月18日名列股東名冊的股東派付特別股息，每股股份人民幣1分，合計共約人民幣47,524,000元。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

		Notes	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動現金流量			
Profit/(loss) before tax	稅前溢利/(虧損)		102,923	(34,833)
Adjustments for:	調整項目：			
Depreciation and amortisation	折舊及攤銷	7	128,092	153,203
Depreciation of right-of-use assets	使用權資產的折舊	7	10,554	—
Amortisation of deferred income	遞延收益攤銷		(885)	(1,084)
Net loss on disposal of non-current assets	出售非流動資產的虧損淨額	6	3,200	4,181
Provision for impairment of trade and other receivables	貿易及其他應收款的減值準備		5,804	(1,249)
Write down of inventories to net realizable value	存貨跌價準備	6	65,528	30,728
Interest income	利息收入	7	(66,736)	(77,677)
Interest expense	利息開支	8	9,816	16,099
Foreign exchange difference, net	匯兌損益淨額	6	7,174	23,926
Net gain on disposal of assets classified as held for sale	出售持有待售資產組的收益淨額	5	—	(51,962)
Gain on other investments	其他投資收益	7	(27,731)	(35,900)
Share option and share award arrangements	股票期權及股權激勵計劃		15,100	7,272
			252,839	32,704
Increase in inventories	存貨增加		(224,793)	(1,425)
Increase in trade receivables	貿易應收賬款增加		(10,935)	(17,823)
Decrease/(increase) in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少/(增加)		29,461	(92,481)
Decrease in pledged deposits	受限制銀行存款減少		214,805	40,739
(Decrease)/increase in trade and bills payables, other payables and accruals	貿易應付賬款及票據、其他應付款項和應計費用(減少)/增加		(77,450)	315,714
Cash generated from operations	經營活動產生現金		183,927	277,428
Income tax paid on operating activities	經營活動已付所得稅		(6,700)	(13,305)
Net cash flows from operating activities	經營活動所得現金淨額		177,227	264,123

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

合併現金流量表(續)

Year ended 31 December 2019 截至2019年12月31日止年度

		Notes	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動現金流量			
Interest and gains on investments received	已收利息		98,901	162,443
Tax paid on investing activities	投資活動已付所得稅		—	(12,990)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		4,637	9,267
Proceeds from sale of other financial assets	出售其他金融資產所得款項		1,918,616	1,993,207
Proceeds from disposal of assets classified as held for sale	出售持有待售資產組所得款項	5 (a)	—	252,822
Payment of bank deposits with original maturity of more than three months	原到期日為三個月以上的銀行存款到期的付款		(928,069)	—
Receipts of bank deposits with original maturity of more than three months	原到期日為三個月以上的銀行存款到期的收款		851,945	227,489
Payment of long term bank deposits	長期銀行存款的付款		(446,091)	(100,000)
Acquisition of property, plant and equipment	購買物業、廠房及設備		(30,979)	(17,631)
Payment of construction in progress	在建工程項目的付款		(65,682)	(75,670)
Acquisition of intangible assets	購買無形資產		(9,066)	(17,275)
Acquisition of other financial assets	購買其他金融資產		(2,089,280)	(1,913,571)
Net cash flows(used in)/from investing activities	投資活動(流出)/所得現金淨額		(695,068)	508,091
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動現金流量			
Proceeds from bank loans	貸款所得款項	30	1,051,091	568,285
Receipts of pledged deposits at maturity in relation to bank loans	與銀行借款相關的到期抵押存款收款		301,428	150,491
Payment of pledged deposits in relation to bank loans	與銀行借款相關的抵押存款的付款		—	(301,428)
Repayments of interest-bearing bank loans	償還計息貸款	30	(1,347,640)	(689,490)
Interest paid	已付利息		(14,417)	(11,019)
Dividends paid	已付股息		(47,524)	—
Principal portion of lease payments	租賃付款的本金部分		(7,161)	—
Net cash flows used in financing activities	融資活動流出現金淨額		(64,223)	(283,161)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)/增加淨額		(582,064)	489,053
Cash and cash equivalents at beginning of year	年初現金及現金等價物	24	1,158,373	668,962
Effect of exchange rate changes on cash and cash equivalents	匯率變動對現金及現金等價物的影響		(145)	358
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	24	576,164	1,158,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

31 December 2019 2019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).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and business 註冊成立/ 登記及營業地點	Issued ordinary/ registered share capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili International Ltd. (“Yashili (BVI)”) 雅士利國際有限公司 (“Yashili (BVI)”)		BVI 英屬處女群島	US\$1 1美元	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 香港	HK\$1 1港元	-	100%	Investment holding 投資控股

1. 公司及集團資料

雅士利國際控股有限公司(「本公司」)於2010年6月3日根據開曼群島公司法第22章(1961年第三號法例，經合併及修訂)在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本集團主要從事製造及銷售乳製品及營養品。

董事認為，集團控股公司為中國蒙牛國際有限公司(BVI)。集團最終控股公司為中國蒙牛乳業有限公司(開曼)。

子公司信息

本公司重要子公司的詳情如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued) 1. 公司及集團資料(續)

Information about subsidiaries (Continued)

子公司信息(續)

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and business 註冊成立/ 登記及營業地點	Issued ordinary/ registered share capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
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 香港	HK\$1 1港元	-	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 新西蘭	NZD287,032,059 新西蘭元287,032,059元	-	100%	Production and sale of dairy products 生產及銷售乳製品
Oushi Mengniu (Inner Mongolia) Dairy Products Co., Ltd. ("Oushi Mengniu") 內蒙古歐世蒙牛乳製品 有限責任公司(「歐世蒙牛」)	(ii)	PRC 中國	RMB470,000,000 人民幣470,000,000元	-	100%	Production and sale of dairy products 生產及銷售乳製品
Yashili International Baby Nourishment Co., Ltd. ("Yashili Nourishment") 雅士利國際嬰兒營養品 有限公司(「雅士利營養品」)	(i) & (ii)	PRC 中國	RMB531,815,600 人民幣531,815,600元	-	100%	Production and sale of dairy products 生產及銷售乳製品
Yashili Dairy (Maanshan) Trading Limited ("Maanshan Trading") 雅士利乳業(馬鞍山)銷售 有限公司(「馬鞍山銷售」)	(ii)	PRC 中國	RMB20,000,000 人民幣20,000,000元	-	100%	Wholesale and retail of dairy products 乳製品批發兼零售

1. CORPORATE AND GROUP INFORMATION (Continued) 1. 公司及集團資料(續)

Information about subsidiaries (Continued)

子公司信息(續)

Company name 公司名稱	Notes 附註	Place of incorporation/ registration and business 註冊成立/ 登記及營業地點	Issued ordinary/ registered share capital 已發行股本/ 註冊資本詳情	Percentage of equity attributable to the Company 本公司應佔的 股權百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Yashili 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") 多美滋嬰幼兒食品有限公司 (「多美滋」)	(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
Yashili (Inner Mongolia) Nutrition Co., Ltd. ("Yashili (Inner Mongolia)") 內蒙古雅士利營養品有限公司 (「雅士利(內蒙古)」)	(ii)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	100%	Production and sale of dairy products 生產及銷售乳製品
Mengniu Oushi Nutritional Food Co., Ltd. ("Mengniu Oushi") 蒙牛歐世營養食品有限公司 (「蒙牛歐世」)	(ii)	PRC 中國	RMB50,000,000 人民幣50,000,000元	-	100%	Production and sale of dairy products 生產及銷售乳製品

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

- (i) These companies are registered as wholly-foreign-owned enterprises under PRC law.
- (ii) These companies are limited liability companies established in the PRC. The official names of these companies are in Chinese and the English names are for reference only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Boards (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for other current financial assets and structural bank deposits which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

1. 公司及集團資料(續)

- (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。

董事認為上表載列之本公司子公司主要對本集團本年度業績構成影響，或構成本集團資產淨值之重大部分。董事認為提供其他子公司之詳情會導致詳情過於冗長。

2.1 呈列基準

該等財務報表乃根據由國際會計準則理事會發佈的國際財務報告準則(其中包括全部國際會計報告準則、國際會計準則及其詮釋)的披露規定以及香港公司法編製。除其他流動金融資產和結構性銀行存款以公允價值計量外，該等財務報表已根據歷史成本慣例編製。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。

2.1 BASIS OF PRESENTATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing right that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 呈列基準(續)

合併基準

合併財務報表包括本公司及其子公司(統稱為「本集團」)於截至2019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回報的金額(即本集團有對被投資企業相關活動施加影響的現時權利)，視為本集團能夠控制該被投資企業。

當本公司直接或間接擁有被投資企業半數或半數以下的表決權，本集團會考慮以下相關事實來確定其是否對被投資企業擁有控制：

- (a) 與被投資企業其他投票權持有者之間的協議；
- (b) 因其他協議而擁有的權利；及
- (c) 本集團的投票權和潛在投票權。

子公司的財務報表乃使用一致的會計政策，並按與本公司相同的報告期間編製。子公司的業績由收購日期(即本集團取得控制權之日)起合併於賬目內，並將繼續合併直至該控制終止之日。

2.1 BASIS OF PRESENTATION (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 呈列基準(續)

合併基準(續)

損益和其他全面收益的各組成部分都在集團母公司的所有者和非控股權益之間進行分配，即使這樣會導致非控股權益產生赤字。所有集團內成員之間發生的資產、負債、權益、收入、開支及現金流相關的交易都在合併層面予以抵銷。

如果事實和情況表明以上所描述的三項控制條件中的一項或多項發生了改變，集團將會對是否控制以下子公司進行重評估。在不失去對子公司控制權情況下的所有者權益的改變被核算為權益性交易。

倘本集團失去對一間子公司的控制權，則其撤銷確認(i)該子公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計折算差額；及確認(i)所收代價的公允價值、(ii)所保留任何投資的公允價值及(iii)損益賬中任何因此產生的盈餘或虧損。先前於其他全面收益內確認的本集團應佔部份重新分類為損益或保留利潤，在集團直接處置相關資產和負債的情況下也應作相同的考慮。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES 2.2 會計政策及披露事項的變動

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

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。

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>	國際財務報告準則第9號修訂本	含有反向補償的提前償付特徵
IFRS 16	<i>Leases</i>	國際財務報告準則第16號	租賃
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>	國際會計準則第19號修訂本	計畫修訂、縮減或結算
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>	國際會計準則第28號修訂本	於聯營公司及合營企業的長期權益
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>	國際財務報告詮釋委員會第23號修訂本	有關所得稅處理之不確定因素
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	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、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號修訂本

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendments to IFRS9, IAS 19 and IAS 28, and *Annual Improvements to IFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2.2 會計政策及披露事項的變動(續)

除國際財務報告準則第9號修訂本、國際會計準則第19號修訂本、國際會計準則第28號修訂本和國際財務報告準則2015年至2017年週期之年度改進(與編制本集團財務報表無關)·新訂及經修訂國際財務報告準則的性質及影響如下:

- (a) 國際財務報告準則第16號取代了國際會計準則第17號租賃、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、常設詮釋委員會詮釋第15號經營租賃—優惠及常設詮釋委員會詮釋第27號評估牽涉租賃的法律形式的交易的内容。該準則載列有關租賃確認、計量、呈列及披露的原則，並要求除特定豁免外，承租人就絕大部分租賃按單一資產負債表模式入賬，對使用權資產和租賃負債進行確認、計量。國際財務報告準則第16號相比於國際會計準則第17號在出租人的會計處理方面基本不變。出租人將繼續使用與國際會計準則第17號類似的原則將租賃分類為經營租賃或融資租賃。

本集團於國際財務報告準則第16號的初步確認日期即2019年1月1日採用經修訂的追溯調整法採納該準則。根據這種方法，該準則初步採納的累計影響將於2019年1月1日保留利潤中確認，而2018年的資料未經重述，並繼續根據國際會計準則第17號和相關解釋披露。

租約的新定義

根據國際財務報告準則第16號，如果合約表達了一段時間內以控制某項已識別資產的控制使用權換取對價，合約即為租約或包含租約。當客戶有權獲得在使用期間內因使用已識別資產所產生的幾乎全部經濟利益，並有權在該使用期間主導已識別資產的使用時，控制權轉移。本集團選擇可行權宜方法，允許準則僅適用於先前根據國際會計準則第17號及國際財務報告詮釋委員會—第4號初始確定為租賃的合約。根據國際會計準則第17號及國際財務報告詮釋委員會—詮釋第4號未被確認為租賃的合約不被識別為租約。因此，根據國際財務報告準則第16號的租約定義僅適用於2019年1月1日或之後訂立或更改的合約。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 會計政策及披露事項的變動(續)

(a) Adoption of IFRS 16 (continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, building, machinery, equipment, motor vehicles and land use right. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the leases term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance cost).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

(a) 採納國際財務報告準則第16號(續)

作為承租人 – 以前歸類為經營租賃的租賃

採納國際財務報告準則第16號的影響的性質

本集團擁有各項廠房樓宇、機器設備、運輸設備以及土地使用權的租賃合約。作為承租人，本集團根據評估租賃是否轉移與資產所有權相關的幾乎全部風險報酬至本集團，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團採用單一方法識別並計量所有使用權資產和租賃負債，但低值資產租賃(以租賃標的物選出)和租賃期為12個月或短於12個月的短期租賃(短期租賃)(按相關資產類別選出)的兩項選擇性豁免除外。本集團將與該租賃相關的租賃付款額在租賃期內按照直線法計入當期損益。本集團不再以直線法確認自2019年1月1日起的租賃期內的經營租賃下的租金支出，而是對使用權資產確認折舊(以及減值，如有)和對未償還租賃負債確認利息(作為財務成本)。

過渡的影響

2019年1月1日的租賃負債根據剩餘租賃付款額的現值確認，在計算租賃付款額的現值時，承租人應使用2019年1月1日的增量借款利率作為折現率，並計入計息銀行和其他借款。

使用權資產按租賃負債金額計量，並根據2019年1月1日之前在財務狀況報表中確認的與租賃有關的任何預付或應計租賃付款的金額進行調整。所有使用權資產於該日根據國際會計準則第36號進行減值評估。本集團選擇在財務狀況報表中單獨列示使用權資產。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued) 2.2 會計政策及披露事項的變動(續)

(a) Adoption of IFRS 16 (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The Group has used the following elective practical expedient when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

Accordingly, the Group recognised right-of-use assets of RMB117,570,000 and lease liabilities of RMB29,568,000 as at 1 January 2019. Prepaid rental of RMB1,582,000 and land use rights of RMB86,420,000 were derecognised, resulting in a decrease in prepaid land lease payments included in prepayments, other receivables and other assets and a decrease in land use rights.

(a) 採納國際財務報告準則第16號(續)

作為承租人－以前歸類為經營租賃的租賃(續)

過渡的影響(續)

於2019年1月1日應用國際財務報告準則第16號時，本集團使用了以下選擇性可行權宜方法：

- 將自初始採納日起12個月內終止的短期租賃豁免應用準則。
- 對於擁有延長或中止選擇權的租賃合同，在決定租賃期間時應考慮期後行權的可能。

因此，本集團2019年1月1日確認了使用權資產人民幣117,570,000元和租賃負債人民幣29,568,000元，導致預付款項、其他應收款項及其他資產中的預付土地租賃款及土地使用權分別減少人民幣1,582,000元和人民幣86,420,000元。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued) 2.2 會計政策及披露事項的變動(續)

(a) Adoption of IFRS 16 (continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

(a) 採納國際財務報告準則第16號(續)

對2019年1月1日的財務影響

2019年1月1日採用IFRS 16所產生的影響如下：

		增加／減少 RMB'000 人民幣千元
Assets	資產	
Increase in right-of-use assets	使用權資產增加	117,570
Decrease in land use right	土地使用權資產減少	(86,420)
Decrease in prepaid land lease payments	預付土地租賃款減少	(1,582)
Increase in total assets	總資產增加	29,568
Liabilities	負債	
Increase in interest-bearing bank and other borrowings	計息銀行和其他借款增加	29,568
Increase in total liabilities	總負債增加	29,568

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

截至2019年1月1日的租賃負債與2018年12月31日的經營租賃承諾核對如下：

		RMB'000 人民幣千元
Operating lease commitments as at 31 December 2018	截至2018年12月31日的經營租賃承諾	35,041
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：與短期租賃有關的承諾以及剩餘租期於2019年12月31日或之前結束的租賃	(343)
Commitments relating to leases of low-value assets	與低價值資產租賃有關的承諾	(1,265)
		33,433
Weighted average incremental borrowing rate as at 1 January 2019	截至2019年1月1日的加權平均增量借款利率	3.26%
Discounted operating lease commitments as at 1 January 2019	截至2019年1月1日的折現經營租賃承諾	29,568
Lease liabilities as at 1 January 2019	截至2019年1月1日的租賃負債	29,568

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 會計政策及披露事項的變動(續)

(b) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The adoption of IFRIC 23 did not have any significant impact on the financial position or performance of the Group.

(b) 倘稅項處理涉及影響國際會計準則第12號的應用的不確定性，則國際財務報告詮釋委員會第23號詮釋指出該情況下的所得稅會計處理方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅，尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。詮釋具體處理以下事項：(i) 實體是否考慮不確定稅項進行單獨處理；(ii) 實體對稅務機關的稅項處理檢查所作的假設；(iii) 實體如何釐定應課稅溢利（稅項虧損）、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv) 實體如何考慮事實及情況變動。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。採用該準則沒有對本集團的財務報表產生任何重大影響。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3 *Definition of a Business*¹

Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*¹

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*⁴

IFRS 17 *Insurance Contracts*²

Amendments to IAS 1 and IAS 8 *Definition of Material*¹

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*³

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ No mandatory effective date yet determined but available for adoption

2.3 已公佈未生效的國際會計準則

本集團在編製該等財務報表時並未採用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號 業務定義¹
修訂本

國際財務報告準則第9號、
國際會計準則第39號和
國際財務報告準則第7號 利率基準改革¹

國際財務報告準則第10號 投資者與其聯營公司或合
修訂本、國際會計準則 營公司之間的資產出售
第28號修訂本(2011) 或投入⁴

國際財務報告準則第17號 保險合同²

國際財務報告準則第1號修訂 重要性之定義¹
本、國際會計準則第8號
修訂本

國際財務報告準則第1號 流動負債及非流動負債
修訂本 分類³

¹ 於2020年1月1日或之後開始的年度期間生效

² 於2021年1月1日或之後開始的年度期間生效

³ 於2022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。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Further information about these IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

下文描述了該等預計適用於本集團的國際財務報告準則的詳細信息。

國際財務報告準則第3號修訂本明確並提供有關業務定義的進一步指引。修訂本明確，對於一系列被視為業務的綜合活動和資產，它必須至少包括一項投入和有助於創造產出的能力的實質性過程。一項業務可以不包括創建輸出所需的所有輸入和相應程序。修訂本取消了對市場參與者是否有能力獲得業務並繼續產出產出的評估。相反，重點是獲得的投入和獲得的實質性過程是否有助於共同對創造產出的能力。修訂本還縮小了產出的定義，重點關注向客戶提供的商品或服務，投資收入或普通活動的其他收入。此外，修訂本提供了指導以評估所收購的流程是否具有實質性，並引入可選的公允價值集中測試，以便簡化評估所獲得的一系列活動和資產是否不構成業務。本集團預期將於2020年1月1日採納該修訂本。由於本修訂本適用於發生在首次適用日或其之後的交易或事項，因此集團在過渡日期間將不會受該修訂影響。預計此修訂本不會對集團的財務報告產生重大影響。

國際財務報告準則第9號、國際會計準則第39號以及國際財務報告準則第7號修訂本涉及銀行間拆借利率改革對財務報告的影響。該修訂案提供了暫時的緩衝，使得套期會計在取代現有基準利率之前的不確定時期得以繼續。此外，修訂本要求企業向投資者提供更多關於受不確定因素影響的對衝關係的信息。該修正案自2020年1月1日或其之後的年度生效。企業可提前對其進行採用。預計此修訂本不會對集團的財務報告產生重大影響。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已公佈未生效的國際會計準則(續)

國際財務報告準則第10號和國際會計準則第28號(2011年)的修訂本解決了在處理投資者與其聯營公司或合營企業之間的資產出售或出資時，國際財務報告準則第10號和國際會計準則第28號(2011年)的要求之間的不一致。當投資者與其聯營公司或合營企業之間的資產出售或出資構成一項業務時，該等修訂要求該項業務全面確認收益或虧損。對於涉及不構成業務的資產的交易，交易產生的利得或損失僅在無關投資者對該聯營企業或合營企業的權益的範圍內在投資者的損益中確認。修訂本將採用未來適用法。國際財務報告準則第10號及國際會計準則第28號(2011年)之前的強制生效日期已由國際會計師公會於2015年12月取消，而新的強制生效日期將於完成對聯營公司及合營公司會計處理的更廣泛審核後釐定。但是，修訂本現在可以被採用。該等修訂預期不會對本集團的財務報表產生任何重大影響。

國際會計準則第1號及國際會計準則第8號的修訂本提供了新的重要性之定義。新定義指出，如果省略，錯報或模糊某項信息後，可以合理地預期這些行為會影響財務報表使用者基於財務報表所做出的決策，則這項信息是重要的。修訂本明確了重要性將取決於信息的性質或程度。如果可以合理地預期信息的錯誤陳述會影響使用者做出的決定，那麼錯誤陳述信息就很重要。本集團預期自2020年1月1日起預期採納該等修訂。該等修訂預期不會對本集團的財務報表產生任何重大影響。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4 主要會計政策摘要

The amendments to IAS 1 clarify the meaning of a right to defer settlement and that a right to defer must exist at the end of the reporting period. The amendments also clarify that the classification is unaffected by the likelihood that an entity will exercise its deferral right and only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments to IAS 1 are required to be applied for annual periods beginning on or after 1 January 2022 and must be applied retrospectively. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

國際財務報告準則第1號修訂本明確了推遲清償債務權利的含義以及該推遲清償賬務權利必須存在於報告期末。該修訂本同樣闡述了對於推遲清償債務權利執行的可能性將不會影響分類，只有在可轉換負債中的衍生工具為權益時，該負債的條款將不會影響其分類。本指導意見將於2022年1月1日或其之後的年度生效。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。

業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公允價值計算，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團自被收購方之前任擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，本集團選擇是否以公允值或被收購方可識別資產賬面淨值的應佔比例，計算被賦予現時擁有人權利並將於清盤時按比例分佔實體的淨資產的非控股股東權益。非控股股東權益的一切其他成分乃按公允值計量。收購成本於產生時列為開支。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及標示。其中包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘企業合併分階段進行，收購方先前持有的被收購方股權於收購日期的權益價值應按收購日期的公允價值以及透過損益賬確認的損益重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公允價值確認。或然代價(被視為一項資產或負債)公允價值的其後變動確認為損益。倘將或然代價分類為權益，則其毋須重新計量。後續結算計入權益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 主要會計政策摘要(續)

業務合併及商譽(續)

商譽初步按成本計量，而成本乃指所轉讓代價、就非控股股東權益確認的金額及本集團以往持有被收購方的股權的任何公允值的總和超出所購入可識別資產及所承擔負債淨額的差額。倘此代價與其他專案的總和低於所收購淨資產的公允值，則經重新評估後的差額於合併損益表確認為廉價購入的收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢討。本集團於12月31日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自購入之日起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。

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。

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.

2.4 主要會計政策摘要(續)

公允價值計量

所有在財務報表上以公允價值計量和披露的資產和負債，基於對公允價值計量整體而言重要的輸入值所屬的最低層次，分為以下層級：

第1層次— 以在活躍市場中相同資產或負債的未經調整的報價來確定公允價值。

第2層次— 以使用輸入數據為可直接或間接觀察的及對公允價值計量有重要影響的市場信息的估值技術來確定公允價值。

第3層次— 以使用輸入數據是對公允價值計量有重大影響，而並非可觀察的市場信息的估值技術來確定公允價值。

資產和負債基於連續性原則在財務報表上進行確認，集團根據在每個報告結束時的重新評估分類。(根據最低水準的輸入值對作為整體的公允價值計量有重大影響)來決定是否在層級上發生轉移。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 主要會計政策摘要(續)

非金融資產減值

當有跡象顯示出現減值，或當須進行資產年度減值測試(存貨、合同資產、遞延所得稅資產、金融資產、投資性房地產、以及非流動資產或持有待售資產除外)，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。

減值損失僅於資產賬面值超逾其可收回金額時確認。在評估使用價值時，估計未來現金流量乃按稅前折現率折現至現值。所用稅前折現率反映了當前市場對貨幣時值及該資產特定風險的評估。減值損失於產生期間自損益表中與減值資產功能一致的支出類別扣除。

於各報告期末，本集團評估是否有跡象顯示先前確認的減值損失可能不再存在或已經減少。如有該等跡象，本集團會估計可收回金額。僅若用以釐定商譽除外資產的可收回金額的估計有變動，方會撥回先前確認該資產的減值損失，惟金額不得超過假使該資產在過往年度並無確認減值損失時，原應釐定的賬面值(扣減任何折舊/攤銷後)。減值損失轉回計入減值產生期間的損益表中，除非資產按重估價值計量，在該模式下減值損失的轉回將根據該重估資產的相關會計政策計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

關聯人士

一方被視為與本集團有關聯，倘：

(a) 該方為該名人士家族的人士或直系親屬，而該名人士

(i) 控制或共同控制本集團；

(ii) 對本集團施加重大影響；或

(iii) 為本集團或本集團母公司主要管理人員的成員；

或

(b) 該方為符合下列任何條件的實體：

(i) 該實體與本集團屬同一集團的成員公司；

(ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體的母公司、子公司或同系子公司之旗下)；

(iii) 該實體及本集團均為同一第三方的合營企業；

(iv) 一間實體為第三方實體的企業，而另一實體為該方實體的聯營公司；

(v) 該實體為離職後福利計劃，計劃的受益人為本集團或與本集團有關的實體僱員；以及退休福利計劃的僱主；

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Related parties (Continued)

(b) (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

關聯人士(續)

(b) (續)

- (vi) 該實體由(a)項所述人士控制或共同控制；
- (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理人員的成員；及
- (viii) 該實體或集團內的任意一個部分，其主要管理人員服務於本集團或者本集團的母公司。

物業、廠房及設備以及折舊

物業、廠房及設備，在建工程除外，是按成本值減去累計折舊及任何減值損失後列賬。當一項物業、廠房及設備被分類為持有待售或作為被分類為持有待售的處置資產組的組成部分，並且根據國際財務報告準則第5號，將不做折舊處理，在之後分類為持有待售的非流動資產中有相關解釋。物業、廠房及設備項目成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。

成本還可能包括使用外幣購買物業、廠房和設備的合規現金流量對沖中的任何收益或損失的權益轉移。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Freehold land	Not depreciated
Plant and buildings	13–47 years
Machinery and equipment	5–10 years
Motor vehicles	4–5 years
Office equipment and others	3–5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

物業、廠房及設備以及折舊(續)

物業、廠房及設備項目投入運作後產生的支出，例如維修及保養，一般於其產生期間於損益表扣除。而大修支出在符合確認條件時，重要檢修費用資本化計入資產的賬面價值而作為更換成本。當物業、廠房及設備的重要部件須定期更換，本集團將該等部件確認為獨立的資產，並在特定可使用年期下單獨計提折舊。

折舊乃按物業、廠房及設備的各個項目於其估計可使用年期以直線法撇減其成本至剩餘價值。物業、廠房及設備的估計可使用年期：

自有土地	不提折舊
廠房及樓宇	13–47年
機器及設備	5–10年
機動車	4–5年
辦公室設備及其他設備	3–5年

倘一項物業、廠房及設備的各部分有著不同可使用年期，則有關項目的成本以合理基準分配於各部分，而每部分將作獨立折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度結算日審閱及調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in buildings which would otherwise meet the definition of an investment property held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost (including transaction costs). Subsequent to initial recognition investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 50 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 主要會計政策摘要(續)

物業、廠房及設備以及折舊(續)

物業、廠房及設備項目(包括經初步確認為資產的任何重要部件)乃在處置時或在預計未來不可從其使用或處置中獲得經濟利益時終止確認。於終止確認資產當年的損益表中確認的處置或廢棄而產生的任何收益或虧損乃銷售所得款項淨額與相關資產賬面值之間的差額。

在建工程是指正在興建的廠房及物業，乃以成本值減任何減值損失列賬，在建工程不計提折舊。成本值包括在建期間的直接建築成本以及已借相關資金所屬已撥充資本的借貸費用。當在建工程竣工、隨時可供使用時，在建工程重新分類歸入物業、廠房及設備內的適當類別。

投資物業

投資物業指為賺取租賃收入及／或資本增值而持有的樓宇，而非用作生產或提供商品或服務，或用作行政用途，或屬於在日常業務過程中出售的土地及樓宇。該等物業初始確認時按成本(包括交易成本)計量。初始確認之後，投資物業按成本減去累計折舊和任何減值損失列賬。

折舊根據資產成本減去剩餘價值計量。折舊是在投資物業的估計可使用年期內，以直線法在損益中確認。估計可使用年期為50年。折舊方法、可使用年期及剩餘價值於各報告日重新審核。

在資產退役或處置時所產生的任何損益會在該項目被取消確認的年度內計入損益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 主要會計政策摘要(續)

非流動資產和持有待售的處置組

當非流動資產或待處置組的賬面價值通過銷售交易收回，而非繼續使用，則其將被列為持有待售。對於這種情況，資產或處置組須符合可以在當前狀態下按通常或慣用條款即可立即出售的條件及該出售是極可能發生的。集團子公司定義為處置組的所有資產和負債將重分類為持有待售，無論本集團是否保留在其非控制性權益。

非流動資產或處置組(除金融資產外)被分類為持有待售將按賬面價值和公允價值減去處置成本後的淨額孰低計量。房產、廠房及設備和無形資產在列為持有待售後不計提折舊或攤銷。

無形資產(商譽除外)

單獨收購的無形資產於初步確認時按成本計量。於業務合併時所收購無形資產的成本相等於收購日期的公允值。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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Intangible assets (other than goodwill) (Continued)

Office software

Office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

無形資產(商譽除外)(續)

辦公軟件

所購買的軟件按成本減任何減值損失列賬，並於5年期內按直線法攤銷。

研發成本

所有研究成本均於產生時計入損益。

當本集團可證明完成無形資產以供使用或出售在技術上屬可行，且有意完成並有能力使用或出售該資產，能明確資產產生未來經濟利益的方法及擁有足夠的資源以完成專案，並能夠可靠衡量開發期間的開支時，方會將開發新產品的項目開支資本化並遞延處理。不符合上述條件的產品開發支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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use right	50 years
Plant and building	3 to 6 years
Machinery and equipment	5 years
Motor vehicles	2 to 4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 主要會計政策摘要(續)

租賃(自2019年1月1日起適用)

集團在合同開始日評估該合同是否為或包含租約。若該合同在一段時間內轉移了對某一特定資產的使用控制權以換取對價，則該合同即為或包含租約。

作為承租人

除短期租賃和低價值租賃外，集團對所有租賃均採用單一的確認和計量方法。集團確認租賃負債表示支付租賃費用的義務，以及確認使用權資產表示對相關資產所擁有的使用權。

(a) 使用權資產

使用權資產於租賃開始日(即標的資產達到可供使用的當天)確認。使用權資產按成本減去所有累計折舊及減值損失計量，並就任何重新計量租賃負債做出調整。使用權資產的成本包括已確認的租賃負債金額，已發生的初始直接成本，以及在開始日期或之前做出的租賃付款減去收到的任何租賃激勵。使用權資產按估計可使用年限和租賃期較短者以直線法折舊。

土地使用權	50年
廠房及樓宇	3至6年
機器及設備	5年
運輸設備	2至4年

如若在租賃期結束時租賃資產的所有權將會轉移至集團或租賃成本體現了購買選擇權的行使，則折舊應按該資產的預計可使用年限進行折舊。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

2.4 主要會計政策摘要(續)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in – substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the commencement date, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

租賃(自2019年1月1日起適用)(續)

作為承租人(續)

(b) 租賃負債

租賃負債於租賃開始日按租賃期內租賃付款額的現值確認。租賃付款額包括固定付款額(包括實質固定付款額)減去應收租賃獎勵,取決於某指數或比率的可變租賃付款額,以及根據擔保餘值預計需支付的款項金額。如果租賃期反映出本集團將行使終止租賃選擇權,租賃付款額亦包括本集團合理確定將行使的購買選擇權的行使價格及支付終止租賃的罰款。不依賴於指數或比率的可變租賃付款額在觸發付款的事件或條件發生的期間內確認為費用。

在對租賃費用現值進行計算時,本集團使用租賃開始日的增量借款利率計算租賃付款額,因租賃內含利率並未決定。在租賃開始日之後,租賃負債的金額隨著利息的增加而增加,隨著支付租賃款項而減少。此外,如果由於指數或利率變化引起未來租賃付款額變動(如:因利率變動所引起的未來租賃費用變動),租賃期限變動,實質固定租賃付款額變動或購買相關資產的評估變動等,本集團將重新計量租賃負債的賬面金額。

集團的租賃負債將被包括於計息銀行及其他借款中。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset are accounted for as finance leases.

租賃(自2019年1月1日起適用)(續)

作為承租人(續)

(c) 短期租賃和低價值租賃

集團對其機械及設備的短期租賃(即自生效日起租賃期為12個月或更短,且不包括購買選擇權的租賃)應用短期租賃確認豁免。此外,對辦公設備以及筆記本電腦等被視為低價值的低價資產租賃亦適用於租賃確認豁免。

短期租賃以及低價值租賃在租賃期內,按照直線法基礎對租賃費用進行確認。

作為出租人

集團作為出租人,需在租賃開始時(或租賃條款變更時),將其每一項租賃劃分為經營租賃或融資租賃。

對於所有權所附的所有風險及報酬未轉移的租賃歸為經營租賃。若一個合同包含租賃部分與非租賃部分時,集團將合同中的對價按獨立的銷售價格分配至租賃部分與非租賃部分。租金收入按照直線法在租賃期內入賬,並根據其經營性質計入損益。在談判與協調經營租賃的過程中所產生的直接成本應計入租賃資產的賬面價值,並在租賃期內按與租賃收入相同的基礎予以確認。或有租金應當在其取得的期間確認為收入。

對於所有權所附的所有風險及報酬轉移的租賃歸為融資租賃。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable before 1 January 2019)

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 主要會計政策摘要(續)

租賃(2019年1月1日前適用)

對於所有權所附的所有風險及報酬未轉移至承租人，保留與出租人的租賃歸為經營租賃。作為出租人，經營租賃下的資產將被計入非流動資產，經營租賃下所收租賃在租賃期內按照直線法基礎計入損益。作為承租人，在經營租賃下應付的租金扣除出租人所授予的任何租賃激勵後，在租賃期內按照直線法基礎計入損益。

經營租賃下的預付土地租賃款，先按成本進行入賬，後續在租賃期間內按照直線法基礎進行確認。

投資及其他金融資產

初始確認和計量

金融資產於初步確認時分類為後續計量按攤銷成本，公允價值按其他綜合收益及公允價值按損益的方式計量。

初始確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理這些金融資產的業務模式。除貿易應收款項不包含重大融資成分或本集團已採用不調整重大融資成分影響的實際權宜之外，本集團初步以公允價值計量金融資產，加上金融資產不以公允價值計量且其變動計入損益的交易費用。不包含重大融資成分或本集團已採用實際權宜方式按國際財務報告準則第15號所確定的交易價格確定，參見下文「收入確認」所載政策計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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)

為了使金融資產歸類於按攤餘成本或以公允價值計量且其變動計入其他綜合收益核算損益的金融資產，該金融資產應當滿足產生現金流量，這些現金流量僅用於支付未償還本金的本金及利息(「SPPI」)。無論採用何種商業模式，非現金流僅用於支付未償還本金的本金及利息的金融資產都按照公允價值進行分類與計量。

本集團管理金融資產的業務模式是指其如何使用金融資產以產生現金流量。業務模型確定現金流量是否來自收穫合同現金流量，出售金融資產，或兩者兼而有之：以攤餘成本計量的金融資產，其持有商業目的為獲取合同現金流，以公允價值計量且其變動計入其他綜合收益的金融資產，其持有商業目的為獲取合同現金流以及出售該金融資產。除上述金融資產外，剩餘資產為以公允價值計量及其變動計入損益的金融資產。

所有常規方式的金融資產購買和出售均在交易日確認，即本集團承諾購買或出售資產的日期。定期購買或出售的方式是購買或出售哪些需要在市場規則或慣例規定的期限內交付的金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

投資及其他金融資產(續)

後續計量

金融資產的後續計量取決於其如下分類：

以攤餘成本計量的金融資產(債務工具)

按攤餘成本計算的金融資產後續計量採用實際利率法，並減去可能出現的減值。當資產終止計量，修改或減值時，損益在損益表中確認。

以公允價值計量且其變動計入其他綜合收益的金融資產(債務工具)

就以公允價值計量且其變動計入其他綜合收益的債務投資而言，利息收入，外匯重估及於損益表中確認的減值虧損或撥回並按與按攤餘成本計量的金融資產相同的方式計算。其餘公允價值變動確認為其他全面收益。終止確認後，去認為其他綜合收益的累計公允價值變動將轉回損益表。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策摘要(續)

投資及其他金融資產(續)

以公允價值計量且變動計入其他綜合收益(股權投資)的金融資產

本集團在符合國際會計準則第32號披露財務資產的權益定義且不用於交易時，可在初始確認時選擇直接指定為不可撤銷地將其股權投資分類為以公允價值計量且其變動計入其他綜合收益的股權投資。分類是根據工具的不同分別確定的。

這些金融資產的收益和損失將不會轉回到損益表當中。當支付權確立時股息在損益表中確認為其他收入，與股息相關的經濟利益很可能流入本集團且股息金額能夠可靠地計量，除非當本集團從收益中獲益時，即收回部分金融資產成本，在此情況下，該等收益計入其他綜合收益。以公允價值計量且其他綜合收益的股權投資不需要接受減值評估。

以公允價值計量且其變動計入損益的金融資產

以公允價值計量且其變動計入損益的金融資產在財務狀況表中按公允價值列賬，公允價值變動淨額在損益表中確認。

此類別包括衍生工具及股本投資，本集團並無不可撤銷地選擇按公允價值透過其他全面收益分類。當與股息相關的經濟利益很可能流入本集團及股息金額可以可靠地計量，分類為以公允價值計量且其變動計入損益的金融資產的股權投資股息也在確認支付權時在損益表中確認為其他收益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

投資及其他金融資產(續)

以公允價值計量且其變動計入損益的金融資產(續)

如果經濟特徵和風險與持有沒有密切關係，則混合合同中包含金融負債或非金融主體的衍生工具與持有分離，並作為單獨衍生工具入賬；若與嵌入衍生工具具有相同條款的單獨工具符合衍生工具的定義；而混合合約並非按公允價值計入損益。嵌入式衍生工具按公允價值計量，公允價值變動計入損益表。只有在合同條款發生變化時才需要重新評估，這些變更會顯著改變原本需要的現金流量或將金融資產重新分類為以公允價值計量且其變動計入損益類別。

嵌入式衍生工具包含在混合合同中不會單獨計算。金融信託與嵌入式衍生工具必須全部分類為以公允價值計量且其變動計入損益的金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

金融資產終止確認

在下列情況下，一項金融資產(或在適用情況下，一項金融資產的一部分或一組類似金融資產的一部分)主要終止確認(即從本集團的綜合財務狀況表中刪除)：

- 通過該項資產收取現金流量的權利已逾期；或
- 本集團已轉讓其收取該項資產現金流量的權利，或已承擔按「過手」合同向第三方全額支付已收現金流量的責任；(a)本集團已將該資產的絕大部分風險及報酬轉移，或(b)本集團並未轉移或保留該資產的絕大部分風險及報酬，但已轉讓該資產的控制權。

當本集團已轉讓其從資產收取現金流量或已訂立轉讓安排的權利時，其會評估其是否以及在多大程度上保留該資產所有權的風險及回報。當既未轉讓或保留資產的絕大部分風險及報酬或轉讓資產控制權時，本集團繼續在本集團持續參與的範圍內確認轉讓資產。在該情況下，本集團亦確認相關負債。轉讓資產及相關負債按反映本集團所保留權利及責任的基準計量。

以擔保形式的持續參與按資產原始賬面金額與本集團可能需要償還的最高代價金額中的較低者計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 主要會計政策摘要(續)

金融資產減值

本集團針對所有未按公允價值計量且其變動計入損益的債務工具按預期信用損失(「ECLs」)計提了撥備。預期信用損失基於到期的合同現金流量與本集團預期收到的所有現金流量之間的差額，以原始實際利率的近似值貼現。預期現金流量將包括出售所持有抵押品的現金流量或其他合同條款的組成部分中的信貸增強。

一般方式

預期信用損失分兩階段進行確認。對於自初始確認以來信用風險沒有顯著增加的信用風險敞口，預期信用損失提供了由未來12個月(12個月ECL)內可能發生的違約事件而導致的信用損失。對於自初始確認以來信用風險顯著增加的信用風險敞口，無論違約時間(終身ECL)如何，預計在風險的剩餘期限內預計的信用損失均需要損失準備金。

於各報告日期，本集團評估自初步確認後金融工具的信貸風險是否大幅增加。在進行評估時，本集團將金融工具在報告日發生的違約風險與初始確認日期金融工具發生違約的風險進行比較，並考慮在沒有不必要的成本或精力下可用的合理且可支持的信息，包括歷史和前瞻性信息。

對於以公允價值計量且變動計入其他綜合收益的債務投資，本集團採用低信用風險簡化。於各報告日期，本集團會使用所有合理及可支持且無需過多的成本或努力的資料評估債務投資是否被視為低信貸風險。在進行評估時，本集團重新評估債務投資的外部信用評級。此外，本集團認為，合約付款超過30天後，信貸風險大幅增加。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Impairment of financial assets (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

金融資產減值(續)

合約付款逾期90天時，本集團認為金融資產違約。然而，在若干情況下，當內部或外部資料顯示本集團無法考慮本集團持有的任何信貸增強前已經不可能全數收取未償還合同金額時，本集團亦可能認為金融資產違約。當沒有合理預期收回合約現金流量時，會撇銷金融資產。

以公允價值計量且其變動計入其他綜合收益的債務工具和金融資產和按攤銷成本計量的金融資產在一般方法下可能會發生減值，並且除採用簡化方法的合同資產(以下詳述)外，它們在以下階段分類用於計量預期信用損失。

- 第1階段 — 自初始確認以來信用風險未顯著增加且其損失準備金等於12個月預期信用損失的金融工具
- 第2階段 — 自初始確認以來信用風險顯著增加但不是信用減值金融資產且其損失準備金等於終身預期信用損失的金融工具
- 第3階段 — 報告日信用減值的金融資產(但不是購買或原始信用減值)，其損失準備金的金額等於終身預期信用損失

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables and other payables, and interest-bearing bank and other borrowings.

金融資產減值(續)

簡化方法

對於不包含重大融資成分的貿易應收款項，或本集團採用不調整重大融資成分影響的實際權宜方式，本集團採用簡化方法計算預期信用損失。根據簡化方法，本集團不會追蹤信用風險的變化，而是根據每個報告日的終身ECL確認損失準備。本集團已根據其歷史信用虧損經驗建立撥備矩陣，並根據債務人及經濟環境的前瞻性因素作出調整。

金融負債

初始確認和計量

金融負債於初始確認時分類為以公允值計量且其變動計入損益的金融負債，貸款及借款，應付賬款或指定為有效對沖的對沖工具的衍生工具(如適用)。

所有金融負債初始時均按公允值確認，而貸款和借款和應付賬款則須在此基礎上扣除直接應佔交易成本。

本集團的金融負債包括貿易應付賬款及票據、其他應付款項、計息銀行及其他借款。

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:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the 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 ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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：

按攤餘成本計量的金融負債(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)按「金融資產減值準備」規定所確認的預期信用損失撥備；及(ii)首次確認金額減累計攤銷金額(如適用)。

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.

2.4 主要會計政策摘要(續)

金融負債終止確認

當責任義務解除或取消或到期時，金融負債終止確認。

如果現有金融負債由同一貸款人以實質上不同的條款替換為現有金融負債，或者現有負債的條款被大幅修改，則此類交換或修改被視為終止確認原始責任並確認新的負債，前後負債賬面價值之間的差額於損益表確認損益。

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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 主要會計政策摘要(續)

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。

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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

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.

2.4 主要會計政策摘要(續)

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。

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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 主要會計政策摘要(續)

所得稅(續)

對於所有可扣減暫時性差異及結轉的未用稅項抵免及未用稅項虧損，若日後有可能出現應課稅利潤，可用以抵扣該等可扣減暫時性差異、結轉的未用稅項抵免及未用稅項虧損的，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。

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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

2.4 主要會計政策摘要(續)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

所得稅(續)

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。

對於集團獲取的非貨幣性的資產補助，將會按照該非貨幣性資產的公允價值進行入賬，並在其預期使用年限內進行折舊至損益。

對於集團獲取因建造符合條件的資產而獲取的利息低於市場利率的低息或無息政府貸款，該政府貸款的初始入賬金額將根據實際利率法進行計算，更多解釋詳見上述“金融負債”。政府貸款初始入賬價值與實際收取金額的差額計入損益，並在相關資產的預期可使用年限內進行直線攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 主要會計政策摘要(續)

收入確認

與客戶簽訂合同的收入

與客戶簽訂合同的收入在商品控制權轉移時確認，金額為交換該等貨品或服務而有權獲得的代價。

當合約中的代價包括可變金額時，交易對價將由本集團以轉移貨品或服務有權獲取的金額估計。可變對價在合約開始時估計並被抵減，直至很可能在隨後解決與可變對價的相關不確定性時，未確認累計收入金額隨後轉回。

如果合同中包含一個融資部分，即為客戶提供轉移貨物或服務的同時還獲得超過一年的重大金融收益時，收入應按應收金額的現值計量，並使用在合約開始時反映在本集團與客戶之間的獨立融資交易中的貼現率貼現。當合約包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收入應去除按實際利率法計算的合約負債所產生的利息開支。對於客戶付款與承諾商品或服務轉讓之間的期限為一年或一年以下的合同，交易價格不會根據國際財務報告準則第15號的實際權宜方式根據重大融資成分的影響進行調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of dairy and nourishment products

Revenue from the sale of dairy and nourishment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the dairy and nourishment products.

Some contracts for the sale of dairy and nourishment products provide customers with rights of return. The rights of return give rise to variable consideration.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

收入確認(續)

與客戶簽訂合同的收入(續)

(a) 銷售乳製品和營養品

銷售乳製品和營養產品的收入在資產控制權轉移給客戶的時間點確認，通常是在交付乳製品和營養品時。

一些乳製品和營養產品銷售合同為客戶提供了退貨權。退貨權會產生可變對價。

退貨權

對於為客戶提供在指定期限內退貨權的合同，預期價值法會被用於估計不會被退回的貨物，因為該方法是預測本集團的可變對價金額的最好之方法。國際財務報告準則第15號有關限制可變代價估計的規定適用於確定可計入交易價格的可變對價金額。對於預計將退回的貨物而非收入，需要確認退貨負債。對於從客戶處收回商品的權利，還需要確認應收退貨成本(銷售成本也應當調整)。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) Consigned processing service

Revenue from the consigned processing service is recognised when dairy and nourishment products is delivered.

Rental income

Revenue is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Service income

Revenues from services rendered are derived principally from the testing service performed by the Group. Revenue is recognised when the services are rendered.

收入確認(續)

與客戶簽訂合同的收入(續)

(b) 受託代加工服務

受託代加工服務的收入在乳製品和營養產品交付時確認。

租金收入

收入乃按租期的時間比例確認。不由指數或比率所決定的變動租賃費用應當在其發生的會計期間計入損益。

利息收入

在利息收入產生時預先確認為收入，採用實際利率法計算，該比率為將金融工具估計未來收回現金按金融工具的估計年期或更短期間，如適用，折現至金融資產賬面淨值的折現率。

股息收入

股息收入於作為股東獲得收取款項的權利後確認，並且與股息相關的經濟利益很可能流入本集團且股息金額能夠可靠地計量。

服務收入

服務提供收入主要來自集團提供的檢測服務。收入在服務提供時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

2.4 主要會計政策摘要(續)

合同資產

合同資產是轉移給客戶的商品或服務以獲取交易對價的權利。如果本集團在客戶支付對價之前或在付款到期之前將貨物交付給客戶或執行了相關服務，則合同資產的確認存在不確定性。關於對合同資產進行減值測試的細節，其內容詳見金融資產減值會計政策。

合同負債

合約負債是指本集團已收到客戶對價或應付款項(兩者較早者)後所需要交付的商品或提供服務。合約負債於本集團履行合約時確認為收入。(如，相關商品或服務的控制權轉移至客戶時)

合同成本

除作為存貨，物業，廠房和設備以及無形資產資本化的成本外，與客戶履行合同所發生的成本在符合以下所有條件的情況下可以資本化：

- (a) 費用直接與合同或企業可以確定的預期合同有關。
- (b) 成本產生或增加企業資源以用於滿足(或繼續履行)履約義務。
- (c) 費用預計可以收回。

資本化合同成本攤銷及計入損益表並按與收益確認為資產的模式一致的攤銷方式攤銷。其他合約成本於產生時費用化。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 主要會計政策摘要(續)

Right-of-return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods, and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to the expected level of returns, and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits

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.

應收退貨成本

應收退貨成本是指本集團收回客戶預期退回的貨物的權利。資產按之前退回貨物的賬面金額減去收回貨物的預期成本(包括退回貨物價值的任何可能減損)計量。本集團會基於對其預期回報水平的修訂以更新相關資產的計量，以及退回貨物價值的任何額外減損。

預計負債－應付退貨款

退款債務是指退還部分或全部客戶對價的義務，並按本集團最終預期需要返還給客戶的金額計量。本集團於各報告期末更新其退款負債估計(及交易價格的相應變動)。

僱員福利

界定供款計劃

本集團在中華人民共和國(「中國」)香港除外(「中國大陸」)營運的子公司，參與其營業所在地的地方政府管理的中央界定供款退休福利計劃，有關供款乃根據公司薪金費用的某百分比計算，並根據中央界定供款退休福利計劃的規則，應付時在綜合利潤表內支銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2.4 主要會計政策摘要(續)

Employee benefits (Continued)

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model.

僱員福利(續)

短期僱員福利

短期僱員福利責任乃按未折現基準計算，並於提供有關服務時列為開支。

倘本集團就僱員過去提供的服務而擁有現有法定或推定責任支付有關金額，且該責任能可靠估計，則就預期根據短期現金獎金或分紅計劃將予支付的金額確認準備。

辭退福利

辭退福利於本集團不能撤回該等福利要約時或本集團確認涉及支付辭退福利的重組成本時兩者中較早的時點確認。

股權支付

本集團採納股權支付計劃，藉此對集團業務有貢獻的合資格參與者作出鼓勵及獎賞。本集團僱員(包括董事)會收取以股份為基礎的支付形式的酬金，而僱員會提供服務作為換取股本工具(權益結算的交易)的代價。

與僱員進行的股權結算交易乃參考授出權利當日的公允值計算成本。公允值乃由外聘估值師按二項式計價模式釐定。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee as measured at the date of modification.

2.4 主要會計政策摘要(續)

股權支付(續)

在員工福利費中，權益結算交易的成本連同權益的相應增加會於業績及／或服務條件達到的期間內確認。歸屬日之前的各報告期末就權益結算交易確認的累計支出反映歸屬期屆滿的部分以及本集團對最終將歸屬的股本工具數目的最佳估計。期間內於損益表扣除或計入的數額指於該期間初及終已確認累計支出的變動。

釐定獎勵的授出日期公允值時並不計及服務和非市況表現條件，但將評估條件獲達成的機會率，作為本集團對最終將歸屬的股權工具數目的最佳估計一部分。市況表現條件在授出日期公允值內反映。在一項獎勵上附加但不設相關服務要求的任何其他條件被視為非歸屬條件。非歸屬條件在一項獎勵的公允值內反映，並導致一項獎勵的即時支銷，除非同時有其他服務及／或表現條件。

對因非市場表現及／或服務條件未達成而最終未有歸屬的獎勵而言，將不會確認開支。如獎勵附帶市況或非歸屬條件，則該情況下不論是否達到該市況或非歸屬條件，該交易均會視作歸屬處理，惟其他所有業績及／或服務條件必須達成。

當權益結算報酬條款修訂時，倘報酬的原條款達到，需按條款並無進行修訂的情形確認最少的支出。此外，倘任何修訂導致於修訂日期所計量的以股份為基礎的支付的總公允值增加或以其他方式令僱員受惠，則所產生的任何額外支出予以確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where a share-based option award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. The directors did not recommend the payment of dividend.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 主要會計政策摘要(續)

股權支付(續)

當股權結算報酬註銷時，視作報酬於註銷當日已經歸屬，而報酬尚未確認的任何支出會即時確認。此包括本集團或僱員並未達致其可控制的非歸屬條件的任何報酬。然而，倘註銷的報酬有任何替代的新報酬，並指定為授出當日的替代報酬，則該項註銷及新報酬會如上段所述被視為對原有報酬的修訂處理。

尚未行使購股權的攤薄影響應通過計算每股盈利時的額外股份攤薄反映。

借貸費用

若借貸費用直接屬於購買、興建或生產合資格資產(即需要相當長時間才可擬定用途的資產)，即撥充資本作為該等資產成本的一部分，而當相關資產大致達到擬定用途時，即不再把該等借貸費用撥充資本。用以支付合資格資產的特定借款的臨時投資所賺取的投資收益從撥充資本的借貸費用中扣除。所有其他借貸費用皆於產生期間支銷。借貸費用包括利息及實體因資金借貸而產生的其他成本。

股息

期末股息一經股東大會批准，即確認為負債。董事不建議派發本年股息。

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。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Each entity in the Group determines its own functional currency based on the assessment of its specific facts and circumstances. Once the functional currency is determined, it can be changed only if there is a change to the underlying transactions, events and conditions. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 主要會計政策摘要(續)

外幣

本集團各實體按其特定事實及情況釐定其功能貨幣。只有當基礎交易，事件和條件發生變化時，實體才能改變已確定的功能貨幣。由於本集團主要於中國大陸營業，故使用人民幣作為本集團的呈列貨幣。由本集團實體記錄的外幣交易最初以交易當日各通行功能貨幣匯率記錄入賬。以外幣列值的貨幣性資產及負債，則按報告期末的適用功能貨幣匯率換算。結算或換算貨幣項目產生的差額於損益表確認。

當外幣貨幣性項目是由於管理層對於國外業務淨投資特定套期保值的一部份時，以外幣為單位的貨幣資產及負債按報告期末的適用功能貨幣匯率重新換算的差額不撥入損益，而計入其他全面收益，直到在這些國外投資項目處置時，此前累計記錄的差額將重分類至損益。因這些貨幣性項匯率差異造成的稅務收入及費用也計入其他全面收益中。

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公允值計量的非貨幣項目，須按釐定公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理(即其他全面收益或合併損益表已確認的項目的公允值收益或虧損，其換算差額亦分別於其他全面收益或損益表確認)。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 主要會計政策摘要(續)

外幣(續)

於釐定用於相關資產，或終止確認非貨幣資產或非貨幣負債的預付對價產生的費用或收入初始確認的匯率時，初始交易日期為本集團初步確認因預付代價產生的非貨幣性資產或非貨幣性負債的日期。如果提前有多筆付款或收據，則本集團會確定每筆付款或收到預付代價的交易日期。

若干集團內境外子公司的功能貨幣並非人民幣。於報告期末，該等實體的資產及負債按報告期末的匯率換算為本集團的列報貨幣，該等實體的損益表按本年度的加權平均匯率換算為人民幣，因此產生的匯兌差額於其他全面收益中確認並計入外幣變動儲備中。在出售海外業務時，與該特定海外業務相關的其他全面收益組成部分確認於損益中。

就合併現金流量表而言，海外子公司的現金流量按產生現金流量當日的適用匯率換算為人民幣。海外子公司全年經常產生的現金流量則按當年的加權平均匯率換算為人民幣。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining the method to estimate variable consideration and assessing the constraint for the sale of dairy and nourishment products.
- Certain contracts for the sale of dairy and nourishment products include a right of return and trade discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.
- Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

3. 重大會計判斷及估計

管理層於編製本集團的財務報表時，須對收入、開支、資產及負債及其隨附披露事項，以及或然負債的披露作出判斷、估計及假設。由於該等假設及估計具有不確定性，可能導致資產或負債的賬面值須於未來作出重大調整。

判斷

於應用本集團的會計政策的過程中，除了與之關聯的估計，管理層已作出以下判斷，乃對合併財務報表內已確認金額構成最重大影響：

與客戶訂立合同獲取的收入

本集團採用的以下判斷顯著影響與客戶合約收入金額及時間的確定：

- 確定估算可變對價和評估銷售乳製品和營養品的限制的方法。
- 某些乳製品和營養品銷售合同包括產生可變對價的退貨權和銷售折扣。在估計可變對價時，本集團將使用預期價值法或最佳估計法對可變對價進行預估。
- 在將任何數額的可變對價納入交易價格之前，本集團會考慮可變對價的金額是否受到限制。本集團根據其歷史經驗，業務預測及當前經濟狀況確定可變對價的估計是否不受限制。此外，可變對價的不確定性將在短時間內得到解決。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3. 重大會計判斷及估計(續)

判斷(續)

物業租賃分類 – 作為出租人

集團將其投資性房地產組合進行進行對外租賃。根據對租賃協議條款的評估，如租賃期並不構成該商業物業的主要使用壽命以及最低租賃付款額的現值不等於該商業物業的公允價值，即該物業的附屬與使用權的風險及收益並未轉移，此類租賃應被歸為經營租賃。

對含有續訂選擇權合同的租期判斷

集團所有部分包含延期及中止選擇權的租賃合同。集團對於是否使用選擇權以使得租賃延期或終止進行判斷。集團考慮會產生經濟影響並使其延期或終止租賃的所有相關因素。在合同生效日後，如存在重大事項或變更，集團將會對租期進行重新評估，以決定是否行使其延期選擇權或終止選擇權(如，對租賃資產的改良修建或重大定製租賃資產)。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of dairy and nourishment products with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

3. 重大會計判斷及估計(續)

判斷(續)

投資物業與自置物業的分類

本集團決定物業是否符合投資物業的資格，並已制定出作此判斷的準則。投資物業是為賺取租金或資本增值或同時為此兩項目的而持有的物業。因此，本集團會考慮一項物業產生現金流量時是否基本上與集團持有的其他資產無關。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。

估計的不確定性

對未來事項的主要假設及於報告期末估計的不確定性的其他主要來源(存有重大風險可能導致資產及負債賬面值須於下一財政年度內作出重大調整者)於下文論述。

可變對價退貨因素考慮

本集團估計可變對價將包括在具有退貨權的乳製品和營養品銷售的交易價格中。

本集團開發了預測銷售退貨的統計模型。該模型使用歷史退貨數據來得出預期的退貨百分比，應用這些百分比來確定可變對價的預期值。與歷史回報模式相比，經驗的任何重大變化都將影響本集團估計的預期退貨百分比。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Variable consideration for returns (Continued)

The Group updates its assessment of expected returns every half year and the refund liabilities are adjusted accordingly. As at 31 December 2019, the amount recognised as refund liabilities was RMB13,190,000 for the expected returns and trade discounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2019 was RMB991,236,000 (2018: RMB991,236,000). Further details are given in note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 17 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

可變對價退貨因素考慮(續)

本集團每半年更新其對預期退貨的評估，並相應調整預計負債－應付退貨款。截至2019年12月31日，因預期退貨而確認為預計負債－應付退貨款的金額為人民幣13,190,000元。

商譽減值

本集團每年最少一次釐定商譽是否減值。釐定商譽是否減值須對獲分派商譽的現金產生單位的使用價值作出估計。估計使用價值時，本集團須估計預期來自現金產生單位之日後現金流量，並挑選合適的折現率以計算該等現金流量的現值。2019年12月31日商譽賬面價值為人民幣991,236,000元(2018年：人民幣991,236,000元)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(包括使用權資產)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。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of the balances for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項的預期信用損失。撥備率基於具有類似損失模式的各個客戶群的分組(如按客戶類型)的賬齡確定。

撥備矩陣最初基於集團歷史觀察到的違約率。本集團將校準矩陣以使用前瞻性信息調整歷史信用損失經驗。例如，如果預計經濟狀況(即國內生產總值)預計在明年惡化，這可能導致製造業違約數量增加，則調整歷史違約率。在每個報告日期，更新歷史觀察到的違約率並分析前瞻性估計值的變化。

對歷史觀察到的違約率，預測經濟狀況和預期信用損失之間的相關性的評估是一個重要的估計。預期信用損失的數量對環境變化和預測經濟條件敏感。本集團的歷史信用損失經驗和經濟狀況預測也可能無法代表客戶未來的實際違約。有關集團貿易的預期信用損失的信息請參見附註21。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Useful lives, residual values and depreciation of items of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charges where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore, depreciation expenses in the future periods.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2019 was RMB130,169,000 (2018: RMB128,977,000). The amount of unrecognised tax losses at 31 December 2019 was RMB1,569,229,000 (2018: RMB2,460,739,000). Further details are contained in note 19 to the financial statements.

3. 重大會計判斷及估計(續)

估計的不確定性(續)

物業、廠房及設備的使用年期、剩餘價值及折舊

本集團就其物業、廠房及設備釐定估計可使用年期及相關折舊開支。此項估計乃按照性質及用途相似的物業、廠房及設備的實際可使用年期的過往經驗而作出。倘可使用年期與過往的估計年期有出入，本集團將調整折舊開支，或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。

遞延稅項資產

遞延稅項資產就所有可扣減暫時性差異及所有未用稅項虧損加以確認。管理層需要進行重大判斷以確定可確認的遞延所得稅資產的金額。於2019年12月31日，與確認稅項虧損有關的遞延稅項資產的賬面值為人民幣130,169,000元(2018年：人民幣128,977,000元)。於2019年12月31日，未確認稅項虧損金額為人民幣1,569,229,000元(2018年：人民幣2,460,739,000元)。進一步詳情載於財務報表附註19。

4. OPERATING SEGMENT INFORMATION

Since the acquisition of Oushi Mengniu and Dumex in 2015 and 2016, respectively, and the operation of Yashili New Zealand at the end of 2015, the Group has undergone various group reorganisations, including the purchase, production and sales functions.

From 2019, the Group is reorganised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Production and sale of milk powder products – this segment includes the development, manufacture and sale of milk powder products in the PRC and overseas.
- (b) Other milk powder products – this segment includes the production and sale of base-powder.
- (c) Sale of dissolvable products – this segment includes the development, manufacture and sale of soymilk powder, rice flour and cereal products.
- (d) Other operations mainly include the sale of surplus raw materials, and consigned processing operation, the results of these operations are included in the “others” column.

The change was made to improve the way in which the business units can be managed. The comparative figures have been retrospectively adjusted, and by presenting other milk powder products as a separate operating segment.

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 senior executive management does not use this information to allocate resources to or evaluate the performance of the operating segments. Segment assets and liabilities are not regularly reported to the Group’s senior executive management and, therefore, information of reportable segment assets and liabilities is not presented in these financial statements.

4. 經營分部資料

自從2015年收購歐世蒙牛、2016年收購多美滋，以及2015年底新西蘭乳業的運營，本集團經歷了數次集團重組，包括採購、生產及銷售功能。

自2019年，本集團根據產品和服務對經營分部進行重新分類，共有下列四個可報告經營分部：

- (a) 生產及銷售奶粉產品—該分部包括在中國及海外開發、製造及銷售奶粉產品。
- (b) 其他奶粉製品—該分部包括生產和出售基粉。
- (c) 銷售沖調產品—該分部包括開發、製造及銷售豆奶粉、米粉及麥片產品。
- (d) 其他業務主要包括銷售盈餘原材料及受託加工。該等業務的業績載於「其他」一欄。

可報告經營分部的改變是為了優化業務單元的管理。可比較數字已經過追溯調整，業已將其他奶粉製品分部可比數字作為獨立的經營分部進行列示。

為便於在分部之間評估分部表現及分配資源，高級行政管理團隊會根據「可呈報分部溢利」的計量（即「收入減去銷售成本和可分攤的銷售及經銷開支」）來評估經營分部的表現。本集團不會把其他收入及收益、財務成本淨額、部份銷售及經銷開支以外的開支分配至分部中，原因是高級行政管理人員並不會使用上述資料分配資源至經營分部或評估其表現。由於本集團不會定期向高級行政管理人員匯報分部資產及負債，因此，此等財務報表內並無呈列可呈報分部資產及負債的資料。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料

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

分部間銷售及轉讓是參考以當時市價向第三者銷售所採用的售價進行交易。

		Year ended 31 December 2019 截至2019年12月31日止年度				
		Milk powder products	Other milk powder products	Dissolvable products	Others	Total
		奶粉產品	其他奶粉製品	沖調產品	其他	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment revenue (note 5)	分部收入(附註5)					
Sales to external customers	銷售予外部客戶	2,650,244	574,869	143,203	43,646	3,411,962
Intersegment sales	分部間銷售	-	69,142	-	-	69,142
		2,650,244	644,011	143,203	43,646	3,481,104
<i>Reconciliation:</i>	<i>對賬:</i>					
Elimination of intersegment sales	抵銷分部間銷售	-	(69,142)	-	-	(69,142)
Revenue	總收入					3,411,962
Segment results	分部業績	282,022	40,764	16,822	(36,647)	302,961
<i>Reconciliation:</i>	<i>對賬:</i>					
Finance income	財務收入					94,467
Finance costs	財務成本					(9,816)
Other income and gains	其他收入及收益					28,929
Unallocated other expenses	未分配的其他支出					(313,618)
Profit before tax	除稅前溢利					102,923
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	65,148	64,401	6,312	2,785	138,646
Unallocated amounts	未分配款項					734
Total depreciation and amortisation	折舊及攤銷總額					139,380

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Year ended 31 December 2018

截至2018年12月31日止年度

		Other milk				Total
		Milk powder products	powder products	Dissolvable products	Others	
		奶粉產品	其他奶粉製品	沖調產品	其他	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment revenue (note 5)	分部收入(附註5)					
Sales to external customers	銷售予外部客戶	2,442,281	327,906	145,033	95,980	3,011,200
Intersegment sales	分部間銷售	-	138,458	-	-	138,458
		2,442,281	466,364	145,033	95,980	3,149,658
<i>Reconciliation:</i>	<i>對賬:</i>					
Elimination of intersegment sales	抵銷分部間銷售	-	(138,458)	-	-	(138,458)
Revenue	總收入					3,011,200
Segment results	分部業績	33,909	48,763	(37,726)	8,400	53,346
<i>Reconciliation:</i>	<i>對賬:</i>					
Finance income	財務收入					113,577
Finance costs	財務成本					(16,099)
Other income and gains	其他收入及收益					91,572
Unallocated other expenses	未分配的其他支出					(277,229)
Loss before tax	除稅前虧損					(34,833)
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	82,293	55,043	7,219	8,648	153,203
Unallocated amounts	未分配款項					5,348
Total depreciation and amortisation	折舊及攤銷總額					158,551

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Mainland China	中國內陸	2,828,509	2,588,913
Overseas	海外地區	583,453	422,287
		3,411,962	3,011,200

The revenue information above is based on the locations of the customers.

Information about a major customer

Revenue of approximately RMB508,812,000 (2018: RMB304,498,000) was derived from sales by other segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue from contracts with customers	依據與客戶訂立合同收入	3,411,962	3,011,200

4. 經營分部資料(續)

地區資料

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Mainland China	2,828,509	2,588,913
Overseas	583,453	422,287
	3,411,962	3,011,200

上述收入信息以客戶所在地區劃分。

主要客戶的信息

總收入中約人民幣508,812,000元(2018年：人民幣304,498,000元)乃來自其他分部向單一客戶的銷售，包括向已知與該客戶共同控制的一組實體的銷售。

5. 收入、其他收入及收益

收入分析如下：

5. REVENUE, OTHER INCOME AND GAINS (Continued)

5. 收入、其他收入及收益(續)

Revenue from contracts with customers

依據與客戶訂立合同收入

(i) Disaggregated revenue information

(i) 收入信息明細：

For the year ended 31 December 2019

截至2019年12月31日止年度

Segments	分部	Other milk				Total
		Milk powder products	Other milk powder products	Dissolvable products	Others	
Types of goods or services	產品服務類別	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
Sale of goods	銷售產品	2,650,244	574,869	143,203	23,418	3,391,734
Consigned processing services	受託代加工服務	-	-	-	20,228	20,228
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,650,244	574,869	143,203	43,646	3,411,962
Geographical markets	地區市場					
Mainland China	中國大陸	2,641,937	3,479	143,203	39,890	2,828,509
Overseas	海外	8,307	571,390	-	3,756	583,453
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,650,244	574,869	143,203	43,646	3,411,962
Timing of revenue recognition	收入確認時點					
Goods transferred at a point in time	於時點交接貨物	2,650,244	574,869	143,203	23,418	3,391,734
Services transferred at a point in time	於時點完成服務	-	-	-	20,228	20,228
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,650,244	574,869	143,203	43,646	3,411,962

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

5. 收入、其他收入及收益(續)

依據與客戶訂立合同收入(續)

(i) 收入信息明細：(續)

以下列出的是本集團依據與客戶訂立合同收入分部間信息明細：

		For the year ended 31 December 2018 截至2018年12月31日止年度				
		Milk powder products 奶粉產品 RMB'000 人民幣千元	Other milk powder products 其他奶粉製品 RMB'000 人民幣千元	Dissolvable products 沖調產品 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segments	分部					
Types of goods or services	產品服務類別					
Sale of goods	銷售產品	2,442,281	327,906	145,033	14,764	2,929,984
Consigned processing services	受託代加工服務	-	-	-	81,216	81,216
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	327,906	145,033	95,980	3,011,200
Geographical markets	地區市場					
Mainland China	中國大陸	2,377,228	14	145,033	66,638	2,588,913
Overseas	海外	65,053	327,892	-	29,342	422,287
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	327,906	145,033	95,980	3,011,200
Timing of revenue recognition	收入確認時點					
Goods transferred at a point in time	於時點交接貨物	2,442,281	327,906	145,033	14,764	2,929,984
Services transferred at a point in time	於時點完成服務	-	-	-	81,216	81,216
Total revenue from contracts with customers	依據與客戶訂立合同總收入	2,442,281	327,906	145,033	95,980	3,011,200

5. REVENUE, OTHER INCOME AND GAINS (Continued)

5. 收入、其他收入及收益(續)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	年初合同負債中在報告期內確認的收入：		
Sale of goods	銷售產品	249,686	289,320

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of dairy and nourishment products

Revenue from the sale of dairy and nourishment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the dairy and nourishment products.

Consigned processing services

Revenue from the provision of consigned processing service is recognised when dairy and nourishment products are delivered.

依據與客戶訂立合同收入(續)

(i) 收入信息明細：(續)

下表顯示本報告期內確認的、被包括在年初合同負債中及以前期間滿足的履約義務的收入金額：

(ii) 履約義務

本集團的履約義務如下：

銷售乳製品和營養品

銷售乳製品和營養產品的收入在資產控制權轉移給客戶的時間點確認，通常是在交付乳製品和營養品時。

受託代加工服務

受託代加工服務的收入在乳製品和營養產品交付時確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

5. 收入、其他收入及收益(續)

An analysis of other income and gains is as follows:

其他收入及收益的分析如下：

		Note	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
Other income and gains	其他收入及收益			
Gross rental income from investment property operating leases	投資性房地產經營租賃租金收入			
– Income relating to fixed lease payments	– 固定租賃收入		9,562	7,733
Government grants	政府補助			
– Compensation for expenses incurred	– 對已產生支出的補償		6,145	21,052
– Compensation for acquisition of assets	– 對購買資產的補償		885	1,084
– Taxes refunded	– 退稅		77	142
Net gain on disposal of assets classified as held for sale	出售持有待售資產組的收益淨額	(a)	–	51,962
Others	其他		12,260	9,599
			28,929	91,572

Note:

(a) During the year ended 31 December 2018, the Group received a consideration of RMB252,822,000 for disposing of property, plant and equipment and a land use right of Scient (China) Baby Nourishment Co., Ltd. (“Scient (China)”). The corresponding cost and expenses incurred amounted to RMB200,860,000, resulting in a net gain of RMB51,962,000 before income tax.

附註：

(a) 2018年處置施恩(中國)嬰幼兒營養品有限公司(「施恩(中國)」)工廠廠房、設備及土地使用權，收到補償款人民幣252,822,000元，處置資產成本及發生費用共計人民幣200,860,000元，形成所得稅前處置收益人民幣51,962,000元。

6. OTHER EXPENSES

6. 其他開支

		Notes	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
Write down of inventories to net realizable value	存貨跌價準備		65,528	30,728
Foreign exchange expenses, net	匯兌損失淨額		7,174	23,926
Losses on disposal of inventories	存貨報廢損失		4,356	2,613
Losses on disposal of non-current assets	處置非流動資產淨損失		3,200	4,181
Donations	捐贈		30	837
Others	其他		4,548	7,556
			84,836	69,841

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

7. PROFIT/(LOSS) BEFORE TAX

7. 除稅前溢利／(虧損)

The Group's profit/(loss) before tax is arrived at after charging/
(crediting)

本集團的稅前溢利／(虧損)乃經扣除／(增加)下列各項後計算所得：

			2019	2018
		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		2,132,589	1,756,628
Cost of consigned processing services	受託加工成本		12,602	60,793
			2,145,191	1,817,421
Depreciation of items of property, plant and equipment	物業、廠房及設備折舊	13	107,416	136,107
Depreciation of investment properties	投資物業折舊	15	4,037	3,937
Depreciation of right-of-use assets	使用權資產攤銷	16	10,554	-
Amortisation of land use rights	土地使用權攤銷	16	-	2,373
Amortisation of other non-current assets	其他非流動資產攤銷		3,627	2,419
Amortisation of intangible assets	無形資產攤銷	17	13,012	8,367
Total depreciation and amortisation	折舊及攤銷總額		138,646	153,203
Minimum lease payments under operating leases of buildings	房屋的經營租賃最低租金		-	29,660
Lease payments not included in the measurement of lease liabilities	租賃負債外的租賃費用	16	35,613	-
Auditors' remuneration	核數師酬金		2,944	2,983
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		465,179	473,897
Termination benefits	離職補償		11,940	20,889
Pension scheme contributions (defined contribution schemes)	退休金計劃供款 (定額供款計劃)		32,976	29,522
Equity-settled share-based payment expenses	股權結算股份支付開支		15,100	7,272
			525,195	531,580
Interest income	利息收入		(66,736)	(77,677)
Gain on other investments	其他投資收益		(27,731)	(35,900)
Total financial income	財務收入總額		(94,467)	(113,577)
Impairment of trade receivables	貿易應收賬款減值	21	4,429	(1,566)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

8. FINANCE COSTS

8. 財務成本

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Interest on bank loans wholly repayable within five years	須於五年內悉數償還的 銀行貸款的利息	8,962	16,099
Interest on lease liabilities	租賃負債的利息	854	-
		9,816	16,099

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

9. 董事及首席執行官薪酬

The Directors' and chief executive's remuneration for the years, disclosed pursuant to the Listing Rules, section 383(1)(a), (b)(c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

根據香港公司條例第383條(1)(a), (b)(c)和(f)及第二部分(關於董事及總裁薪酬的披露), 如下:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Fees	袍金	750	660
Other emoluments	其他酬金		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,175	1,585
Performance related bonuses	與業績有關的獎金	4,208	7,920
Pension scheme contributions	退休金計劃供款	49	62
		6,432	9,567
		7,182	10,227

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued) 9. 董事及首席執行官薪酬(續)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
- Mr. Mok Wai Bun Ben	250	220
- Mr. Cheng Shoutai	250	220
- Mr. Lee Kong Wai Conway	250	220
	750	660

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

(a) 獨立非執行董事

本年度支付給獨立非執行董事的費用如下：

本年度無應支付給獨立非執行董事的其他薪酬(2018年：無)。

(b) Executive directors, non-executive directors and the chief executive

2019	2019年	Fees 袍金 RMB'000 人民幣千元	Salaries, allowances, and benefits in kind 薪金、津貼 及實物利益 RMB'000 人民幣千元	Performance related bonuses 與業績 有關的獎金 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 薪酬總額 RMB'000 人民幣千元
Executive directors	執行董事					
- Mr. Chopin Zhang (ii)(v)	- 張平Chopin先生(ii)(v)	-	2,175	4,208	49	6,432
Non-executive directors	非執行董事					
- Mr. Lu Minfang	- 盧敏放先生	-	-	-	-	-
- Mr. Qin Peng	- 秦鵬先生	-	-	-	-	-
- Mr. Zhang Ping	- 張平Peter先生	-	-	-	-	-
- Mr. Gu Peiji (iv)	- 顧培基先生(iv)	-	-	-	-	-
		-	2,175	4,208	49	6,432

(b) 執行董事、非執行董事和首席執行官

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued) 9. 董事及首席執行官薪酬(續)

(b) Executive directors, non-executive directors and the chief executive (Continued)

(b) 執行董事、非執行董事和首席執行官(續)

2018	2018年	Fees 袍金 RMB'000 人民幣千元	Salaries, allowances, and benefits in kind 薪金、津貼 及實物利益 RMB'000 人民幣千元	Performance related bonuses 與業績 有關的獎金 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 薪酬總額 RMB'000 人民幣千元
Executive directors	執行董事					
- Mr. Chopin Zhang (i)(v)	- 張平Chopin先生 (i)(v)	-	1,354	7,920	49	9,323
- Mr. Hua Li (ii)	- 華力先生(ii)	-	231	-	13	244
		-	1,585	7,920	62	9,567
Non-executive directors	非執行董事					
- Mr. Lu Minfang	- 盧敏放先生	-	-	-	-	-
- Mr. Qin Peng	- 秦鵬先生	-	-	-	-	-
- Mr. Zhang Ping	- 張平Peter先生	-	-	-	-	-
- Ms. Lin Bibao (iii)	- 林碧寶女士(iii)	-	-	-	-	-
		-	1,585	7,920	62	9,567

(i) Mr. Chopin Zhang is also the chief executive officer.

(ii) On 16 March 2018, Mr. Hua Li resigned as an executive director.

(iii) On 25 March 2019, Ms. Lin Bibao resigned as a non-executive director.

(iv) On 29 April 2019, Mr. Gu Peiji was hired as a non-executive director

(v) During the year ended 31 December 2019, Mr. Chopin Zhang has been granted certain units of shares and share options by Mengniu Dairy under its share option scheme and share award scheme. The amount of fair value amortisation of these shares and share options granted to Mr. Chopin Zhang during the year ended 31 December 2019 was RMB 14,797,777. The remuneration relating to the share options and shares granted to the directors is not included in the above analysis.

(i) 張平先生同時也為首席執行官。

(ii) 於2018年3月16日，華力先生辭任執行董事。

(iii) 於2019年3月25日，林碧寶女士辭任非執行董事。

(iv) 於2019年4月29日，顧培基先生擔任非執行董事

(v) 截至2019年12月31日止年度，張平(Chopin Zhang)先生被授予蒙牛乳業的購股權計畫及股份獎勵計畫下的若干股份及購股權。張平(Chopin Zhang)先生獲授予的該等股份及購股權於截至2019年12月31日止年度的公允價值攤銷金額為人民幣14,797,777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. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued) 9. 董事及首席執行官薪酬(續)

(c) Five highest paid employees

The five highest paid employees during the year included one director (2018: one), details of whose remuneration are set out in note 9(b) above. Details of the remuneration for the year of the remaining four (2018: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	4,637	3,814
Performance related bonuses	與業績有關的獎金	11,688	10,102
Pension scheme contributions (defined contribution schemes)	退休金計劃供款 (定額供款計劃)	132	147
		16,457	14,063

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	
		2019	2018
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至 港幣2,500,000元	-	-
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至 港幣3,000,000元	-	-
HK\$3,000,001 to HK\$3,500,000	港幣3,000,001元至 港幣3,500,000元	1	1
HK\$3,500,001 to HK\$4,000,000	港幣3,500,001元至 港幣4,000,000元	-	1
HK\$4,000,001 to HK\$4,500,000	港幣4,000,001元至 港幣4,500,000元	2	1
HK\$4,500,001 to HK\$5,000,000	港幣4,500,001元至 港幣5,000,000元	1	-
HK\$5,000,001 to HK\$5,500,000	港幣5,000,001元至 港幣5,500,000元	-	1
		4	4

本年度五位最高薪人士中包括一位(2018年：一位)董事，有關彼等的酬金資料已於上文附註9(b)披露。本年度支付予四位(2018年：四位)非董事、非首席執行官的最高薪高級行政人員的酬金如下：

酬金列入以下組別的非董事及非首席執行官的最高薪酬的僱員數目如下

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

10. INCOME TAX

PRC income tax has been provided at the rate of 25% (2018: 25%) on the estimated assessable profits arising in PRC during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

10. 所得稅

中國大陸所得稅已按年內在中國產生的估計應課稅溢利按25%(2018年: 25%)的稅率計算。其他地區應課稅溢利的稅項乃按本集團經營所在國家(或司法權區)的現行稅率計算。

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Current income tax	即期所得稅	4,864	15,908
Deferred income tax	遞延所得稅	(14,307)	(103,016)
Tax credit for the year from continuing operations	本年度持續經營稅項支出	(9,443)	(87,108)

A reconciliation of the income tax credit applicable to profit/(loss) before tax at the PRC statutory income tax rate and the income tax credit at the Group's effective income tax rate for the year is as follows:

在年度內，就除稅前溢利/(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：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Profit/(Loss) before tax	除稅前溢利/(虧損)	102,923	(34,833)
At the PRC statutory tax rate of 25% (2018: 25%) (i)	按中國法定稅率25% (2018年: 25%)(i)	25,731	(8,708)
Effect of deferred tax on change tax rate	稅率變動對年初遞延所得稅餘額的影響	940	-
Effect of non-deductible expenses	不可扣稅開支的影響	626	970
Effect of tax rate differences (i)	不同稅率的影響(i)	(4,794)	(6,706)
Tax losses not recognised	未確認稅項虧損	11,610	3,270
Tax losses utilised from previous periods	動用以往未確認虧損	(34,958)	(62,292)
Effect of non-taxable income	不徵稅收入的影響	(8,598)	(13,642)
Tax credit for the year at the effective rate	本年度按實際稅率計算的稅項支出	(9,443)	(87,108)

10. INCOME TAX (Continued)

- (i) Pursuant to the Corporate Income Tax Law of the PRC passed by the Tenth National People's Congress on 16 March 2007 (the "New Tax Law"), the statutory income tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008, except for Oushi Mengniu and Yaouduo (Inner Mongolia) Nutritional Food Company Limited which are 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". Since Inner Mongolia Yashili Nourishment Co., Ltd. ("Inner Mongolia Yashili") is a small and micro enterprise, which is subject to a preferential tax rate of 3%.

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 2019 is calculated at 16.5% (2018: 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% (2018: 28%) in New Zealand.

11. DIVIDENDS

The directors do not recommend the payment of dividend for this year (2018: RMB47,524,000).

The directors recommend the payment of a special dividend of RMB1 per ordinary share for the year ended 31 December 2018 to shareholders whose names appear on the register of members on 18 June 2019, amounting to RMB47,524,000 in total. The special dividend for 2018 has been approved by the Company's shareholders at the annual general meeting held on 6 June 2019. It has been paid fully in cash.

10. 所得稅(續)

- (i) 根據第十屆全國人民代表大會於2007年3月16日通過的《中華人民共和國企業所得稅法》(「新稅法」)，本集團中國附屬公司自2008年1月1日起的法定所得稅稅率為25%。根據《關於深入實施西部大開發戰略有關稅收政策問題的通知》，內蒙古歐世蒙牛乳製品有限責任公司(「歐世蒙牛」)和內蒙古雅歐多營養食品有限公司(「雅歐多」)享有15%的優惠稅率。由於內蒙古雅士利營養品有限公司(「內蒙古雅士利」)是小微企業，享有3%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2019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%(2018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%(2018年：28%)的所得稅稅率。

11. 股息

董事不建議派發本年股息(2018年：人民幣47,524,000元)。

董事建議就截至2018年12月31日止年度向於2019年6月18日名列股東名冊的股東派付特別股息每股份人民幣1分，合共約人民幣47,524,000元，已由股東在2019年6月6日舉行的應屆股東周年大會上批准。特別股息的派發以現金支付。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,745,560,296 (2018: 4,745,560,296) in issue during the year, as adjusted to reflect the rights issue during the year.

The parent has no dilutive potential shares.

The calculations of basic and diluted earnings per share are based on:

12. 母公司普通權益持有人應佔的每股盈利

每股基本盈利乃根據年內母公司普通權益持有人應佔溢利除以年內已發行普通股的加權平均數4,745,560,296股(2018年: 4,745,560,296股)計算, 該股數已經調整以反映本年度的配股情況。

本公司無潛在攤薄股本。

計算每股基本和攤薄盈利金額基於如下:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Earnings:	盈利:		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	用於計算每股基本和攤薄盈利的 母公司普通權益持有人 應佔溢利	112,366	52,275
		Number of shares 股份數目	
		2019 '000 千股	2018 '000 千股
Shares:	股份:		
Weighted average number of ordinary shares for the purpose of the basic and diluted earnings per share calculations	計算每股基本和攤薄盈利 所用的普通股加權平均數	4,745,560	4,745,560

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

2019	2019年	Freehold	Plant and	Machinery	Motor	Office	Total
		land	buildings	and	vehicles	equipment	
		自有土地	廠房及樓宇	機器及設備	機動車	辦公室及其他設備	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：						
At 1 January 2019	於2019年1月1日	51,871	863,664	1,554,648	20,120	49,212	2,539,515
Additions	添置	-	27,441	5,720	-	20,799	53,960
Transfer from construction in progress (note 14)	轉撥自在建工程(附註14)	-	22,846	65,137	-	5,441	93,424
Transfer to investment properties (note 15)	轉撥至投資物業(附註15)	-	(42,752)	-	-	-	(42,752)
Transfer from investment properties (note 15)	轉撥自投資物業(附註15)	-	40,758	-	-	-	40,758
Disposals	處置	-	-	(30,868)	(2,064)	(2,690)	(35,622)
Exchange realignment	匯率調整	1,150	8,438	17,742	10	164	27,504
At 31 December 2019	於2019年12月31日	53,021	920,395	1,612,379	18,066	72,926	2,676,787
Accumulated depreciation and impairment:	累計折舊及減值：						
At 1 January 2019	於2019年1月1日	-	(249,923)	(732,561)	(16,259)	(30,168)	(1,028,911)
Depreciation provided during the year (note 7)	年內計提的折舊(附註7)	-	(33,530)	(55,517)	(923)	(17,446)	(107,416)
Transfer to investment properties (note 15)	轉撥至投資物業(附註15)	-	282	-	-	-	282
Transfer from investment properties (note 15)	轉撥自投資物業(附註15)	-	(2,088)	-	-	-	(2,088)
Disposals	處置	-	-	13,343	1,832	1,796	16,971
Exchange realignment	匯率調整	-	(1,321)	(4,570)	(10)	(55)	(5,956)
At 31 December 2019	於2019年12月31日	-	(286,580)	(779,305)	(15,360)	(45,873)	(1,127,118)
Net carrying amount:	賬面淨值：						
At 31 December 2019	於2019年12月31日	53,021	633,815	833,074	2,706	27,053	1,549,669
At 1 January 2019	於2019年1月1日	51,871	613,741	822,087	3,861	19,044	1,510,604

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合併財務報表附註(續)

31 December 2019 2019年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

		Freehold land 自有土地 RMB'000 人民幣千元	Plant and buildings 廠房及 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及 設備 RMB'000 人民幣千元	Motor vehicles 機動車 RMB'000 人民幣千元	Office equipment and others 辦公室及 其他設備 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2018	於2018年1月1日	52,286	869,850	1,541,995	22,787	39,108	2,526,026
Additions	添置	-	892	9,846	72	6,821	17,631
Transfer from construction in progress (note 14)	轉撥自在建工程(附註14)	-	16,022	43,325	-	5,511	64,858
Transfer to investment properties (note 15)	轉撥至投資物業(附註15)	-	(20,049)	-	-	-	(20,049)
Disposals	處置	-	-	(34,226)	(2,733)	(2,201)	(39,160)
Exchange realignment	匯率調整	(415)	(3,051)	(6,292)	(6)	(27)	(9,791)
At 31 December 2018	於2018年12月31日	51,871	863,664	1,554,648	20,120	49,212	2,539,515
Accumulated depreciation and impairment:	累計折舊及減值：						
At 1 January 2018	於2018年1月1日	-	(214,746)	(666,183)	(17,514)	(24,607)	(923,050)
Depreciation provided during the year (note 7)	年內計提的折舊(附註7)	-	(37,066)	(90,116)	(1,157)	(7,768)	(136,107)
Transfer to investment properties (note 15)	轉撥至投資物業(附註15)	-	1,660	-	-	-	1,660
Disposals	處置	-	-	23,173	2,408	2,201	27,782
Exchange realignment	匯率調整	-	229	565	4	6	804
At 31 December 2018	於2018年12月31日	-	(249,923)	(732,561)	(16,259)	(30,168)	(1,028,911)
Net carrying amount:	賬面淨值：						
At 31 December 2018	於2018年12月31日	51,871	613,741	822,087	3,861	19,044	1,510,604
At 1 January 2018	於2018年1月1日	52,286	655,104	875,812	5,273	14,501	1,602,976

At 31 December 2019, no bank loan was secured by property, plant and equipment (31 December 2018: property, plant and equipment of RMB1,025,260,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including property, plant and equipment of RMB990,041,000 were collateralised for the credit line (31 December 2018: property, plant and equipment of RMB1,025,260,000 were collateralised for the credit line).

於2019年12月31日，本集團沒有物業、廠房及設備用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣1,025,260,000元的物業、廠房及設備處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣999,041,000元的物業、廠房及設備用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣1,025,260,000元的物業、廠房及設備用於抵押或擔保以獲取授信額度)。

14. CONSTRUCTION IN PROGRESS

14. 在建工程

		Notes	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
Cost	成本			
At beginning of the year	於年初		85,677	64,383
Additions	增加		70,978	86,184
Transfer to property, plant and equipment	轉撥至物業、 廠房及設備	13	(93,424)	(64,858)
Exchange realignment	匯率調整		183	(32)
At end of the year	於年末		63,414	85,677
Provision for impairment	減值		-	-
Carrying amount at 31 December	於12月31日的賬面值		63,414	85,677

At 31 December 2019, no bank loan was secured by construction in progress (31 December 2018: construction in progress of RMB3,049,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including construction in progress of RMB5,964,000 were collateralised for the credit line (31 December 2018: construction in progress of RMB3,049,000 were collateralised for the credit line).

於2019年12月31日，本集團沒有在建工程用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣3,049,000元的在建工程處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣5,964,000元的在建工程用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣3,049,000元的在建工程用於抵押或擔保以獲取授信額度)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

15. INVESTMENT PROPERTIES

15. 投資物業

		Note	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
Cost:	成本：			
At beginning of the year	於年初		93,344	73,295
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	13	42,752	20,049
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	13	(40,758)	-
At end of the year	於年末		95,338	93,344
Accumulated depreciation:	累計折舊：			
At beginning of the year	於年初		(19,559)	(13,962)
Charge for the year	年內折舊	7	(4,037)	(3,937)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	13	(282)	(1,660)
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	13	2,088	-
At end of the year	於年末		(21,790)	(19,559)
Carrying amount at end of the year	於年末賬面價值		73,548	73,785

The fair value of the investment properties, as determined by the directors of the Company, based on the market approach with reference to market transaction prices of similar properties, taking into account other factors, i.e., characteristics of the properties and locations, was estimated to be approximately RMB167,074,000 at 31 December 2019 (31 December 2018: RMB156,275,000).

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2019年12月31日的公允價值約為人民幣167,074,000元(2018年12月31日：人民幣156,275,000元)。

15. INVESTMENT PROPERTIES (Continued)

15. 投資物業(續)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

公允價值層次結構

下面表格說明瞭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 2019 using 用於2019年12月31日的公允價值的測量			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		活躍市場之報價 (等級一)	重大可觀察 輸入數據 (等級二)	重大不可觀察 輸入數據 (等級三)	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Fair value measurement for:	公允價值計量：				
Commercial properties	商業性物業	-	-	167,074	167,074

		Fair value measurements as at 31 December 2018 using 用於2018年12月31日的公允價值的測量			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		活躍市場之報價 (等級一)	重大可觀察 輸入數據 (等級二)	重大不可觀察 輸入數據 (等級三)	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Fair value measurement for:	公允價值計量：				
Commercial properties	商業性物業	-	-	156,275	156,275

During the year ended 31 December 2019, there were no transfers into or out of Level 3 (2018: Nil).

截至2019年12月31日年度無公允價值計量轉入第三級或自第三級轉出(2018年：無)。

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and building generally have lease terms between 3 and 6 years. Leases of machinery and equipment generally have lease terms of 5 years, while motor vehicles generally have lease terms between 2 and 4 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The lease contracts of building and machinery include extension and termination options. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Land use rights (before 1 January 2019)

		2018年 RMB'000 人民幣千元
Carrying amount at 1 January 2018	年初賬面價值	90,375
Amortisation for the year (note 7)	年內計提攤銷(附註7)	(2,373)
Carrying amount at 31 December 2018	年末賬面價值	88,002
Current portion included in prepayments, other receivables and other assets	計入流動資產中預付款項、其他應收款和其他資產	(1,582)
		86,420

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.

16. 租賃

作為承租人

本集團擁有廠房及樓宇、機器及設備、運輸設備等多項租賃合同。通過一次性支付，購買租賃期為50年的租賃土地使用權，根據土地使用權條款，將不會再進行付款。廠房及樓宇的租賃期限通常為3至6年，機器及設備的租賃期限通常為5年，運輸設備的租賃期限通常為2至4年。其他設備通常租賃期限小於12個月並且／或者單個價格較低。對於樓宇及機械的租賃具有延期或終止選擇權。通常，集團被限制在集團之外轉讓和轉租已租賃的資產。

(a) 土地使用權(2019年1月1日前)

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。

16. LEASES (Continued)

16. 租賃(續)

The Group as a lessee (Continued)

作為承租人(續)

(b) Right-of-use assets (Continued)

(b) 使用權資產

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

本集團的使用權資產的賬面金額以及本期的變動情況如下：

		Plant and buildings 廠房及樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Motor vehicles 運輸設備 RMB'000 人民幣千元	Land use rights 土地使用權 RMB'000 人民幣千元	Subtotal 合計 RMB'000 人民幣千元
As at 1 January 2019	截至2019年1月1日	27,175	1,931	462	88,002	117,570
Additions	本年增加	4,368	-	1,188	-	5,556
Depreciation charge	本年攤銷	(7,828)	(51)	(301)	(2,374)	(10,554)
Exchange differences on translation of financial statements of group entities	海外經營外幣報表 折算差額	34	43	10	-	87
As at 31 December 2019	截至2019年12月31日	23,749	1,923	1,359	85,628	112,659

(c) Lease liability

(c) 租賃負債

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

本集團的租賃負債(包括在「計息銀行和其他借款」中)的賬面金額以及本期的變動情況如下：

		2019 RMB'000 人民幣千元
Carrying amount at 1 January 2019	年初賬面價值	29,568
New leases	新增租賃	5,556
Accretion of interest recognized during the year	本年確認利息	854
Exchange differences on translation of financial statements of group entities	外幣報表 折算差額	86
Payments	支付	(8,015)
Carrying amount at 31 December 2019	年末賬面價值	28,049
Current portion	計入流動負債	9,378
Non-current portion	計入非流動負債	18,671

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合併財務報表附註(續)

31 December 2019 2019年12月31日

16. LEASES (Continued)

The Group as a lessee (Continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

		2019 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債計提利息	854
Depreciation charge of right-of-use assets	使用權資產折舊	10,554
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	短期租賃以及其他剩餘租賃期結束與或早於2019年12月31日的租賃費用	32,488
Expense relating to leases of low-value assets	低值租賃的租賃費用	3,125
Total amount recognised in profit or loss	費用總計	47,021

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 30 and note 32, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) of commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB9,562,000 (2018: RMB7,733,000).

16. 租賃(續)

作為承租人(續)

(d) 本集團本期確認的租賃費用情況如下：

	2019 RMB'000 人民幣千元
租賃負債計提利息	854
使用權資產折舊	10,554
短期租賃以及其他剩餘租賃期結束與或早於2019年12月31日的租賃費用	32,488
低值租賃的租賃費用	3,125
費用總計	47,021

(e) 租賃相關的現金流流出以及尚未開始的租賃的未來現金流出分別詳見附註30和附註32。

作為出租人

集團將其投資性房地產中的商業物業(附註15)對外進行經營租賃。該租賃條款要求承租人繳付押金，並根據市場情況定期調整租金。集團本年確認的出租收入為人民幣9,562,000元(2018：人民幣7,733,000千元)。

16. LEASES (Continued)

The Group as a lessor (Continued)

At 31 December 2019, the undiscounted minimum lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within one year	一年以內	9,030	5,902
After one year but within two years	一年以上兩年以內	6,728	4,845
After two years but within three years	兩年以上三年以內	5,861	2,841
After three years but within four years	三年以上四年以內	1,341	2,473
After four years but within five years	四年以上五年以內	1,309	-
After five years	五年以上	3,810	-
		28,079	16,061

16. 租賃(續)

作為出租人(續)

於2019年12月31日，本集團與租戶簽訂的不可撤銷經營租賃的未折現最低租賃費用應收款如下：

17. INTANGIBLE ASSETS

17. 無形資產

		Note	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
31 December 2019	2019年12月31日	附註			
Cost at 1 January 2019, net of accumulated amortisation	年初淨值		44,925	283,047	327,972
Purchased	購置		31,244	-	31,244
Disposals	處置		-	-	-
Amortisation provided during the year]	本年攤銷	7	(13,012)	-	(13,012)
Exchange realignment	匯率變動		90	-	90
At 31 December 2019	年末淨值		63,247	283,047	346,294
At 31 December 2019	年末				
Cost	成本		102,087	283,047	385,134
Accumulated amortisation	累計攤銷		(38,840)	-	(38,840)
Net carrying amount	年末淨值		63,247	283,047	346,294

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合併財務報表附註(續)

31 December 2019 2019年12月31日

17. INTANGIBLE ASSETS (Continued)

17. 無形資產(續)

31 December 2018	2018年12月31日	Note	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 2018, net of accumulated amortisation	年初淨值		33,703	283,047	316,750
Purchased	購置		20,379	-	20,379
Disposals	處置		(745)	-	(745)
Amortisation provided during the year	本年攤銷	7	(8,367)	-	(8,367)
Exchange realignment	匯率變動		(45)	-	(45)
At 31 December 2018	年末淨值		44,925	283,047	327,972
At 31 December 2018 Cost	年末 成本		70,598	283,047	353,645
Accumulated amortisation	累計攤銷		(25,673)	-	(25,673)
Net carrying amount	年末淨值		44,925	283,047	327,972

At 31 December 2019, no bank loan was secured by intangible assets (31 December 2018: intangible assets of RMB3,483,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including intangible assets of RMB1,662,000 were collateralised for the credit line (31 December 2018: RMB3,483,000 were collateralised for the credit line).

At 31 December 2019 and 31 December 2018, 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2019年12月31日，本集團沒有無形資產用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣3,483,000元的無形資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣1,662,000元的無形資產用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣3,483,000元的無形資產用於抵押或擔保以獲取授信額度)。

於2019年12月31日及2018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」。

17. INTANGIBLE ASSETS (Continued)

Impairment testing of trademarks

The recoverable amount of the Dumex infant formula products CGU to which the trademarks belong has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 14.31% (2018: 17.28%). The growth rate used to extrapolate the cash flows of the Dumex infant formula products CGU beyond the five-year period is 3% (2018: 3%).

A decrease in the growth rate by 2% would cause the recoverable amount of the Dumex infant formula products CGU decrease by approximately RMB86,762,000. A decrease in the gross margin by 2% would cause the recoverable amount of the Dumex infant formula products CGU decrease by approximately RMB95,800,000. An increase in the discount rate by 2% would cause the recoverable amount of the Dumex infant formula products CGU decrease by approximately RMB85,504,000. 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 Dumex infant formula products CGU's carrying amount to exceed its recoverable amount.

Assumptions were used in the calculation of value in use as at 31 December 2019 and 31 December 2018. The following describes key assumptions based on which management prepared the cash flow projections 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 prior historical 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) Growth rate – The growth rate used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate taking into account the industry growth rate, past experience and the medium or long term growth target of the relevant CGU.

The values assigned to the key assumptions on market development of dairy products, discount rates and raw materials price inflation are consistent with external information sources.

17. 無形資產(續)

商標減值測試

商標所屬於的多美滋嬰兒配方奶粉產品現金產出單位的可收回金額乃以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。推算五年期以後現金流量的貼現率為14.31% (2018：17.28%)。多美滋嬰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% (2018：3%)。

收入增長率下降2%的情況下，多美滋嬰兒配方奶粉產品現金產出單元組合的可收回金額將下降人民幣86,762,000元，在毛利率下降2%的情況下，多美滋嬰兒配方奶粉產品現金產出單元組合的可收回金額將下降人民幣95,800,000元，在折現率上升2%的情況下，多美滋嬰兒配方奶粉產品現金產出單元組合的可收回金額將下降人民幣85,504,000元。本公司管理層認為，在計算使用價值時採用的若干假設的任何可能的合理變動範圍內，均不會導致多美滋嬰兒配方奶粉產品現金產出單位組合的帳面價值超過其可收回金額。

在計算2019年12月31日及2018年12月31日的使用價值時採用若干假設。管理層準備現金流量預測進行商標減值測試所依據的主要假設詳述如下：

- a) 預算毛利率—用於釐定預算毛利率價值的基準乃緊接考慮預算年度前之歷史平均毛利率，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) 增長率—用於推算五年期以後現金流量的增長率，乃以估計增長率為基準，並考慮行業增長率、過往經驗及有關現金產生單位中長期增長目標計算所得。

基於乳製品市場發展情況、折現率和原材料價格變動的主要假設的價值與外部數據來源一致。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

18. GOODWILL

18. 商譽

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Carrying amount at 1 January and 31 December	於1月1日和12月31日的賬面價值	991,236	991,236

In 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 Mengniu Dairy’s acquisition of Oushi Mengniu in previous year.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing which is in line with the way in which the Company manages its business:

- Milk powder products cash-generating unit group.

The carrying amount of goodwill allocated to the milk powder products cash-generating unit group is RMB991,236,000.

The recoverable amount of the milk powder products cash-generating unit group has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15.45% (2018: 17.47%). The growth rate used to extrapolate the cash flows of the milk powder products CGU beyond the five-year period is 3% (2018: 3%).

於2016年，本集團的一家子公司雅士利(廣東)(「收購方」)，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。

商譽減值測試

通過業務合併產生的商譽根據管理業務的方式被分配到以下現金產出單位組合以做減值測試：

- 奶粉產品現金產出單位組合

被分配到奶粉產品現金產生單位組合的商譽為人民幣991,236,000元。

奶粉產品現金產出單位組合的可收回金額乃以經高級管理人員批准的五年財政預算或預測為基準，採用現金流量預測計算所得的使用價值予以釐定。推算五年期以後現金流量的貼現率為15.45%(2018年：17.47%)。奶粉產品產生單位現金流量增長率根據涵蓋五年期之財務預算確定為3%(2018年：3%)。

18. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

A decrease in the growth rate by 2% would cause the recoverable amount of the cash-generating unit decrease by approximately RMB812,495,000. A decrease in the gross margin by 2% would cause the recoverable amount of the cash-generating unit decrease by approximately RMB1,292,032,000. An increase in the discount rate by 2% would cause the recoverable amount of the cash-generating unit decrease by approximately RMB796,130,000. 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 cash-generating unit's carrying amount to exceed its recoverable amount.

Assumptions were used in the value-in-use of calculation as at 31 December 2019 and 2018. The following describes key assumptions, based on which management prepared cash flow projections 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 prior historical year, adjusted for expected efficiency improvements and expected increase in production costs.
- b) Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant group of CGU.
- c) Growth rate – The growth rate used to extrapolate the cash flows beyond the five-year period are based on the estimated growth rate taking into account the industry growth rate, past experience and the medium or long term growth target of the relevant CGU.

The values assigned to the key assumptions on market development of dairy products, discount rates and raw materials price inflation are consistent with external information sources.

18. 商譽(續)

商譽減值測試(續)

收入增長率下降2%的情況下，奶粉產品現金產出單元組合的可收回金額將下降人民幣812,495,000元，在毛利率下降2%的情況下，奶粉產品現金產出單元組合的可收回金額將下降人民幣1,292,032,000元，在折現率上升2%的情況下，奶粉產品現金產出單元組合的可收回金額將下降人民幣796,130,000元。本公司管理層認為，在計算使用價值時採用的若干假設的任何可能的合理變動範圍內，均不會導致奶粉產品現金產出單位組合的帳面價值超過其可收回金額。

在計算2019年及2018年12月31日的使用價值時採用若干假設。管理層準備現金流量預測進行商譽減值測試所依據的主要假設詳述如下：

- a) 預算毛利率—用於釐定預算毛利率價值的基準乃緊接考慮預算年度前之歷史平均毛利率，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) 增長率—用於推算五年期以後現金流量的增長率，乃以估計增長率為基準，並考慮行業增長率、過往經驗及有關現金產生單位中長期增長目標計算所得。

基於乳製品市場發展情況、折現率和原材料價格變動的主要假設的價值與外部數據來源一致。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019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

	Note	Impairment 資產減值 RMB'000 人民幣千元	Tax losses 稅務虧損 RMB'000 人民幣千元	Accruals 預提費用 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2019		15,081	128,977	197,785	29,193	371,036
(Credited)/Debited to the statement of profit or loss	10	1,002	122	21,124	(8,642)	13,606
Charged to other comprehensive income		-	1,070	-	-	1,070
At 31 December 2019		16,083	130,169	218,909	20,551	385,712
At 1 January 2018		8,747	124,569	107,473	37,004	277,793
(Credited)/Debited to the statement of profit or loss	10	6,334	4,760	90,312	(7,811)	93,595
Charged to other comprehensive income		-	(352)	-	-	(352)
At 31 December 2018		15,081	128,977	197,785	29,193	371,036

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

	Note	Impairment 資產減值 RMB'000 人民幣千元	Tax losses 稅務虧損 RMB'000 人民幣千元	Accruals 預提費用 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2019		15,081	128,977	197,785	29,193	371,036
(Credited)/Debited to the statement of profit or loss	10	1,002	122	21,124	(8,642)	13,606
Charged to other comprehensive income		-	1,070	-	-	1,070
At 31 December 2019		16,083	130,169	218,909	20,551	385,712
At 1 January 2018		8,747	124,569	107,473	37,004	277,793
(Credited)/Debited to the statement of profit or loss	10	6,334	4,760	90,312	(7,811)	93,595
Charged to other comprehensive income		-	(352)	-	-	(352)
At 31 December 2018		15,081	128,977	197,785	29,193	371,036

19. DEFERRED TAX (Continued)

19. 遞延稅項(續)

Deferred tax liabilities

遞延所得稅負債

		Note	Interest income accruals 定期存款 利息預提 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日		9,966	31	9,997
Credited to the statement of profit or loss	年內於損益表計入的 遞延稅項	10	(701)	-	(701)
At 31 December 2019	於2019年12月31日		9,265	31	9,296
At 1 January 2018	於2018年1月1日		19,387	31	19,418
Credited to the statement of profit or loss	年內於損益表計入的 遞延稅項	10	(9,421)	-	(9,421)
At 31 December 2018	於2018年12月31日		9,966	31	9,997
				2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Represented by:	其中包括：				
- Deferred tax assets	- 遞延稅項資產			385,712	371,036
- Deferred tax liabilities	- 遞延稅項負債			(9,296)	(9,997)
				376,416	361,039

At 31 December 2019, no bank loan was secured by deferred tax assets (31 December 2018: deferred tax assets of RMB32,583,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including deferred tax assets of RMB26,524,000 were collateralised for the credit line (31 December 2018: RMB32,583,000 were collateralised for the credit line).

Management expects that 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.

於2019年12月31日，本集團沒有遞延稅項資產用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣32,583,000元的遞延稅項資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣26,524,000元的遞延稅項資產用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣32,583,000元的遞延稅項資產用於抵押或擔保以獲取授信額度)。

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 2019 2019年12月31日

19. DEFERRED TAX (Continued)

The Group has tax losses arising in New Zealand of RMB26,745,000 on which deferred tax assets have been recognised (31 December 2018: RMB32,740,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB103,424,000 (31 December 2018: RMB96,237,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the following item:

19. 遞延稅項(續)

本集團於新西蘭產生的稅項虧損人民幣26,745,000元(2018年12月31日:人民幣32,740,000元),可無限期抵銷虧損公司的未來應稅溢利。

本集團於中國內地產生的稅項虧損為人民幣103,424,000元(2018年12月31日:人民幣96,237,000元),將於一至五年屆滿,以抵銷未來應稅溢利。

遞延稅項資產並未就下列項目確認:

		2019 RMB'000 人民幣千元	2018 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)	1,545,471	2,460,739
Tax losses arising in New Zealand (ii)	於新西蘭產生的稅項虧損(ii)	23,758	-
		1,569,229	2,460,739

(i) The above tax losses are available for a maximum of five years to offset against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that there will be taxable profit available to offset against the tax losses in the future.

(ii) The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that there will be taxable profit available to offset against the tax losses in the future.

(i) 上述稅項虧損可用以抵銷公司產生虧損日後應課稅利潤最多五年。

就上述各項的遞延稅項資產並未予以確認,原因是本集團不大可能擁有未來應課稅利潤用以抵銷未動用稅項虧損。

(ii) 上述稅項虧損可以無限期抵銷虧損公司的未來應稅溢利。

就上述各項的遞延稅項資產並未予以確認,原因是本集團不大可能擁有未來應課稅利潤用以抵銷未動用稅項虧損。

19. DEFERRED TAX (Continued)

The following deferred tax liabilities have not been recognised in respect of the following items:

At 31 December 2019, temporary differences relating to the undistributed profits of the subsidiaries established in Mainland China amounted to RMB543,415,000 (31 December 2018: RMB413,240,000). 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.

20. INVENTORIES

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	262,689	226,568
Finished goods	成品	333,733	250,560
Work in progress	半成品	301,439	255,585
Packing materials	包裝材料	24,391	23,450
Low value consumables	低價消耗品	1,766	1,213
		924,018	757,376

At 31 December 2019, no bank loan was secured by inventories (31 December 2018: inventories of RMB193,567,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including inventories of RMB244,793,000 were collateralised for the credit line (31 December 2018: RMB193,567,000 were collateralised for the credit line).

19. 遞延稅項(續)

未確認的遞延稅項負債：

於2019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543,415,000元(2018年12月31日：人民幣413,240,000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。

20. 存貨

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	262,689	226,568
Finished goods	成品	333,733	250,560
Work in progress	半成品	301,439	255,585
Packing materials	包裝材料	24,391	23,450
Low value consumables	低價消耗品	1,766	1,213
		924,018	757,376

於2019年12月31日，本集團沒有存貨用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣193,567,000元的存貨處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣244,793,000元的存貨用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣193,567,000元的存貨用於抵押或擔保以獲取授信額度)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

21. TRADE RECEIVABLES

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Trade receivables	貿易應收款	164,614	159,124
Impairment	減值	(11,982)	(7,553)
		152,632	151,571

The Group normally allows a credit limit and credit term to its customers which is adjustable in certain circumstances. The Group's trade receivables relate to a large number of diversified customers, and there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 3 months	三個月以內	119,984	151,044
3 to 6 months	三至六個月	29,837	354
6 months to 1 year	六個月至一年	1,118	69
1 to 2 years	一年至兩年	1,693	88
Over 2 years	兩年以上	-	16
		152,632	151,571

At 31 December 2019, no bank loan secured by trade receivables (31 December 2018: trade receivables of RMB108,469,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including trade receivables of RMB33,991,000 were collateralised for the credit line (31 December 2018: RMB108,469,000 were collateralised for the credit line).

21. 貿易應收款

本集團通常給予客戶特定信貸額度和信貸期限，並可在特定情況下調整。本集團的貿易應收款與大量不同類別的客戶有關，故並無重大信貸集中風險。貿易應收款並無附帶利息。

於報告期末，經扣除撥備的應收賬款按發票日期的賬齡分析如下：

於2019年12月31日，本集團沒有貿易應收款用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣108,469,000元的貿易應收款處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣33,991,000元的貿易應收款用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣108,469,000元的貿易應收款用於抵押或擔保以獲取授信額度)。

21. TRADE RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

		Note	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		附註		
At beginning of year	於年初		7,553	9,119
Impairment losses, net	減值損失淨額	7	4,429	(1,566)
At end of year	於年末		11,982	7,553

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Ageing 賬齡			Total 總計
		Less than 1 year 一年以內	1 to 2 years 一年至兩年	Over 2 years 兩年以上	
As at 31 December 2019	於2019年12月31日				
Expected credit loss rate	預期信用損失率	2%	81%	100%	
Cross carrying amount (RMB'000)	總賬面價值 (人民幣千元)	154,736	8,729	1,149	164,614
Expected credit losses (RMB'000)	預期信用損失 (人民幣千元)	3,797	7,036	1,149	11,982
As at 31 December 2018	於2018年12月31日				
Expected credit loss rate	預期信用損失率	1%	98%	99%	
Cross carrying amount (RMB'000)	總賬面價值 (人民幣千元)	153,438	4,092	1,594	159,124
Expected credit losses (RMB'000)	預期信用損失 (人民幣千元)	1,971	4,004	1,578	7,553

21. 貿易應收款(續)

貿易應收款減值撥備的變動如下：

每個報告日期都會用撥備矩陣進行減值分析，以計量預期信用損失。撥備率基於具有類似損失模式的各個客戶群的分組(如按客戶類型)的賬齡確定。該計算反映了概率加權結果，貨幣時間價值以及報告日期可獲得的關於過去事件，當前狀況和未來經濟狀況預測的合理且可支援的資訊。

本集團貿易應收款使用撥備矩陣的信貸風險的信息載列如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

22. 預付款項、其他應收款項及其他資產

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Value-added tax recoverable	待抵扣增值稅	29,278	44,577
Prepayments for purchase of raw materials	購買原材料的預付款	15,535	81,217
Prepayments for purchase of advertising services	預付廣告開支	8,482	31,501
Interest receivable	應收利息	3,817	8,250
Advances to sales offices	聯絡點備用金	2,957	6,755
Other receivables arising from suppliers' rebate	應收供應商返利	-	18,600
Others	其他	152,261	59,498
		212,330	250,398
Less: Non-current prepayments	減：一年以上的長期待攤費用	(4,135)	(8,882)
Impairment allowance	減值準備	(2,697)	(4,504)
		205,498	237,012

The amounts due from related parties included in prepayments, other receivables and other assets are as follows:

列入預付款項、其他應收款項及其他資產的應收關聯方款項如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	648	430
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其子公司	59	35
Ultimate holding company and its subsidiaries	最終控股公司及其子公司	-	37
		707	502

At 31 December 2019, no bank loan was secured by prepayments, other receivables and other assets (31 December 2018: prepayments, other receivables and other assets of RMB9,357,000 were collateralised for a bank loan of RMB33,920,000). All the assets of Yashili New Zealand including prepayments, other receivables and other assets of RMB7,962,000 were collateralised for the credit line (31 December 2018: RMB9,357,000 were collateralised for the credit line).

於2019年12月31日，本集團沒有預付款項、其他應收款項及其他資產用於抵押或擔保以獲取銀行貸款(2018年12月31日：人民幣9,357,000元的預付款項、其他應收款項及其他資產處於一般保證協議下，以獲取數額約為人民幣33,920,000元的銀行貸款)。新西蘭乳業的全部資產包括價值人民幣7,962,000元的預付款項、其他應收款項及其他資產用於抵押或擔保以獲取授信額度(2018年12月31日：人民幣9,357,000元的預付款項、其他應收款項及其他資產用於抵押或擔保以獲取授信額度)。

Except the amounts disclosed above, the amounts as at 31 December 2019 and 31 December 2018 were unsecured, non-interest-bearing and had no fixed terms of repayment.

除上述金額外，2019年12月31日及2018年12月31日應收結餘均為無抵押及免息，沒有固定還款日期。

23. OTHER CURRENT FINANCIAL ASSETS/STRUCTURAL BANK DEPOSITS

23. 其他流動金融資產／結構性銀行存款

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
	Note 附註		
Structural bank deposits (i) (ii)	結構性銀行存款(i)(ii)	593,960	608,409
Commercial bank wealth investment products (iii)	商業銀行財富投資產品(iii)	37,691	75,207
Bills Receivables (iv)	應收票據(iv)	11,743	11,397
		643,394	695,013

(i) At 31 December 2019, the structural bank deposits purchased from commercial banks were for treasury management for fixed terms within 1 year. The structural bank deposits were principal protected with expected annual interest rates ranging from 1.30% to 6.10% (31 December 2018: 4.10% to 4.50%), The Group measured the structural bank deposits at fair value through profit and loss.

(ii) At 31 December 2019, none of the structural bank deposits were pledged for bank loans (31 December 2018: RMB21,345,000).

At 31 December 2019, none of the structural bank deposits were pledged for letters of credit (31 December 2018: RMB141,056,000).

(iii) At 31 December 2019, the Group's commercial bank wealth investment products were mainly financial products purchased from banks with good credit ratings, which the Group measured the commercial bank wealth investment products at fair value through profit and loss, with an expected annual interest rate of 3.65% (31 December 2018: 4.25%). The investment products 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.

At 31 December 2019, the bank wealth management products amounting to RMB26,722,000 (31 December 2018: RMB96,551,000) were pledged for certain bank loans amounting to RMB26,831,000 (31 December 2018: RMB94,224,000).

(iv) The Group measured the bills receivable at fair value through profit and loss.

(i) 於2019年12月31日，本集團不時為庫務管理目的向商業銀行購買保本且1年內到期的結構性銀行存款，預期的年利率為1.30%至6.10% (2018年12月31日：4.10%至4.50%)，本集團將其作為公允價值計量且其變動計入損益的金融資產核算。

(ii) 於2019年12月31日，無結構性銀行存款被質押用於獲取銀行貸款(2018年12月31日：人民幣21,345,000元)。

於2019年12月31日，無結構性銀行存款被質押用於擔保信用證(2018年12月31日：人民幣141,056,000元)。

(iii) 於2019年12月31日，本集團的商業銀行理財產品主要為從良好的信貸評級的銀行購買並按公允價值列賬的金融產品集團將其作為以公允價值計量且其變動計入損益的金融資產核算，預期的年利率為3.65%(2018年12月31日：4.25%)。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2019年12月31日，總金額為人民幣26,722,000元(2018年12月31日：人民幣96,551,000元)商業銀行財富投資產品被質押用於獲取人民幣26,831,000元(2018年12月31日：人民幣94,224,000元)的銀行貸款。

(iv) 本集團將應收票據作為以公允價值計量且其變動計入損益的金融資產核算。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019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

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Cash and cash equivalents as stated in the consolidated statement of cash flows	合併現金流量表所列現金及現金等價物	576,164	1,158,373
Pledged deposits	受限制的銀行存款	9,968	315,315
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	1,474,160	951,945
		2,060,292	2,425,633
Less: Short-term pledged deposits for banking facilities	減：銀行融資之短期保證金存款	9,968	315,315
Less: Long-term bank deposits	減：長期銀行存款	546,091	100,000
Cash and bank balances as stated in the consolidated statement of financial position	合併財務狀況表所列現金及銀行結餘	1,504,233	2,010,318

		2019 RMB'000 人民幣千元	2018 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	1,762,222	2,280,401
- United States dollar ("USD")	- 美元	185,877	133,196
- Hong Kong dollar ("HKD")	- 港幣	1,831	3,981
- Australian dollar ("AUD")	- 澳元	40,543	-
- European dollar ("EUR")	- 歐元	59,487	5
- New Zealand dollar ("NZD")	- 紐幣	10,332	8,050
		2,060,292	2,425,633

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.

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。

24. CASH AND BANK BALANCES AND OTHER DEPOSITS (Continued)

Cash at banks earns interest at the prevailing market interest rates. As at 31 December 2019, the effective annual interest rates of short-term time deposits were approximately 1.36% to 5.00% (31 December 2018: 1.10% to 5.90%), which would be due within a year. The effective interest rate of long-term deposits was 1.95% to 4.18% (31 December 2018: 4.18%). The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2019, no bank loan was secured by bank deposit (31 December 2018: bank deposit of RMB308,453,000 were collateralised for a bank loan of RMB286,984,000). The bank deposit of RMB4,476,000 (31 December 2018: RMB6,862,000) were pledged for letters of credit. No long-term bank deposit (31 December 2018: RMB20,000,000) was pledged for letters of credit. A long-term bank deposit of RMB90,000,000 (31 December 2018: Nil) were pledged for banker's acceptance bills. All the assets of Yashili New Zealand including bank deposit of RMB5,492,000 were collateralised for the credit line (31 December 2018: RMB6,862,000 were collateralised for the credit line).

25. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 3 months	三個月以內	422,713	99,861
3 to 6 months	三個月至六個月	66,720	75,787
More than 6 months	六個月以上	64,035	132,410
		553,468	308,058

24. 現金及銀行結餘及保證金存款 (續)

銀行現金按通行市場利率計息。於2019年12月31日，短期定期存款的實際年利率約為1.36%至5.00% (2018年12月31日：1.10%至5.90%)，並將於一年內到期。長期定期存款的實際存款利率為1.95%至4.18% (2018年12月31日：4.18%)。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2019年12月31日，本集團沒有銀行存款用於抵押或擔保以獲取銀行貸款 (2018年12月31日：人民幣308,453,000元的銀行存款處於一般保證協議下，以獲取數額約為人民幣286,984,000元的銀行貸款)。尚有人民幣4,476,000元存款 (2018年12月31日：人民幣6,862,000元) 被作為開具信用證的保證金。無長期銀行存款 (2018年12月31日：人民幣20,000,000元) 被作為開具信用證的保證金。尚有人民幣90,000,000元的長期銀行存款 (2018年12月31日：無) 被作為開具銀行承兌匯票的保證金。新西蘭乳業的全部資產包括價值人民幣5,492,000元的銀行存款用於抵押或擔保以獲取授信額度 (2018年12月31日：人民幣6,862,000元的銀行存款用於抵押或擔保以獲取授信額度)。

25. 貿易應付款及票據

於報告日期，本集團根據發票日期的貿易應付款及票據的賬齡分析如下：

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
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Within 3 months	422,713	99,861
3 to 6 months	66,720	75,787
More than 6 months	64,035	132,410
	553,468	308,058

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

25. TRADE AND BILLS PAYABLES (Continued)

The amounts due to related parties included in trade payables are as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Subsidiaries of the ultimate holding company	最終控股股東的子公司	75,349	57,370
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	19,478	18,179
Associate of the ultimate holding company	最終控股公司的聯營公司	7,850	-
Subsidiaries of a substantial shareholder	對本集團有重大影響的投資方的子公司	714	-
		103,391	75,549

25. 貿易應付款及票據(續)

列入貿易應付款的應付關聯方的款項如下：

Trade payables, including amounts due to related parties, are non-interest-bearing and are normally settled within one month to three months.

貿易應付款，包括應付關聯方的賬款，為不計息且一般於一至三個月內結算。

26. OTHER PAYABLES AND ACCRUALS

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Accrued expenses	預提費用	588,198	729,017
Contract liabilities	合同負債	126,938	249,686
Accrued payroll	應計薪金	201,541	205,608
Guarantee deposits from customers	收取客戶的保證金	115,001	74,056
Payables for constructions of property, plant and equipment	應付工程款	64,167	44,467
Other tax payables	其他應付稅項	21,374	14,539
Termination benefits payables	應付離職補償	15,792	13,563
Interest payables	應付利息	673	5,274
Others	其他	68,681	82,068
		1,202,365	1,418,278

26. 其他應付款及應計費用

26. OTHER PAYABLES AND ACCRUALS (Continued)

26. 其他應付款及應計費用(續)

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：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
A substantial shareholder and its subsidiaries	對本集團有重大影響的投資方及其子公司	5,118	17,784
Subsidiaries of the parent's main shareholder	最終控股公司的主要股東的子公司	60	20
		5,178	17,804

Note:

附註：

(a) Details of contract liabilities are as follows:

(a) 合同負債詳情如下：

		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元	1 January 2018 2018年 1月1日 RMB'000 人民幣千元
Short-term advances received from customers	收取客戶的短期款項			
Sale of goods	銷售商品	126,938	249,686	289,320
Total contract liabilities	合同負債總額	126,938	249,686	289,320

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

27. INTEREST-BEARING BANK AND OTHER BORROWINGS 27. 計息銀行及其他借款

		As at 31 December 2019 於2019年12月31日			As at 31 December 2018 於2018年12月31日		
		Effective interest rate (%) 實際利率 (%)	Maturity	RMB'000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity	RMB'000 人民幣千元
Current	流動						
Bank loans - secured	銀行貸款-有抵押	3.20*	2020	26,831	0.30-4.05*	2019	415,128
Lease liabilities	租賃負債			9,378			—
				36,209			415,128
Non-current	非流動						
Lease liabilities	租賃負債			18,671			—

			2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Bank loans denominated in	銀行貸款			
- RMB	- 以人民幣計值		26,831	223,270
- USD	- 以美元計值		—	44,131
- HKD	- 以港幣計值		—	134,935
- NZD	- 以紐幣計值		—	12,792
			26,831	415,128

27. INTEREST-BEARING BANK AND OTHER BORROWINGS
(Continued)

27. 計息銀行及其他借款(續)

(a) As of 31 December 2019, no time deposits was pledged for certain bank loans (31 December 2018: A bank loan with an amount of approximately RMB286,984,000 was pledged by time deposits amounting to RMB308,453,000). A bank loan with an amount of approximately RMB26,831,000 was pledged by a bank wealth management product amounting to RMB26,722,000 (31 December 2018: A bank loan with an amount of approximately RMB94,224,000 was pledged by a bank wealth management product amounting to RMB96,551,000).

(b) As at 31 December 2019, no other asserts was pledged for certain bank loans (31 December 2018, all the assets of Yashili New Zealand of NZD 300,873,000 was secured for a bank loan of RMB33,920,000).

* During the year of 2019, the contracted interest rate is 3.2 (2018: 0.3-4.05, HIBOR+0.7, LIBOR+0.7, LIBOR+1.0, BKBM¹+1.0).

1. BKBM: The New Zealand Bank Bill Benchmark Rate (BKBM) is a base rate in New Zealand.

(a) 於2019年12月31日，無銀行貸款以存款進行質押(2018年12月31日：人民幣286,984,000元的銀行貸款以人民幣308,453,000元的存款進行抵押)。一些總數額約為人民幣26,831,000元的銀行貸款以人民幣26,722,000元的商業銀行財務投資產品進行質押(2018年12月31日：94,224,000元的銀行貸款以人民幣96,551,000元的商業銀行財務投資產品進行質押)。

(b) 於2019年12月31日，本集團無資產抵押用於獲取的銀行貸款(於2018年12月31日人民幣33,920,000元的銀行貸款以新西蘭乳業截至2018年12月31日的全部資產紐幣300,873,000元進行抵押)。

* 2019年，合同利率為3.2(2018年：0.3-4.05，HIBOR+0.7，LIBOR+0.7，LIBOR+1.0，BKBM¹+1.0)。

1. BKBM：新西蘭銀行票據基準利率為新西蘭金融市場中的基礎參考匯率。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

28. DEFERRED INCOME

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
As at beginning of the year	年初結餘	4,362	2,245
Received for the year	年內收到	-	3,201
Amortisation for the year	年內攤銷	(885)	(1,084)
As at end of the year	年末結餘	3,477	4,362

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 2019 was RMB885,000 (2018: RMB1,084,000).

28. 遞延收益

遞延收益主要指就購置新廠房及若干技術創新及生產線擴充項目獲得的政府補助。該等補助於有關資產的可使用年期內遞延入賬，於2019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885,000元(2018年：人民幣1,084,000元)。

29. SHARE CAPITAL

		Note 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 2015	於2015年向達能亞洲發行股權	(vi)	1,186,390	93,820
At 31 December 2018 and 2019	於2018年及2019年12月31日		4,745,560	399,352

29. 股本

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.

- (vi) On 30 October 2014, the Company, Mengniu International and Danone Asia entered into a Subscription Agreement pursuant to which, among other things, Danone Asia has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,186,390,074 subscription shares at the subscription price of HK\$3.70 per subscription share.

The share subscription has been approved by the Company's shareholders at an extraordinary general meeting on 28 November 2014.

On 12 February 2015, the Company received all the share subscription proceeds of HK\$4,389,643,000, equivalent to RMB3,471,330,000, among which RMB93,820,000 was accounted for as share capital, and the remaining, after deducting issuance cost, amounting to RMB3,374,773,000 was accounted for as share premium.

29. 股本(續)

附註：

- (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開發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。
- (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。

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。

於2014年11月28日該股份認購已獲本公司股東在股東特別大會上批准。

於2015年2月12日，本公司收到全部股權認購款4,389,643,000港元，約合人民幣3,471,330,000元，其中人民幣93,820,000元計入已發行股本，剩餘金額在扣除發行費用後約人民幣3,374,773,000元計入股本溢價。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS 30. 合併現金流量表附註

(a) Major non-cash transactions

During the year, the Group has non-cash additions to any right-of-use assets and lease liabilities.

(a) 主要非現金交易

本年內本集團發生使用權資產或租賃負債的非現金交易。

(b) Changes in liabilities arising from financing activities

(b) 融資活動引起的負債變動如下：

		Bank loans 銀行借款 RMB'000 人民幣千元	Lease Liabilities 租賃負債 RMB'000 人民幣千元
At 31 December 2018	於2018年12月31日	415,128	35,041
Effect of adoption of IFRS 16	採用IFRS 16的影響	—	(5,473)
At 1 January 2019	於2019年1月1日	415,128	29,568
Changes from financing cash flows	融資現金流量的變動	(296,549)	(7,161)
New leases	新增租賃	—	5,556
Exchange differences on translation of financial statements of group entities	外幣報表 折算差額	(91,748)	86
Interest expense	利息費用	—	854
Interest paid classified as operating cash flows	經營現金流量中的 利息支付	—	(854)
At 31 December 2019	於2019年12月31日	26,831	28,049
At 1 January 2018	於2018年1月1日	529,696	—
Changes from financing cash flows	融資現金流量的變動	(121,205)	—
Exchange differences on translation of financial statements of group entities	外幣報表 折算差額	6,637	—
At 31 December 2018	於2018年12月31日	415,128	—

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

(c) 租賃產生的現金流出

現金流量表中包含的租賃的現金流出總額如下：

		2019 RMB'000 人民幣千元
Within operating activities	包含在經營活動	(854)
Within financing activities	包含在融資活動	(7,161)
		(8,015)

31. 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.

32. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備		
Buildings	房屋及建築物	5,682	282
Plant and machinery	機械設備	4,019	5,080
		9,701	5,362

(b) The Group leased certain of its buildings and office equipment under operating lease arrangements. Leases for buildings were negotiated for terms ranging one year, and those for office equipment were for terms ranging between one and two years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2018 RMB'000 人民幣千元
Within one year	一年內	9,144
In the second to fifth years, (inclusive)	第二至第五年(包括首尾兩年)	25,897
		35,041

31. 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。

32. 承擔

(a) 截至本報告期末，本集團資本承擔情況如下：

(b) 本集團根據經營租賃安排租賃其部分辦公物業和辦公設備。物業租賃協議期限為一年，辦公設備租賃協定期限為一至二年。

於2018年12月31日，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：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

32. COMMITMENTS (Continued)

- (c) The Group has various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are RMB4,339,000 due within one year, and RMB2,135,000 due in the second to fifth years.

32. 承擔(續)

- (c) 本集團所有的於2019年12月31日尚未開始的租賃合同。未來所需支付的不可撤銷租賃合同一年內的租賃費用為人民幣4,339,000元，未來所需支付的不可撤銷租賃合同兩年至五年的租賃費用為人民幣2,135,000元。

33. 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 year:

33. 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，本集團曾與關聯方進行以下重大交易：

		2019 RMB'000 人民幣千元	2018 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		
The Group purchases goods from Mengniu Group	本集團向蒙牛集團採購商品*	272,324	108,712
Mengniu Group purchases goods from the Group	蒙牛集團向本集團採購商品*	46,601	10,880
The Group provides services to Mengniu Group	本集團向蒙牛集團提供服務*	16,395	51,874
Sale expense	銷售費*	-	5,617
Share option scheme and share award scheme	購股權計畫及股份獎勵計畫*	16,468	5,404
Purchase of complimentary products	購買搭贈商品*	-	3,259
Mengniu Group provides services to the Group	蒙牛集團向本集團提供服務*	921	588
Purchase raw materials	購買原料*	313	-
Trade mark licence fee	商標使用許可費*	-	-
Transactions with subsidiaries of the parent's main shareholder	與控股公司的主要股東的子公司的關聯方交易		
Purchase of packing materials	購買包裝材料	51,552	55,331
Purchase raw materials	購買原料	11,926	5,803
Transactions with a substantial shareholder and its subsidiaries	對本集團有重大影響的投資方的子公司		
Sale of base powder	銷售基粉*	511,003	283,505
Purchase of packing materials	購買包裝材料*	8,147	-
Income from consigned processing	受託加工奶粉產品*	9,667	31,981
Service expense	服務費	3,065	3,894
Office rental expense	辦公室租賃費用*	158	473
Purchase equipment	採購設備	11	-
Testing service income	檢測服務收入*	138	220
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*	76,622	9,574

33. 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 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.

33. 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 2019 2019年12月31日

34. 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:

34. 按類別劃分的金融工具

截至報告期末，各類金融工具的賬面價值如下：

		Audited 經審核 31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	Audited 經審核 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Financial assets	金融資產		
Financial instruments at amortised cost	以攤餘成本計量的金融工具		
Trade receivables	貿易應收款	152,632	151,571
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	49,871	39,858
Pledged deposits	受限制銀行存款	9,968	315,315
Long-term bank deposits	長期銀行存款	546,091	100,000
Cash and bank balances	現金及銀行結餘	1,504,233	2,010,318
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產		
Other current financial assets	其他流動金融資產	49,434	86,604
Structural bank deposits	結構性銀行存款	593,960	608,409
		2,906,189	3,312,075
		Audited 經審核 31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	Audited 經審核 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Financial liabilities	金融負債		
Financial liabilities at amortised cost	以攤餘成本計量的金融負債		
Trade and bills payables	貿易應付款及票據	553,468	308,058
Other payables and accruals	其他應付款及應計費用	836,719	934,882
Interest-bearing bank and other borrowings	計息銀行及其他借款	54,880	415,128
		1,445,067	1,658,068

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

35. 金融工具之公允值及公允值層級

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:

本集團的金融工具的賬面值及公允價值，不包括近似於公允價值的賬面值，詳情如下：

		Carrying amounts 賬面價值		Fair values 公允價值	
		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Financial assets	金融資產				
Long-term bank deposits	長期銀行存款	546,091	100,000	544,204	99,350
Other current financial assets	其他流動金融資產	49,434	86,604	49,434	86,604
Structural bank deposits	結構性銀行存款	593,960	608,409	593,960	608,409
		1,189,485	795,103	1,187,598	794,363

		Carrying amounts 賬面價值		Fair values 公允價值	
		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Financial liabilities	金融負債				
Interest-bearing bank borrowings	計息銀行借款	26,831	415,128	26,831	415,128
		26,831	415,128	26,831	415,128

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, other current financial assets, trade and bills payables, financial assets included in prepayments other receivables and other assets, financial liabilities included in other payables and accruals, and short-term interest-bearing bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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、其他流動金融資產、貿易應付款及票據、計入預付款項、其他應收款項及其他資產的金融資產、計入其他應付款及應計費用的金融負債、短期計息銀行借款的公允價值與其賬面價值相同，由於這些金融工具的大部分將在短期內到期。

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.

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。

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.

金融資產及負債的公允價值以該工具自願交易方(強迫或清盤出售除外)當前交易下之可交易金額入賬。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of long-term bank deposits, other current financial assets, structural bank deposits and the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

		Fair value measurement using 公允價值計量的應用	
		Significant observable inputs (Level 2) 重大 可觀察 輸入數據 (第二等級) 31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大 可觀察 輸入數據 (第二等級) 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Other current financial assets	其他流動金融資產	49,434	86,604
Structural bank deposits	結構性銀行存款	593,960	608,409
		643,394	695,013

During the years of 2019 and 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

35. 金融工具之公允價值及公允價值層級(續)

估計公允價值的方式以及假設如下：

長期銀行存款、其他流動金融資產、結構性銀行存款和計息銀行和其他借款的公允價值是通過使用具有類似條款，信用風險和剩餘到期日的金融工具的當前可用利率折現預期的未來現金流量來計算的。於2019年12月31日，由於本集團對計息銀行及其他借貸自身的非履約風險而導致的公允價值變動被評估為並不重大。

公允價值層級

本集團採用以下層級以說明金融工具的公允價值計量：

按公允價值計量的資產：

2019年及2018年金融資產並無第一等級與第二等級之間的公允價值轉移，且無自第三等級的轉入或轉出。

36. 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 receivables, trade and bills 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, the 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 the 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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

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.

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 not have decreased/increased (2018: RMB1,709,000) for the year ended 31 December 2019, if there was a general increase/decrease in the interest rates of deposit and financial products with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have increased/decreased by approximately RMB102,000 (2018: nil) for the year ended 31 December 2019, 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.

36. 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，貿易應付款及票據。

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

本集團承受的市場利率變動風險主要與本集團的浮動利率長期債務承擔有關。

本集團定期審查並監督固定及浮動利率的借款組合，以管理其利率風險。本集團計息銀行貸款及短期存款按攤銷成本列支，而不會定期重估。浮動利率利息收入及開支按賺取/引致的收入及開支計入/扣自損益。

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2019年12月31日止年度，合併稅前利潤將減少/增加約人民幣0元(2018年：人民幣1,709,000元)，倘按浮動利率計算的存款及理財產品的利率整體加息/減息一個百分點，而所有其他變量不變，則截至2019年12月31日止年度，合併稅前利潤將增加/減少約人民幣102,000元(2018年：人民幣0元)，其對本集團合併權益的其他部分並無影響，惟未分配利潤除外。上述敏感度分析是假設利率變動已於各報告期末發生而釐定，本集團已將面臨的利率風險應用於該等日期存在的金融工具。估計一個百分點的增減是管理層對期內直至下一個報告期末為止利率能合理變動的評估。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) 36. 財務風險管理目標及政策(續)

(b) Foreign currency risk

The Group is exposed to foreign currency risk primarily on bank deposits, other receivables, trade and bills payables and bank loans of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HKD, USD, NZD, and EUR.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates to HKD, USD, NZD, and EUR with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

(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、貿易應付款及票據以及銀行貸款，即與營運相關交易之功能貨幣以外的貨幣。引致風險之貨幣主要為港幣、美元、紐幣以及歐元。

下表列示在所有其他變數維持不變的情況下，人民幣與港幣、美元、紐幣、以及歐元的兌換率可能出現的合理變動(因貨幣資產及負債的公允值變動導致)對本集團稅前溢利的影響。

	Increase/(decrease) in RMB exchange rate % 人民幣匯率 上升/(下降) %	Increase/(decrease) in loss before tax 稅前虧損 上升/(下降)	
		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
If RMB weakens against the USD 倘人民幣兌美元貶值	(5)	8,882	(887)
If RMB strengthens against the USD 倘人民幣兌美元升值	5	(8,882)	887
If RMB weakens against the HKD 倘人民幣兌港元貶值	(5)	5	(132)
If RMB strengthens against the HKD 倘人民幣兌港元升值	5	(5)	132
If RMB weakens against the NZD 倘人民幣兌紐元貶值	(5)	1	4
If RMB strengthens against the NZD 倘人民幣兌紐元升值	5	(1)	(4)
If RMB weakens against the EUR 倘人民幣兌歐元貶值	(5)	2,974	259
If RMB strengthens against the EUR 倘人民幣兌歐元升值	5	(2,974)	(259)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) 36. 財務風險管理目標及政策(續)

(c) Credit risk

The Group's credit risk is primarily attributable to trade receivables, prepayments, other receivables and other assets, pledged deposits and cash and cash equivalents. Exposure to the credit risk is monitored by management on an ongoing basis. Details of the Company's credit policy are contained in note 21 to the financial statements.

Maximum exposure and year-end staging:

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on the ageing information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

		12-month ECLs			Lifetime ECLs		Simplified approach	Total
		12個月預期信用損失			整個存續期預期信用損失			
		Stage 1	Stage 2	Stage 3				
		第一階段	第二階段	第三階段	簡化方法	總計		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 31 December 2019	於2019年12月31日	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Trade receivables*	貿易應收款*	—	—	—	164,614	164,614		
Financial assets included in prepayments, other receivables and other assets	包括預付款項, 其他應收款和其他資產的金融資產							
- Normal**	- 正常**	52,568	—	—	—	52,568		
- Doubtful**	- 存疑**	—	—	—	—	—		
Pledged deposits	受限制銀行存款							
- Not yet past due	- 未到期	9,968	—	—	—	9,968		
Long-term bank deposits	長期銀行存款							
- Not yet past due	- 未到期	546,091	—	—	—	546,091		
Cash and bank balances	現金及銀行結餘							
- Not yet past due	- 未到期	1,504,233	—	—	—	1,504,233		
		2,092,924	—	—	164,614	2,257,538		

(c) 信貸風險

本集團的信貸風險主要來自貿易應收款、預付賬款、其他應收賬款及其他資產、受限制銀行存款和現金及銀行結存。信貸風險乃由管理層持續監察。本公司的信用政策載於財務報表附註21。

最高信貸風險：

下表載列基於本集團信貸政策的信貸質量和最大信貸風險敞口，以及截至12月31日的階段分類。該信貸政策主要基於過去的賬齡信息，以及其他無需不必要的成本或努力即可獲得的信息。

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

- * For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.
- ** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

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 the years ended 31 December 2019 and 2018. 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 72.87% of the total trade receivables as at 31 December 2019 (31 December 2018: 87.93%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

(d) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and other interest-bearing loans.

36. 財務風險管理目標及政策(續)

(c) 信貸風險(續)

- * 就本集團採用減值的簡化方法的貿易應收款而言，基於撥備矩陣的資料分別於財務報表附註21披露。
- ** 預付款項，其他應收款和其他資產中包含的金融資產的信貸質量在未到期時被視為「正常」且自初始確認以來沒有信息表明該金融資產的信貸風險顯著增加。否則，金融資產的信貸質量被認為是「存疑的」。

本集團大部分客戶一直與本集團交易多年，而截至2019年12月31日及2018年12月31日止年度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2019年12月31日，五大貿易應收款佔總貿易應收款的72.87%(2018年12月31日：87.93%)。

最高信貸風險指合併資產負債表內各金融資產的賬面值。本集團並無提供任何其他擔保致使本集團面臨信貸風險。

有關本集團因應收賬款而須面對之信貸風險之其他量化數據，披露於財務報表附註21。

(d) 流動性風險

本集團使用經常性流動資金計劃工具監控資金短缺的風險。該工具考慮其金融工具和金融資產(例如貿易應收賬款)的到期日以及經營活動的預計現金流量。本集團的目標是通過使用銀行透支，銀行貸款和其他計息貸款，在資金連續性和靈活性之間保持平衡。

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

36. 財務風險管理目標及政策(續)

(d) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the reporting period, based on the contractual undiscounted payments, is as follows:

		Within 1 year or on demand 一年內或 按要求 RMB'000 人民幣千元	1 to 2 years 一至兩年 RMB'000 人民幣千元	2 to 5 years 二至五年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2019	2019年12月31日				
Lease liabilities	租賃負債	18,671	—	—	18,671
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他借款 (除租賃負債)	36,209	—	—	36,209
Trade and bills payables	貿易應付賬款及票據	553,468	—	—	553,468
Other payables and accruals	其他應付款及應計費用	836,719	—	—	836,719
		1,445,067	—	—	1,445,067
31 December 2018	2018年12月31日				
Interest-bearing bank and other borrowings	計息銀行及其他借款	415,128	—	—	415,128
Trade payables	貿易應付賬款	308,058	—	—	308,058
Other payables and accruals	其他應付款及應計費用	934,882	—	—	934,882
		1,658,068	—	—	1,658,068

本集團及本公司金融負債於報告日的到期情況(按合同未折現付款計算)如下：

(d) 流動性風險(續)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

(e) 資本管理

本集團資本管理的主要目標是保障本集團持續經營及維持健康資本比率的能力，以支持其業務及最大化股東價值。

本集團管理其資本架構，並根據經濟狀況的變化及相關資產的風險特徵作出調整。截至2019年12月31日及2018年12月31日止年度，資本管理的目標，政策或程序並無變動。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) 36. 財務風險管理目標及政策(續)

(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. Total capital is calculated as equity holders' funds (i.e., total equity attributable to owners of the parent), as shown in the consolidated statement of financial position. The ratios as at the end of the reporting periods were as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Interest-bearing bank and other borrowings (note 27)	計息銀行及其他借款(附註27)	54,880	415,128
Less:	減:		
Cash and cash equivalents (note 24)	現金及現金等價物(附註24)	576,164	1,158,373
Short-term bank deposits (note 24)	短期銀行存款(附註24)	928,069	851,945
Long-term bank deposits (note 24)	長期銀行存款(附註24)	546,091	100,000
Pledged bank deposits (note 24)	受限制銀行存款(附註24)	9,968	315,315
Net debt	負債淨額	(2,005,412)	(2,010,505)
Total equity attributable to owners of the parent	母公司股權持有人應佔權益總額	5,681,720	5,557,825
Adjusted net debt-to-equity ratio	經調整淨債務權益比率	(35%)	(36%)

(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計算得出。總資本以合併資產負債表所示的股權持有人資金(即母公司股權持有人應佔總權益)計算得出。截至報告期末的比率如下：

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。

37. EVENTS AFTER THE REPORTING PERIOD

Evaluation on the impact of the 2019 Novel Coronavirus

Since the outbreak of the 2019 Novel Coronavirus (“COVID-19”) began in January 2020 in PRC, the Group has actively taken measures to implement the regulations and requirements posted by the local governments on coronavirus epidemic prevention and control.

The Group expected the coronavirus outbreak would have a certain temporary impact on business operation as the Group postponed the resumption of operation following the Chinese New Year holidays until February 10, 2020, which led to a one-week delay. Accordingly, there were slight delays in meeting the delivery schedule in February 2020 for some of the orders.

The Group’s management believes that since the outbreak occurred in January 2020, the impact of follow-up development and prevention and control measures cannot be estimated on December 31, 2019, so the issues after this period are non-adjustment issues.

The Group will continue to pay attention on the development of the coronavirus situation and evaluate the impact on the financial position and operation of the Group.

37. 報告期後事項

2019年新型冠狀病毒的影響評估

自2019年新型冠狀病毒(「COVID-19」)於2020年1月在中華人民共和國爆發以來，本集團積極採取措施落實地方政府發佈的有關冠狀病毒疫情防控的法規和要求。

本集團預計冠狀病毒爆發將對業務運營產生一定的暫時影響，因為本集團將春節假期後的恢復運營推遲至2020年2月10日，導致推遲一周。因此，在滿足2020年2月的一些訂單的交貨時間表方面會有輕微的延遲。

集團管理層認為由於疫情發生在2020年1月，後續發展及防控措施的影響在2019年12月31日無法預計，因此該期後事項屬於非調整事項。

集團將繼續關注冠狀病毒疫情的發展，評估其對集團財務狀況和運營的影響。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

合併財務報表附註(續)

31 December 2019 2019年12月31日

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 38. 公司財務狀況報表

Information about the statement of financial position of the Company at the end of reporting period is as follows:

報表期末本公司的財務狀況信息如下：

		2019 RMB'000 人民幣千元	2018 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	5,465,372	6,018,087
Total non-current assets	非流動資產總額	5,465,372	6,018,087
CURRENT ASSETS	流動資產		
Prepayment, other receivables and other assets	預付款項、其他應收款項及其他資產	642,850	1,555
Cash and cash equivalents	現金及現金等價物	5,267	9,025
Total current assets	流動資產總額	648,117	10,580
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	22,855	12,447
Total current liabilities	流動負債總額	22,855	12,447
NET CURRENT LIABILITIES	流動負債淨額	625,262	(1,867)
NET ASSETS	資產淨額	6,090,634	6,016,220
EQUITY	權益		
Share capital	股本	399,352	399,352
Reserves	儲備	5,691,282	5,616,868
Total equity	權益總額	6,090,634	6,016,220

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 38. 公司財務狀況報表(續)

Notes:

A summary of the Company's reserves is as follows:

附註：

本公司的儲備變動如下：

		Share premium 股份溢價 RMB'000 人民幣千元 (i)	Capital redemption reserve 資本回購儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元 (ii)	Translation reserve 匯兌儲備 RMB'000 人民幣千元 (iii)	Retained earnings 保留盈利 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日的結餘	3,845,616	818	1,449,863	29,097	9,537	5,334,931
Total comprehensive income for the year	全面收益總額	-	-	-	275,709	6,228	281,937
At 31 December 2018	於2018年12月31日的結餘	3,845,616	818	1,449,863	304,806	15,765	5,616,868
Total comprehensive income for the year	全面收益總額	-	-	-	133,075	(11,137)	121,938
Final 2018 dividend declared	2018年宣派股息	-	-	-	-	(47,524)	(47,524)
At 31 December 2019	於2019年12月31日的結餘	3,845,616	818	1,449,863	437,881	(42,896)	5,691,282

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.

(ii) Contributed surplus

As part of the Reorganisation, the shareholders of Yashili (Guangdong) transferred their equity interests in Yashili (Guangdong) to Yashili (HK) on 2 July 2010. A contributed surplus of RMB1,367,204,000 was resulted from these transfers for the purpose of the Group's consolidated financial statements.

In addition, for the purpose of the Company's financial statements, a contributed surplus of RMB1,449,863,000 arose from the issuance of shares by the Company in exchange for the equity interests in the subsidiaries held by the shareholders of these subsidiaries pursuant to the Reorganisation.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

附註：

(i) 股份溢價

發行價(扣除任何發行開支)超出已發行股本面值的數額已計入本公司的股份溢價賬。根據開曼群島公司法(經修訂)，本公司股份溢價賬的資金可分派予本公司股東，惟緊隨建議分派股息日期後，本公司須有能力償還其於日常業務過程中已到期之債務。

(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。

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

39. 批准財務報表

董事會已於2020年3月25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	2015 Restated 經重述	2016	2017	2018	2019
Revenue	營業額	2761.60	2203.30	2254.70	3011.20	3412.00
Cost of sales	銷售成本	(1359.30)	(1166.00)	(1332.50)	(1817.40)	(2145.20)
Gross profit	毛利	1402.30	1037.30	922.20	1193.80	1266.80
Other revenue	其他收入	178.50	227.40	70.20	91.60	28.90
Selling and distribution expenses	銷售及經銷開支	(1320.30)	(1170.90)	(893.20)	(1140.40)	(963.80)
Administrative expenses	行政開支	(207.90)	(389.50)	(271.20)	(208.60)	(223.00)
Impairment losses on financial assets	金融資產減值損失	—	—	(17.40)	1.20	(5.80)
Other expenses	其他開支	(92.90)	(148.30)	(145.60)	(69.90)	(84.80)
Profit/(loss) from operations	經營溢利/(虧損)	(40.30)	(444.00)	(335.00)	(132.30)	18.30
Finance income	財務收入	187.30	130.20	123.70	113.60	94.50
Finance costs	財務成本	(24.20)	(18.80)	(18.10)	(16.10)	(9.80)
Net finance income/(expense)	淨財務收入/(開支)	163.10	111.40	105.60	97.50	84.70
Profit/(loss) before income tax	除所得稅前溢利/(虧損)	122.80	(332.60)	(229.40)	(34.80)	102.90
Income tax expense	所得稅開支	(4.50)	12.40	49.60	87.10	9.40
Profit/(loss) from continuing operations	持續經營業務溢利/(虧損)	118.30	(320.20)	(179.80)	52.30	112.40
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)	118.30	(320.20)	(179.80)	52.30	112.40
Profit/(loss) attributable to Non-controlling interests	以下人士分佔溢利/(虧損) 非控股權益	—	—	—	—	—
Profit/(loss) for the year	年度溢利/(虧損)	118.30	(320.20)	(179.80)	52.30	112.40

The table sets forth our summary balance sheet information as of 31 December 2015, 2016, 2017, 2018 and 2019:

下表載列本集團於2015年、2016年、2017年、2018年及2019年12月31日的資產負債表概要資料：

RMB million	人民幣百萬元	2015 Restated 經重述	2016	2017	2018	2019
Non-current assets	非流動資產	2,622.00	3,866.10	3,404.70	3,555.60	4072.80
Current assets	流動資產	5,041.70	4,099.90	4,025.90	4,166.60	3439.70
Current liabilities	流動負債	1,674.80	2,253.50	1,918.00	2,150.00	1,799.30
Net current assets/(liabilities)	流動資產/(負債) 淨額	3,366.90	1,846.40	2,107.90	2,016.60	1640.40
Total assets less current liabilities	總資產減流動負債	5,988.90	5,712.50	5,512.60	5,572.20	5,713.20



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