



China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

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

Stock Code 股份代號: 1117

中期報告 2019 INTERIM REPORT



连续六年荣获世界食品品质评鉴大会

— 金奖 —



* For identification purpose only 僅供識別

*“Farming diligently only for purity,
genuineness, freshness and vitality”*

「默默耕耘，只為純、真、鮮、活」

CORPORATE PROFILE

公司簡介

China Modern Dairy Holdings Limited (the “Company” or “Modern Dairy” together with its subsidiaries, the “Group”) is currently the largest dairy farming operator and fresh raw milk producer in the People’s Republic of China (the “PRC”) in terms of its herd size and milk yield. Modern Dairy operates 26 dairy farms in the PRC with dairy cows over 230 thousands heads and annual milk yield over 1.3 million tons. The Company initiated the production mode of “zero-distance integration of forage grass planting, cow breeding and milk processing within two hours” which is the first and only enterprise at present in the PRC that applies integration of forage grass planting, cow breeding and milk processing and qualified with SGS certification. Modern Dairy’s products have been consecutively awarded with the Gold Prize of Monde Selection in the past six years, which is generally regarded as the “Nobel Prize” in the food industry.

中國現代牧業控股有限公司(「本公司」或「現代牧業」)連同其附屬公司(「本集團」)，按牛群數量及原奶供應量，現為中華人民共和國(「中國」)最大的乳牛畜牧營運商及最大的原料奶生產商。現代牧業於中國經營26個乳牛牧場，擁有超過23萬頭乳牛及每年產奶量超過1.3百萬噸。本集團首創「種養加一體化、零距離2小時」的生產模式，是中國首家、也是目前唯一一家一體化生產模式並通過SGS認證的企業。現代牧業的產品於過去六年連續在素有食品業「諾貝爾獎」之稱的世界食品品質評鑒大會中獲得金獎。



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGY AND DEVELOPMENT COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

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

HEADQUARTERS

Economic and Technological Development Zone
Maanshan City, Anhui Province
PRC

董事會

執行董事

高麗娜女士 (*副主席兼總裁*)
韓春林先生 (*營運總經理*)

非執行董事

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

獨立非執行董事

李勝利先生
李港衛先生
康龔先生

審核委員會

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

薪酬委員會

李勝利先生 (*主席*)
張平先生
康龔先生

提名委員會

盧敏放先生 (*主席*)
李港衛先生
康龔先生

戰略及發展委員會

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

授權代表

高麗娜女士
李國發先生 (*CPA, ACIS, ACS*)

公司秘書

李國發先生 (*CPA, ACIS, ACS*)

總辦事處

中國
安徽省馬鞍山市
經濟技術開發區

REGISTERED OFFICE

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

HONG KONG OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISORS

As to Hong Kong Law

Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1117

WEBSITE

<http://www.moderndairyir.com>

註冊辦事處

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

香港辦事處

香港銅鑼灣告士打道262號
中糧大廈32樓A室

股份過戶登記總處

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

香港股份過戶登記分處

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

法律顧問

香港法律

佳利(香港)律師事務所

中國法律

通商律師事務所

開曼群島法律

Maples and Calder

核數師

德勤•關黃陳方會計師行

主要銀行

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

股份代號

香港聯合交易所有限公司：1117

網址

<http://www.moderndairyir.com>



HIGHLIGHTS

摘要

FOR THE SIX MONTHS ENDED 30 JUNE

截至6月30日止六個月

		2019 2019年 (unaudited) (未經審核)	2018 2018年 (unaudited) (未經審核)	Change 變動
(All amounts in Renminbi (“RMB”) million unless otherwise stated)				
Highlights				
	(除特別列明外，所有金額以人民幣(「人民幣」)百萬元列示)			
Revenue	收入	2,570.1	2,468.3	4.1%
Gross profit before raw milk fair value adjustments	原料奶公平值調整前的毛利	898.1	735.4	22.1%
Cash EBITDA (Note 1)	現金EBITDA(附註1)	865.4	730.7	18.4%
Net gearing ratio (Note 2)	淨資產負債比率(附註2)	96.4%	95.0%	1.4 ppt 百分點
Profit/(loss) attributable to owners of the Company	本公司持有人應佔溢利/(虧損)	124.9	(140.3)	265.2
Net operating cash inflow	經營現金淨流入	855.6	709.5	20.6%
Free cash flow (Note 3)	自由現金流(附註3)	351.1	139.7	151.3%
Basic profit/(loss) per share (RMB cents)	每股基本溢利/(虧損)(人民幣分)	2.05	(2.30)	4.35
Net asset value per share (RMB) (Note 4)	每股資產淨值(人民幣元)(附註4)	1.09	1.13	-3.5%
Proposed interim dividend	建議中期股息	Nil 無	Nil 無	-
Annualized milk yield of milkable cow (tons/head)	成乳牛年化產量(噸/頭)	10.6	10.3	2.9%
Period milk yield (tons '0,000)	期內產奶量(萬噸)	68.2	63.6	7.2%
Herd scale (heads)	畜群規模(頭)	226,861	225,782	0.5%

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



Notes:

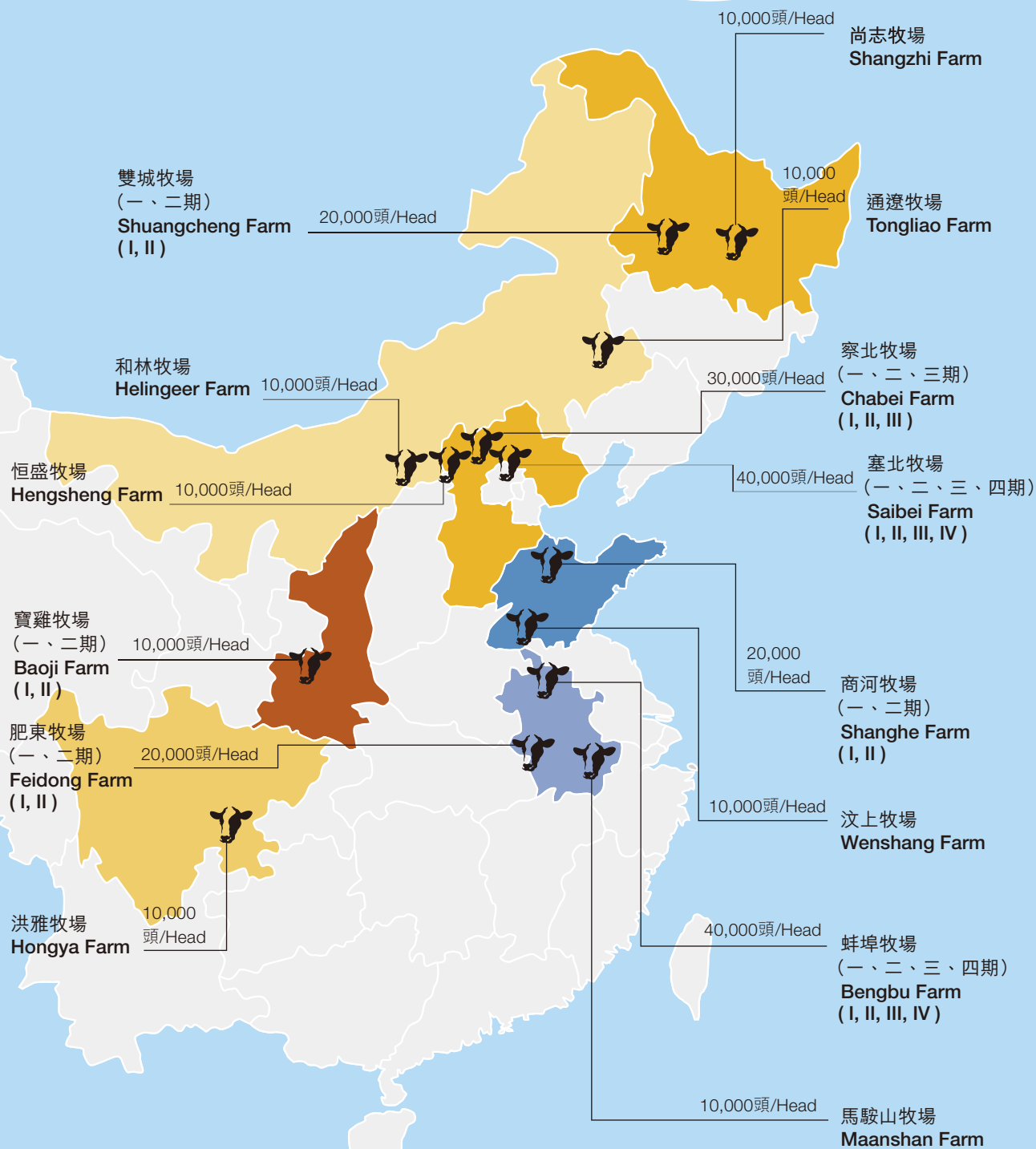
1. Cash EBITDA is defined as profit/(loss) before finance costs and tax having added back: i) depreciation for property, plant and equipment and right-of-use assets charged to profit or loss; ii) amortization; iii) other gains and losses, net; iv) impairment losses, net of reversal; and v) loss arising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

附註：

1. 現金EBITDA定義為在加回以下項目後的融資成本及稅項前溢利／(虧損)：i)物業、廠房及設備以及使用權資產折舊致使的損益；ii)攤銷；iii)其他收益及虧損淨額；iv)減值虧損扣除撥回；及v)乳牛公平值變動減乳牛銷售成本產生的虧損。
2. 淨資產負債比率按借款淨額除以股東權益計算，其中借款淨額為借款總額減去現金與現金等價物。
3. 自由現金流定義為經營活動所得現金淨額加回投資活動所用現金淨額。
4. 年末淨資產除以匯報期末已發行普通股股數。

FARM MAP

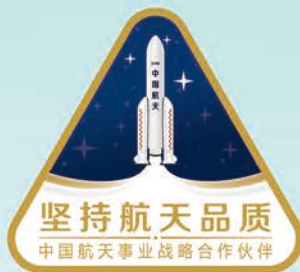
牧場位置圖



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



MODERN FARMING
现代牧业



十五年坚持 只做牧场奶



PRODUCTS OF THE GROUP AND ASSOCIATES

集團及聯營公司產品

FRESH RAW MILK

生鮮原奶

We operate a total of 26 dairy farms with 226,861 dairy cows in total across seven provinces in mainland China. Each milkable cow on average can produce 10.6 tons of fresh pasture milk each year.

我們在中國內地七個省區營運26個牧場，飼養共226,861頭乳牛，每頭成乳牛平均每年產出達10.6噸生鮮牧場奶。



GOLD PURE MILK

金獎純牛奶

Self-owned dairy farms, high quality of the milk sources, two-hour milking to processing, with the Gold Prize for sixth consecutive years at Monde Selection, is the PURE MILK.

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



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



HIGH CALCIUM MILK 高钙牛奶

High in calcium from good dairy farms, Modern Dairy High Calcium Milk has 125 mg calcium for each 100 ml, vitamin D is specially added to facilitate calcium absorption, the milk is nutritious, pure and rich in taste. 高钙源自好牧场，现代牧业高钙奶每100ml含钙125mg，特别加入维生素D，促进钙的吸收，营养丰富，纯正香浓。

WALNUT MILK 核桃奶

Finely picked walnuts with fresh quality raw milk, the color walnut milk has made successful debut in July 2019.

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



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Industry Overview

In the first half of 2019, the overall performance of China's economy was stable. The gross domestic product grew by 6.3% year-on-year, employment level continued to increase, service industry grew steadily, consumer prices remained moderately rising, and internal demand remained relatively stable. In terms of the international macro environment, there were many uncertainties this year, especially the persistent Sino-US trade war, exerting pressure on the feed cost of the farming industry.

In the first half of 2019, the auction price of international milk powder remained stable, the average domestic milk price increased year-on-year, and the industry was expected to develop steadily. Domestic feed, especially soybean meal, was affected by the weakening demand after swine fever, and its price dropped significantly. The price of corn remained relatively stable, which was good for dairy farming industry as a whole. After several years of low milk price, small and medium farms gradually withdrew from the market, and the herd size dropped. According to the National Bureau of Statistics, both the growth in domestic raw milk production volume and the number of dairy cows had been decreasing in the past three years.

In recent years, the transformation speed of China's dairy industry has accelerated. The overall quality of dairy herds has improved significantly, unit milk yield has increased, raw milk production has been stabilized, and the fundamental change lies in the significant increase of large-scale farming. With the increasing threshold of domestic large-scale farming, the traditional backyard farming and small and medium-sized dairy farming have lost their competitive advantages. In the future, the incremental demand for raw milk will be met by the incremental production of large-scale farms. The oversupply of raw milk was only found in the past.

At present, the domestic urban consumption keeps rising, and the dairy products market in the third and fourth-tier cities and rural areas gradually opens up. The potential of high-quality dairy products market is huge. With the continuous decline of domestic herd size, strong demand, rising industry threshold and rational investment, it is expected that large-scale farming conforming to economic market principles will be widely accepted by the market.

業務回顧

行業概覽

於2019年上半年，中國經濟表現總體平穩，國內生產總值同比增長6.3%，就業水準持續增加，服務業平穩增長，居民消費價格保持溫和上漲，內部需求相對穩定。國際宏觀環境方面，今年不確定因素頗多，尤其是持續中美貿易摩擦，為養殖業飼料成本帶來壓力。

2019上半年，國際奶粉拍賣價維持穩定，國內平均奶價同比有所增長，行業預期穩定發展。國內飼料尤其豆粕受豬瘟後需求減弱影響，其價格明顯回落，玉米價格則相對平穩，總體利好奶牛養殖行業。經過幾年的低奶價期，中小養殖戶陸續退出市場，奶牛存欄量下降。據國家統計局資料顯示，近三年國內原奶產量增幅降低及存欄牛頭數逐年減少。

近年中國奶業的轉型速度加快，奶牛群綜合品質有明顯改善，單產水準提高，原奶產量穩定，更根本的變化是規模化養殖的幅度顯著提高。隨著國內大型養殖業門檻不斷提高，傳統散養及中小型規模牧場的模式不再具備競爭優勢，未來原奶增量需求將主要依靠規模化牧場增群增產來解決，產能過剩的情況已不存在。

當前，國內城市消費持續提升，三四線城市及農村地區乳製品市場逐漸打開，高品質乳製品市場的潛力巨大。隨著國內牛群規模持續下降、需求殷切、行業門檻提高和投資偏向理性，預期合乎經濟市場原則的規模養殖將廣為市場所接受。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business Review

For the six months ended 30 June 2019 (the “Reporting Period”), the Group was mainly engaged in dairy farming operations (mainly producing and selling raw milk for customers and processing it into dairy products) and developing its own branded liquid milk products through an associate with China Mengniu Dairy Company Limited (“Mengniu”). The Group is committed to concentrating its resources on the upstream dairy farming business, targeting clients’ demand for high-quality raw milk, providing raw milk for diversified and high-quality products, including A2 milk and other high-end products.

During the Reporting Period, the Group achieved earnings of approximately RMB133.7 million and net free cash inflow of RMB351.1 million by increasing unit production and reducing costs. The Group successfully turned losses into profits, and the operation and financial performances have improved.

Operational Performance

For the Reporting Period, the Group was mainly engaged in dairy farming operations (mainly producing and selling raw milk for customers and processing it into dairy products) and developing its own branded liquid milk products through an associate with Mengniu. The Group is committed to concentrating its resources on the upstream dairy farming business, targeting clients’ demand for high-quality raw milk, providing raw milk for diversified and high-quality products, including A2 milk and other high-end products.

For the Reporting Period, the Group has achieved significant improvement in major operating targets. The external average selling price (“ASP”) of raw milk stood at RMB3.85/kg (2018: RMB3.73/kg), representing year-on-year growth of 3.22%. During the Reporting Period, the annualized milk yield (“AMY”) per head of milkable cow increased by 2.91% to 10.6 tons year-on-year (2018: 10.3 tons per cow per year). With the uplift of unit milk yield and the increase in proportion of milkable cows to the number of dairy cows, the total milk production during the Reporting Period hit 682,000 tons (2018: 636,000 tons), representing year-on-year growth of 7.23%. The Group has achieved external sales growth year-on-year of raw milk up to RMB2,570 million (2018: RMB2,227 million) representing year-on-year growth of 15.40%. Benefiting from an increase in ASP of raw milk and higher milk yield, the gross profit (before raw milk fair value adjustment, before eliminating cost of sales in relation to internal supply of raw milk) of the dairy farming business stood at RMB898.1 million with gross profit margin 34.94% (2018: 30.28%).

業務回顧

截至2019年6月30日止六個月(「匯報期間」)，本集團主要從事奶牛養殖業務(主要生產和銷售原料奶予客戶並用於加工成乳製品)及通過與中國蒙牛乳業有限公司(「蒙牛」)組建的聯營公司發展自有品牌液態奶產品。本集團銳意集中資源專注上游奶牛養殖業務，針對客戶對優質原奶的需求，向多元化及高品質產品提供原奶，其中包括A2奶等高端出品。

於本匯報期間，本集團通過提升單產、降低成本，錄得盈利約人民幣133.7百萬元，自由現金流淨流入人民幣351.1百萬元。本集團成功實現扭虧為盈，運營及指標均有所提升。

經營表現

於本匯報期間，本集團主要從事奶牛養殖業務(主要生產和銷售原料奶予客戶並用於加工成乳製品)及通過與蒙牛組建的聯營公司發展自有品牌液態奶產品。本集團銳意集中資源專注上游奶牛養殖業務，針對客戶對優質原奶的需求，向多元化及高品質產品提供原奶，其中包括A2奶等高端產品。

於本匯報期間，本集團的主要營運目標均錄得明顯提升。原料奶外部平均銷售單價(「平均售價」)為人民幣3.85元/公斤(2018年：人民幣3.73元/公斤)，同比增長3.22%。於本匯報期間，每頭成乳牛的年化產奶量(「年化產奶量」)同比增加2.91%至10.6噸(2018年：10.3噸/頭/年)。隨著產奶量及成乳牛佔乳牛比例的提高，於匯報期內總產奶量達68.2萬噸(2018年：63.6萬噸)，同比上升7.23%。原料奶對外銷售高達人民幣25.70億元(2018年：人民幣22.27億元)，同比上升15.40%。得益於原料奶平均售價上漲及奶產量提升，於期內乳牛養殖業務的毛利(於原料奶公平值調整前，對銷內部原料奶供應相關銷售成本前)為人民幣898.1百萬元，毛利率為34.94%(2018年：30.28%)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



In order to tackle the possible impact arising from the Sino-US trade war on our feed cost, the Group has specifically established a forage roughage department last year to integrate the surrounding forage roughage resources to cope with the demand from each farm. In addition, by leveraging on the online integrated procurement platform “Aiyangniu” of Mengniu, the overall procurement bargaining power was raised during the Reporting Period.

During the Reporting Period, the Group still successfully kept the unit cost (excluding depreciation) of raw milk at RMB2.31/kg (2018: RMB2.42/kg), representing year-on-year decrease of 4.55%, even though some of the feed prices had significantly increased globally and domestically as a result of the Sino-US trade war. This was achieved by continuous improvement in the health of cows, optimization in the formula mix of feed, increase in the usage of silage, enhancement in the absorbance conversion rate of dairy cows and the usage of the unified procurement platforms and other measures. Out of which, the direct feed cost decreased to RMB1.78/kg during the Reporting Period from RMB1.89/kg for the same period of last year, representing year-on-year decrease of 5.82%.

During the Reporting Period, the Company’s management adjusted operation strategies in time and allocated resources flexibly when facing external uncertainties. While reducing operating costs and improving efficiency, we were able to enhance the high quality, high nutrient, high brand awareness of our raw milk, and have achieved significant improvement in each of the main operating indices.

本集團為了應對中美貿易戰可能對飼料成本帶來的衝擊，於去年特意成立粗飼料部，以各牧場需求為導向，整合牧場週邊粗飼料來源。另外，於本匯報期內借力蒙牛的網上統一採購平台「愛養牛」，提升了綜合採購議價能力。

雖然中美貿易戰導致國內國外部分飼料價格大幅上升，但本集團持續通過提升牛隻健康、優化飼料配方結構、提高青貯使用量、提高奶牛吸收轉化率及借助統一採購平台等措施，於匯報期內成功將單產成本(不含折舊)控制在人民幣2.31元/公斤(2018: 2.42元/公斤)，同比下降4.55%。其中直接飼料成本由去年同期的人民幣1.89元/公斤下降至期內1.78元/公斤，同比減幅達5.82%。

於本匯報期間，公司管理層在面對外圍不確定因素適時調整營運策略，靈活調配資源，在降本增效的同時，亦能提高我們牧場原奶的高品質、高營養、高品牌，各項主要營運指標均錄得明顯提升。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As the first listed company engaged in dairy farming, Modern Dairy's premium quality dairy products lead the average standard of imported milk products in terms of milk fat, milk protein, somatic cells count, total colony count and other fresh milk key indicators, and the quality is among the top rankings internationally. Modern Dairy is the first and only company in China that both passed the "Quality Milk Project" for both of its pasteurized milk and UHT milk. The Company's "Premium Pure Milk" was for the sixth consecutive year awarded the Gold Prize of Monde Selection 2019 and was also granted "The International High Quality Trophy", and our products were all awarded the Gold Prize in the event. The Company adopts the unique production mode of integration of "planting, breeding and processing" recognized by Swiss SGS certification, with two-hour milking to processing time with zero distance and seamless connection to maintain the active substances in the milk as much as possible, bringing healthy, fresh, nutritional, safe and high-quality dairy products to consumers.

Modern Dairy's business strategy in the next three to five years will focus on moderately increasing herd size, maintaining reasonable herd structure, increasing unit milk yield and achieving stable production growth. Through continuous uplift in the milk yield of dairy cows and increase in the proportion of core herds, we achieved a steady growth of production.

The Group's associate factories which operate branded liquid milk business were formally established with Mengniu in April 2018. With Mengniu team's mature market strategy and channel advantages, "Modern Farming" branded milk was re-launched to the market with the orientation of "15 years insisting on only producing pasture milk". The Company's new high-calcium pure milk was officially launched in early 2019, and another new walnut milk was also introduced in July 2019. During the Reporting Period, the share of profit from associate factories was RMB12.3 million. With the maturing business and continuous sales growth, the downstream business is expected to become another business growth engine for the Group.

作為第一家以奶牛養殖上市的企業，現代牧業的優質乳品，在乳脂肪、乳蛋白質、體細胞、菌落總數等鮮奶關鍵指標上均領先進口牛奶平均標準，品質居於國際前列。現代牧業是國內首家也是唯一一家巴氏殺菌奶和UHT滅菌奶同時通過國家「優質乳工程」驗收的企業，公司的「尊貴裝純牛奶」連續六年榮獲世界食品品質評鑒大會金獎2019，並被授予「國際高質量獎盃」，全部參選產品於該活動均榮獲金獎。公司採用獲瑞士通用公證行SGS認證的「種植－養殖－加工」一體化的獨創生產模式，從擠奶到加工零距離無縫對接兩小時完成，最大限度地保留牛奶中的活性物質，為消費者帶來健康、鮮活、營養及安全的優質奶品。

現代牧業在未來三至五年經營策略將圍繞適度增加牛群規模、保持合理牛群結構、提升單產、實現產量穩定增長。我們不斷通過改良乳牛的基因以提高核心牛群佔比，實現產量的穩步增長。

本集團與蒙牛的自有品牌液態奶聯營工廠於2018年4月正式成立。憑藉蒙牛團隊成熟的市場策略及渠道優勢，「現代牧業」品牌奶以「15年堅持只做牧場奶」的定位重新推出市場，新品高鈣純牛奶亦於2019年初正式上線，另一新品核桃奶也已於2019年7月上市。於本匯報期間從聯營工廠分成利潤人民幣12.3百萬元，隨著業務日臻成熟及銷量持續增長，下游業務有望成為集團業務的另一增長引擎。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

DAIRY FARMS

Leveraging on the world's first model of "integration of forage planting, cow breeding and milk processing", Modern Dairy is currently the largest leading dairy farming company and the largest producer of raw fresh milk in mainland China in terms of the herd scale and volume of annual production. As a nationwide farm, we are endowed with unique geographical advantages that our farms are mostly located at regions with fine climate and ample supply of feed, and are adjacent to various processing plants of dairy products.

Each farm is equipped with modern cowshed equipment, logistics systems, environmental protection facilities, 24/7 monitoring system, and veterinarians stationed in farms to make sure that each cow is living under a comfortable environment, producing high quality and healthy raw milk.

牧場概況

依託全球首創的「牧草種植、奶牛養殖、牛奶加工一體化」模式，就畜群規模和年產量來說，現代牧業是目前中國內地最大的龍頭乳牛畜牧公司及最大的生鮮原料奶生產商。作為全國性牧場，我們具備得天獨厚的地理優勢。牧場多處於優良氣候及具備充足飼料供應的區域，臨近多個乳品加工廠，確保原奶從擠奶到加工於兩小時內完成。

每個牧場均具備現代化的牛舍設備，物流系統，環保設施，設全天候監控系統，駐場獸醫。務求讓每隻牛都能有舒適的生活環境、生產優質健康的原奶。



塞北牧場
Saibei Farm



犢牛島
Heifers' hut

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Herd Scale

Dairy cows	乳牛
Milkable cows	奶牛
Heifers and calves	小乳牛及小牛
Total	總計

As at 30 June 2019, the Group operated a total of 26 dairy farms (each with herd size of close to or over 10,000 dairy cows) spreading across seven provinces in mainland China. The breeds of milkable cows are Holstein dairy cows or their offspring, with good physical health and high milk yield. In terms of herd size, we are the largest dairy farming company as well as the largest raw milk supplier in mainland China. During the Reporting Period, our herd size was 226,861 head of dairy cows (2018: 225,782 heads).

Milk Yield

Milk yield is affected by a number of factors, like the number of lactation, breed, comfort level, cow health, genetics and feed mix. Under an effective herd management, during the Reporting Period, we recorded AMY of 10.6 tons per milkable cow (2018: 10.3 tons), up by 2.91% year-on-year. The total milk yield for the Reporting Period grew by 7.23% to 682,000 tons (2018: 636,000 tons).

畜群規模

30 June 2019 2019年 6月30日 Heads 頭	30 June 2018 2018年 6月30日 Heads 頭
131,658	126,314
95,203	99,468
226,861	225,782

於2019年6月30日，本集團在中國內地七個省區營運26個萬頭級牧場，奶牛的品種為荷斯坦牛或者其後代，體質健康，產奶量高。以畜群規模計，我們為中國內地最大奶牛養殖公司以及最大原奶生產商。於匯報期內，畜群規模達226,861頭(2018年：225,782頭)。

產奶量

產奶量受多項因素所影響，其中包括奶牛的泌乳次數、品種、生活舒適程度、牛隻健康、基因及飼料結構等。在有效的畜群管理下，於本匯報期間，我們錄得每頭成乳牛的年化產奶量達10.6噸(2018年：10.3噸)，同比增加2.91%。於本匯報期間產奶量達68.2萬噸(2018年：63.6萬噸)，同比增加7.23%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OPERATION STRATEGIES

Improve Unit Production Output and Raw Milk Quality by Scientific Breeding and Feeding Techniques

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

Enhance Feed Nutrients and Optimize the Feed Mix

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

Heat Stress Alleviation Measures

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

Quality Management

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

營運策略

科學繁育和飼養技術提高奶牛單產和原料奶品質

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

改善奶牛的飼料營養及優化飼料組合

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

緩解熱應激措施

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

質量管理

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

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For the quality control of raw feed materials, the Group ensures the source control by inspecting suppliers on-site and establishing a database of suppliers; ensures feed arrival control by having a stricter standard of testing than that of the national standard; ensures the process control by sampling the inventory of raw feed materials and control indicators on daily basis; ensures that the cow's feeds are of the right mix consistent with the relevant formula by conducting real-time sampling during the production process with reference to formula data at close to infrared calibration. For the process control, Modern Dairy establishes a process-oriented quality management system, establishes CCP point on key production stages, and set process food safety indicators for monitoring, and timely rectify and track the potential risks discovered. For the delivery quality control, Modern Dairy has 18 quality inspections and controls on raw milk delivering, 24 daily inspections and controls, 98 third party inspections and controls to comprehensively control the quality of raw milk. For the whole chain quality tracking system, the quality information platform is traced by quick response code, to achieve the traceability of whole chain quality information for stocking up raw feed materials upon arrival, delivering and feeding, milking on the milking parlor and delivering raw milk.

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

Herd Management

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

在原飼料質量控制方面，通過供應商現場審核、建立供應商名單庫確保源頭控制；通過到場原料檢測標準嚴於國標確保到場控制；通過每日對庫存原料抽檢、指標監控確保過程控制；通過使用近紅外精準提供配方參考數據、生產過程中實時抽檢，確保牛口中的飼料與配方一致。在過程質量控制方面，現代牧業建立以過程為導向的質量管理體系，在關鍵生產環節建立CCP點，並設置過程食品安全指標進行監控，針對發現的潛在風險及時整改、跟蹤。在出場質量控制方面，設有原奶出場檢測監控18項、日常檢測監控24項、第三方檢測監控98項，全面控制原奶質量。在全鏈條質量追溯系統方面，質量信息化平台通過二維碼識別，實現飼料到場入庫、出庫飼餵、奶牛上廳擠奶、原奶出場的全鏈條質量信息可追溯。

以源頭控制、過程監控、終端把控，保障現代牧業安全放心高質好奶。

牛群管理

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

MANAGEMENT DISCUSSION AND ANALYSIS

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Environmental Protection and Epidemic Prevention

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

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

Based on resource recycling, the Group has built a green recycling industrial chain of “forage planting – dairy farming – fertilizer treatment – biogas power generation – fertilizer back to the field”. Each farm is equipped with large-scale biogas power generation facilities and comprehensive utilization facilities for biogas fertilizer, which absorb, digest and indiscriminately treat the manure. For sustainable development, the Group will continue to implement high-standard environmental protection policies and implement rigorous epidemic prevention measures in our farms. The Group expects, through cooperation with CITIC Environment, it could enhance industrial efficiency and expand the scale of green production.

Cooperation with CITIC Environment

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

The Company will make announcement on the development of the project as and when appropriate.

環境保護與疫控

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

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

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

與中信環境合作

本公司與中信環境投資集團有限公司及其旗下一家子公司（統稱「中信環境」）於2018年9月簽訂合作框架意向書，共同組建合營公司，改造並運營本集團牧場糞污厭氧發酵系統及其他資產，項目涉及廠區採用的連續厭氧發酵為主體的工藝。糞污發酵所產生的沼氣擬用於發電及生產蒸汽；沼渣烘乾後可做牛舍墊料，沼液部分回沖牛舍，其餘沼液作為有機肥料還田再利用。

本公司將適時公佈有關項目發展情況。

ASSOCIATE FACTORIES

The Company's associate factories with Mengniu were officially established in the second quarter of last year. Riding on the marketing strategies and competitive advantage of the sales channels of Mengniu, "Modern Farming", the branded liquid milk was launched in the market with the positioning and new packaging of "Good Milk from Good Farms" last year and recorded share of earnings during the Reporting Period. The branded milk of "Modern Farming" was relaunched in the market with the positioning of "fifteen-year persistence on exclusively producing pasture milk" and leveraging on Mengniu's strategic marketing in aerospace plans to do rebranding. We adopt differentiation strategies, focusing on the blue ocean market in the third and fourth tier cities in China. With the market's increasing knowledge and experience of the Company's high-quality milk source and milk products, the associate factories start to contribute more earnings to the Group.

聯營工廠

本公司與蒙牛合營的工廠已於去年二季度正式成立，藉著蒙牛的市場策略及銷售渠道優勢，「現代牧業」液態品牌奶以「好奶源自好牧場」的定位及新包裝於去年推出市場，於匯報期內實現盈利分成。「現代牧業」自有品牌奶以「15年堅持只做牧場奶」的定位重新推出市場，借助蒙牛的航天計劃營銷策略、重塑品牌，採用差異化策略，主攻國內三、四線城市的藍海市場。隨著市場對本公司優質奶源及優質產品的認識增加和親身體驗，聯營工廠開始為本集團帶來盈利分成。



2小時生產綫
2-hour Production Line



產品測檢
Product Testing

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

SYNERGIES WITH MENGNIU

Since Mengniu increased its stake in the Company's shareholdings, the Group and Mengniu have achieved satisfactory synergy in terms of purchasing, sales, cost control, resource utilization and even corporate management. During the Reporting Period, the Group reduced its operating cost through the integrated procurement platform "Aiyangniu".

In early 2019, the Company entered into a cooperation agreement with Yashili International Holdings Ltd, a subsidiary of Mengniu, to provide premium raw milk for its high-end new dairy products. With the increase in the demand of diversified high-end raw milk, the high-end raw milk is expected to become the Company's high value-added business.

AWARDS AND RECOGNITIONS

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

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

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

STRATEGIC SHAREHOLDER INTRODUCTION

On 18 July 2019, the Company entered into the subscription agreement with New Hope Dairy Co., Ltd ("New Hope") pursuant to which the Company has conditionally agreed to allot and issue, and New Hope or its designated subsidiary has conditionally agreed to subscribe for 276,228,409 subscription shares (the "Subscription Share(s)") at the subscription price of HK\$1.3535 per Subscription Share. The Subscription Shares will be allotted and issued under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2019. In addition, as disclosed in note 26 of the Company's 2018 Annual Report, certain pledgors have pledged a total of 318,697,354 shares of the Company (the "Collateral Share(s)") in favour of the Company. New Hope or its designated subsidiary has agreed to purchase the Collateral Shares at the purchase price of HK\$1.3535 per Collateral Share from the Company.

與蒙牛協同

自蒙牛增持本公司股權後，本集團與蒙牛不斷加強協同效益，無論在採購、銷售、成本控制、資源利用乃至企業管理等範疇都獲得理想效果。於本匯報期間，本集團借助「愛養牛」統一採購平台，降低運營成本。

2019年初，本公司與蒙牛旗下雅士利國際控股有限公司簽訂合作協議，為其高端新乳品提供優質原奶。隨著多元化高端原奶量的需求增加，高端原奶有望成為本公司的高附加值業務。

獎項和認可

本集團的原奶，無論在乳脂肪、乳蛋白質、體細胞、菌落總數等關鍵指標上均可媲美進口牛奶標準，品質居於世界前列。

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

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

引入戰略股東

於2019年7月18日，本公司與新希望乳業股份有限公司(「新希望」)訂立認購協議，據此，本公司有條件同意配發及發行，而新希望或其指定子公司有條件同意認購276,228,409股認購股份(「認購股份」)，認購價為每股認購股份1.3535港元。認購股份將根據由本公司股東於2019年6月6日舉行之本公司股東週年大會上授予董事的一般授權予以配發及發行。此外，誠如本公司2018年年報附註26披露，部分質押人向本公司質押合共318,697,354股本公司股份(「抵押股份」)。新希望或其指定子公司同意向本公司購買抵押股份，購買價為每股抵押股份1.3535港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The issue and allotment of the Subscription Shares and the sale of the Collateral Shares by the Company will be completed at the same time, and the total proceeds resulting from the transactions will be approximately RMB709 million. Upon completion of the above transactions, New Hope will hold 9.28% equity interests in the Company and become the second largest strategic shareholder of the Company.

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

Such transactions have not been completed as at the date of this report. For details, please refer to the Company's announcement dated 18 July 2019.

本公司配發及發行認購股份及出售抵押股份的交割將會同時發生，而交易所得款項總額將約人民幣709百萬。完成上述交易後，新希望將持有本公司9.28%的股本權益，並成為本公司第二大戰略股東。

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

有關交易於本報告日尚未完成，有關詳情請參閱本公司日期為2019年7月18日的公告。

FINANCIAL OVERVIEW

Total Revenue

Business segment analysis

財務概況

總收入

業務分部分析

		Six months ended 30 June 截至6月30日止六個月					
		2019 2019年			2018 2018年		
		External Sales	Internal Sales	Subtotal	External Sales	Internal Sales	Subtotal
		外部銷售	內部銷售	小計	外部銷售	內部銷售	小計
		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
Segment	分部						
Sales of dairy farming business	奶牛養殖銷售業務	2,570,133	-	2,570,133	2,227,381	116,787	2,344,168
Sales of liquid milk products business	液態奶產品銷售業務	-	-	-	240,869	-	240,869
Consolidated revenue	合併收入	2,570,133	-	2,570,133	2,468,250	116,787	2,585,037

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Group recorded total revenue of RMB2,570 million for the Reporting Period (2018: RMB2,468 million), representing an increase of 4.13% year-on-year. The increase was primarily due to the increase in sales of raw milk and ASP of raw milk.

• Dairy Farming Business

Dairy farming business is the production and sales of raw milk to customers for processing into dairy products. Revenue from our dairy farming business increased by 9.64% as compared to the corresponding period last year, in which raw milk sales volume increased by 7.09% as compared to the corresponding period last year.

ASP of raw milk slightly grew by 2.39% year-on-year to RMB3.85/kg (2018: RMB3.76/kg). Sales volume increased by 7.09% year-on-year to 667.7 thousand tons (2018: 623.5 thousand tons). It was mainly due to the rise in AMY per cow and number of milkable cows.

The following table sets out the sales revenue, sales volume and ASP of our raw milk for the periods indicated:

		Six months ended 30 June 截至6月30日止六個月					
		2019 2019年			2018 2018年		
		Sales revenue	Sales volume	ASP	Sales revenue	Sales volume	ASP
		RMB'000	tons	RMB/KG	RMB'000	tons	RMB/KG
		人民幣千元	噸	人民幣元/ 公斤	人民幣千元	噸	人民幣元/ 公斤
Raw milk	原奶						
External sales	外部銷售	2,570,133	667,651	3.85	2,227,381	597,578	3.73
Internal sales	內部銷售	-	-	-	116,787	25,891	4.51
Subtotal	小計	2,570,133	667,651	3.85	2,344,168	623,469	3.76

• Liquid Milk Products Business

Due to the handover of liquid milk products business to Mengniu in the second quarter of 2018, the Group no longer consolidated the associates into the financial statement but accounted by equity accounting method.

Therefore, no revenue was recorded during the Reporting Period.

本集團於本匯報期間錄得總收入人民幣25.70億元(2018年：人民幣24.68億元)，同比上升約4.13%，上升的主要因為原奶銷售量增加及原奶平均售價上漲所致。

• 乳牛養殖業務

奶牛養殖業務是指生產原奶和銷售原奶予客戶用於加工成乳製品。我們的奶牛養殖業務收入較去年同期增加9.64%，其中：原奶銷售量較去年同期上升7.09%。

原料奶平均售價為人民幣3.85元/公斤(2018年：人民幣3.76元/公斤)，同比略增2.39%。銷售量達66.77萬噸(2018年：62.35萬噸)，同比增加7.09%。主要是由於每頭奶牛的年化產奶量上升及成乳牛數量增加。

有關所示期間的原料奶的銷售收入、銷售量及平均售價詳見下表：

• 液態奶產品業務

液態奶產品業務自於2018年第2季度交予蒙牛經營，本集團不對聯營公司併表，改以權益法入賬所致。

因此，於本匯報期間沒有錄得收入。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The analysis of the sales of liquid milk products is as follows:

液態奶產品的銷售分析如下：

		Six months ended 30 June 截至6月30日止六個月				
		2019 2019年		2018 2018年		
Sales revenue	Sales volume	ASP	Sales revenue	Sales volume	ASP	
銷售收入	銷售量	平均售價	銷售收入	銷售量	平均售價	
RMB'000	tons	RMB/KG	RMB'000	tons	RMB/KG	
人民幣千元	噸	人民幣元/ 公斤	人民幣千元	噸	人民幣元/ 公斤	
Liquid milk products	液態奶產品	-	-	240,869	29,132	8.27

COST OF SALES BEFORE RAW MILK FAIR VALUE ADJUSTMENT

原料奶公平值調整前的銷售成本

The Group's cost of sales before raw milk fair value adjustment primarily consisted of dairy farming cost for the Reporting Period as shown below:

於本匯報期間，本集團的原料奶公平值調整前的銷售成本主要包括奶牛養殖成本，明細如下：

Cost of Sales before Raw Milk Fair Value Adjustments

原料奶公平值調整前的成本

- Dairy farming business

- 奶牛養殖業務

		Six months ended 30 June 截至6月30日止六個月			
		2019 2019年		2018 2018年	
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Feed cost	飼料成本	1,224,853	73.26	1,220,762	74.70
Labor cost	勞工成本	136,072	8.14	116,875	7.15
Utilities	公用事業費用	46,204	2.76	45,734	2.80
Depreciation	折舊	128,811	7.70	124,163	7.60
Other costs of farms	畜牧場其他開支	136,078	8.14	126,774	7.75
Subtotal of cost of sales before raw milk fair value adjustment of dairy farming business	原料奶公平值調整前的奶牛養殖業務銷售成本小計	1,672,018	100	1,634,308	100
Inter-segment cost	內部成本	-		(68,380)	
Cost of sales before raw milk fair value adjustment of dairy farming business	原料奶公平值調整前的奶牛養殖業務銷售成本	1,672,018		1,565,928	

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Total feed cost (before eliminating cost of sales in relation to internal supply of raw milk) for the Reporting Period amounted to RMB1,225 million (2018: RMB1,221 million), approximately the same year-on-year, which was the result of effective cost control during the Reporting Period.

Despite the impact arising from the Sino-US trade war, we lowered the use of alfalfa by regulating the formula of the feed, and effectively managed to control the forage costs. During the Reporting Period, the cash cost (excluding depreciation) of raw milk sold (before eliminating cost of sales in relation to internal supply of raw milk) amounted to RMB2,311/ton (2018: RMB2,422/ton), representing a drop of 4.58% year-on-year.

- **Liquid milk product business**

Raw materials	原材料
Labor cost	勞工成本
Depreciation	折舊
Utilities	公共事業費用
Other processing costs	其他加工成本
Subtotal of cost of sales before raw milk fair value adjustment of liquid milk product business	原料奶公平值調整前的液態奶產品業務銷售成本小計
Inter-segment cost	內部成本
Cost of external sales before raw milk fair value adjustment of liquid milk product business	原料奶公平值調整前的液態奶產品業務外部銷售成本

Due to the handover of the associate factories to Mengniu, no related expense was recorded during the Reporting Period.

於本匯報期間，總飼料成本(對銷內部原料奶供應相關銷售成本前)為人民幣12.25億元(2018年：人民幣12.21億元)，同比相約，主要是於本匯報期間成本控制得宜所致。

儘管受中美貿易戰的影響，本公司通過調節飼料配方，降低了苜蓿的使用量，有效地控制飼草料成本。於本匯報期間，我們售出的原料奶現金成本(對銷內部原料奶供應相關銷售成本前)(除折舊外)為人民幣2,311元/噸(2018年：人民幣2,422元/噸)，同比下降4.58%。

- **液態奶產品業務**

Six months ended 30 June 截至6月30日止六個月

2019 2019年		2018 2018年	
RMB'000 人民幣千元	% 百分比	RMB'000 人民幣千元	% 百分比
–	–	196,850	89.09
–	–	6,530	2.96
–	–	6,152	2.78
–	–	6,834	3.09
–	–	4,595	2.08
–	–	220,961	100
–	–	(54,062)	
–	–	166,899	

由於聯營工廠交予蒙牛經營，因此於本匯報期間，沒有錄得相關支出。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Gross Profit and Profitability

The following table sets out the analysis of gross profit and gross profit margin for the periods indicated:

毛利及盈利能力

下表載列業務分部於所示期間的毛利及毛利率分析：

		Six months ended 30 June 截至6月30日止六個月			
		2019 2019年		2018 2018年	
Business Segment	業務分部	Gross profit	Gross profit margin	Gross profit	Gross profit margin
		毛利	毛利率	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Dairy farming business	奶牛養殖業務				
	Before elimination	898,115	34.94	709,860	30.28
	After elimination	898,115	34.94	661,453	29.70
Liquid milk products business	液態奶產品業務				
	Before elimination	–	–	19,908	8.27
	After elimination	–	–	73,970	30.71

• Dairy farming business

Gross profit of the dairy farming business (before eliminating cost of sales in relation to internal supply of raw milk) (before raw milk fair value adjustment) increased by 26.51% year-on-year to RMB898.1 million during the Reporting Period (2018: RMB709.9 million). The growth was primarily due to the increase in ASP of raw milk, unit production output and reduction in unit cost of production during the Reporting Period.

Gross profit margin of the dairy farming business (before eliminating cost of sales in relation to internal supply of raw milk) (before raw milk fair value adjustment) increased by 4.66 percentage points year-on-year to 34.94% (2018: 30.28%).

• Liquid milk products business

Since the financial results of the associate factories ceased to be consolidated into the consolidated financial statement of the Group starting from the second quarter of 2018, no related gross profit was recorded.

• 奶牛養殖業務

奶牛養殖業務的毛利(對銷內部原料奶供應相關銷售成本前)(於原料奶公平值調整前)於本匯報期間為人民幣898.1百萬元(2018年：709.9百萬元)，同比增長26.51%。上述增加主要是由於原奶平均售價上漲、單產提升及公斤奶成本下降所致。

奶牛養殖業務的毛利率(對銷內部原料奶供應相關銷售成本前)(於原料奶公平值調整前)為34.94%(2018年：30.28%)，同比增幅為4.66個百分點。

• 液態奶產品業務

自2018年第二季度起聯營工廠的財務業績不再計入本集團的綜合財務報表，因此沒有錄得相關毛利。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Losses Arising from Changes in the Dairy Cow Fair Value Less Cost of Sales of Dairy Cows

The fair value of the Group's dairy cows as at 30 June 2019 was determined by the Directors with reference to the value as at 31 December 2018 that had been arrived at based on the independent valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. As at 30 June 2019, the biological assets of the Group were valued at RMB7,650.7 million (as at 31 December 2018: RMB7,717.1 million). Losses arising from changes in the dairy cow fair value less cost of sales of dairy cows were RMB430.5 million for the Reporting Period (2018: RMB434.7 million), mainly due to the fact that there was no significant change in the herd structure and the market price of culled dairy cows year-on-year.

Gains Arising from Initial Recognition at Fair Value Less Cost of Sales at the Point of Raw Milk Harvest

During the Reporting Period, gains arising from initial recognition at fair value less cost of sales at the point of raw milk harvest increased by 29.74% year-on-year to RMB816.6 million (2018: RMB629.4 million), mainly due to the increase in ASP of raw milk as well as an increase in unit production output.

International Financial Reporting Standards (IFRS) requires that raw milk harvested should be initially measured at fair value less cost of sales, and the difference between the fair value less cost of sales and the actual costs incurred should be charged to profit or loss.

OTHER INCOME

During the Reporting Period, other income amounted to RMB21.5 million (2018: RMB34.3 million). Other income mainly consisted of government grants and interest income. Government grants mainly consisted of subsidies for agricultural projects and subsidies for the operations of the Group.

乳牛公平值變動減乳牛出售成本產生的虧損

本集團乳牛於2019年6月30日的公平值乃由董事參考於2018年12月31日的估值(由仲量聯行企業評估及諮詢有限公司進行獨立估值)而釐定的。於2019年6月30日本集團生物資產估值為人民幣7,650.7百萬元(於2018年12月31日:人民幣7,717.1百萬元)。於本匯報期間,乳牛公平值變動減乳牛出售成本產生的虧損為人民幣430.5百萬元(2018年:人民幣434.7百萬元),同比主要是由於牛群結構及淘汰乳牛的市場價格沒有重大改變。

於原料奶收穫時按公平值減銷售成本初始確認產生的收益

於本匯報期間,於原料奶收穫時按公平值減銷售成本初始確認產生的收益為人民幣816.6百萬元(2018年:人民幣629.4百萬元),同比增幅為29.74%,主要由於原奶平均售價上漲及單產提升所致。

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

其他收入

於本匯報期間,其他收入為人民幣21.5百萬元(2018年:人民幣34.3百萬元),其他收入主要包括政府補貼及利息收入,政府補助金主要包括對農業項目的補貼及對本集團營運提供補助。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OPERATING EXPENSES

經營開支

Six months ended 30 June

截至6月30日止六個月

		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Selling and distribution costs	銷售及分銷成本	82,985	93,560
Administrative expenses	行政開支	138,279	106,762
Total operating expenses	經營開支總額	221,264	200,322

During the Reporting Period, the overall operating expenses of the Group approximately amounted to RMB221.3 million (2018: RMB200.3 million). The analysis is as follows:

於本匯報期間，本集團的整體經營開支約為人民幣221.3百萬元(2018年：人民幣200.3百萬元)。分析如下：

- Selling and Distribution Costs**

The analysis of the selling and distribution costs is set forth below:

- 銷售及分銷成本**

銷售及分銷成本分析如下：

Six months ended 30 June

截至6月30日止六個月

		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Dairy farming business	奶牛養殖業務		
Transportation costs and others	運輸費及其他	82,985	86,105
Liquid milk segment	液奶分部		
Transportation, loading and unloading costs	運輸裝卸費	—	982
Staff remuneration	職工薪酬	—	1,712
Publicity expenses	宣傳費	—	585
Others	其他	—	2,748
Business tax and surcharge	稅金及附加	—	1,428
Total selling and distribution costs	銷售及分銷成本總額	82,985	93,560

MANAGEMENT DISCUSSION AND ANALYSIS

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Selling and distribution costs mainly consisted of, among other things, transportation costs for sales of raw milk and liquid milk, salaries of sales personnel and daily expenses.

The amount of raw milk transportation costs included in selling and distribution costs decreased to RMB83.0 million for the Reporting Period from RMB86.1 million for the corresponding period of last year. This was mainly due to the decrease in the transportation distance for sales of raw milk.

No marketing and promotion expenses was recorded (2018: RMB0.6 million) during the Reporting Period, as the liquid milk business was handed over to Mengniu for operation in April 2018.

• Administrative Expenses

During the Reporting Period, the administrative expenses were RMB138.3 million, which increased by RMB31.5 million as compared to the corresponding period of last year in the amount of RMB106.8 million, representing an increase of 29.5%.

Administrative expenses mainly consisted of, among other things, remuneration of management (including equity-based share award expenses) and depreciation of office buildings, staff quarters and facilities, of which remuneration of management (including equity-based share award expenses) was RMB84.59 million during the Reporting Period (2018: RMB52.05 million). The increase was mainly due to the recognition of expense arising from the vesting of restricted shares during the Reporting Period.

銷售及分銷成本主要包括原奶銷售和液態奶銷售的運輸費用、銷售人員工資和日常開支等。

計入銷售及分銷成本的原奶運輸費用由上年同期的人民幣86.1百萬元減少至截至本期的人民幣83.0百萬元。主要是由於原奶銷售的運輸距離縮短所致。

於本匯報期間未有錄得營銷及宣傳開支(2018年：人民幣0.6百萬元)，主要是自2018年4月開始液態奶業務由蒙牛營運。

• 行政開支

於本匯報期間，本集團錄得行政開支為人民幣138.3百萬元，與上年同期人民幣106.8百萬元比較，增加人民幣31.5百萬元，增幅達29.5%。

行政開支主要包括管理人員薪酬(含以股權結算的限制性股票開支)及辦公樓、職工宿舍與設施折舊等，其中管理人員薪酬(含以股權結算的限制性股票開支)於本匯報期間為人民幣84.59百萬元(2018年：人民幣52.05百萬元)。有關增幅主要於本匯報期內確認已歸屬限制性股票之費用所致。

IMPAIRMENT LOSSES, NET OF REVERSAL

Impairment losses recognised on the following items:

Trade receivables
Other receivables

就下列各項確認的減值虧損：

貿易應收款項
其他應收款

減值虧損扣除撥回

Six months ended 30 June
截至6月30日止六個月

2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
(108,642)	74,168
621	-
(108,021)	74,168

For detailed information, please see note 14 to the financial statements.

有關詳細資料，見財務報表附註14。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OTHER GAINS AND LOSSES, NET

During the Reporting Period, the Group recorded a net loss arising from other gains and losses of RMB26.7 million (2018: RMB54.3 million). Other gains and losses mainly consisted of, among other things, foreign exchange losses and impairment loss from receivables.

The breakdown of other gains and losses is as follow:

其他淨收益及虧損

本集團於本匯報期間錄得其他收益及虧損所產生的淨虧損為人民幣26.7百萬元(2018年：人民幣54.3百萬元)，其他收益及虧損主要包括外匯虧損及應收賬款減值損失等。

其他收益及虧損明細如下：

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Other gains and losses:	其他收益及虧損：		
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	-	16,876
Net foreign exchange loss	外匯虧損淨額	27,128	50,474
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	7,948	3,225
Gains arising on disposal of subsidiaries	出售附屬公司的收益	-	(18,193)
Impairment loss on trade receivables	應收貿易賬款減值虧損	-	-
Net (gain)/loss on foreign currency forward	外匯遠期(收益)/虧損淨額	(1,732)	2,152
Net (gain)/loss on foreign currency option contract	外匯期權合同(收益)/虧損淨額	(5,943)	-
Others	其他	(686)	(226)
		26,715	54,308

FINANCE COSTS

During the Reporting Period, finance costs increased by RMB76.2 million or 51% year-on-year to RMB224.4 million (2018: RMB148.2 million). The increase was mainly due to the increase in the fair value losses of interest rate swap during the period.

財務開支

於本匯報期間，財務開支為人民幣224.4百萬元(2018年：人民幣148.2百萬元)，較上年同期增加人民幣76.2百萬元，同比增加51%。有關增加主要由於期內利率互換的公允值損失增加所導致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

During the Reporting Period, the earnings attributable to owners of the Company amounted to RMB124.9 million (2018: loss of RMB140.3 million), representing an increase of RMB265.2 million year-on-year. Adhering to Group's strategies of cost-reduction and efficiency enhancement, the Group has implemented the principle of "increasing, reducing, replacing and stopping" in terms of technology, equipment, procurement and silage, resulting in significant improvement in the overall operating indices.

Basic earnings per share was approximately RMB2.05 cents (2018: basic loss of RMB2.30 cents) for the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group's net cash inflow used in operating activities amounted to RMB855.6 million (2018: RMB709.5 million), representing an increase of 20.6% year-on-year.

The Group's shareholders' equity as at 30 June 2019 was RMB6,554.2 million (as at 31 December 2018: RMB6,445.3 million). As at 30 June 2019, the Group's net gearing ratio (calculated as the net borrowings divided by the shareholders' equity, in which the net borrowings is the total borrowings minus cash and cash equivalents) was 96.4% (as at 30 June 2018: 95.0%).

As at 30 June 2019, the Group's available and unutilized credit facilities amounted to approximately RMB3,400.8 million (31 December 2018: RMB4,954.7 million). In the opinion of the Group's management, the Group is able to repay the relevant amount in full as the financial obligations fall due for the next twelve months.

本公司持有人應佔期內溢利／(虧損)

於本匯報期間，本公司持有人應佔盈利為人民幣124.9百萬元，(2018年：虧損人民幣140.3百萬元)，同比增加265.2百萬元。本集團銳意採立降本增效戰略部署，從技術、設備、採購、青貯等各個方面，深入貫徹「增、減、替、停」的節本原則，致使在整體營運指標上均有明顯提昇。

於本匯報期間，每股基本盈利約人民幣2.05分(2018年：基本虧損人民幣2.30分)。

流動資金及財務資源

於本匯報期間，本集團的經營活動所使用的現金流量淨流入為人民幣855.6百萬元(2018年：人民幣709.5百萬元)，同比增加20.6%。

本集團於2019年6月30日的股東權益為人民幣6,554.2百萬元(於2018年12月31日：人民幣6,445.3百萬元)。於2019年6月30日，本集團的淨資產負債比率(按貸款淨額除以股東權益計算，其中貸款淨額為貸款總額減去現金與現金等價物)為96.4%(於2018年6月30日：95.0%)。

於2019年6月30日，本集團的可動用而未動用信貸融資額度約人民幣3,400.8百萬元(2018年12月31日：人民幣4,954.7百萬元)。本集團的管理層認為，於未來十二個月本集團將能夠於財務責任到期應付時悉數償還有關款項。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Interest-bearing Borrowings

As at 30 June 2019, the total interest-bearing debt was RMB6,919.5 million.

有息借款

於2019年6月30日，有息負債總額為人民幣6,919.5百萬元。

		As at 於	
		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Borrowings	借款		
Bank borrowings	銀行借款	5,716,714	4,437,502
Medium-term notes	中期票據	-	621,880
Other borrowing	其他借款	1,202,798	1,001,111
Corporate bonds	企業債券	-	1,087,568
		6,919,512	7,148,061
Carrying value repayable:	應償還賬面值：		
Within one year	一年以內	2,823,805	4,401,668
Between one and two years	一至兩年內	2,294,842	2,316,393
Between two and five years	兩至五年內	1,800,865	430,000
		6,919,512	7,148,061

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Bank Borrowings

The annual interest rate of the bank borrowings for the six months ended 30 June 2019 varied from 0.45% to 5.0% (for the six months ended 30 June 2018: 0.45% to 4.8%).

The table below sets forth our short-term and long-term bank borrowings for the dates indicated below:

Type of borrowings

Unsecured borrowings
Secured borrowings

借款類別

無抵押借款
有抵押借款

Carrying amount repayable:

Within one year
Between one and two years
Between two and five years

應償還賬面值：

一年以內
一至兩年內
兩至五年內

Other Borrowings

Details as shown below:

Carrying amounts payable:

Within one year
– Borrowing from a financial institution
– Borrowings from Mengniu Group

應償賬面金額：

一年內
– 金融機構借款
– 蒙牛集團借款

銀行借款

截至2019年6月30日止六個月內，銀行借款的年利率變幅為0.45%至5.0%（截至2018年6月30日止六個月：0.45%至4.8%）。

下表列載我們於下列所示日期的短期及長期銀行借款：

As at 於	
30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
5,406,298	3,972,022
310,416	465,480
5,716,714	4,437,502
應償還賬面值：	
一年以內	
1,621,007	1,691,109
一至兩年內	
2,294,842	2,316,393
兩至五年內	
1,800,865	430,000
5,716,714	4,437,502

其他借款

明細如下：

As at 於	
30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
50,076	–
1,152,722	1,001,111
1,202,798	1,001,111

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

On 26 February 2019, the Group entered into a loan contract with a financial institution, pursuant to which the Group borrowed RMB50,000,000 from the institution which will mature on 28 February 2020. The loan is unsecured and bears a fixed interest rate of 5.00% per annum.

In May 2017, the Group entered into two entrusted loan agreements with Mengniu Group and Agricultural Bank of China (“ABC”), pursuant to which, Mengniu Group agreed to offer borrowing facilities of RMB1,500,000,000 to the Group through ABC. The borrowing facilities will mature in May 2020 and bear interest at fixed rates determined with reference to the benchmark interest rate of People’s Bank of China. In September 2017, pursuant to the letter of comfort to certain US\$ loan, borrowing facilities of RMB1,000,000,000 was extended to September 2020, and then further extended to September 2021 pursuant to the letter of comfort to certain HK\$ loan in September 2018, and the extension had no effect on the outstanding loan from Mengniu Group. The outstanding borrowings of RMB1,001,128,000 at 30 June 2019 will mature within one year and bear interest at fixed rates from 4.002% to 4.785% per annum. The Group recognised interest expense of RMB24,151,000 for the Reporting Period (2018: RMB24,406,000).

During the Reporting Period, the Group entered into several advance payment agreements with Mengniu Group, pursuant to which, Mengniu Group agreed to pay in advance RMB150,000,000 to the Group and the advance payment is limited to be used in the Group’s dairy cow raising business. The outstanding balance of RMB151,594,000 at 30 June 2019 will mature within one year and bear interest at fixed rate 4.800% per annum. The Group recognised interest expenses of RMB2,871,000 for the Reporting Period (2018: nil).

GROUP STRUCTURE AND CAPITAL STRUCTURE

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

As at 30 June 2019, the number of issued ordinary shares of the Company was 6,131,406,706 shares.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2019, biological assets with carrying value of RMB885.8 million (as at 31 December 2018: RMB875.5 million) were pledged to secure the Group’s borrowings.

The Group did not have any significant contingent liabilities as at 30 June 2019.

於2019年2月26日，本集團與一間金融機構訂立一份貸款合約，據此，本集團向該機構借入人民幣50,000,000元，將於2020年2月28日到期。貸款為無抵押且每年固定利率為5.00%。

於2017年5月，本集團與蒙牛集團及中國農業銀行訂立兩份委託貸款協議，據此，蒙牛集團同意透過中國農業銀行（「中國農業銀行」）向本集團提供借款融資人民幣1,500,000,000元。該等借款融資將於2020年5月到期，按參考中國人民銀行的基準利率釐定的固定利率計息。於2017年9月，根據若干美元貸款告慰函，借款融資人民幣1,000,000,000元的到期日延長至2020年9月，並根據於2018年9月的若干港元貸款告慰函，到期日進一步延長至2021年9月，該延期對蒙牛集團的未償還貸款無影響。於2019年6月30日尚未償還的借款人民幣1,001,128,000元將於一年內到期，並按4.002%至4.785%的固定年利率計息。於本匯報期間，本集團確認利息開支人民幣24,151,000元（2018年：人民幣24,406,000元）。

於本匯報期間，本集團與蒙牛集團訂立若干預付款項協議，據此，蒙牛集團同意向本集團預付人民幣150,000,000元，預付款項僅限於用作本集團奶牛飼養業務。於2019年6月30日的未償還結餘人民幣151,594,000元將於一年內到期，並按4.800%的固定年利率計息。截至2019年6月30日止六個月，本集團確認利息開支人民幣2,871,000元（2018年：無）。

本集團架構及資本架構

除本中期報告披露者外，於本匯報期間，本集團架構並無發生任何重大變動。

於2019年6月30日，本公司的已發行普通股為6,131,406,706股股份。

或然負債及資產抵押

於2019年6月30日，生物資產的賬面值人民幣885.8百萬元（於2018年12月31日：人民幣875.5百萬元）已抵押作本集團借款的擔保。

於2019年6月30日，本集團並無任何重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had a capital commitment of RMB29.1 million related to acquisition of property, plant and equipment (as at 31 December 2018: RMB7.8 million).

MATERIAL ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group had no material acquisitions or disposal of subsidiaries or associates.

SIGNIFICANT INVESTMENTS

For the Reporting Period, the Group had no significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group from time to time is exploring investment opportunities that would benefit the shareholders of the Company as a whole. Except for those disclosed elsewhere in this report, the Group does not have any concrete plans for material investments and capital assets.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as other disclosed in this report, our Directors have confirmed that as of 30 June 2019, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Except for those disclosed elsewhere in this report, no other material events occurred after the end of the Reporting Period and up to the date of this report.

FINANCIAL MANAGEMENT POLICIES

The Group will continue to closely monitor its financial risks so as to safeguard the interests of the shareholders of the Company. The Group applies its cash flows generated from operation and bank loans to its operational and investment needs.

資本承諾

於2019年6月30日，本集團有關收購物業、廠房及設備的資本承諾為人民幣29.1百萬元（於2018年12月31日：人民幣7.8百萬元）。

重大收購及出售

於本匯報期間，本集團並無任何重大收購或出售附屬公司或聯營公司。

重大投資

於本匯報期間，本集團並無重大投資。

重大投資或資本計劃

本集團不時探索有利於本公司股東整體利益的投資機會。除本報告其他部分所披露者外，本集團並無任何重大投資及資本資產的具體計劃。

基於上市規則的持續披露責任

除本報告另有披露外，我們董事確認截至2019年6月30日，本公司未有基於上市規則13.13至13.19需要披露的事項。

匯報期後事項

除本報告其他部分所披露者外，於匯報期末及截至本報告日期，概無發生其他重大事項。

財務管理政策

本集團將持續嚴密控制財務風險以保障本公司股東權益。本集團利用經營所得現金流量及銀行貸款以應付其經營及投資需要。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Except for the bank borrowings that are denominated in currencies other than Renminbi, the Group's management considers that the Group has limited foreign currency exposure in respect of its operations since its operations are mainly conducted in mainland China. Sales and purchases are mainly denominated in Renminbi and the foreign currency risks associated with refined feeds and farm facilities are not material. In view of the foreign currency exchange and interest rate risk related to its borrowings, the Group cautiously uses derivative contracts to hedge against its exposure to foreign currency and interest rate risks. The management strictly complies with relevant hedging policy, reviews and assesses relevant risks from time to time, and takes necessary measures when appropriate.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

The Group had 4,959 employees (as at 31 December 2018: 4,735) in mainland China and Hong Kong as at 30 June 2019. Total staff costs (including staff compensation capitalised to immature dairy cows) for the Reporting Period were approximately RMB233.1 million (2018: RMB212.4 million).

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

SOCIAL RESPONSIBILITY

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

The Group is committed to improving the quality of its products by providing consumers with a commitment to provide healthy, safe, nutritious and high-quality dairy products. Meanwhile, adhering to the principle of energy conservation and environmental protection, due to the improvement of raw milk quality and processing technology, the Group's heat treatment temperature of pasteurized milk decreased by 5°C and heat treatment temperature of UHT milk decreased by 1°C, achieving cost savings.

除了非人民幣的外幣銀行貸款外，本集團的管理層認為，本集團面對與其營運有關的外匯風險有限，因為我們的業務主要於中國內地經營。買賣主要以人民幣計值，而與精飼料及畜牧設施有關的外匯風險並不重大。考慮到存有與借款有關的外匯及利率風險，本集團現時謹慎地採用衍生工具合約作對沖用途。管理層嚴緊依照有關對沖政策，不時審議及評估相關風險及適時作出必要對策。

人力資源及僱員薪酬

於2019年6月30日，本集團於中國內地及香港擁有4,959名僱員（於2018年12月31日：4,735名）。於本匯報期間，總員工成本（含資本化至未成熟奶牛的職工薪酬）約為人民幣233.1百萬元（2018年：人民幣212.4百萬元）。

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

社會責任

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

本集團踐行為消費者提供健康安全、營養豐富、品質優異乳品的承諾，致力提升產品質量。同時秉承實現節能環保原則，由於生鮮乳質量提升和加工工藝改善，本集團的巴氏殺菌奶熱處理溫度下降了5°C，UHT滅菌奶下降了1°C，實現節約成本的目的。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Group actively promotes the economic development of farms in the surrounding areas and increases the income of local residents. The Group actively implements the precise poverty alleviation policy, responds to the call of poverty alleviation, and does a good job of poverty alleviation in industry and society. Firstly, the contract of silage planting was signed with local farmers in farm areas to reduce the impact of natural disasters on crop harvest. At the same time, to solve the local employment problem, the Group's farms provide multiple jobs throughout the country, effectively alleviating the pressure of rural surplus labor force and increasing the income of local farmers. The Group also undertakes social responsibility and promotes local economic development through measures such as direct donation of materials, donation of money and visits to nursing homes.

The Group's social responsibility efforts have widely spread from dairy cow breeding, accountable quality, green development to employee development and social care. The Group has always adhered to the concept of "people-oriented", and taken the responsibility for promoting sustainable development of the dairy industry, giving back to the nature and serving the society.

PROSPECTS

2019 is the fifteenth year since the establishment of Modern Dairy. The Group will, as always, continue to "take cattle as its foundation", adhere to the three lifelines of food safety, environmental protection and epidemic prevention, and create advanced farms and produce high-quality raw milk. We always stick to the development trend of farming technology and management, make timely business adjustments, streamline the production model of zero-distance integration, maintain the leading position in the industry, and strive to build a leading brand of raw milk production in China.

The Group strives to reduce financial leverage and financial costs by optimizing asset structure and increasing production capacity. Through participation in Mengniu's procurement platform and overall synergy effect, procurement costs will be effectively reduced. The Company also expands more high-end products through its associate companies. With New Hope's equity participation in July this year, New Hope will become the second largest strategic shareholder of the Company after Mengniu, which will help further realize the strong combination of upstream and downstream sectors and enhance the right to speak of the market.

The Group will adhere to improving milk yield, lowering costs, enhancing efficiency, promoting synergies and creating brands. The Group will promote the development of the industry, help the revitalization of the dairy industry, continue to provide consumers with milk of the most nutritional value, contribute the most solid strength to revitalize the national dairy industry, and create the greatest value for shareholders of the Group.

本集團積極帶動牧場所在周邊經濟發展，增加當地居民收入。本集團積極落實精準扶貧政策，響應扶貧號召，做好行業扶貧，社會扶貧。首先，主動與牧場所在地農戶簽訂青貯種植合同，減少自然災害對百姓農作物收穫的影響。同時解決當地人員就業問題，本集團的牧場在全國各地提供多個崗位，有效緩解農村剩餘勞動力壓力，增加當地農民收入。本集團也以直接捐贈物資、捐贈金錢、探訪養老院等多種方式，承擔社會責任，促進當地經濟發展。

本集團的社會責任之路，從乳牛培育、責任品質、綠色發展再到員工成長及至社會關懷，本集團一貫秉承「以人為本」的理念，擔當起推動奶業可持續發展、回饋自然、服務社會的責任。

展望

2019年，是現代牧業成立的第十五周年。本集團將一如既往「以牛為本」恪守食品安全、環衛安全和防疫安全三條生命線，創建先進牧場，生產優質牧場原奶。我們時刻留意養殖行業中的科技及管理發展趨勢，適時作出經營調整，穩固種養加一體化的生產模式，保持在行業中的領先地位，並致力打造中國原奶生產第一品牌。

本集團致力通過優化資產結構及提升產能，以降低財務槓桿及財務成本。藉著參與蒙牛的採購平台及整體協同效益，將可有效地降低採購成本；本公司亦透過其聯營公司拓展更多高端產品。隨著新希望於本年七月的參股，新希望將成為本公司繼蒙牛之後的第二大策略性股東，有助進一步實現上游與下游板塊的強強聯合，增強市場的話語權。

本集團將堅持增產量、降成本、增效益、促協同、創品牌。推進行業發展，助力奶業振興，繼續為消費者提供最具營養價值的牛奶，為振興民族奶業貢獻最堅實的力量，為集團股東創造最大的價值。

REPORT OF THE DIRECTORS

董事會報告

The board of directors (the “Directors” or the “Board”) of China Modern Dairy Holdings Ltd. (the “Company”) would like to present their interim report together with the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 (the “Reporting Period”).

中國現代牧業控股有限公司(「本公司」)董事會(「董事」或「董事會」)謹此提呈其中期報告，連同本公司及其附屬公司(「本集團」)截至2019年6月30日止六個月的未經審核簡明合併財務報表(「匯報期間」)。

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (2018: Nil).

中期股息

董事會並無宣派任何於本匯報期間的中期股息(2018年：無)。

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the ordinary share of HK\$0.1 each in the share capital of the Company (“Shares”), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

董事及主要行政人員於股份、相關股份及債券的權益及淡倉

於2019年6月30日，董事及本公司主要行政人員及彼等各自的聯繫人於本公司股本中每股面值0.1港元的普通股股份(「股份」)、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)的相關股份及債券中，擁有根據證券及期貨條例第352條須登記於本公司存置的登記冊的權益及淡倉，或根據上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)的權益及淡倉如下：

Name of Director 董事姓名	Nature of interest 權益性質	Number of Shares or underlying Shares 股份或相關股份數目	Approximate percentage of shareholding interest ⁽⁴⁾ 股權概約百分比 ⁽⁴⁾
Ms. GAO Lina ⁽¹⁾ 高麗娜女士 ⁽¹⁾	Interest in controlled corporation 受控制法團權益	221,581,733 ⁽¹⁾	3.61%
	Beneficial owner 實益持有人	38,378,476 ⁽²⁾	0.63%
Mr. HAN Chunlin 韓春林先生	Beneficial owner 實益持有人	23,968,120 ⁽³⁾	0.39%

Notes:

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

附註：

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

REPORT OF THE DIRECTORS

董事會報告

- (2) This represents legal and beneficial interest of 9,101,560 Shares in the Company, and 29,276,916 share options in underlying shares of the pre-IPO management options (the "Management Options") granted by the Company.
- (3) These represent legal and beneficial interest of 2,314,204 Shares and 21,653,916 share options in underlying Shares of the Management Options granted by the Company, details of which are set out in the sections "Share Award Scheme" and "Pre-IPO Management Options" below.
- (4) Based on 6,131,406,706 Shares in issue as at 30 June 2019.
- (2) 這指本公司合法及實益權益9,101,560股股份及本公司所授出首次公開發售前管理層購股權(「管理層購股權」)的相關股份中29,276,916份購股權。
- (3) 這指合法及實益權益2,314,204股股份及本公司所授出管理層購股權的相關股份中21,653,916份購股權，有關詳情載於下文「股份獎勵計劃」及「首次公開發售前管理層購股權」各節。
- (4) 基於2019年6月30日已發行的6,131,406,706股股份。

INTEREST IN ASSOCIATED CORPORATION

於相聯法團的權益

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Number of shares in associated corporation 於相聯法團的 股份數目	Approximate percentage of shareholdings interest ⁽²⁾ 股權概約百分比 ⁽²⁾
Mr. Lu Minfang ⁽¹⁾ 盧敏放先生 ⁽¹⁾	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	11,310,072	0.29%
Mr. Zhang Ping ⁽¹⁾ 張平先生 ⁽¹⁾	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	2,595,159	0.07%
Mr. Zhao Jiejun ⁽¹⁾ 趙傑軍先生 ⁽¹⁾	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	3,244,628	0.08%

Note:

- (1) Mr. Lu Minfang, Mr. Zhang Ping and Mr. Zhao Jiejun are non-executive Directors of the Company. Mr. Lu Minfang is an executive director and chief executive officer of China Mengniu Dairy Company Limited ("Mengniu"). Mr. ZHANG Ping is a chief financial officer of Mengniu. Mr. ZHAO Jiejun is the assistant vice president of Mengniu and the general manager of the milk sources department of Mengniu. As at the date of this report, Mengniu holds 60.76% of the issued share capital of the Company.
- (2) Based on 3,930,767,196 Shares of China Mengniu Dairy Company Limited in issue as at 30 June 2019.

附註：

- (1) 盧敏放先生、張平先生及趙傑軍先生均為本公司的非執行董事。盧敏放先生為中國蒙牛乳業有限公司(「蒙牛」)的執行董事兼總裁。張平先生為蒙牛的首席財務官。趙傑軍先生為蒙牛的副總裁兼蒙牛奶源部總經理。於本報告日期，蒙牛持有本公司已發行股本60.76%。
- (2) 基於2019年6月30日中國蒙牛乳業有限公司已發行的3,930,767,196股股份。

Saved as disclosed above, as at 30 June 2019, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2019年6月30日，董事及本公司主要行政人員及彼等各自的聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記於本公司存置的登記冊的任何權益及淡倉，或根據標準守則須知會本公司及聯交所的任何權益及淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2019, the interests or short positions of substantial shareholders, other than the Directors or the chief executives of the Company and their respective associates, in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be maintained under Section 336 of the SFO were as follows:

主要股東權益

於2019年6月30日，主要股東(董事或本公司主要行政人員及彼等各自的聯繫人除外)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第336條須登記於登記冊的權益或淡倉如下：

Name of substantial shareholders 主要股東名稱	Capacity/Nature of interest 身份/權益性質	Number of Shares 普通股數目	Percentage of the Company's issued Share Capital ⁽³⁾ 佔本公司已發行股本百分比 ⁽³⁾
China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	Beneficial interest 實益權益	1,317,903,000 (L) ⁽¹⁾	21.49%
	Interest in controlled corporation 受控制法團權益	2,407,866,412 (L) ⁽²⁾	39.27%
Future Discovery Limited	Beneficial interest 實益權益	2,407,866,412 (L) ⁽²⁾	39.27%
Central Huijin Investment Ltd. 中央匯金投資有限責任公司	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000 (L)	5.94%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	689,438,782 (S) ⁽¹⁾	11.24%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000 (L)	0.02%
Bank of China Limited 中國銀行股份有限公司	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000 (L)	5.94%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	689,438,782 (S) ⁽¹⁾	11.24%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000 (L)	0.02%

REPORT OF THE DIRECTORS

董事會報告

Name of substantial shareholders 主要股東名稱	Capacity/Nature of interest 身份／權益性質	Number of Shares 普通股數目	Percentage of the Company's issued Share Capital ⁽³⁾ 佔本公司已發行股本百分比 ⁽³⁾
BOC International Holdings Limited	Interest in "other" capacity under Part XV of the SFO	363,903,000 (L)	5.94%
	根據證券及期貨條例第XV部於「其他」身份的權益	689,438,782 (S) ⁽¹⁾	11.24%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
BOCI Financial Products Limited	Beneficial interest 實益權益	325,535,782 (L)	5.31%
中銀國際金融產品有限公司	Interest in "other" capacity under Part XV of the SFO	363,903,000 (L)	5.94%
	根據證券及期貨條例第XV部以「其他」身份持有的權益	689,438,782 (S) ⁽¹⁾	11.24%

Notes:

- (1) Among which up to 689,438,782 shares of the Company have been lent to BOCI Financial Products Limited pursuant to a securities lending agreement dated 18 May 2017 entered into between Mengniu as lender and BOCI Financial Products Limited as borrower.
- (2) The interests refer to the same parcel of underlying shares in the Company. Future Discovery Limited is the subsidiary of Mengniu.
- (3) Based on 6,131,406,706 Shares in issue as at 30 June 2019.
- (4) (S) Indicates a short position.
- (5) (L) Indicates a long position.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company or as recorded in the register required to be maintained under Section 336 of the SFO as at 30 June 2019.

附註：

- (1) 其中最多689,438,782股本公司股份已根據由蒙牛(作為貸款人)與中銀國際金融產品有限公司(作為借款人)所訂立日期為2017年5月18日的借股協議借予中銀國際金融產品有限公司。
- (2) 該權益指同一批本公司相關股份。Future Discovery Limited為蒙牛的附屬公司。
- (3) 基於2019年6月30日已發行的6,131,406,706股股份。
- (4) (S)指淡倉。
- (5) (L)指好倉。

除上文所披露者外，於2019年6月30日，本公司並不知悉於佔本公司已發行股本5%或以上的股份或相關股份中擁有或根據證券及期貨條例第336條須登記於存置的登記冊內的任何其他權益或淡倉。

PRE-IPO MANAGEMENT OPTIONS

The Company granted Management Options to Ms. Gao Lina and Mr. Han Chunlin. The following Management Options were outstanding during the period:

首次公開發售前管理層購股權

本公司向高麗娜女士及韓春林先生授出管理層購股權。以下為期內尚未行使的管理層購股權：

		Number of underlying shares of the Company which may be issued pursuant to the Management Options 根據管理層購股權可能發行的本公司相關股份數目				
Name of grantee 承授人姓名	Date of grant 授出日期	As at	Granted during the period	Exercised during the period	Cancelled during the period	As at
		1 January 2019 於2019年 1月1日				30 June 2019 於2019年 6月30日
Ms. GAO Lina 高麗娜女士	31 October 2010 2010年10月31日	29,276,916	-	-	-	29,276,916
Mr. HAN Chunlin 韓春林先生	31 October 2010 2010年10月31日	21,653,916	-	-	-	21,653,916
		50,930,832	-	-	-	50,930,832

SHARE AWARD SCHEMES

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

Under the Share Award Scheme I, a total of 35,969,000 ordinary shares of the Company were purchased from open market by the trustee of the scheme and were all granted as restricted shares to selected participants of under the scheme (the "Awarded Shares") in April 2017.

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

股份獎勵計劃

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

根據股份獎勵計劃I，本公司合共35,969,000股普通股由計劃受託人於公開市場購買，並於2017年4月全部授予計劃項下的獲選參與者作為限制性股份(「獎勵股份」)。

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

REPORT OF THE DIRECTORS

董事會報告

As the total contributed amount of the Share Award Scheme I has reached its limit, the Company on 26 March 2018, adopted Share Award Scheme II. For the avoidance of doubt, any restricted share granted prior to 26 March 2018, shall for all purposes continue to be administered and take effect in accordance with the rules of Share Award Scheme I as adopted on 9 September 2016.

During the Reporting Period, the trustee of the Share Award Scheme II, pursuant to its rules, purchased on the open market a total of 9,026,000 shares of the Company at a consideration of approximately HK\$10,169,000 (equivalent to RMB8,946,000). A total of 40,973,000 restricted Shares have been vested among which 10,592,774 shares were retained by the trustee as a consideration for settlement of individual income tax in mainland China on behalf of those grantees of vesting shares during the Reporting Period. As at 30 June 2019, the trustee of the Share Award Scheme I and Share Award Scheme II has outstanding restricted shares of 34,614,774 Shares, representing approximately 0.56% of the issued share capital of the Company.

For details of the Share Award Scheme II, please refer to the Company's announcement on 27 March 2018 and note 22 to the interim financial statements.

FOREIGN CURRENCY RISK

The Group's businesses are principally located in Mainland China and substantially all transactions are conducted in RMB, except for the payment for offshore professional services and purchases of imported machinery and equipment from overseas.

The fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. However, in the opinion of the Directors, the foreign currency risk exposure is under management's control.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company has, throughout the six months ended 30 June 2019 complied with the code provisions set out in the CG Code, except for the deviations from code provision A.6.7 which is explained below.

由於股份獎勵計劃I的供款總額已達到上限，所以本公司於2018年3月26日採納股份獎勵計劃II。為免生疑問，2018年3月26日之前所授予的任何限制性股份將繼續按照2016年9月9日通過的股份獎勵計劃I規則繼續管理和生效。

於本匯報期間，股份獎勵計劃II的受託人根據其規則於公開市場購買合共本公司9,026,000股股份，有關代價約為10,169,000港元(相當於人民幣8,946,000元)。於本匯報期間，合共40,973,000股限制性股份已歸屬，其中10,592,774股股份由受託人保留，作為代歸屬股份承授人在中國內地支付個人所得稅的代價。於2019年6月30日，股份獎勵計劃I及股份獎勵計劃II的受託人具34,614,774股未償還限制性股份，佔本公司已發行股本約0.56%。

有關股份獎勵計劃II之詳情，請參閱本公司於2018年3月27日的公告及中期財務報表附註22。

外幣風險

本集團的業務主要位於中國內地，除離岸專業服務及進口機械設備付款外，所有交易均以人民幣進行。

人民幣兌外幣匯率之波動可能會影響本集團的經營績效。然而，董事認為，外幣匯兌風險是在管理層掌控之內。

企業管治

本公司已採納載於聯交所證券上市規則(「上市規則」)附錄14所載的企業管治守則及企業管治報告(「企業管治守則」)的守則條文。截至2019年6月30日止六個月，本公司一直遵守載於企業管治守則的守則條文，惟偏離守則條文第A.6.7條(於下文解釋)。

Code provision A.6.7 of the CG Code provides, among other things, that non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Two non-executive Directors were not able to attend the annual general meeting of the Company held on 6 June 2019 due to other business engagements.

Save as disclosed above, the Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the sections headed "Pre-IPO Management Options", "Share Award Scheme" and "Interest in Associate Corporation" above, during the Reporting Period, the Company or any of its subsidiaries was not a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save for those disclosed above, during the six months ended June 30, 2019, none of the Directors (including their spouses and children under the age of 18) held any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

BOARD OF DIRECTORS

As at the date of this interim report, the Board comprises two executive Directors, namely Ms. GAO Lina (Vice Chairman and Chief Executive Officer) and Mr. HAN Chunlin (Chief Operation Officer), four non-executive Directors, namely, Mr. LU Minfang (Chairman of the Board), Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. ZHAO Jiejun, and three independent non-executive Directors, namely Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. KANG Yan.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Reporting Period.

企業管治守則的守則條文第A.6.7條規定(其中包括),非執行董事應出席股東大會,對本公司股東的意見有公正的瞭解。兩名非執行董事由於其他公務而無法出席本公司於2019年6月6日舉行的股東週年大會。

除上文所披露者外,董事會已檢討本公司之企業管治常規並確信本公司已全面遵守企業管治守則之適用守則條文。

董事收購股份或債券的權利

除上文「首次公開發售前管理層購股權」、「股份獎勵計劃」,及「於相聯法團的權益」各節所披露者外,於本匯報期內,本公司或其任何附屬公司並無參與任何其目的或目的之一旨在使董事可透過購入本公司或任何其他法人團體的股份或債權證而獲利的安排。

除上述所披露者外,於截至2019年6月30日止六個月內,概無任何董事(包括其配偶及未滿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)的證券中擁有任何權益或獲授任何可認購該等證券的權利,或曾行使任何有關權利。

董事會

於本中期報告日期,董事會由兩名執行董事高麗娜女士(副主席兼總裁)及韓春林先生(營運總經理)、四名非執行董事盧敏放先生(董事會主席)、WOLHARDT Julian Juul先生、張平先生及趙傑軍先生以及三名獨立非執行董事李勝利先生、李港衛先生及康龔先生組成。

董事進行的證券交易

本公司已採納上市規則附錄10所載的標準守則作為本公司董事進行證券交易的行為守則。於本公司作出特定查詢後,全體董事確認,於本匯報期間,彼等一直遵守標準守則所載的規定標準。

REPORT OF THE DIRECTORS

董事會報告

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that the trustee of the Share Award Scheme II, pursuant to the rules of the Share Award Scheme II, purchased on the open market a total of 9,026,000 shares of the Company at a consideration of approximately HK\$10,169,000 (equivalent to RMB8,946,000) for the six months ended 30 June 2019.

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

There was no changes in the information of Directors since the date of the 2018 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

There is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The condensed interim financial statements have been reviewed by the Group's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee.

AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. LEE Kong Wai, Conway (chairman) and Mr. KANG Yan and one non-executive Director, Mr. WOLHARDT Julian Juul. The Audit Committee has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management system, internal control procedures and financial reporting matters, including the review of the Group's interim financial statements.

購買、出售或贖回本公司之上市證券

截至2019年6月30日止六個月，本公司或其任何附屬公司概無購買、贖回出售本公司任何上市證券，惟根據股份獎勵計劃II的規則，股份獎勵計劃II的受託人於公開市場購買合共本公司9,026,000股股份，有關代價約為10,169,000港元（相當於人民幣8,946,000元）。

根據上市規則第13.51B(1)條作出的董事資料更新

自本公司2018年年報日期後，董事的資料沒有變更，所以根據上市規則第13.51B(1)條沒有須予披露事項。

無其他資料須根據上市規則第13.51B(1)條予以披露。

審閱中期業績

簡明中期財務報表已經本集團核數師德勤•關黃陳方會計師行根據香港會計師公會頒佈的香港審閱工作準則第2410號「實體的獨立核數師對中期財務資料的審閱」與本公司審核委員會進行審閱。

審核委員會

審核委員會現時由二名獨立非執行董事，即李港衛先生(主席)及康龔先生及一名非執行董事WOLHARDT Julian Juul先生組成。審核委員會已與本公司管理層及外部核數師審閱本公司採納的會計原則及慣例，並討論審計、風險管理制度、內部監控程序及財務呈報事宜，包括審閱本集團的中期財務報表。

INVESTOR RELATIONS

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development. Investors are welcomed to send their enquiries to our investor relation at info@moderndairyir.com or browse the Company's website (<http://www.moderndairyir.com>) for latest update information of the Group.

投資者關係

本公司採取積極政策促進投資者關係與溝通。本公司定期與機構投資者及金融分析師舉行會議，以確保就本公司表現及發展維持雙向溝通。本公司歡迎投資者致函info@moderndairyir.com詢問我們的投資者關係或瀏覽本公司網站(<http://www.moderndairyir.com>)瞭解本集團的最新更新資料。

On behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
*Deputy Chairman, Chief Executive Officer and
Executive Director*

代表董事會
中國現代牧業控股有限公司
副主席、總裁兼
執行董事
高麗娜女士

Hong Kong, 26 August 2019

香港，2019年8月26日

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表審閱報告

Deloitte.

德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Modern Dairy Holdings Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 48 to 100, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

致中國現代牧業控股有限公司董事會
(於開曼群島註冊成立的有限公司)

緒言

我們已審閱第48頁至第100頁所載中國現代牧業控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的簡明綜合財務報表，當中包括截至2019年6月30日的簡明綜合財務狀況表，以及截至該日止六個月的相關簡明綜合損益及其他全面收益表、權益變動表及現金流量表及若干附註解釋。香港聯合交易所有限公司證券上市規則規定編製中期財務資料報告須符合當中的相關條文及國際會計準則理事會頒佈的國際會計準則第34號「中期財務報告」(「國際會計準則第34號」)。貴公司董事須負責根據國際會計準則第34號編製及呈列此等簡明綜合財務報表。我們的責任是根據審閱結果對此等簡明綜合財務報表作出結論，並根據我們的協定委聘條款僅向作為法人的閣下匯報結論，而不作其他用途。我們不會就本報告內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱委聘準則第2410號「實體獨立核數師對中期財務資料進行審閱」進行審閱工作。審閱此等簡明綜合財務報表包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱範圍遠小於根據香港核數準則進行的審核範圍，故我們無法保證，我們會知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表審閱報告

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2019

結論

根據我們的審閱結果，我們並無發現任何事項，致使我們相信此等簡明綜合財務報表在各重大方面未有根據國際會計準則第34號編製。

德勤•關黃陳方會計師行
執業會計師
香港
2019年8月26日

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2019
截至2019年6月30日止六個月

Six months ended 30 June
截至6月30日止六個月

		Notes 附註	2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue	收入	4	2,570,133	2,468,250
Cost of sales before raw milk fair value adjustments	原料奶公平值調整前的銷售成本	6	(1,672,018)	(1,732,827)
Raw milk fair value adjustments included in cost of sales	計入銷售成本的原料奶公平值調整		(816,632)	(629,418)
Loss arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減乳牛出售成本產生的虧損		(430,471)	(434,716)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	於原料奶收穫時按公平值減銷售成本初始確認產生的收益		816,632	629,418
Other income	其他收入	5	21,547	34,321
Impairment losses under expected credit loss model, net of reversal	預期信貸虧損模型下減值虧損扣除撥回	14	108,021	(74,168)
Selling and distribution costs	銷售及分銷開支		(82,985)	(93,560)
Administrative expenses	行政開支		(138,279)	(106,762)
Share of profit of associates	應佔聯營公司溢利		12,284	6,335
Other gains and losses, net	其他收益及虧損淨額	6	(26,715)	(54,308)
Other expenses	其他開支		(3,264)	(7,157)
Profit before finance costs and tax	除融資成本及稅項前溢利	6	358,253	5,408
Finance costs	融資成本	7	(224,375)	(148,225)
Profit/(loss) before tax	除稅前溢利/(虧損)		133,878	(142,817)
Income tax expense	所得稅開支	8	(197)	(194)
Profit/(loss) for the period	期內溢利/(虧損)		133,681	(143,011)
Other comprehensive income/(expense):	其他全面收入/(開支):			
Item that will not be reclassified to profit or loss:	不會重新分類為損益的項目:			
Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	按公平值計入其他全面收入的權益工具投資公平值收益/(虧損)(「按公平值計入其他全面收入」)		131	(8,870)
Other comprehensive income/(expense) for the period (net of tax)	期內其他全面收入/(開支)(扣除稅項)		131	(8,870)
Total comprehensive income/(expense) for the period	期內全面收入/(開支)總額		133,812	(151,881)
Profit/(loss) for the period attributable to:	以下各方應佔期內溢利/(虧損):			
Owners of the Company	本公司持有人		124,859	(140,250)
Non-controlling interests	非控股權益		8,822	(2,761)
			133,681	(143,011)
Total comprehensive income/(expense) for the period attributable to:	以下各方應佔期內全面收入/(開支)總額:			
Owners of the Company	本公司持有人		124,988	(148,958)
Non-controlling interests	非控股權益		8,824	(2,923)
			133,812	(151,881)
Earnings/(loss) per share (RMB)	每股盈利/(虧損)(人民幣)	10		
Basic	基本		2.05 cents 分	(2.30) cents 分
Diluted	攤薄		2.05 cents 分	(2.30) cents 分

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

At 30 June 2019
於2019年6月30日

		Notes	30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備		3,720,800	3,920,685
Right-of-use assets	使用權資產	11	312,094	–
Land use rights	土地使用權		–	117,220
Goodwill	商譽		1,398,589	1,398,589
Interest in associates	於聯營公司的權益		192,060	180,913
Equity instruments at FVTOCI	按公平值計入其他全面 收入的權益工具		2,639	2,508
Biological assets	生物資產	12	7,650,739	7,717,113
			13,276,921	13,337,028
CURRENT ASSETS	流動資產			
Inventories	存貨		573,517	978,508
Trade and other receivables and advanced payments	應收貿易賬款及其他應收 款項以及預付款項	13	841,791	781,173
Land use rights	土地使用權		–	4,002
Derivative financial instruments	衍生金融工具	15	59,055	80,424
Pledged bank balances and non-pledged bank deposits	已質押銀行結餘及 未質押銀行存款		118,839	61,355
Bank balances and cash	銀行結餘及現金		604,310	703,039
			2,197,512	2,608,501
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易賬款及其他 應付款項	16	1,486,136	2,072,363
Tax payable	應課稅項		246	322
Bank borrowings – due within one year	銀行借款 – 於一年內 到期	17	1,621,007	1,691,109
Other borrowings	其他借款	18	1,202,798	1,001,111
Medium-term notes	中期票據	19	–	621,880
Corporate bonds	公司債券	20	–	1,087,568
Lease liabilities	租賃負債		8,974	–
Derivative financial instruments	衍生金融工具	15	35,800	17,729
Contract liabilities	合約負債		216	232
			4,355,177	6,492,314
NET CURRENT LIABILITIES	流動負債淨額		(2,157,665)	(3,883,813)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		11,119,256	9,453,215

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

At 30 June 2019
於2019年6月30日

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
	Notes 附註		
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	526,058	526,058
Share premium and reserves	股份溢價及儲備	6,028,153	5,919,237
Equity attributable to owners of the Company	本公司持有人應佔權益	6,554,211	6,445,295
Non-controlling interests	非控股權益	117,271	108,838
TOTAL EQUITY	總權益	6,671,482	6,554,133
NON-CURRENT LIABILITIES	非流動負債		
Bank borrowings – due after one year	銀行借款 – 於一年後到期	4,095,707	2,746,393
Lease liabilities	租賃負債	200,892	–
Deferred income	遞延收入	151,175	152,689
		4,447,774	2,899,082
		11,119,256	9,453,215

The consolidated financial statements on pages 48 to 100 were approved and authorised for issue by the board of directors on 26 August 2019 and are signed on its behalf by:

載於第48至100頁的綜合財務報表於2019年8月26日經董事會批准及授權刊發並代表簽署：

LU Minfang

盧敏放

Director

董事

GAO Lina

高麗娜

Director

董事

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2019
截至2019年6月30日止六個月

Attributable to owners of the Company
本公司持有人應佔

		Share capital	Share premium	Other reserve	Share options reserve	Share award reserve	Shares held under the Share Award Schemes	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
		股本	股份溢價	其他儲備	購股權儲備	股份獎勵儲備	股份獎勵計劃項下所持有的股份	按公平值計入其他全面收入儲備	保留盈利	小計	非控股權益	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018 (audited)	於2018年1月1日(經審核)	526,058	4,641,066	979,953	5,286	14,517	(62,137)	(12,021)	874,695	6,967,417	119,352	7,086,769
Loss for the period	期內虧損	-	-	-	-	-	-	-	(140,250)	(140,250)	(2,761)	(143,011)
Other comprehensive expense for the period	期內其他全面開支	-	-	-	-	-	-	(8,708)	-	(8,708)	(162)	(8,870)
Total comprehensive expense for the period	期內全面開支總額	-	-	-	-	-	-	(8,708)	(140,250)	(148,958)	(2,923)	(151,881)
Share purchase for the Share Award Schemes (Note 22(b))	就股份獎勵計劃的股份購買(附註22(b))	-	-	-	-	-	(23,583)	-	-	(23,583)	-	(23,583)
Recognition of equity-settled share-based payment (Note 22(b))	確認按股權結算以股份支付的付款(附註22(b))	-	-	-	-	2,795	-	-	-	2,795	-	2,795
At 30 June 2018 (unaudited)	於2018年6月30日(未經審核)	526,058	4,641,066	979,953	5,286	17,312	(85,720)	(20,729)	734,445	6,797,671	116,429	6,914,100
At 31 December 2018 (audited)	於2018年12月31日(經審核)	526,058	4,641,066	979,953	5,286	23,163	(85,720)	(23,118)	378,607	6,445,295	108,838	6,554,133
Adjustment (Note 3)	調整(附註3)	-	-	-	-	-	-	-	(21,039)	(21,039)	(391)	(21,430)
At 1 January 2019 (restated)	於2019年1月1日(經重列)	526,058	4,641,066	979,953	5,286	23,163	(85,720)	(23,118)	357,568	6,424,256	108,447	6,532,703
Profit for the period	期內溢利	-	-	-	-	-	-	-	124,859	124,859	8,822	133,681
Other comprehensive income for the period	期內其他全面收入	-	-	-	-	-	-	129	-	129	2	131
Total comprehensive income for the period	期內全面收入總額	-	-	-	-	-	-	129	124,859	124,988	8,824	133,812
Share purchase for the Share Award Schemes (Note 22(b))	就股份獎勵計劃的股份購買(附註22(b))	-	-	-	-	-	(19,668)	-	-	(19,668)	-	(19,668)
Recognition of equity-settled share-based payment (Note 22(b))	確認按股權結算以股份支付的付款(附註22(b))	-	-	-	-	24,635	-	-	-	24,635	-	24,635
Reversal due to vesting of award shares (Note 22(b))	因獎勵股份歸屬而撥回(附註22(b))	-	-	-	-	(43,806)	59,835	-	(16,029)	-	-	-
At 30 June 2019 (unaudited)	於2019年6月30日(未經審核)	526,058	4,641,066	979,953	5,286	3,992	(45,553)	(22,989)	466,398	6,554,211	117,271	6,671,482

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2019
截至2019年6月30日止六個月

Six months ended 30 June
截至6月30日止六個月

		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Net cash generated from operating activities	經營活動所得現金淨額	855,571	709,470
Net cash used in investing activities	投資活動所用現金淨額	(146,598)	(269,648)
Purchases of property, plant and equipment	購入物業、廠房及設備	(95)	–
Payments for right-of-use assets	使用權資產付款	–	(1,100)
Investment in an equity instrument	權益工具投資	(582,398)	(540,344)
Additions in biological assets	生物資產增置	(71,673)	(61,128)
Additions in pledged bank balances	已質押銀行結餘增加	14,189	65,705
Release of pledged bank balances	已質押銀行結餘解除	–	–
Addition in non-pledged bank deposits with original maturity of more than three months	原到期日超過三個月的無抵押 銀行存款增加	–	(39,699)
Release of non-pledged bank deposits with original maturity of more than three months	原到期日超過三個月的無抵押 銀行存款解除	–	15,000
Proceeds from disposal of dairy cows	出售乳牛所得款項	260,498	319,117
Interest received	已收取利息	5,668	6,472
Government grants received	已獲取政府補貼	7,900	13,909
Proceeds from disposal of subsidiaries	出售附屬公司所得款項	–	(91,560)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得 款項	8,061	13,460
		(504,448)	(569,816)
Net cash used in financing activities	融資活動所用現金淨額	(210,841)	(245,796)
Interest paid	已付利息	2,682,181	1,940,627
New borrowings raised	新籌得借款	(1,425,020)	(609,843)
Repayment of borrowings	借款償還款項	(600,000)	(1,200,000)
Repayment of medium-term notes	中期票據償還款項	(1,050,000)	–
Repayment of corporate bonds	公司債券償還款項	(23,752)	–
Payment of transaction cost for bank borrowings	支付銀行借款的交易成本	1,345,250	1,061,000
Proceeds from other borrowings	其他借款所得款項	(1,145,250)	(1,072,325)
Repayment of other borrowings	其他借款償還款項	(13,474)	–
Repayments of leases liabilities	租賃負債償還款項	(8,946)	(23,583)
Payment for repurchase of ordinary shares	購回普通股的付款	(449,852)	(149,920)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(98,729)	(10,266)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物	703,039	666,519
Cash and cash equivalents at 30 June, represented by cash and bank balances	於6月30日的現金及現金等價物， 以現金及銀行結餘呈列	604,310	656,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019
截至2019年6月30日止六個月

1. GENERAL

China Modern Dairy Holdings Ltd. (the “Company”) is a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. The principal place of business of the Company is located in Economic and Technological Development Zone, Maanshan City, Anhui Province, the People’s Republic of China (the “PRC”). As at 30 June 2019, China Mengniu Dairy Co., Ltd. (“Mengniu”) and its wholly owned subsidiary together owned 60.76% of the issued share capital of the Company.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in production and sales of milk. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the principal subsidiaries of the Group operate (the “functional currency”).

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparation of the condensed consolidated financial statements for the six months ended 30 June 2019, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its total current assets by RMB2,157,665,000 (31 December 2018: RMB3,883,813,000). Having considered the available credit facilities of approximately RMB3,400,839,000 which remains unutilised as at 30 June 2019, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. These facilities include a facility of RMB500,000,000 from Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”) expiring in May 2020 (Note 24(d)), and the remaining facilities are from banks. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

1. 一般資料

中國現代牧業控股有限公司(「本公司」)為一間有限公司，其股份於2010年11月26日在香港聯合交易所有限公司(「聯交所」)主板上市。本公司的註冊辦事處位於Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands。本公司主要營業地點則位於中華人民共和國(「中國」)安徽省馬鞍山市經濟技術開發區。於2019年6月30日，中國蒙牛乳業有限公司(「蒙牛」)及其全資附屬公司共同擁有本公司已發行股本的60.76%。

本公司的主要業務為投資控股，而其附屬公司則主要從事生產及銷售牛奶。本公司及其附屬公司於下文統稱本集團。

簡明綜合財務報表以人民幣(「人民幣」)列值，該貨幣用於本集團主要附屬公司營運所在的主要經濟環境(「功能貨幣」)。

2. 綜合財務報表的編製基準

在編製截至2019年6月30日止六個月的簡明綜合財務報表時，鑒於本集團的流動負債超出其流動資產總值人民幣2,157,665,000元(2018年12月31日：人民幣3,883,813,000元)，本公司董事(「董事」)已審慎考慮本集團的未來流動資金狀況。經考慮於2019年6月30日的可供動用信貸融資約人民幣3,400,839,000元並未動用，董事信納，於可見將來，本集團將能夠於財務責任到期應付時悉數償還有關款項。該等融資包括來自內蒙古蒙牛乳業(集團)股份有限公司(「內蒙古蒙牛」)為人民幣500,000,000元融資(2020年5月屆滿)(附註24(d))，剩餘融資來自銀行。因此，簡明綜合財務報表根據持續經營基準編製。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for: (i) the biological assets, which are measured at fair value less costs to sell; (ii) derivative financial instruments, which are measured at fair value; and (iii) equity instruments at FVTOCI, which are measured at fair value at the end of each Reporting Period.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

2. 綜合財務報表的編製基準(續)

本集團簡明綜合財務報表乃根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際會計準則第34號中期財務報告(「國際會計準則第34號」)，以及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十六的適用披露規定編製。

3. 主要會計政策

簡明綜合財務報表乃根據歷史成本基準編製，惟：(i)按公平值減銷售成本計量的生物資產；(ii)按公平值計量的衍生金融工具；及(iii)按公平值計入其他全面收入的權益工具按各報告期末的公平值計量除外。

除因應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)而導致的會計政策變動外，截至2019年6月30日止六個月簡明綜合財務報表所應用的會計政策及計算方法與本集團截至2018年12月31日止年度的年度財務報表所列示者一致。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

3. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則

於本中期期間，本集團已首次應用以下由國際會計準則理事會頒佈並於2019年1月1日或之後開始的年度期間強制生效的新訂及經修訂國際財務報告準則，以編製本集團簡明綜合財務報表：

國際財務報告準則第16號	租賃
國際財務報告詮釋委員會第23號	所得稅不確定性的處理
國際財務報告準則第9號的修訂	具有負補償的提前還款特性
國際會計準則第19號的修訂	計劃修訂、縮減或清償
國際會計準則第28號的修訂	於聯營公司及合營企業的長期權益
國際財務報告準則的修訂	國際財務報告準則年度改進(2015年至2017年週期)

除下文所述者外，於本期間應用新訂及經修訂國際財務報告準則並無對本集團於當前及過往期間的財務狀況及表現及／或於此等簡明綜合財務報表內所載的披露構成重大影響。

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動

本集團已於本中期期間首次應用國際財務報告準則第16號。國際財務報告準則第16號取代國際會計準則第17號租賃(「國際會計準則第17號」)及相關詮釋。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of 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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動

本集團已按國際財務報告準則第16號所載的過渡條文應用以下會計政策。

租賃的定義

倘合約授予權利以代價為交換在某一時期內控制使用已識別資產，則該合約屬於租賃或包含租賃。

就於初次應用日期或之後訂立或修訂的合約而言，本集團根據國際財務報告準則第16號於開始或修訂日期的定義評估合約是否屬於或包含租賃。除非合約條款及條件其後改變，否則不得重新評估該合約。

作為承租人

分配代價至合約組成部分

就包含租賃組成部分及一項或多項額外租賃或非租賃組成部分的合約而言，本集團根據租賃組成部分的相對獨立價格及非租賃組成部分的獨立價格總額將合約代價分配至各租賃組成部分。

本集團採用實際權宜之計，不將非租賃組成部分與租賃組成部分分開，取而代之將租賃組成部分及任何相關的非租賃組成部分以單一租賃組成部分入賬。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動(續)

作為承租人(續)

短期租賃

本集團將短期租賃確認豁免應用於自開始日期起計為期12個月或更短租期且並不包含購買選擇權的汽車、機械及設備及樓宇租賃。短期租賃的租賃付款於租期內以直線法確認為開支。

使用權資產

除短期租賃外，本集團於租賃開始日期(即相關資產可供使用的日期)確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債任何重新計量作出調整。

使用權資產的成本包括：

- 租賃負債的初步計量金額；
- 於開始日期或之前所作的任何租賃付款，減任何已收取的租賃優惠；
- 本集團產生的任何初始直接成本；及
- 本集團在拆除及移除相關資產、恢復其所在地點或將相關資產恢復至租賃條款及條件所要求的狀況時所產生的估計成本。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動(續)

作為承租人(續)

使用權資產(續)

本集團於租期結束時合理確定獲取相關租賃資產的所有權，使用權資產自開始日期至可使用年期末折舊。否則，使用權資產按其估計可使用年期及租期中的較短者以直線法折舊。

本集團於綜合財務狀況表中將使用權資產獨立呈列。

可退回租賃按金

已付可退回租賃按金根據國際財務報告準則第9號金融工具(「國際財務報告準則第9號」)入賬，並初步按公平值計量。於初步確認時對公平值所作調整被視為額外租賃款項並計入使用權資產成本。

租賃負債

於租賃開始日期，本集團按當日未支付的租賃付款現值確認及計量租賃負債。於計算租賃付款的現值時，倘租賃所含的利率不能即時釐定，則本集團會於租賃開始日期使用增量借款利率。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動(續)

作為承租人(續)

租賃負債(續)

租賃付款包括：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；
- 可變租賃付款(視乎指數或利率而定)；及
- 倘租期反映本集團行使終止選擇權，則支付終止租賃的罰款。

反映市場租金變動的可變租賃付款初步使用於開始日期的市場租金計量。不會依賴指數或利率的可變租賃付款不計入租賃負債及使用權資產計量，並在觸發付款的事件或條件出現的期間內確認為開支。

在開始日期後，租賃負債透過利息增加及租賃付款進行調整。

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截至2019年6月30日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. 主要會計政策 (續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動 (續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動 (續)

作為承租人 (續)

租賃負債 (續)

於下列情況下，本集團重新計量租賃負債(並對相關的使用權資產進行相應調整)：

- 租期有所變動或行使購買選擇權的評估發生變化，在該情況下，相關租賃負債透過使用重新評估當日經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因市場租金審查導致市場租賃利率變動而有所變化，在該情況下，相關租賃負債透過使用初始貼現率貼現經修訂租賃付款而重新計量。

租賃修訂

倘出現以下情況，本集團將租賃的修訂作為一項單獨租賃入賬：

- 該修訂透過增加一項或多項相關資產的使用權利而擴大租賃範圍；及
- 租賃代價增加的金額相當於擴大範圍對應的單獨價格，加上以反映特定合約的情況對單獨價格進行的任何適當調整。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are not recognised if the temporary difference that affects neither the taxable profit nor the accounting profit.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.1 應用國際財務報告準則第16號導致的會計政策關鍵變動(續)

作為承租人(續)

租賃修訂(續)

對於不作為一項單獨租賃入賬的租賃修訂，本集團使用修訂生效日期經修訂貼現率貼現經修訂租賃付款，按經修訂租賃的租期重新計量租賃負債。

稅項

為計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項，本集團首先確定稅項扣減是否歸屬於使用權資產或租賃負債。

就租賃交易而言，稅項扣減歸屬於租賃負債，本集團就租賃交易整體應用國際會計準則第12號*所得稅*之所得稅規定。倘若有關使用權資產及租賃負債的暫時性差異既不影響應課稅溢利也不影響會計溢利，則該暫時性差異不予確認。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要

租賃的定義

本集團選擇實際權宜方式將國際財務報告準則第16號應用於過往識別為租賃的合約(採用國際會計準則第17號及國際財務報告詮釋委員會第4號斷定安排是否包含租賃，且不會將該等準則應用於過往未識別為包含租賃的合約。因此，本集團並無重新評估於初次應用日期前已存在的合約。

就於2019年1月1日或之後訂立或修訂的合約而言，本集團根據國際財務報告準則第16號所載要求應用租賃的定義，以評估合約是否包含租賃。

作為承租人

本集團已追溯應用國際財務報告準則第16號，且於初步應用日期(即2019年1月1日)確認其累計影響。於初步應用日期的任何差額在期初保留盈利確認，且比較資料尚未重列。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of machinery and equipment in the People's Republic of China was determined on a portfolio basis; and

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

作為承租人(續)

於過渡階段，本集團根據國際財務報告準則第16號應用經修訂追溯法時，以相關租賃合約為限，對先前根據國際會計準則第17號按租賃基準分類為經營租賃的租賃應用以下實際權宜方式：

- i. 透過應用國際會計準則第37號撥備、或然負債及或然資產作為減值審閱的替代方法，評估租賃是否屬有償；
- ii. 選擇不就租期於初步應用日期起計12個月內結束租賃確認使用權資產及租賃負債；
- iii. 於初步應用日期計量使用權資產時撇除初始直接成本；
- iv. 就類似經濟環境內的類似相關資產類別對餘下期間類似的租賃組合應用單一貼現率。具體而言，有關中華人民共和國的機械及設備若干租賃的貼現率乃按組合形式釐定；及

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 5.13% to 5.20%.

Lease liabilities	租賃負債
Analysed as	分析為
Current	流動
Non-current	非流動

Note: The lease liabilities as at 1 January 2019 have included the operating lease commitments disclosed as at 31 December 2018; included the leases for lands at variable lease payments that depend on index, measured using the index at the commencement date; and excluded short-term leases. They are discounted at relevant incremental borrowing rates.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

作為承租人(續)

於過渡期間，本集團於應用國際財務報告準則第16號後作出以下調整：

於2019年1月1日，本集團按賬面值確認額外租賃負債及計量使用權資產，猶如自開始日期起已應用國際財務報告準則第16號，惟應用國際財務報告準則第16號：C8(b)(i)過渡，於首次應用日期使用相關集團實體的增量借款利率貼現。

於確認先前分類為經營租賃的租賃負債時，本集團已於初步應用日期應用相關集團實體的增量借款利率。相關集團實體所應用加權平均增量借款利率範圍介乎5.13%至5.20%。

At 1 January 2019

於2019年1月1日

RMB'000

人民幣千元

209,125
18,421
190,704

附註：於2019年1月1日的租賃負債包括於2018年12月31日所披露的經營租賃承擔；包括可變租賃付款(視乎指數而定)的土地租賃，其於開始日期使用指數計量；並排除短期租約。彼等以相關增量借款利率貼現。

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3. 主要會計政策(續)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

As a lessee (Continued)

作為承租人(續)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

於2019年1月1日的使用權資產賬面值如下：

		Right-of-use assets
		使用權資產
		RMB'000
		人民幣千元
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	與應用國際財務報告準則第16號後確認經營租賃相關的使用權資產	187,695
Reclassified from land use rights (Note)	自土地使用權重新分類(附註)	121,222
Reclassified from trade and other receivables and advanced payments	自應收貿易賬款及其他應收款項以及預付款項重新分類	193
		309,110
By class:	按類別：	
Leasehold lands	租賃土地	265,178
Machinery and equipment	機械及設備	43,932
		309,110

Note: Upfront payments for leasehold lands in the PRC were classified as land use rights as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of land use rights amounting to RMB4,002,000 and RMB117,220,000 respectively were reclassified to right-of-use assets.

附註：於2018年12月31日，於中國租賃土地的預付款項分類為土地使用權。應用國際財務報告準則第16號後，土地使用權的即期及非即期部分分別人民幣4,002,000元及人民幣117,220,000元重新分類至使用權資產。

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簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

The following table summarises the impact of transition to IFRS 16 on retained earnings at 1 January 2019.

Retained earnings:
Impact under modified retrospective approach
at 1 January 2019

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

作為承租人(續)

下表概述過渡至國際財務報告準則第16號對於2019年1月1日保留盈利的影響。

**Impact of adopting
IFRS 16 at
1 January 2019
於2019年1月1日
採納國際財務
報告準則
第16號的影響**
RMB'000
人民幣千元

保留盈利：
於2019年1月1日經修訂追溯法
項下影響

21,039

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3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

作為承租人(續)

以下為於2019年1月1日對簡明綜合財務狀況表確認的金額作出之調整。不受變動影響之項目不包括在內。

		Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
		過往於2018年12月31日報告的賬面值 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	於2019年1月1日根據國際財務報告準則第16號的賬面值 RMB'000 人民幣千元
Non-current Assets	非流動資產			
Land use rights	土地使用權	117,220	(117,220)	–
Right-of-use assets	使用權資產	–	309,110	309,110
Current Assets	流動資產			
Land use rights	土地使用權	4,002	(4,002)	–
Trade and other receivables and advanced payments	應收貿易賬款及其他應收款項以及預付款項	781,173	(193)	780,980
Capital and Reserves	資本及儲備			
Retained earnings	保留盈利	(378,607)	21,039	(357,568)
Non-controlling interests	非控股權益	(108,838)	391	(108,447)
Current Liabilities	流動負債			
Lease liabilities	租賃負債	–	(18,421)	(18,421)
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	–	(190,704)	(190,704)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

3.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

4. REVENUE

Disaggregation of revenue

Types of goods	商品類型
Raw milk	原料奶
Liquid milk products	液態奶產品

Timing of revenue recognition	收入確認時間
A point in time	時間點

Geographic information

Since all revenue from external customers is derived from the customers located in Mainland China and all of the non-current assets are located in Mainland China and the Group is managed on a nationwide basis because of the similarity of the type or class of the customers and the similarity of the regulatory environment in the whole region, no geographic information is presented.

3. 主要會計政策(續)

3.1 就國際財務報告準則第16號租賃應用會計政策的影響及變動(續)

3.1.2 初步應用國際財務報告準則第16號產生的過渡及影響概要(續)

作為承租人(續)

附註：營運資金變動已按以上所披露於2019年1月1日之期初財務狀況表計算，以作呈報截至2019年6月30日止六個月以間接法計算之經營活動現金流量之用。

4. 收入

收入細分

Six months ended 30 June 截至6月30日止六個月

2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
2,570,133	2,227,381
–	240,869
2,570,133	2,468,250
2,570,133	2,468,250

地域資料

由於所有來自外部客戶的收入乃源自中國內地的客戶且所有非流動資產均位於中國內地，而本集團因整個地區客戶類型或類別的相似性及監管環境的相似性而按全國基準進行管理，因此並無呈列的地域資料。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

5. OTHER INCOME

5. 其他收入

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Bank interest income	銀行利息收入	5,294	6,501
Government grants related to	就以下各項授出的政府補貼：		
– Other assets (Note i)	– 其他資產(附註i)	9,414	9,722
– Income (Note ii)	– 收入(附註ii)	3,088	9,317
		12,502	19,039
Others	其他	3,751	8,781
		21,547	34,321

Notes:

- These government grants are in relation to the construction and acquisition of property, plant and equipment and are included in the condensed consolidated statement of financial position as deferred income and credited to the profit or loss on a straight-line basis over the useful lives of the related assets.
- These government grants are unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving immediate financial support to the Group's operation.

附註：

- 該等政府補貼與建造和購置物業、廠房及設備有關，且於簡明綜合財務狀況表內列作遞延收入，並於有關資產的可使用年期內按直線法計入損益。
- 該等政府補貼為本集團從有關政府部門收取的無條件政府補貼，旨在為本集團的營運提供即時財政支持。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

6. PROFIT BEFORE FINANCE COSTS AND TAX

Profit before finance costs and tax is arrived at after charging (crediting):

6. 除融資成本及稅項前溢利

除融資成本及稅項前溢利乃扣除(計入)下列各項後計算得出：

		Six months ended 30 June	
		截至6月30日止六個月	
		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Cost of sales before raw milk fair value adjustments:	原料奶公平值調整前的銷售成本：		
Breeding costs to produce raw milk	生產原料奶的養殖成本	1,672,018	1,565,928
Production costs for liquid milk products	液態奶產品的生產成本	-	166,899
		1,672,018	1,732,827
Raw milk fair value adjustments included in cost of sales	計入銷售成本的原料奶公平值調整	816,632	629,418
		2,488,650	2,362,245
Other gains and losses:	其他收益及虧損：		
Net foreign exchange loss	外匯虧損淨額	27,128	50,474
Loss from disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	7,948	3,225
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	-	16,876
Gains arising on disposal of subsidiaries	出售附屬公司的收益	-	(18,193)
Fair value (gain) loss on derivative financial instruments (Note 15):	衍生金融工具的公平值(收益)虧損(附註15)：		
Foreign currency forward contracts	外幣遠期合約	(1,732)	2,152
Foreign currency option contracts	外幣期權合約	(5,942)	-
Gains on derecognition of financial liabilities	終止確認金融負債的收益	(687)	(226)
		26,715	54,308
Depreciation of property, plant and equipment	物業、廠房及設備折舊	259,395	274,389
Depreciation of right-of-use assets	使用權資產折舊	7,891	-
Less: capitalised in biological assets	減：生物資產資本化金額	(109,299)	(114,321)
Depreciation charged to profit or loss	自損益扣除的折舊	157,987	160,068
Equity-settled share award expense (Note 22(b))	以股權結算的股份獎勵開支(附註22(b))	24,635	2,795
Other employee benefits costs	其他僱員福利開支	233,092	212,370
Less: capitalised in biological assets	減：生物資產資本化金額	(59,580)	(57,554)
Employee benefits charged to profit or loss	自損益扣除的僱員福利	198,147	157,611
Amortization of land use rights	土地使用權攤銷	-	2,031

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截至2019年6月30日止六個月

7. FINANCE COSTS

7. 融資成本

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Interest expenses on:	利息開支：		
Bank borrowings	銀行借款	126,947	90,146
Medium-term notes	中期票據	6,620	27,960
Corporate bonds	公司債券	14,645	29,132
Other borrowings from Mengniu (Note 24(d))	來自蒙牛的其他借款 (附註24(d))	27,022	24,406
Other borrowings from financial institutions	來自金融機構的 其他借款	1,059	–
Lease liabilities	租賃負債	5,223	–
Amount due to Mengniu (Note 24(b))	應付蒙牛款項(附註24(b))	4,354	–
Total borrowing cost	借款成本總額	185,870	171,644
Fair value loss (gain) on interest rates swaps (Note 15)	利率掉期公平值虧損(收益) (附註15)	38,505	(23,419)
		224,375	148,225

8. INCOME TAX EXPENSE

8. 所得稅開支

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
The charge comprises:	開支包括：		
Current tax:	即期稅項：		
PRC enterprise income tax	中國企業所得稅	197	194

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2019

截至2019年6月30日止六個月

8. INCOME TAX EXPENSE (Continued)

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries established in the PRC.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax (the "EIT Law") at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. According to the prevailing tax rules and regulation of the PRC, the Group is exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting to RMB1,563,175,000 (31 December 2018: RMB1,372,185,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. DIVIDENDS

No interim dividends (six months ended 30 June 2018: nil) were paid, declared or proposed for current period.

8. 所得稅開支(續)

稅項開支指按於中國成立的附屬公司的應課稅收入的現行稅率計算的中國所得稅。

中國附屬公司須就該兩個期間按25%的稅率繳納中國企業所得稅(「企業所得稅法」)。其他司法權區產生的稅項乃根據有關司法權區現行稅率計算。根據中國現行稅務規則及法規，本集團於中國經營農業業務產生的應課稅溢利獲豁免繳納企業所得稅。

並無就香港稅項作出撥備，原因為本集團於香港並無產生收入亦無源自香港之收入。

根據中國企業所得稅法，於中國內地成立的外資企業向外商投資者宣派股息須繳納10%的預扣稅。該規定自2008年1月1日起生效，並適用於2007年12月31日後的盈利。倘中國與外商投資者所在司法權區訂立了稅項條約，則可調低預扣稅稅率。本集團的適用比率為5%或10%。並未就中國附屬公司累計溢利人民幣1,563,175,000元(2018年12月31日：人民幣1,372,185,000元)於綜合財務報表就遞延稅項作出撥備，乃由於本集團能夠控制撥回暫時差額的時間及該等暫時差額於可見將來可能不會獲撥回。

9. 股息

本期並無派付、宣派或擬派任何中期股息(截至2018年6月30日止六個月：無)。

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10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

Profit/(loss)

Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share

溢利/(虧損)

用於計算每股基本及攤薄盈利/(虧損)的溢利/(虧損)

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share

Effect of dilutive potential ordinary shares:

Share options

Share awards

股份數目

用於計算每股基本盈利/(虧損)的普通股加權平均數

攤薄潛在普通股的影响:

購股權

股份獎勵

The number of shares adopted in the calculation of the basic earnings/(loss) per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme. The calculation of diluted loss per share for the period ended 30 June 2018 has not taken into account the effect of the share options and share awards of the Company since the assumed exercise and vesting would result in decrease in loss per share.

10. 每股盈利/(虧損)

本公司持有人應佔每股基本及攤薄盈利/(虧損)乃根據以下數據計算:

Six months ended 30 June

截至6月30日止六個月

2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
124,859	(140,250)

Six months ended 30 June

截至6月30日止六個月

2019 2019年 (unaudited) (未經審核)	2018 2018年 (unaudited) (未經審核)
6,086,773,027	6,091,492,673
9,775,985	-
5,325,000	-
6,101,874,012	6,091,492,673

計算每股基本盈利/(虧損)所採納的股份數目於抵銷本公司股份獎勵計劃項下持有的本公司未歸屬股份後得出。計算截至2018年6月30日止期間的每股攤薄虧損並不計及本公司購股權及股份獎勵的影響，乃由於假設行使及歸屬會導致每股虧損減少。

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11. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into several new lease agreements for the use of machineries, buildings and leasehold lands, and the lease terms were from 2 to 10 years. For some of the leased machineries, the Group is required to make fixed monthly payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement, the Group recognized RMB10,876,000 of right-of-use assets and RMB10,775,000 lease liabilities.

12. BIOLOGICAL ASSETS

The fair value less costs to sell of dairy cows at the end of the Reporting Period is set out below:

Milkable cows	奶牛
Heifers and calves	小母牛及小牛
Total dairy cows	乳牛總計

The Group's dairy cows were fair valued by the Directors at 30 June 2019 while the fair value of the Group's dairy cows at 31 December 2018 has been arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuation techniques used in the determination of fair values as well as the key impacts used in the valuation models are disclosed in Note 25.

11. 使用權資產變動

於本中期期間內，本集團就機械、樓宇及租賃土地使用權訂立若干新租賃協議，租期為2至10年。就若干租賃機械而言，本集團須於合約期間內每月支付定額款項及視乎資產使用支付額外可變款項。於租賃開始後，本集團確認使用權資產人民幣10,876,000元及租賃負債人民幣10,775,000元。

12. 生物資產

於報告期末的乳牛公平值減銷售成本載列如下：

30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
5,498,539	5,636,013
2,152,200	2,081,100
7,650,739	7,717,113

本集團乳牛乃由董事於2019年6月30日作出公平估值，而本集團乳牛於2018年12月31日的公平值則由仲量聯行企業評估及諮詢有限公司進行估值而達致。釐定公平值所用估值技術及估值模型所用主要輸入數據披露於附註25。

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13. TRADE AND OTHER RECEIVABLES AND ADVANCED PAYMENTS

13. 應收貿易賬款及其他應收款項以及預付款項

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Trade receivables	應收貿易賬款	1,509,869	1,555,495
Less: allowance for credit losses (Note)	減：信貸虧損撥備(附註)	(749,097)	(857,739)
		760,772	697,756
Advanced payments for feeds and materials	飼料及材料墊款	71,064	75,069
Input value added tax recoverable	可收回進項增值稅	2,701	2,032
Receivables from Mengniu Group in respect of disposal of property, plant and equipment (Note 24(b))	蒙牛集團就出售物業、廠房及設備的應收款項(附註24(b))	1,079	1,681
Others	其他	6,175	4,635
		841,791	781,173

Note: In June 2017, the Group entered into a framework supply and processing agreement with Mengniu Group, pursuant to which the Group agreed to sell its liquid milk products to Mengniu Group to enlarge its market share by leveraging the established distribution channel of Mengniu Group. In the meantime, the Group discontinued its direct cooperation with other major distributors (the "Distributors"). Following the above change in distribution channel, these Distributors have been engaged by Mengniu Group as the secondary distributors of Mengniu Group for distribution of liquid milk products of the Group. In view of the termination of the direct distributorship with these Distributors and the delay of repayments, the Group anticipated the trade receivable due from these Distributors may not be fully recovered. After taking into account of the present value of future collection and the security of 318,697,354 ordinary shares of the Company (the "Collaterals") provided by certain individuals who used to be the non-controlling equity holders of Modern Farming (Anhui) Dairy Product Sales Co., Ltd. ("Modern Farming Anhui") and were responsible for selecting distributors, an accumulated impairment loss of RMB847,069,000 was recognised in respect of the Group's trade receivables due from these Distributors as at 31 December 2018.

附註：於2017年6月，本集團與蒙牛集團訂立框架供應及加工協議，據此，本集團同意向蒙牛集團出售其液態奶產品，透過借助蒙牛集團成熟的分銷渠道，擴大其市場佔有額。與此同時，本集團終止與其他主要分銷商(「分銷商」)的直接合作。於分銷渠道出現上述變動後，該等分銷商已由蒙牛集團委聘作為蒙牛集團的次級分銷商，以分銷本集團的液體奶產品。鑒於與該等分銷商直接經銷權已終止及遲還款，本集團預期該等分銷商結欠的應收貿易賬款或不能全數收回。經計及未來收回款項的現值及若干曾為現代牧業(安徽)乳品銷售有限公司(「現代牧業(安徽)」)的非控股權益持有人並負責甄選分銷商的個別人士持有318,697,354股本公司普通股的抵押(「抵押品」)，已就該等分銷商於2018年12月31日結欠本集團的應收貿易賬款確認累計減值虧損人民幣847,069,000元。

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13. TRADE AND OTHER RECEIVABLES AND ADVANCED PAYMENTS (Continued)

Note: (Continued)

As at 30 June 2019, the Group performed the impairment test of the trade receivables from the Distributors under the expected credit losses ("ECL") model and an impairment allowance of RMB107,011,000 was reversed after considering the cash flows that the Group expects to receive from the Collaterals (for the six months ended 30 June 2018: impairment loss of RMB69,991,000). The movements of the impairment allowance are set out below.

At 1 January 2019	於2019年1月1日
Impairment losses reversed	已撥回減值虧損
At 30 June 2019	於2019年6月30日

The Group normally allows a credit period of 30 days to its customers.

The following is the aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of the Reporting Period, which approximated the respective revenue recognition dates at the end of the Reporting Period:

Trade receivables	應收貿易賬款
- within 30 days	- 30天以內
- beyond 30 days but within 60 days	- 30天以上但60天以內
- beyond 1 year but within 2 years	- 1年以上但2年以內
- beyond 2 year but within 3 years	- 2年以上但3年以內

13. 應收貿易賬款及其他應收款項 以及預付款項(續)

附註：(續)

於2019年6月30日，本集團根據預期信貸虧損(「預期信貸虧損」)模式對分銷商應收貿易賬款進行減值評估並經考慮本集團預計從抵押品收取的現金流量撥回減值撥備人民幣107,011,000元(截至2018年6月30日止六個月：減值虧損人民幣69,991,000元)。減值撥備的變動載列如下。

Gross Amount	Provision	Carrying Amount
總額	撥備	賬面值
RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元
1,064,879	(847,069)	217,810
-	107,011	107,011
1,064,879	(740,058)	324,821

本集團通常給予其客戶30天的信貸期。

於本匯報期末按發票日(與報告期末有關收益確認日期相若)呈列的應收貿易賬款(扣除信貸虧損撥備)賬齡分析如下：

30 June 2019	31 December 2018
2019年6月30日	2018年12月31日
RMB'000	RMB'000
人民幣千元 (unaudited) (未經審核)	人民幣千元 (audited) (經審核)
434,848	473,449
-	5,996
13,793	75,132
312,131	143,179
760,772	697,756

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14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

14. 根據預期信貸虧損模式的金融資產減值評估

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Impairment loss/(reversed) recognised in respect of	就以下款項確認的減值虧損／(撥回)		
Trade receivables	應收貿易賬款	(108,642)	74,168
Other receivables	其他應收款項	621	-
		(108,021)	74,168

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

截至2019年6月30日止六個月的簡明綜合財務報表中所用的釐定輸入數據以及假設及估計方法的基準與本集團截至2018年12月31日止年度之年度財務報表所列示相同。

15. DERIVATIVE FINANCIAL INSTRUMENTS

15. 衍生金融工具

		Current Assets 流動資產		Current Liabilities 流動負債	
		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)	30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Interest rate swaps (Note i)	利率掉期(附註i)	11,873	40,774	(28,286)	(12,601)
Foreign currency forward contracts (Note ii)	外匯遠期合約(附註ii)	37,853	39,025	(3,255)	(3,631)
Foreign currency option contracts (Note ii)	外匯期權合約(附註ii)	9,329	625	(4,259)	(1,497)
		59,055	80,424	(35,800)	(17,729)

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15. DERIVATIVE FINANCIAL INSTRUMENTS

(Continued)

Notes:

- i. Major terms of the interest rate swaps are as follows:

Nominal amount 名義金額	Swaps 掉期
United States Dollars ("US\$") 300,000,000 300,000,000 美元(「美元」)	From LIBOR to 1.53%–1.54% 自倫敦銀行同業拆息至1.53%至1.54%
Hong Kong Dollars ("HK\$") 1,500,000,000 1,500,000,000 港元(「港元」)	From HIBOR to 2.59%–2.62% 自香港銀行同業拆息至2.59%至2.62%

The Group entered into several interest rate swap contracts with certain banks to hedge the risk of interest rate fluctuation arising from certain bank loans at floating interest rate. The fair value changes of the swaps were recognised as a deduction of finance costs.

本集團與若干銀行訂立若干利率掉期合約，以對沖若干按浮動利率的銀行貸款產生的利率波動風險。掉期的公平值變動確認為扣除融資成本。

- ii. Major items of the foreign currency forward contracts and the foreign currency option contracts are as follows:

Nominal amount 名義金額	Forward exchange rates 遠期匯率
US\$187,700,000 187,700,000 美元	RMB6.4800 to RMB7.0000: US\$1 人民幣6.4800元至人民幣7.0000元兌1美元
Euro ("EUR") 20,000,000 20,000,000 歐元(「歐元」)	RMB7.6858 to RMB7.8480: EUR1 人民幣7.6858元至人民幣7.8480元兌1歐元
US\$4,000,000 4,000,000 美元	HK\$7.8453: US\$1 7.8453 港元兌1美元

Nominal amount 名義金額	Type 類型	Position 好倉/淡倉	Prices 價格
US\$217,000,000* 217,000,000 美元*	Call 認購	Long 好倉	RMB6.7000 to RMB6.8900: US\$1 人民幣6.7000元至人民幣6.8900元兌1美元
	Put 認沽	Short 淡倉	RMB6.7000 to RMB6.8900: US\$1 人民幣6.7000元至人民幣6.8900元兌1美元
	Call 認購	Short 淡倉	RMB7.1000 to RMB7.3000: US\$1 人民幣7.1000元至人民幣7.3000元兌1美元
US\$26,300,000* 26,300,000 美元*	Call 認購	Long 好倉	RMB6.8820: US\$1 人民幣6.8820元兌1美元
	Put 認沽	Short 淡倉	RMB6.8800: US\$1 人民幣6.8800元兌1美元
US\$26,000,000 26,000,000 美元	Call 認購	Long 好倉	RMB5.8000: US\$1 人民幣5.8000元兌1美元

* These are currency call put option portfolios.

* 該等為貨幣認購及認沽期權組合。

The Group entered into several foreign currency forward contracts and foreign currency option contracts with certain banks to hedge the currency risk arising from certain of its bank loans denominated in US\$ and HK\$. The fair value changes of the forward contracts and the foreign exchange options were recognised in other gains and losses.

本集團與若干銀行訂立若干外匯遠期合約及外匯期權合約，以對沖若干以美元及港元計值的銀行貸款產生的貨幣風險。遠期合約及外匯期權的公平值變動於其他收益及虧損中確認。

- iii. The valuation techniques used in determination of fair values of the interest rate swaps, foreign currency forwards and foreign currency options are disclosed in Note 25.

- iii. 釐定利率掉期、外匯遠期及外匯期權公平值所使用的估值技術均披露於附註25。

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16. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date and the analysis used by the Group's management to monitor the Group's financial position.

16. 應付貿易賬款及其他應付款項

以下為按賬齡劃分的應付貿易賬款分析，按發票日期呈列，且該分析被本集團管理層用作監督本集團的財務狀況。

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Trade payables	應付貿易賬款		
– within 60 days	– 60天以內	806,462	1,177,301
– beyond 60 days but within 120 days	– 超過60天但於120天以內	127,800	230,043
– beyond 120 days but within 360 days	– 超過120天但於360天以內	45,944	27,912
– beyond 360 days but within 720 days	– 超過360天但於720天以內	12,393	19,117
Bills payable (Note)	應付票據(附註)	7,012	550
		999,611	1,454,923
Payable for acquisition of property, plant and equipment	購買物業、廠房及設備應付 款項	151,677	224,437
Accrued staff costs	應計員工成本	82,702	84,582
Advance payments from disposal of dairy cows and others	就出售乳牛及其他的預收 款項	12,120	56,869
Amounts due to Mengniu (Note 24(b))	應付蒙牛的款項(附註24(b))	147,402	143,048
Other payable to Mengniu (Note 24(b))	其他應付蒙牛款項(附註24(b))	18,000	18,000
Others	其他	74,624	90,504
		1,486,136	2,072,363

Note: Bills payable are bank accepted and mature within twelve months from the respective issuance dates.

附註：應付票據可於銀行承兌，並於各自發行日期起計十二個月內到期。

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17. BANK BORROWINGS

During the current period, the Group obtained new bank borrowings amounting to RMB2,682,181,000 (six months ended 30 June 2018 RMB1,940,627,000) and repaid RMB1,425,020,000 (six months ended 30 June 2018: RMB609,843,000).

As at 30 June 2019, bank borrowings are denominated in the following currencies:

US\$	美元
HK\$	港元
EUR	歐元
RMB	人民幣

The bank borrowings comprise:

Fixed-rate borrowings	固定息率借款
Variable-rate borrowings	可變息率借款

The annual interest rate of the bank borrowings during the current period ranged from 0.45% to 5.00% (six months ended 30 June 2018: 0.45% to 4.80%).

17. 銀行借款

於本期間，本集團獲得新增銀行借款人民幣2,682,181,000元(截至2018年6月30日止六個月：人民幣1,940,627,000元)，並已償還人民幣1,425,020,000元(截至2018年6月30日止六個月：人民幣609,843,000元)。

於2019年6月30日，銀行借貸以下列貨幣計值：

30 June 2019 2019年 6月30日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
2,073,367	2,118,837
1,354,850	—
—	157,528
2,288,497	2,161,137
5,716,714	4,437,502

銀行借款包括：

30 June 2019 2019年 6月30日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
1,295,163	1,218,401
4,421,551	3,219,101
5,716,714	4,437,502

於本期間，銀行借款的年利率介乎0.45%至5.00%(截至2018年6月30日止六個月：0.45%至4.80%)。

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18. OTHER BORROWINGS

Carrying amounts payable:	應付賬面值：
Within one year	一年內
– Borrowings from Mengniu Group (Note 24(d))	– 蒙牛集團借款(附註24(d))
– Borrowings from a financial institution (Note)	– 一間金融機構借款(附註)

Note: On 26 February 2019, the Group entered into a loan contract with a financial institution, pursuant to which the Group borrowed RMB50,000,000 from the institution which will mature on 28 February 2020. The loan is unsecured and bears a fixed interest rate of 5.00% per annum.

19. MEDIUM-TERM NOTES

Medium-term notes	中期票據
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On 23 March 2016, Modern Farming issued medium-term notes with an aggregate principal amount of RMB600,000,000 which would mature in three years. The medium-term notes bear a fixed interest rate of 4.75% per annum. Related transaction costs amounted to RMB1,800,000. The effective interest rate is 4.86% per annum. The medium-term notes were repaid on 23 March 2019.

18. 其他借款

30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
1,152,722	1,001,111
50,076	–
1,202,798	1,001,111

附註：於2019年2月26日，本集團與一間金融機構訂立一份貸款合約，據此，本集團向該機構借入人民幣50,000,000元，將於2020年2月28日到期。貸款為無抵押且每年固定利率為5.00%。

19. 中期票據

30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
–	621,880

於2016年3月23日，現代牧業(集團)發行中期票據，本金總額為人民幣600,000,000元，將於三年後到期。中期票據的固定利率為每年4.75%。相關交易成本為人民幣1,800,000元。實際利率為每年4.86%。中期票據已於2019年3月23日支付。

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20. CORPORATE BONDS

Corporate bonds

公司債券

Notes:

- i. In June 2016, Modern Farming obtained approval from China Securities Regulatory Commission to issue corporate bonds in the PRC of an aggregate principal amount up to RMB2,000,000,000 within 24 months from the approval. On 12 August 2016, Modern Farming issued the first tranche of the corporate bonds of an aggregate principal amount of RMB250,000,000 which would mature in three years (the "2016 Corporate Bond"). The corporate bonds bear a fixed interest rate of 5.30% per annum. Related transaction costs amounted to RMB1,125,000. The effective interest rate is 5.47% per annum. The 2016 Corporate Bond was early repaid on 25 March 2019.
- ii. On 28 March 2017, Modern Farming issued the second tranche of corporate bonds of an aggregate principal amount of RMB800,000,000 which would mature in three years (the "2017 Corporate Bond"). The corporate bonds bear a fixed interest rate of 5.49% per annum. Related transaction costs amounted to RMB3,600,000. The effective interest rate is 5.66% per annum. The 2017 Corporate Bond was early repaid on 25 March 2019.

21. SHARE CAPITAL

Authorised

At 1 January 2019 and 30 June 2019

Issued and fully paid

At 1 January 2019 and 30 June 2019

法定

於2019年1月1日及
2019年6月30日

已發行及繳足

於2019年1月1日及
2019年6月30日

20. 公司債券

30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
-	1,087,568

附註：

- i. 於2016年6月，現代牧業(集團)經中國證券監督管理委員會批准於批准之日起24個月內在中國發行本金總額最多人民幣2,000,000,000元的公司債券。於2016年8月12日，現代牧業(集團)發行首批公司債券，本金總額為人民幣250,000,000元，將於三年後到期(「2016年公司債券」)。公司債券的固定利率為每年5.30%。相關交易成本為人民幣1,125,000元。實際利率為每年5.47%。2016年公司債券於2019年3月25日提早償還。
- ii. 於2017年3月28日，現代牧業(集團)發行第二批公司債券，本金總額為人民幣800,000,000元，將於三年後到期(「2017年公司債券」)。公司債券的固定利率為每年5.49%。相關交易成本為人民幣3,600,000元。實際利率為每年5.66%。2017年公司債券於2019年3月25日提早償還。

21. 股本

Number of shares 股份數目 '000 千股	Share capital 股本 HK'000 千港元
10,000,000	1,000,000
6,131,407	613,141

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21. SHARE CAPITAL (Continued)

Presented as

呈列為

21. 股本(續)

30 June 2019 2019年 6月30日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
526,058	526,058

22. SHARE-BASED PAYMENTS

(a) Modern Farming Option Scheme

On 31 October 2010, the Company granted to two directors and one top management of Modern Farming a total of 87,412,507 share options of the Company for nil consideration and each with an exercise price of HK\$0.86 (RMB0.74) per share (the "Management Options") which will expire on 29 October 2020. The following table discloses movements of the Management Options during the current period:

Category	類別
Management Options	管理層購股權

22. 以股份支付的付款

(a) 現代牧業(集團)購股權計劃

於2010年10月31日，本公司以零代價向現代牧業(集團)兩名董事及一名最高管理層授出合共87,412,507份本公司購股權，每份購股權行使價為每股0.86港元(人民幣0.74元)(「管理層購股權」)，將於2020年10月29日到期。下表披露管理層購股權於本期間的變動：

Outstanding as at 1 January 2019 於2019年 1月1日 尚未行使	Exercised during the period 期內行使	Outstanding and exercisable as at 30 June 2019 於2019年 6月30日 尚未行使 及可行使
50,930,832	-	50,930,832

Category	類別	Outstanding as at 1 January 2018 於2018年 1月1日 尚未行使	Exercised during the period 期內行使	Outstanding and exercisable as at 30 June 2018 於2018年 6月30日 尚未行使 及可行使
Management Options	管理層購股權	50,930,832	-	50,930,832

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme

(i) Share Award Scheme I

On 9 September 2016 (the "Adoption Date"), the Company adopted a share award scheme (the "Share Award Scheme I") to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme I is valid and effective for a period of 5 years commencing on the Adoption Date. The shares to be awarded under the Share Award Scheme I will be acquired by the Company through Dairy Fortune Limited ("Dairy Fortune") which is 100% owned by Dairy Fortune (PTC) Limited (the "Trustee") from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of Shares which may be purchased by the Dairy Fortune is 55,000,000 Shares. The total contributed amount shall be not more than HK\$70,000,000. During the year ended 31 December 2016, based on the Company's instructions, the Dairy Fortune purchased a total of 35,519,000 ordinary shares of the Company on open market at a total consideration of approximately HK\$68,966,000 (equivalent to RMB61,424,000). During the year ended 31 December 2017, the Dairy Fortune purchased another 450,000 ordinary shares from the open market at a total consideration of approximately HK\$803,000 (equivalent to RMB713,000) and the number of ordinary shares purchased by Dairy Fortune increased to 35,969,000 shares (the "Award Shares").

Based on the trust arrangements among the Company, the sole shareholder of the Trustee and the Trustee, the Company is able to control the Trustee and its subsidiary, Dairy Fortune, pursuant to IFRS 10 Consolidated Financial Statements. Therefore, the Group accounts for the Trustee and Dairy Fortune as consolidated structured entities. The ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the consolidated financial statements.

22. 以股份支付的付款(續)

(b) 股份獎勵計劃

(i) 股份獎勵計劃I

於2016年9月9日(「採納日期」)，本公司採納一項股份獎勵計劃(「股份獎勵計劃I」)以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃I有效期五年，自採納日期起生效。根據股份獎勵計劃I將獎勵的股份由本公司透過Dairy Fortune (PTC) Limited(「受託人」)100%擁有的Dairy Fortune Limited(「Dairy Fortune」)按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。Dairy Fortune可購入的股份數目上限為55,000,000股股份。總注資金額不超過70,000,000港元。截至2016年12月31日止年度，按照本公司指示，Dairy Fortune已從公開市場上收購合計35,519,000股本公司普通股，總代價約為68,966,000港元(相當於人民幣61,424,000元)。於截至2017年12月31日止年度，Dairy Fortune從公開市場上收購另外450,000股普通股，總代價約為803,000港元(相當於人民幣713,000元)，而Dairy Fortune購買的普通股數目增加至35,969,000股(「獎勵股份」)。

根據本公司、受託人的唯一股東及受託人之間的信託安排，本公司根據國際財務報告準則第10號綜合財務報表能夠控制受託人及其附屬公司Dairy Fortune。因此，本集團將受託人及Dairy Fortune入賬列為綜合架構實體。Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於綜合財務報表的「根據股份獎勵計劃持有的股份」項下。

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

(i) Share Award Scheme I (Continued)

On 21 April 2017 (the "Grant Date I"), a total number of 35,969,000 Award Shares were granted to the selected participants. Out of the total shares granted, 6,637,000 Award Shares were granted to certain members of management (the "Award Shares A"), which would vest in the third anniversary of the Grant Date I provided that certain performance and service conditions are met. The remaining Award Shares of 29,332,000 were granted to the certain members of management and the eligible employees (the "Award Shares B"), which would vest in the second anniversary of the Grant Date I provided they are still employed by the Group.

The following table discloses movements of the Award Shares during the Reporting Period:

Category	類別	Forfeited due to			Outstanding as at 30 June 2019 於2019年6月30日 尚未行使
		Outstanding as at 1 January 2019 於2019年1月1日 尚未行使	resignation during the period 期內 因辭任沒收	Vested during the period 期內歸屬	
Award Shares A	獎勵股份A	5,325,000	-	-	5,325,000
Award Shares B	獎勵股份B	22,423,000	(1,412,000)	(21,011,000)	-
		27,748,000	(1,412,000)	(21,011,000)	5,325,000

22. 以股份支付的付款(續)

(b) 股份獎勵計劃(續)

(i) 股份獎勵計劃I(續)

於2017年4月21日(「授出日期I」)，合共35,969,000股獎勵股份授予選定參與者。於所有授出股份中，6,637,000股獎勵股份(「獎勵股份A」)授予若干管理層成員，於授出日期I的第三個周年歸屬，惟須符合若干表現及服務條件。餘下29,332,000股獎勵股份(「獎勵股份B」)則授予若干管理層成員及合資格僱員，於授出日期I的第二個週年歸屬，惟彼等須仍受僱於本集團。

下表披露獎勵股份於報告期間的變動：

Category	類別	Forfeited due to			Outstanding as at 30 June 2018 於2018年6月30日 尚未行使
		Outstanding as at 1 January 2018 於2018年1月1日 尚未行使	resignation during the period 期內 因辭任沒收	Vested during the period 期內歸屬	
Award Shares A	獎勵股份A	5,687,000	-	-	5,687,000
Award Shares B	獎勵股份B	25,601,000	(1,770,000)	-	23,831,000
		31,288,000	(1,770,000)	-	29,518,000

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

(I) Share Award Scheme I (Continued)

The fair values of Award Shares A and Award Shares B determined at the date of grant using Black-Scholes Model were HK\$7,731,000 (equivalent to RMB6,844,000) and HK\$36,265,000 (equivalent to RMB32,102,000) respectively.

The Group recognised a share award expense of RMB3,892,000 accordingly during the current period (for the six months ended 30 June 2018: RMB2,795,000). A total number of 21,011,000 shares of Award Shares B was vested to certain members of management and the eligible employees during the current period, and the difference amount of RMB13,234,000 between the RMB23,063,000 share award reserve and RMB36,297,000 shares held under the Share Award scheme I for the shares vested was recognised to retained earnings.

(II) Share Award Scheme II

On 26 March 2018 (the "Adoption Date II"), the Company adopted a share award scheme (the "Share Award Scheme II") to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme II is valid and effective for a period of 10 years commencing on the Adoption Date II. The shares to be awarded under the Share Award Scheme II will be acquired by the Company through Dairy Fortune from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of shares which may be purchased by the Trustee is set at no more than 1% of the number of issued ordinary shares of the Company at the preceding annual general meeting. During the year ended 31 December 2018, based on the Company's instructions, the Dairy Fortune purchased a total of 20,000,000 ordinary shares of the Company on open market at a total consideration of approximately HK\$28,835,000 (equivalent to RMB23,583,000).

22. 以股份支付的付款(續)

(b) 股份獎勵計劃(續)

(I) 股份獎勵計劃I(續)

獎勵股份A及獎勵股份B於授出日期使用布萊克－舒爾茨模式釐定的公平值分別為7,731,000港元(相當於人民幣6,844,000元)及36,265,000港元(相當於人民幣32,102,000元)。

於本期間，本集團確認股份獎勵開支為人民幣3,892,000元(截至2018年6月30日止六個月：人民幣2,795,000元)。合共21,011,000股獎勵股份B於本期間歸屬於若干管理層成員及合資格僱員，股份獎勵儲備人民幣23,063,000元與就所歸屬股份根據股份獎勵計劃I持有的人民幣36,297,000元股份之間的差額金額人民幣13,234,000元於保留盈利確認。

(II) 股份獎勵計劃II

於2018年3月26日(「採納日期II」)，本公司採納一項股份獎勵計劃(「股份獎勵計劃II」)，以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃II有效期十年，自採納日期II起生效。根據股份獎勵計劃II將獎勵的股份將由本公司透過Dairy Fortune按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。受託人可購入的股份數目上限設定為不得超過本公司於上一屆股東週年大會上已發行普通股數目的1%。截至2018年12月31日止年度，按照本公司指示，Dairy Fortune已從公開市場上收購合計20,000,000股本公司普通股，總代價約為28,835,000港元(相當於人民幣23,583,000元)。

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

(II) Share Award Scheme II (Continued)

During the current period, the Dairy Fortune purchased another 9,026,000 ordinary shares from the open market at a total consideration of approximately HK\$10,169,000 (equivalent to RMB8,946,000) and the number of ordinary shares purchased by Dairy Fortune under Share Award Scheme II increased to 29,026,000 shares (the "Award Shares II").

On 29 March 2019 (the "Grant Date II"), a total number of 19,962,000 Award Shares II were granted to the selected participants. Out of the total shares granted, 9,981,000 Award Shares II vested on 21 April 2019 unconditionally (the "Award Shares C"). The remaining Award Shares of 9,981,000 were vested on 21 April 2019 with one year lock-up period beginning from the vesting date (the "Award Shares D").

The following table discloses movements of the Award Shares during the Reporting Period:

Category	類別	Outstanding as at 1 January 2019 於2019年 1月1日 尚未行使	Granted during the period 期內授出	Vested during the period 期內歸屬	Outstanding as at 31 June 2019 於2019年 6月30日 尚未行使
Award Shares C	獎勵股份C	-	9,981,000	(9,981,000)	-
Award Shares D	獎勵股份D	-	9,981,000	(9,981,000)	-
		-	19,962,000	(19,962,000)	-

The fair values of Award Shares C and Award Shares D determined at the date of grant using Asian Option Model were HK\$12,484,000 (equivalent to RMB10,709,000) and HK\$11,698,000 (equivalent to RMB10,034,000), respectively.

22. 以股份支付的付款(續)

(b) 股份獎勵計劃(續)

(II) 股份獎勵計劃II(續)

於本期間，Dairy Fortune從公開市場上收購額外9,026,000股普通股，總代價約為10,169,000港元(相當於人民幣8,946,000元)，Dairy Fortune根據股份獎勵計劃II購買的普通股數目增加至29,026,000股(「獎勵股份II」)。

於2019年3月29日(「授出日期II」)，合共19,962,000股獎勵股份II授予選定參與者。於所有授出股份中，9,981,000股獎勵股份II於2019年4月21日無條件歸屬(「獎勵股份C」)。餘下獎勵股份9,981,000股於2019年4月21日歸屬，自歸屬日期起一年禁售期(「獎勵股份D」)。

下表披露獎勵股份於報告期間的變動：

獎勵股份C及獎勵股份D於授出日期使用亞洲式期權模式釐定的公平值分別為12,484,000港元(相當於人民幣10,709,000元)及11,698,000港元(相當於人民幣10,034,000元)。

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

(II) Share Award Scheme II (Continued)

The following assumptions were used to calculate the fair values of the Award Shares II:

Grant date share price
授出日期的股價
Strike Price
行使價
Risk-free interest rate
無風險利率
Maturity years
到期年
Expected volatility
預期波幅
Dividend yield
股息收益
Option value
購股權價值

Expected volatility was determined by using the historical volatility of the Company's share price.

The variables and assumptions used in computing the fair values of the share options are based on the best estimates of the Directors. Changes in variables and assumptions may result in changes in the fair value of the Award Shares.

22. 以股份支付的付款(續)

(b) 股份獎勵計劃(續)

(II) 股份獎勵計劃II(續)

採用以下假設計算獎勵股份II的公平值：

	Award Shares C	Award Shares D
	獎勵股份C	獎勵股份D
	HK\$1.30	HK\$1.30
	1.30港元	1.30港元
	HK\$1.30	HK\$1.30
	1.30港元	1.30港元
	1.38%	1.44%
	0.06	1.06
	65.87%	43.20%
	0.00%	0.00%
	HK\$0.05	HK\$0.13
	0.05港元	0.13港元

預期波幅乃使用本公司股價的歷史波幅釐定。

用於計算購股權公平值的變量及假設是按董事的最佳估計為基準。變量及假設的變動可能會導致獎勵股份公平值出現變動。

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22. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

(II) Share Award Scheme II (Continued)

The Group recognised a share award expense of RMB20,743,000 accordingly during the current period (for the six months ended 30 June 2018: Nil). All of the Award Shares C and Award Shares D were vested to selected participants during the current period, and the difference amount of RMB2,795,000 between the RMB20,743,000 share award reserve and RMB23,538,000 shares held under the Share Award scheme II for the shares vested was recognised to retained earnings.

The Group retained a total number of 10,592,774 vesting shares as a consideration of approximately HK\$12,499,000 (equivalent to RMB10,722,000) for paying the individual income tax on behalf of those selected participants under Share Award Scheme I and II.

As described above, the ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the consolidated financial statements.

23. CAPITAL COMMITMENTS

Capital expenditure contracted but not provided for, in respect of acquisition of property, plant and equipment

已訂約但未計提撥備的資本開支就收購物業、廠房及設備

22. 以股份支付的付款(續)

(b) 股份獎勵計劃(續)

(II) 股份獎勵計劃II(續)

於本期間，本集團確認股份獎勵開支為人民幣20,743,000元(截至2018年6月30日止六個月：無)。於本期間，所有獎勵股份C及獎勵股份D歸屬於選定參與者，股份獎勵儲備人民幣20,743,000元與就所歸屬股份根據股份獎勵計劃II持有的人民幣23,538,000元股份之間的差額金額人民幣2,795,000元於保留盈利確認。

本集團根據股份獎勵計劃I及II代該等選定參與者支付個人所得稅時，保留合共10,592,774股歸屬股份作為代價約12,499,000港元(相當於人民幣10,722,000元)。

如上文所述，Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於綜合財務報表「根據股份獎勵計劃持有的股份」項下。

23. 資本承擔

30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
29,118	7,812

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24. RELATED PARTY TRANSACTIONS

24. 關連方交易

(a) Names and relationship with related parties are as follows:

(a) 以下為關連方名稱及與關連方的關係：

Mengniu

A shareholder who directly and indirectly held 60.76% of the Company's issued share capital

蒙牛

直接及間接持有本公司已發行股本60.76%的股東

(b) At the end of the Reporting Period, the Group had the following balances with related parties:

(b) 於本匯報期末，本集團與關連方有下列結餘：

Amount due from

應收以下人士款項

	30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Mengniu Group		
Trade receivable – raw milk Within 30 days based on invoice date	蒙牛集團 應收貿易賬款 – 原奶 按發票日計30天以內	
Other receivable – disposal of equipment	其他應收款項 – 出售設備	
	352,149	418,464
	1,079	1,681

Amounts due to

應付款項

	30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Mengniu Group		
Amounts due to Mengniu (Note i)	蒙牛集團 應付蒙牛款項(附註i)	
Other payable (Note ii)	其他應付款項(附註ii)	
	147,402	143,048
	18,000	18,000

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24. RELATED PARTY TRANSACTIONS (Continued)

(b) At the end of the Reporting Period, the Group had the following balances with related parties:

(Continued)

Amounts due to (Continued)

Notes:

- In October 2018, Inner Mongolia Mengniu issued a Mengniu Bill to Modern Farming. The fair value of the Mengniu Bill was RMB141,244,000 when received and the corresponding payable to Mengniu was recognised in other payable. Modern Farming recognised interest expense of RMB1,804,000 for the year ended 31 December 2018 and RMB4,354,000 for the current period in the payable to Mengniu under amortised cost method.
- The other payable of RMB18,000,000 was advances received with certain conditions from Mengniu to stimulate the Group to steadily expand the raw milk supply to Mengniu for the year ending 31 December 2019. It was uncertain that the Group would fulfil certain conditions of sales in the year ending 31 December 2019, and if such conditions are not fulfilled the advances will be refunded to Mengniu.

(c) During the current period, the Group entered into the following transactions with related parties:

24. 關連方交易(續)

(b) 於本匯報期末，本集團與關連方有下列結餘：(續)

應付款項(續)

附註：

- 於2018年10月，內蒙古蒙牛向現代牧業(集團)發行蒙牛票據。蒙牛票據於收取時公平值為人民幣141,244,000元，而相應應付蒙牛款項於其他應付款項確認。現代牧業(集團)按攤銷成本法就應付蒙牛款項於截至2018年12月31日止年度確認利息開支人民幣1,804,000元及於本期間確認利息開支人民幣4,354,000元。
- 截至2019年12月31日止年度，其他應付款項人民幣18,000,000元為有若干條件的預收蒙牛款項，以促進本集團穩定地向蒙牛擴大原料奶的供應量。截至2019年12月31日止年度，未能確定本集團將達成若干銷售條件，且若該等條件未能達成，墊款將退還予蒙牛。

(c) 於本期間，本集團與關連方訂立以下交易：

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Mengniu Group	蒙牛集團		
Sales of raw milk	銷售原料奶	2,195,806	2,022,484
Sales of liquid milk	銷售液態奶	—	239,995
		2,195,806	2,262,479
Mengniu Group	蒙牛集團		
Cash consideration for the disposal of equity interests in subsidiaries	出售附屬公司股權的現金代價	—	56,040
Other	其他	1,768	—
		1,768	56,040

The sales prices were based on mutually agreed terms.

銷售價格是基於共同協定條款。

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24. RELATED PARTY TRANSACTIONS (Continued)

(d) Other borrowings

During the current period, the Group entered into the following transactions with related parties:

Category	類別
Mengniu Entrusted Loan (Note i)	蒙牛委託貸款(附註i)
Mengniu Advance (Note ii)	蒙牛墊款(附註ii)

Category	類別	As at	Raised	Payment	Disposal of	As at
		1 January	during	during	subsidiaries	30 June
		2018	the period	the period	during	2018
		於2018年			於期內出售	於2018年
		1月1日	期內籌集	期內付款	附屬公司	6月30日
		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
Mengniu Entrusted Loan (Note i)	蒙牛委託貸款(附註i)	1,065,400	1,061,000	(1,061,000)	(65,400)	1,000,000

Notes:

- i. In May 2017, the Group entered into two entrusted loan agreements with Mengniu Group and Agricultural Bank of China ("ABC"), pursuant to which, Mengniu Group agreed to offer borrowing facilities of RMB1,500,000,000 to the Group through ABC (the "Mengniu Entrusted Loan"). The borrowing facilities will mature in May 2020 and bear interest at fixed rates determined with reference to the benchmark interest rate of People's Bank of China. In September 2017, pursuant to the letter of comfort to certain US\$ loan, borrowing facilities of RMB1,000,000,000 was extended to September 2020, and then further extended to September 2021 pursuant to the letter of comfort to certain HK\$ loan in September 2018, and the extension had no effect on the outstanding loan from Mengniu Group. The outstanding borrowings of RMB1,001,128,000 at 30 June 2019 will mature within one year and bear interest at fixed rates from 4.002% to 4.785% per annum. The Group recognised interest expense of RMB24,151,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB24,406,000).

24. 關連方交易(續)

(d) 其他借款

於本期間，本集團與關連方訂立以下交易：

	As at	Raised	Payment	As at
	1 January	during	during	30 June
	2019	the period	the period	2019
	於2019年	期內籌集	期內付款	於2019年
	1月1日	期內籌集	期內付款	6月30日
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Mengniu Entrusted Loan (Note i)	1,001,111	1,159,151	(1,159,134)	1,001,128
Mengniu Advance (Note ii)	–	152,871	(1,277)	151,594
	1,001,111	1,312,022	(1,160,411)	1,152,722

附註：

- i. 於2017年5月，本集團與蒙牛集團及中國農業銀行(「中國農業銀行」)訂立兩份委託貸款協議，據此，蒙牛集團同意透過中國農業銀行向本集團提供借款融資人民幣1,500,000,000元(「蒙牛委託貸款」)。該等借款融資將於2020年5月到期，按參考中國人民銀行的基準利率釐定的固定利率計息。於2017年9月，根據若干美元貸款告慰函，借款融資人民幣1,000,000,000元的到期日延長至2020年9月，並根據於2018年9月的若干港元貸款告慰函，到期日進一步延長至2021年9月，該延期對蒙牛集團的未償還貸款無影響。於2019年6月30日尚未償還的借款人民幣1,001,128,000元將於一年內到期，並按4.002%至4.785%的固定年利率計息。截至2019年6月30日止六個月，本集團確認利息開支人民幣24,151,000元(截至2018年6月30日止六個月：人民幣24,406,000元)。

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24. RELATED PARTY TRANSACTIONS (Continued)

(d) Other borrowings (Continued)

Notes: (Continued)

- ii. During the current period, the Group entered into several advance payment agreements with Mengniu Group, pursuant to which, Mengniu Group agreed to advance RMB150,000,000 to the Group and the advance payment is limited to be used in the Group's dairy cow raising business (the "Mengniu Advance"). The outstanding balance of RMB151,594,000 at 30 June 2019 will mature within one year and bear interest at a fixed rate of 4.800% per annum. The Group recognised interest expense of RMB2,871,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

(e) Compensation of key management personnel

The emoluments of key management during the Reporting Period were as follows:

Salaries and other benefits	薪金及其他福利
Recognition of equity-settled share award payments	確認按股權結算的股份獎勵計劃付款
Retirement benefits scheme contributions	退休福利計劃供款

24. 關連方交易(續)

(d) 其他借款(續)

附註：(續)

- ii. 於本期間，本集團與蒙牛集團訂立若干預付款項協議，據此，蒙牛集團同意向本集團預付人民幣150,000,000元，預付款項僅限於用作本集團乳牛飼養業務(「蒙牛墊款」)。於2019年6月30日的未償還結餘人民幣151,594,000元將於一年內到期，並按4.800%的固定年利率計息。截至2019年6月30日止六個月，本集團確認利息開支人民幣2,871,000元(截至2018年6月30日止六個月：無)。

(e) 主要管理人員的薪酬

以下是主要管理人員於本匯報期間的酬金：

Six months ended 30 June 截至6月30日止六個月

2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
5,070	3,810
11,613	1,247
358	175
17,041	5,232

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25. FAIR VALUE MEASUREMENTS

Fair value of the Group's biological assets, financial assets and financial liabilities that are measured at fair value or fair value less cost to sell on a recurring basis

The Group's biological assets are measured at fair value less costs to sell, and some of financial assets and financial liabilities are measured at fair value at the end of each Reporting Period. The following table gives information about how the fair values of these assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy

Assets/(liabilities)	資產/(負債)
Biological assets	生物資產
Derivative financial instruments	衍生金融工具
– Interest rate swaps	– 利率掉期
– Foreign currency forward contracts	– 外幣遠期合約
– Foreign currency option contracts	– 外幣期權合約
– Interest rate swaps	– 利率掉期
– Foreign currency forward contracts	– 外幣遠期合約
– Foreign currency option contracts	– 外幣期權合約
Equity instruments at FVTOCI	按公平值計入其他全面收入的權益工具
– Unquoted equity investments	– 未報價權益投資

25. 公平值計量

按經常性基準以公平值或公平值減銷售成本計量的本集團生物資產、金融資產及金融負債的公平值

本集團的生物資產按公平值減銷售成本計量，部分金融資產及金融負債於各匯報期末按公平值計量。下表提供有關根據公平值計量的輸入數據的可觀察程度如何釐定該等資產及負債的公平值(特別是所使用的估值方法及輸入數據)，及劃分公平值計量的公平值級別水平(第一至三級)的資料。

公平值級別

Fair value as at 30 June 2019 於2019年6月30日的公平值 RMB'000 人民幣千元 (unaudited) (未經審核)	Fair value as at 31 December 2018 於2018年12月31日的公平值 RMB'000 人民幣千元 (audited) (經審核)	Fair value hierarchy 公平值級別
7,650,739	7,717,113	level 3 第三級
11,873	40,774	level 2 第二級
37,853	39,025	level 2 第二級
9,329	625	level 2 第二級
(28,286)	(12,601)	level 2 第二級
(3,255)	(3,631)	level 2 第二級
(4,259)	(1,497)	level 2 第二級
2,639	2,508	level 3 第三級

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25. FAIR VALUE MEASUREMENTS (Continued)

Valuation techniques used in fair value measurements

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values, as well as the significant unobservable inputs used in the valuation models as at 30 June 2019:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
Foreign currency forwards	Discounted cash flow Future cash flow are estimated based on forward exchange rates (from observable forward exchange rates at the end of Reporting Period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
外匯遠期	貼現現金流量 未來現金流量乃根據遠期匯率(來自匯報期末的可觀察遠期匯率)及合約遠期匯率估計,按反映多名對手方的信貸風險的利率貼現。	不適用	不適用
Foreign currency options	Garman-Kohlhagen model	N/A	N/A
外匯期權	Garman-Kohlhagen 模型	不適用	不適用
Interest rate swaps	Discounted cash flow Future cash flow are estimated based on forward interest rates (from observable interest rate at the end of Reporting Period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
利率掉期	貼現現金流量 未來現金流量乃根據遠期利率(來自匯報期末的可觀察利率)及合約利率估計,按反映多名對手方的信貸風險的利率貼現。	不適用	不適用

25. 公平值計量(續)

公平值計量使用的估值方法

下表列示於2019年6月30日計量第二及三級公平值時所用的估值方法,以及估值模型所用的重大不可觀察輸入數據:

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25. FAIR VALUE MEASUREMENTS (Continued)

25. 公平值計量(續)

Valuation techniques used in fair value measurements (Continued)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
類型	估值方法	重大不可觀察輸入數據	重大不可觀察輸入數據與公平值計量之間的相互關係
Unquoted equity investments	Market approach	Fair value is estimated based on value of comparable listed companies and discounted for lack of liquidity.	An increase in the discounted for lack of liquidity would result in a smaller percentage decrease in the fair value measurement of the unquoted equity investments.
未報價權益投資	市場法	公平值乃按可資比較上市公司的價值作出估計及就流動性不足貼現。	流動性不足貼現增加可導致未報價權益投資公平值計量的比例減少。
Heifers and calves	The fair value of 14 months old heifers is determined by reference to the local market selling price.	Average local market selling prices of the heifers of 14 months old were estimated at RMB22,700 per head at 30 June 2019 (31 December 2018: RMB22,700).	An increase in the estimated local market selling price used would result in a smaller percentage increase in the fair value measurement of the heifers and calves, and vice versa.
小母牛及小牛	14個月的小母牛公平值乃參考當地市場售價釐定。	於2019年6月30日，14個月的小母牛的平均當地市場售價估計為每頭人民幣22,700元(2018年12月31日：人民幣22,700元)。	所用的估計當地市場售價增加將導致小母牛及小牛公平值計量的較小比例增加，反之亦然。

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25. FAIR VALUE MEASUREMENTS (Continued)

25. 公平值計量(續)

Valuation techniques used in fair value measurements (Continued)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值計量之間的相互關係
類型	估值方法	重大不可觀察輸入數據	
	<p>The fair values of heifers and calves at age-group less than 14 months are determined by subtracting the estimated feeding costs required to raise the cows from their respective age at the end of each Reporting Period to 14 months plus the margins that would normally be required by a raiser. Conversely, the fair values of heifers at age group older than 14 months are determined by adding the estimated feeding costs required to raise the heifers from 14 months old to their respective age at the end of each Reporting Period plus the margins that would normally be required by a raiser.</p>	<p>Estimated average feeding costs per head plus margin that would normally be required by a raiser for heifers and calves younger than 14 months old are RMB16,732 at 30 June 2019 (31 December 2018: RMB16,240); average estimated feeding costs per head plus margin that would normally be required by a raiser for heifers older than 14 months old are RMB16,802 at 30 June 2019 (31 December 2018: RMB16,620).</p>	<p>An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in a much smaller percentage increase/decrease in the fair value measurement of the heifers and calves older/younger than 14 months old, and vice versa.</p>
	<p>在小於14個月的年歲組別的小母牛及小牛的公平值乃經減去將牛隻由其各自於各匯報期末的歲數培育至14個月所須的估計飼養成本，加培育商一般所須利潤而釐定。相反地，在大於14個月的年歲組別的小母牛的公平值乃經加上將小母牛由14個月培育至其各自於各匯報期末的歲數所須的估計飼養成本，加培育商一般所須利潤而釐定。</p>	<p>於2019年6月30日，就小於14個月的小母牛及小牛而言，每頭牛估計平均飼養成本加培育商一般所須利潤為人民幣16,732元(2018年12月31日：人民幣16,240元)；於2019年6月30日，就大於14個月的小母牛而言，每頭牛平均估計飼養成本加培育商一般所須利潤為人民幣16,802元(2018年12月31日：人民幣16,620元)。</p>	<p>所用的估計飼養成本加培育商一般所須利潤增加將導致大於/小於14個月的小母牛及小牛公平值計量的極小比例增加/減少，反之亦然。</p>

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25. FAIR VALUE MEASUREMENTS (Continued)

25. 公平值計量(續)

Valuation techniques used in fair value measurements (Continued)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值計量之間的相互關係
類型	估值方法	重大不可觀察輸入數據	
Milkable cows	The fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process are RMB1.79 for the six months ended 30 June 2019 (for the year ended 2018: RMB1.89), based on the historical average feed costs per kg of raw milk after taking into consideration of inflation.	An increase in the estimated feed costs per kg of raw milk used would result in a smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa.
奶牛	奶牛公平值透過使用多期超額收益法(基於將由有關奶牛產生的貼現未來現金流量)釐定。	截至2019年6月30日止六個月，估值過程中使用的每公斤原料奶估計飼養成本為人民幣1.79元(截至2018年止年度：人民幣1.89元)，乃基於每公斤原料奶的歷史平均飼養成本並計及通貨膨脹釐定。	所用的每公斤原料奶估計飼養成本增加可導致奶牛公平值計量的較小比例下降，反之亦然。
		A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield at each lactation cycle is ranged from 26.6kg to 28.8kg for the six months ended 30 June 2019 (for the year ended 2018: 26.5kg to 28.7kg), depending on the number of the lactation cycles and the individual physical condition.	An increase in the estimated daily milk yield per head used would result in a smaller percentage increase in the fair value measurement of the milkable cows, and vice versa.
		奶牛最多有六個哺乳期。截至2019年6月30日止六個月，各哺乳期的估計平均每日產奶量介乎26.6公斤至28.8公斤(截至2018年止年度：26.5公斤至28.7公斤)，視哺乳期數目以及個別身體狀況而定。	所用的估計每頭牛每日產奶量增加可導致奶牛公平值計量的較小比例提高，反之亦然。

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25. FAIR VALUE MEASUREMENTS (Continued)

25. 公平值計量(續)

Valuation techniques used in fair value measurements (Continued)

公平值計量使用的估值方法(續)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值計量之間的相互關係
類型	估值方法	重大不可觀察輸入數據	
		Estimated local future market price for raw milk is RMB3.85 per kg at 30 June 2019 (31 December 2018: RMB3.86 per kg).	An increase in the estimated average selling price of raw milk used would result in a much higher percentage increase in the fair value measurement of the milkable cows, and vice versa.
		於2019年6月30日，估計當地未來原料奶市價為每公斤人民幣3.85元(2018年12月31日：每公斤人民幣3.86元)。	所用的原料奶估計平均售價增加可導致奶牛公平值計量的極大比例增加，反之亦然。
		Discount rate for estimated future cash flow used is 11.50% at 30 June 2019 (31 December 2018: 11.80%).	An increase in the estimated discount rate used would result in a slightly smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa.
		於2019年6月30日，所用估計未來現金流量的貼現率為11.50%(2018年12月31日：11.80%)。	所用的估計貼現率增加可導致奶牛公平值計量的較小比例下降，反之亦然。

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25. FAIR VALUE MEASUREMENTS (Continued)

Reconciliation of Level 3 fair value measurements of biological assets and equity instruments at FVTOCI

Balance at 1 January 2019 (audited)	於2019年1月1日的結餘 (經審核)
Total gains in OCI	於其他全面收入的收益總額
Feeding cost	飼養成本
Decrease due to disposal	因出售引致的減少
Loss arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減銷售成本 產生的虧損
At 30 June 2019 (unaudited)	於2019年6月30日(未經審核)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with general accepted pricing model based on discounted cash flow analysis.

26. EVENTS AFTER THE REPORTING PERIOD

The Group had the following significant event after the Reporting Period:

On 18 July 2019, the Company announced that it entered into an subscription agreement (the "Subscription Agreement") with New Hope Dairy Co., Ltd. (the "New Hope"), pursuant to which the Company has conditionally agreed to allot and issue, and New Hope or its designated subsidiary has conditionally agreed to subscribe for 276,228,409 shares at the price of HK\$1.3535 (equivalent to approximately RMB1.1920) per share. And as a condition precedent, New Hope has signed a tripartite agreement with the Company and certain pledgers, pursuant to which New Hope or its designated subsidiary has agreed to purchase the Collaterals at the price of HK\$1.3535 (equivalent to approximately RMB1.1920) per share.

25. 公平值計量(續)

生物資產第三級公平值計量與按公平值計入其他全面收入的權益投資的對賬

Equity instruments at FVTOCI	Heifers, calves and milkable cows
按公平值計入其他全面收入的權益工具	小母牛、小牛及奶牛
RMB'000	RMB'000
人民幣千元	人民幣千元
2,508	7,717,113
131	-
-	669,399
-	(305,302)
-	(430,471)
2,639	7,650,739

並非按經常性基準以公平值計量的金融資產及金融負債的公平值

董事認為簡明綜合財務報表內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。有關公平值乃根據普遍接受的定價模式並基於貼現現金流分析釐定。

26. 匯報期後事項

本集團於匯報期後有以下重大事項：

於2019年7月18日，本公司宣佈，其與新希望乳業股份有限公司(「新希望」)訂立認購協議(「認購協議」)，據此，本公司有條件同意配發及發行，而新希望或其指定的附屬公司有條件同意認購276,228,409股股份，價格為每股1.3535港元(相當於約人民幣1.1920元)。而作為先決條件，新希望已與本公司及若干質押人簽署三方協議，據此，新希望或其指定的附屬公司同意購買抵押品，價格為每股1.3535港元(相當於約人民幣1.1920元)。



MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1117



Purity
純



Genuineness
真



Freshness
鮮



Vitality
活



www.moderndairyir.com
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