

内蒙古伊利实业集团股 公司董事长：

潘刚



Important Notice¹

I. The Board of Directors, the Board of Supervisors, and the directors, supervisors and senior management of the Company guarantee that the information of the Annual Report is true, accurate and complete and there are no false representations, misleading statements or material omissions, and assume individual and joint liabilities to the information contained herein.

II. All directors of the Company attended the Board meeting.

III. Da Hua Certified Public Accountants (Special General Partnership) has issued a standard unqualified audit report for the Company.

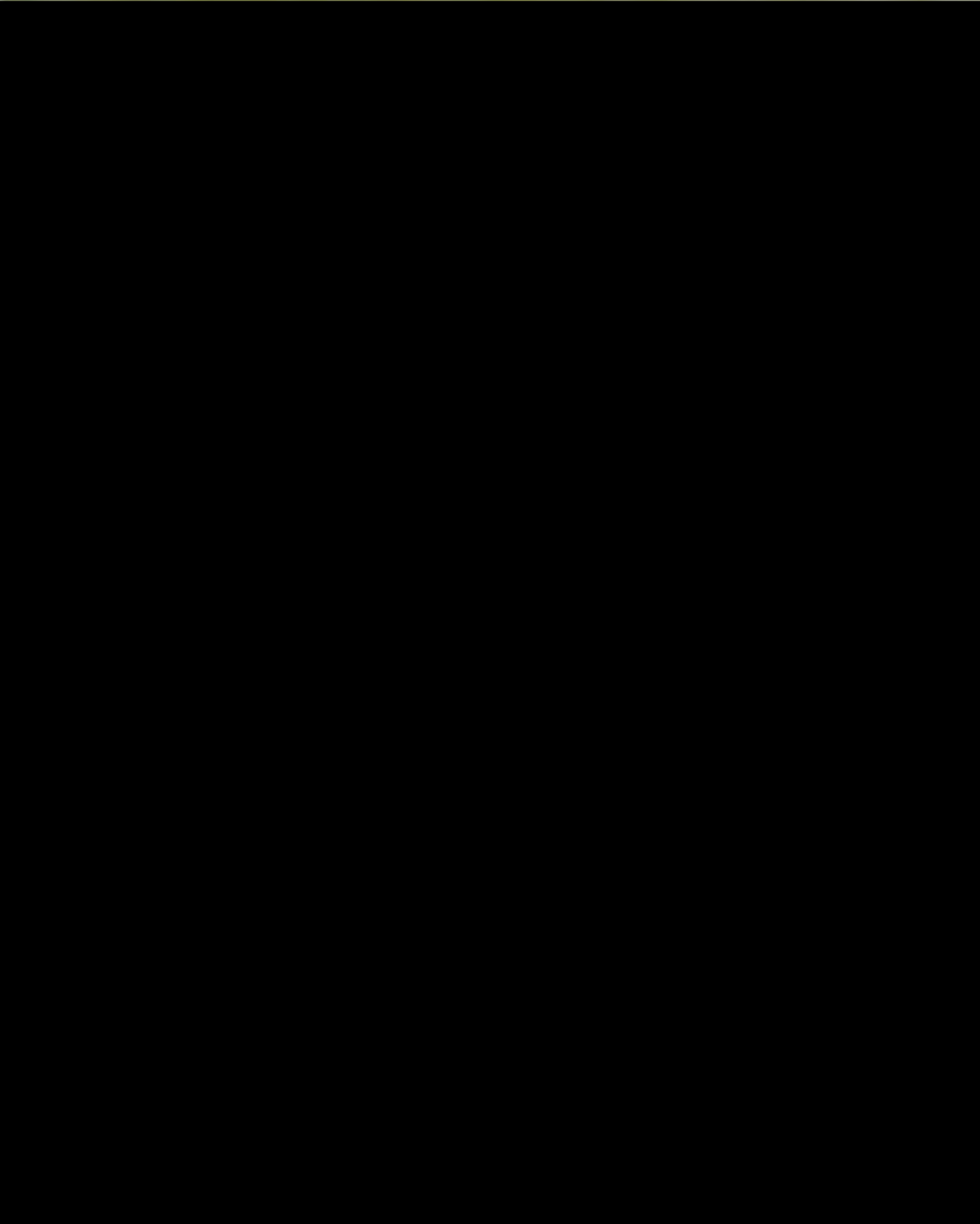
IV. Pan Gang (), the person-in-charge of the Company, Zhao Chengxia (), the person-in-charge of accounting affairs, and Wang Aiying (), the person-in-charge of the accounting department (head of the accounting department) hereby declare their guarantees for the authenticity, accuracy and completeness of the financial report in the Annual Report.

V. The proposal for profits distribution or conversion of capital reserve to capital stock during the reporting period approved by the Board of Directors.

According to the audit report numbered “Da Hua Shen Zi No. [2020]001121” issued by Da Hua Certified Public Accountants (Special General Partnership), the Company (parent company) recorded a net profit of RMB7,493,903,744.43 for the year 2019 (in addition to the undistributed profit of RMB8,109,863,775.78 at the beginning of the year), appropriated RMB161,238,411.87 from the statutory surplus reserve and distributed dividend in the amount of RMB4,254,689,325.60 for the year 2018. For the year under review, due to the resign of some employees under equity incentives plans and other reasons, the distributed cash dividend of RMB1,104,250.00 was recovered. As at the end of the reporting period, total comprehensive income attributable to shareholder was 11,188,944,032.74.

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I. Definitions

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

Yili or the Company	Inner Mongolia Yili Industrial Group Co., Ltd.
General Meeting of Stockholders	The general meeting of stockholders of Inner Mongolia Yili Industrial Group Co., Ltd.
Board of Directors or the Board	The board of directors of Inner Mongolia Yili Industrial Group Co., Ltd.
Board of Supervisors	The board of supervisors of Inner Mongolia Yili Industrial Group Co., Ltd.
Articles of Association	The articles of association of Inner Mongolia Yili Industrial Group Co., Ltd.
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange



I. Corporate Information

Chinese name	
Abbreviated Chinese name	
English name	INNER MONGOLIA YILI INDUSTRIAL GROUP CO., LTD.
Abbreviated English name	YILI
Legal representative	Pan Gang ()

II. Contact Persons and Contact Information

Name	Qiu Xiangmin ()	Liu Yanan ()
Address	No.1 Jinshan Avenue, Jinshan Development Zone, Hohhot	No.1 Jinshan Avenue, Jinshan Development Zone, Hohhot
Telephone	0471-3350092	0471-3350092
Fax	0471-3601621	0471-3601621
Email	qxm@yili.com	ytnliuyan@yili.com

III. Basic Information

Registered address	No.1 Jinshan Avenue, Jinshan Development Zone, Hohhot
Postal code of the registered address	010110
Business address	No.1 Jinshan Avenue, Jinshan Development Zone, Hohhot
Postal code of business address	010110
Website	http://www.yili.com
Email	info@yili.com

IV. Place of Information Disclosure and Document In

VI. Other Relevant Information

Accounting firm engaged by the Company (domestic)	Name	Da Hua Certified Public Accountants (Special General Partnership)
	Place of business	12/F, 7 th Building, No.16 Xi Si Huan Zhong Road, Haidian District, Beijing
	Signature of accountants	Wu Shaohua (), Zhou Jinru ()

VII. Principal Accounting Data and Financial Indicators for the Past Three Years

(I) Principal accounting data

Unit: Yuan Currency: RMB

(II) Differences in net profit and net assets attributable to the shareholders of the listed company disclosed in the financial reports prepared under foreign accounting standards and PRC GAAP

Applicable Not applicable

(III) Explanation on the differences between domestic and foreign accounting standards:

Applicable Not applicable

IX. Principal Financial Data for the Year 2019 by Quarter

Unit: Yuan Currency: RMB

Operating revenue	23,077,373,617.97	21,887,760,617.31	23,552,042,711.66	21,491,955,905.32
Net profit attributable to the shareholders of the listed company	2,275,767,650.20	1,504,763,880.66	1,850,160,423.81	1,303,071,475.80
Net profit attributable to the shareholders of the listed company after deducting				

Explanation on the differences between the quarterly data and the data disclosed in periodic reports

Applicable Not applicable

X. Non-recurring Gains and Losses and Amounts

Applicable Not applicable

		Unit: Yuan Currency: RMB	
		2018	2017
Profit or loss from disposal of non-current assets	126,664,298.28	-85,047,999.60	-9,052,222.31
Tax refunds, deductions from unauthorized approval, or approval without formal documents or under contingency situations			
Government subsidies recognized in the current profit or loss (except those closely relating to normal business, complying with the provisions of government policy and continually obtaining according by certain standard or quantity)	718,148,524.10	832,019,423.61	849,342,304.85
Fund possession cost of non-financial enterprises recognized in the current profit or loss			
Gains generated by the Company when cost spent on acquiring subsidiaries, associates and joint enterprises is less than the fair value of the identifiable net assets of investees upon acquisition			
Profit or loss from exchange of non-monetary assets			
Profit or loss from entrusted investment or management of assets			
Provisions for asset impairment due to force majeure factors such as natural disasters			
Profit or loss from debt restructuring			
Corporate restructuring charges, such as employee settlement fees, integration costs, etc.			
Profit or loss from transactions with obvious unfair transaction price			
Net profit or loss of subsidiaries acquired through business combination under common control from the beginning of the period to the date of combination			
Profit or loss from contingent events non-related to the Company's normal operations Except the effective hedging business associated with the Company's normal operations, profit or loss from changes in fair value of financial assets held for trading and financial liabilities held for trading, as well as investment income from the disposal of financial assets held for trading, financial liabilities held for trading and financial assets available for sale			
Except the effective hedging business associated with the Company's normal operations, profit or loss from changes in fair value of financial asset held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, as well as investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt and equity investment	78,163,067.12	378,925.66	
Reversal of the provision for receivables that had been subject to individual impairment assessment	95,073.87	115,950.00	105,194.30
Profit or loss from external entrusted loan			
Profit or loss from changes in fair value of investment real estate that is subsequently measured at fair value			
Effect of one-time adjustment on profit or loss for the period according to the laws or regulations in relation to tax and accounting			
Custody income from entrusted operations			
Other non-operating income and expenses not listed above	-91,735,807.11	-66,904,123.08	-25,236,502.99
Other profit or loss items meet the definition of non-recurring gains or losses			
Effect on minority shareholders' interest	-2,358,446.54	3,285,009.94	-603,714.09
Effect on income tax	-163,372,212.95	-122,148,048.96	-141,919,430.06
Total	665,604,496.77	561,699,137.57	672,635,629.70

XI. Items Measured at Fair Value

Applicable Not applicable

Unit: Yuan Currency: RMB

Investment in other equity instruments	1,183,948,702.18	1,147,896,142.44	-36,052,559.74	168,020,073.57
Financial assets held for trading	262,123,843.46	389,993,987.17	127,870,143.71	59,643,468.55
Other non-current financial asset		142,167,713.34	142,167,713.34	567,713.34
Financial liabilities held for trading		37,079,015.63	37,079,015.63	-667,866.77
Total	1,446,072,545.64	1,717,136,858.58	271,064,312.94	227,563,388.69

XII. Others

Applicable Not applicable



I. Description of Principal Business, Business Model and Industry Conditions of the Company during the Reporting Period

(I) Principal business and business model of the Company during the reporting period

1. Business scope

During the reporting period, the Company mainly engages in processing, manufacturing, and sale of various dairy products and healthy drinks. It possesses a few series of product offerings, including liquid milk, milk beverage, milk powder, yogurt, ice cream, cheese, milk fat, packaged drinking water. During the reporting period, the products of the Company are mainly sold in domestic market, and some for export.

During the reporting period, the healthy drink product business of the Company is still in its infancy. The following analysis on the industry refers to the dairy industry.

2. Business models

(1) Business model: During the reporting period, based on the division of product series and services, the Company has established six segments of product operation, namely, liquid milk, milk powder, ice cream, yogurt, healthy drink and cheese, each with its own business department. Under the strategic planning and professional management of the Company, those business departments are engaged in the production, supply and sales operations in their respective business areas.

(2) Procurement model of raw materials: The Company collectively procures the principal raw and auxiliary materials through tender so as to promote its efficiency of funds usage and bargaining power.

(3) Procurement and supply model of raw milk: Through capital or technical cooperation and by offering embedded service, the Company plays an exemplary role of a leading enterprise in agricultural industrialization. It establishes an interest community among milk suppliers, stabilizes and increases milk supply as well as meets demand for dairy production.

(4) Production model: Pursuant to several industrial regulations like the Entry Conditions of the “Dairy Product Processing Industry” and the “Industrial Policies on the Dairy Product Industry”, the Company follows the “Global Networking” scheme to deploy its production base, strictly complies with the product quality and safety standards, and provides products and services both domestically and overseas.

(5) Logistics and delivery models: The Company uses big data technologies to scienti ò M M
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3. Key performance drivers

During the reporting period, the Company has remained its commitment to the principle that “Yili Means Quality” put forward by Chairman Pan Gang and adhered to the “Quality Leadership” strategy, and continued to offer customers with healthy and nutritious products. We have built a “global health ecosystem” jointly with our partners while helping every customer to pursue a healthy life. Under the development concept of “Open and Inclusive, Innovation-driven, Win-win Cooperation”, the Company maintained healthy growth in its overall business.

In recent years, by following the trend of consumption upgrade closely, the Company has actively developed new categories and expanded new businesses. During the reporting period, sales revenue of new products accounted for 19.4%, representing an increase of 4.6 percentage points compared with the same period of last year. During the same period, businesses such as dairy drinks, cheese, milk fat and packaged drinking water have been launched successively, which would be the new growth point of the Company.

During the reporting period, as the Company adhered to the concept of “Nature, Nutrition and Health”, continued to improve its brand value and implemented precision marketing, the sales revenue of key products such as “Satine”, “Ambrosial”, “Chang Qing”, “Pro-Kido”, “Chocliz” and “Changyi 100%” has recorded a year-on-year increase of 22.3%.

During the reporting period, the Company accelerated its pace of global high-quality resources integration and continued to promote its business in Southeast Asian market by way of investment and mergers and acquisitions, which brought stable development to its international business. We acquired Westland Co-Operative Dairy Company Limited in New Zealand and completed the phased layout of international business.

During the reporting period, relying on global resources, the Company continued to comprehensively improve its consumption insight and supply chain operation efficiency via technologies such as big data and intelligent manufacturing.



II. Description of Significant Changes to Major Assets of the Company during the Reporting period

Applicable Not applicable

III. Analysis on Core Competitiveness during the Reporting Period

Applicable Not applicable

During the reporting period, the Company's core competitiveness has been further strengthened and improved:

1. Synergetic advantage of efficient global supply chain

The Company continues to build a "sustainable network for global supply chain". During the reporting period, the Company further enhanced its level of overall planning and synergy worldwide at each segment of supply, production and sales by taking a series of initiatives such as acquiring Westland Co-Operative Dairy Company Limited in New Zealand, constructing a production base in Indonesia and expanding South East Asia market, so as to ensure the efficient operation of its global supply chain. By the end of December 2019, the overall production capacity of the Company has reached 11,850,000 tons each year.

During the reporting period, by deepening the cooperation mechanism of the healthcare industry chain across the board, the Company joined hands with more than 100 partners around the world to build a "global healthcare ecosphere" to gather high-quality global resources and enhance global resource protection and risk emergency capabilities.

2. Outstanding brand advantage

During the reporting period, the Company continuously pushed forward the construction of its global brand system, pursued the goal of "nurturing life and vitality and sharing the health of the world" and kept strengthening its communication and interaction between its brand and customers to build a healthy brand image with quality product and service.

During the reporting period, among the BrandZ™ "Top 100 Most Valuable Chinese Brands in 2019" list, the Company ranked first in the food and dairy rankings for 7 consecutive years, and was awarded the world's most promising dairy brand honor by Brand Finance.

3. Excellent channel penetration capability

During the reporting period, the Company actively explored new retailing models such as “membership marketing”, “community marketing” and “O2O delivery”. While expanding channels, the Company promoted the integration of on-line and off-line channels; at the same time, the Company continued to implement its channel cultivation plans to keep improving its channel penetration level. By the end of December 2019, village-and-town market sales points which the Company served has reached approximately 1,039,000, representing an increase of 8.0% compared with last year.

4. Leading product innovation ability

During the reporting period, leveraging on the innovation mechanism throughout the whole industry chain, the Company optimized its innovation model and continued to increase input in research and development, technology and innovation, vigorously tapped into the field of Comprehensive Health. It launched “Yiran” Milk Minerals Water, “Inikin” volcanic chilled mineral water, “Pro-Kido” infant formula Goat milk powder, “Pro-Kido Seine Mouiller” organic infant formula milk powder and other new products. By the end of December 2019, Yili has accumulatively obtained 2,703 patent authorizations, of which 515 inventions were authorized patents, and 4 patents won China Patent Excellence Award.

5. More cohesive corporate culture

During the reporting period, the Company further promoted corporate culture construction, actively pushed forward the materialization of global cross-cultural integration projects, which further enhanced all staff’s morale, focus and competitiveness. Its corporate belief of “Yili represents the highest quality” was deeply planted in everyone’s heart, while ownership mindset, strong sense of responsibility and powerful execution ability have become the unique core spirit of Yili people. Its corporate culture guides, gathers and motivates Yili people around the world that continuously injects robust spirit and momentum into our strategic goals. Corporate culture has already become the Company’s core competitive advantage that could not be imitated.



I. Discussion and Analysis on Operations

II. Business Operation during the Reporting Period

During the reporting period, the Company actively seized the market growth opportunities. When adhering to the principle of “Yili Represents the Highest

Company.

For the same period, the Company’s high-end ambient yogurt Ambrosial series were officially launched in Southeast Asia, which were favored by consumers in Singapore, Myanmar, and other countries.

4. Actively carried out business innovation and built excellent operational capacity with “Precise Marketing, Lean Operation and Precise Management” as the core.

During the reporting period, the Company relied on the big data platform to accurately set the targeted consumer groups, and continuously accelerated the pace of innovation and upgrading of flavors, packaging and production technology for key products, thereby improving consumer satisfaction and promoting product sales. During the reporting period, research data on retailing released by Nielsen showed that “Satine” organic ambient liquid milk accounted for 45.7% of the retail market share, ranking the first in the corresponding market segment. Kantar Consumer Index “Asian Brand Footprint Report 2019” indicates that Yili has continuously increased its penetration and become the choice of over 90% of Chinese households, which is the most popular brand among Chinese consumers.

In recent years, in order to capture new business growth opportunities, the Company has been optimizing the service capacity of the existing channels continuously by actively expanding new retail sales channels such as social e-commerce and O2O delivery. During the reporting period, the Company recorded a 49% increase in the revenue from its e-commerce operation compared with last year. For the same period, research data on retailing released by Nielsen showed a 27.1% year-on-year growth in retail sales through the maternal-and-infant channel, and year-on-year increase of 4.2 percentage points in the market share of ambient liquid milk for convenience stores in terms of retail sales.

During the reporting period, the Company focused on building a brand-new development model for the country town business and its market penetration rate continued to rise. Survey data released by Kantar showed that, as of December 2019, the penetration rate of the Company’s ambient liquid dairy products was 84.3%, an increase of 1.9 percentage points from the same period of last year. For the same period, the number of the Company’s offline liquid milk points of sale reached 1,910,000, increased by 9.1% over the same period of last year.

During the reporting period, the Company actively explored and innovated in the areas of consumer demand insight, intelligent manufacturing, and optimization of supply chain operations with the help of technologies such as the Internet of Things, big data, and AI to promote sustainable business development.

5. Joined hands with partners to build a “Health Industry Ecosphere”.

In recent years, the Company has continuously provided capacity building and financing services to upstream and downstream partners in the dairy industry and continued to give them finance support through financial inclusion platform of the industry chain and innovating fund-raising support models. During the reporting period, the Company granted facilities of RMB18.3 billion, providing financing services to 4,137 upstream and downstream partners. From 2014 to 2019, the Company has accumulatively granted facilities of about RMB46.4 billion and has cumulatively served 5,992 customers.

During the reporting period, the Company successively launched health industry projects such as “Yili Modern Smart Health Valley” and “Yili Green Intelligent Demonstration Zone”. With the advancement of the projects above, the Company could gather global partners and give full play to the industry ecosphere,



thereby promoting the sustainable

price resulted in a revenue increase of RMB468 million and an additional cost of RMB1.932 billion was generated by changes to material prices and product restructuring.

During the period, the main business revenue from milk powder and dairy products amounted to RMB10.055 billion, representing an increase of RMB2.010 billion over the previous period and a 24.99% year-on-year growth. The cost of main business amounted to RMB5.216 billion for the period, representing an increase of RMB1.578 billion over the previous period and a 43.38% year-on-year growth. In particular, an increase in sales volume contributed to RMB1.237 billion in revenue growth and RMB1.033 billion in cost increment. Apart from that, product restructuring contributed to a revenue increase of RMB556 million, while changes to sales price resulted in a revenue increase of RMB217 million and an additional cost of RMB545 million was generated by changes to material prices and product restructuring.

During the period, the main business revenue from ice cream products amounted to RMB5.631 billion, representing an increase of RMB634 million over the previous period and an 12.70% year-on-year growth. The cost of main business amounted to RMB3.012 billion for the period, representing an increase of RMB267 million over the previous period and a 9.73% year-on-year growth. In particular, an increase in sales volume resulted in an increase of RMB239 million and RMB136 million in revenue and cost respectively. Apart from that, product restructuring contributed to a revenueMA t f M milliontt from bm

Liquid milk	Ton	8,758,252	8,709,404	267,065	8.03	7.77	22.39
Milk powder and dairy products	Ton	181,468	143,412	48,889	65.76	31.56	351.30
Ice cream products	Ton	410,050	405,850	15,680	2.90	3.25	36.59
Other products	Ton	14,104	10,528	3,576	N/A	N/A	N/A

Description of production and sales

The increase in production, sales and inventory of milk powder and dairy products was mainly due to the combination of Westland Co-Operative Dairy Company Limited during the period.

The increase in inventory of ice cream products was mainly due to the combination of THE CHOMTHANA COMPANY LIMITED during the period.

(3) Table of cost analysis

Unit: Yuan

By Product

Liquid milk	Direct materials	42,595,698,013.92	89.11	37,992,556,422.91	89.29	12.12
	Direct labor	1,232,457,582.66	2.58	1,061,369,757.15	2.49	16.12
	Production expenses	3,969,671,876.17	8.31	3,498,592,164.75	8.22	13.46
Milk powder and dairy products	Direct materials	4,330,803,249.36	83.03	2,962,614,598.24	81.43	46.18
	Direct labor	217,159,280.65	4.16	149,872,363.22	4.12	44.90
	Production expenses	668,342,462.16	12.81	525,643,034.71	14.45	27.15
Ice cream products	Direct materials	2,236,140,591.98	74.24	2,042,650,768.61	74.40	9.47
	Direct labor	261,874,841.47	8.69	245,900,330.70	8.96	6.50
	Production expenses	514,209,328.98	17.07	456,674,248.41	16.64	12.60
Other products	Direct materials	35,981,286.07	88.99		N/A	N/A
	Direct labor	327,970.90	0.81		N/A	N/A
	Production expenses	4,123,709.41	N/A	N/A	a	n d

(2) The increase in administrative expenses was mainly due to the increase in remuneration of employee, which was attributable to the expansion of the Company's business scale, the acquisition of subsidiaries, the adjustment of staff salaries and the increase in equity incentive expenses during the period.

(3) The increase in finance expenses was mainly due to the increase in interest expenses during the current period.

(4) The increase in investment income was mainly due to the disposal of part of the equity of Shandong New Jufeng Technology Packaging Co., Ltd. and the increase in investment gain arising from long-term equity investment accounted under equity method during the current period.

(5) The increase in gains on fair value changes was mainly due to the increase of the fair values of the commodity futures contracts held by the subsidiaries and the increase of the fair values of Chengdu Bank Co., Ltd. during the current period.

(6) The increase in credit impairment loss was mainly due to the classification of the impairment provision for various financial instruments originally recognized in impairment loss of assets into credit impairment loss upon the initial adoption of new standards for financial instruments during the current period.

(7) The increase in impairment loss of assets was mainly due to the provision of inventory impairment by the subsidiary, Westland Dairy Company Limited as the inventory cost was higher than the net realizable value, and the impairment provisions for idle fixed assets of some subsidiaries during the current period.

(8) The increase in gains on asset disposal was mainly due to the decrease of loss on disposal of machinery and equipment during the current period.

4. R&D investment

(1) Table of R&D investment

Applicable	Not applicable
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Unit: Yuan

The Company continuously strengthened standardization system construction and strategic layout of intellectual property rights, continuously promoting open innovation, having close cooperation with top scientific research institutions in global agriculture, food and life science, as well as upstream and downstream enterprises to further strengthen innovation support and service, improve the Company's performance in innovation, and take the lead in the development of the industry.

5. Cash flows

Applicable Not applicable

Unit: Yuan

Cash received from interest income, charges, and commissions	21,609,380.00	565,817,378.40	-544,207,998.40	-96.18%
Cash from tax return		1,123,140.80	-1,123,140.80	-100.00%
Cash received from disposal of investments	846,917,213.89	1,448,575,837.42	-601,658,623.53	-41.53%
Cash received from returns on investments	209,199,931.77	116,056,383.93	93,143,547.84	80.26%
Net cash received from disposal of subsidiaries and other business entities	2,000,000.00		2,000,000.00	N/A
Other cash received related to investing activities		516,218.89	-516,218.89	-100.00%
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	9,242,858,743.28	5,090,600,464.62	4,152,258,278.66	81.57%
Cash paid for acquisition of investments	152,853,521.31	1,625,000,000.00	-1,472,146,478.69	-90.59%
Net cash paid for the acquisition of subsidiaries and other business entities	1,616,983,173.08		1,616,983,173.08	N/A
Other cash paid related to investing activities	79,000,989.89	270,700,593.29	-191,699,603.40	-70.82%
Cash received from capital contributions	274,893,825.00	18,000,000.00	256,893,825.00	1427.19%
Cash received from borrowings	16,569,725,526.64	4,983,000,000.00	11,586,725,526.64	232.53%
Other cash received relating to financing activities	2,353,012,000.00		2,353,012,000.00	N/A
Other cash paid related to financing activities	5,871,460,724.50	37,382,061.11	5,834,078,663.39	15606.63%

(1) The decrease in cash received from interest income, charges and commissions was mainly due to the decrease in deposits of the subsidiary, Yili Finance Co., Ltd. during the current period and the decrease in interest income resulted from the lower interest rate compared with that of same period of last year.

(2) The decrease in cash from tax return was mainly due to the tax refund received by subsidiary during the previous period did not occur during the current period.

(3) The decrease in cash received from disposal of investments was mainly due to the less amount received upon the maturity of wealth management products during the current period compared with the previous period.

(4) The increase in cash received from returns on investments was mainly due to the increase in cash dividends received from equity instrument investment during the current period.

(5) The increase in net cash received from disposal of subsidiaries and other business entities was mainly due to the recovery of equity funds during the current period from the sale of the subsidiary, Zhalantun Yili Dairy Co., Ltd. during the previous period.

(6) The decrease in other cash received related to investment activities was mainly due to the time deposit received by the subsidiary, Oceania daily limited upon maturity during the previous period did not incur for current period.

- (9) The increase in net cash paid for the acquisition of subsidiaries and other business entities was mainly due to the cash outflow incurred by the business combination not under the common control during the current period.
- (10) The decrease in other cash paid related to investing activities was mainly due to the larger amount of pl] transaction by quotation purchased by the subsidiary, Yili Finance Co., Ltd. for the previous period.
- (11) The increase in cash received from capital contributions was due to the exercise of Share Options held by equity incentive targets for the current period and the receipt of cash from the issuance of new shares.
- (12) The increase in cash received from borrowings was mainly due to the issuance of bonds and increase in short-term borrowings in the current period.
- (13) The increase in other cash received relating to financing activities was mainly due to the receipt of subscription monies of restricted shares granted to equity incentive targets in the current period.
- (14) The increase in other cash paid related to financing activities was mainly due to the repurchase of Shares by the Company in the current period.

(II) Explanation on the material change in profit due to non-main business

Applicable Not applicable





(III) Analysis of assets and liabilities

Applicable Not applicable

1. Table of assets and liabilities

Unit: Yuan

Financial assets held for trading	389,993,987.17	0.65			N/A
Financial assets measured at VSOE and of which the variation is booked in current period P&L			498,843.46		-100.00
Accounts receivable	1,615,510,453.56	2.67	1,101,026,608.06	2.31	46.73
Inventories	7,715,031,334.22	12.76	5,507,073,963.85	11.57	40.09
Non-current assets due within one year	303,240,656.65	0.50			N/A
Other current assets	2,783,098,811.83	4.60	5,000,433,575.10	10.50	-44.34
Available-for-sale financial assets			831,010,989.62	1.75	-100.00
Investments in other equity instruments	1,147,896,142.44	1.90			N/A
Other non-current financial assets	142,167,713.34	0.24			N/A
Real estate investment	533,295,854.46	0.88			N/A
Construction in progress	6,165,050,218.38	10.20	2,686,705,865.46	5.64	129.47
Intangible assets	1,408,682,162.74	2.33	639,268,640.97	1.34	120.36
Goodwill	527,543,825.21	0.87	10,678,610.25	0.02	4,840.19
Long-term deferred expenses	678,728,012.92	1.12	58,537,612.15	0.12	1,059.47
Other non-current assets	3,150,959,048.48	5.21	1,718,472,140.06	3.61	83.36
Short-term borrowings	4,559,631,340.89	7.54	1,523,000,000.00	3.20	199.38

Financial liabilities held for trading	37,079,015.63	0.06			N/A
Receipts in advance	6,020,058,284.82	9.96	4,400,761,321.98	9.24	36.80
Other payables	3,821,658,464.62	6.32	1,221,000,408.98	2.56	212.99
Non-current liabilities due within one year	306,192,224.58	0.51	33,128,853.96	0.07	824.25
Other current liabilities	3,069,386,047.58	5.08	10,405,666.01	0.02	29,397.26
Long-term borrowings	471,124,135.41	0.78	289,000.00		162,918.73
Bonds payable	1,500,000,000.00	2.48			N/A
Deferred tax liabilities	505,136,715.80	0.84	105,918,440.05	0.22	376.91
Capital reserve	844,438,895.39	1.40	2,841,336,959.07	5.97	-70.28
Other comprehensive income	984,142,651.34	1.63	375,236,186.82	0.79	162.27

Other explanations

(1) The decrease in available-for-sale financial assets, financial assets measured at VSOE and of which the variation is booked in current period P&L and the increase in financial assets held for trading, investments in other equity instruments and other comprehensive income were mainly due to the impact of initial application of new financial instrument standards. For details, please refer to "41. (3) Application of new financial instrument standards, new income standards or new lease standards since 2019 to adjust the application of the relevant items in the financial statements at the beginning of the year" under "V. Significant Accounting Policies and Accounting Estimates" in Section XI in this report.

(2) The increase in accounts receivable was mainly due to the increase in accounts receivable by acquiring Westland Co-Operative Dairy Company Limited, and the increase in sales accounts receivable from supermarkets and e-commerce.

(3) The increase in inventories was mainly due to the increase of purchase of raw materials, and the increase in inventory as a result

(15) The increase in receipts in advance was mainly due to increase in product payments received from distributors in advance in the current period.

(16) The increase in other payables and treasury shares was mainly due to the grant of restricted shares with repurchase obligation to equity incentive targets in the current period.

(17) The increase in non-current liabilities due within one year was mainly due to the increase in long-term borrowings due within one year by merging Westland Co-Operative Dairy Company Limited in the current f

17 The increase in oth a n-current liabilities wa

Applicable Not applicable

The following table sets out the details of external equity investment of the Company as of the end of the reporting period:

Unit: Yuan Currency: RMB

Hulunbeier Shengxin Investment Co., Ltd.	18,671,174.86	-211,421.97	18,459,752.89	40.00	
China Youran Dairy Holding Limited	1,699,995,989.02	199,400,378.26	1,899,396,367.28	40.00	
Beijing Jiuyang Wisdom Investment Fund Management Limited	46,089,474.46	-3,040,703.21	43,048,771.25	30.82	
Chengdu Bank Co., Ltd.	261,625,000.00	33,150,000.00	294,775,000.00	0.90	11,375,000.00
Shandong Xinjufeng Technology packaging Co., Ltd.	144,630,475.11	-62,462,761.77	82,167,713.34	4.80	3,600,000.00
Jiangsu Jijia Pet Supplies Co. Ltd.		60,000,000.00	60,000,000.00	3.93	
Mianyang Science and Technology City Industrial Investment Fund (Limited Partnership)	104,561,028.01	-76,735,924.39	27,825,103.62	2.22	31,878,177.95
CITIC Industrial Investment Fund Management Co., Ltd.	219,691,534.42	-1,013,906.35	218,677,628.07	5.00	31,500,000.00
Inner Mongolia Yisheng Biological Technology Co., Ltd.	202,284.80	615.98	202,900.78	10.00	
Shenzhen Huatai Ruilin Equity Investment Fund Partnership (Limited Partnership)	53,109,792.13	-10,672,438.05	42,437,354.08	10.00	13,317,605.00
Hezhong Chuangya (Hohhot) Packaging Co., Ltd.	15,356,712.73	489,323.03	15,846,035.76	18.64	
CITICPE Holdings Limited	66,570,583.11	-10,306,334.11	56,264,249.00	5.00	20,759,100.00
CDB Boyu Phase I (Shanghai) Equity Investment Partnership	582,266,475.55	45,565,611.29	627,832,086.84	4.09	70,565,190.62
Inner Mongolia Collaborative Innovation Equity Investment Fund Co., Ltd.	21,578,217.57	337,740.53	21,915,958.10	2.70	
Beijing Huatai New Industry Growth Investment Fund (Limited Partnership)	76,097,214.43	16,503,907.61	92,601,122.04	1.98	
Inner Mongolia Steppe Culture Film and Television Industry Fund (Limited Partnership)	44,514,859.43	-221,155.28	44,293,704.15	9.00	
Total	3,354,960,815.63	190,782,931.57	3,545,743,747.20		182,995,073.57

(1) Significant equity investment

Applicable Not applicable

(2) Significant non-equity investment

Applicable Not applicable

The following table sets out the Company's projects under construction during the reporting period:

Unit: 0,000 Yuan Currency: RMB

Liquid milk	1,038,344.90	46.50%	393,528.71	482,782.68	Self-owned funds
Milk powder	86,679.28	53.63%	32,968.60	46,487.93	Self-owned funds
Ice cream	140,326.37	31.30%	26,873.33	43,922.64	Self-owned funds
Yogurt	143,488.25	65.57%	71,047.05	94,085.89	Self-owned funds
Others	493,748.93	72.87%	217,129.62	359,770.66	Self-owned funds
Total	1,902,587.73		741,547.31	1,027,049.80	

The above is the classification of construction in progress disclosed by categories of product as of 31 December 2019. There are more

The following table sets out the financial assets measured at fair value held by the Company and their investment gains for the reporting period:

Unit: 0,000 Yuan Currency: RMB

Chengdu Bank Co., Ltd.	81,250,000.00	0.90	261,625,000.00	33,150,000.00	294,775,000.00	11,375,000.00
Shandong Xinjufeng Technology packaging Co., Ltd.	81,600,000.00	4.80		82,167,713.34	82,167,713.34	
Jiangsu Jijia Pet Supplies Co. Ltd.	60,000,000.00	3.93		60,000,000.00	60,000,000.00	
Mianyang Science and Technology City Industrial Investment Fund (Limited Partnership)	202,866,236.04	2.22	104,561,028.01	-76,735,924.39	27,825,103.62	31,878,177.95
CITIC Industrial Investment Fund Management Co., Ltd.	121,500,000.00	5.00	219,691,534.42	-1,013,906.35	218,677,628.07	31,500,000.00
Inner Mongolia Yisheng Biological Technology Co., Ltd.	400,000.00	10.00	202,284.80	615.98	202,900.78	
Shenzhen Huatai Ruilin Equity Investment Fund Partnership (Limited Partnership)	50,000,000.00	10.00	53,109,792.13	-10,672,438.05	42,437,354.08	13,317,605.00
Hezhong Chuangya (Hohhot) Packaging Co., Ltd.	11,000,000.00	18.64	15,356,712.73	489,323.03	15,846,035.76	
CITICPE Holdings Limited	7,673,820.00	5.00	66,570,583.11	-10,306,334.11	56,264,249.00	20,759,100.00
CDB Boyu Phase I (Shanghai) Equity Investment Partnership	204,436,048.00	4.09	582,266,475.55	45,565,611.29	627,832,086.84	70,565,190.62
Inner Mongolia Collaborative Innovation Equity Investment Fund Co., Ltd.	20,000,000.00	2.70	21,578,217.57	337,740.53	21,915,958.10	
Beijing Huatai New Industry Growth Investment Fund (Limited Partnership)	50,000,000.00	1.98	76,097,214.43	16,503,907.61	92,601,122.04	
Inner Mongolia Steppe Culture Film and Television Industry Fund (Limited Partnership)	45,000,000.00	9.00	44,514,859.43	-221,155.28	44,293,704.15	
Derivative financial assets			498,843.46	94,720,143.71	95,218,987.17	
Total	935,726,104.04		1,446,072,545.64	233,985,297.31	1,680,057,842.95	179,395,073.57

(VI) Major assets and equity disposal

Applicable Not applicable



(VII) Analysis of major holding and joint stock companies

Applicable Not applicable

1. Principal subsidiaries

Unit: 0'000 Yuan Currency: RMB

2. Newly added subsidiaries

Unit: 0'000 Yuan Currency: RMB

PT.Yili Indonesia Dairy	Production and sale of frozen products.	Established by investment	USD53.2929 million	37,637.39	-387.84
Wuwei Yili Dairy Co. Ltd.	Production and sale of liquid milk (sterilized milk and modified milk), beverages (protein beverages), other dairy products (cream, baking cream), fermented milk; production and sale of relevant raw and auxiliary materials and packaging materials; import and export of production mechanical equipment, meters, instruments, components and raw and auxiliary materials.	Established by investment	19,000.00	18,943.04	-56.96
Antu Yili Changbai Mountain Natural Mineral Drink Co., Ltd.	Production of drinking natural mineral water; production, processing, R&D, sale of mineral water-based beverages; production, processing, sale of packaging materials; sale of production mechanical equipment, meters, instruments, components and raw and auxiliary materials; sale of laboratory equipment, laboratory reagent; self-operation and agency of import and export of various goods and technologies.	Established by investment	13,400.00	13,381.85	-18.15
THE CHOMTHANA COMPANY LIMITED and its subsidiaries	Production and sale of frozen products.	Acquisition	THB154.39 million	25,149.99	-3,048.58
SA ARK FOOD(M) SDN.BHD.	Wholesale, distribution, import and export of frozen food, ice cream, yogurt, packaged beverages (milk, lactic acid beverages), packaged food (e.g. milk powder).	Established by investment	RM8.3709 million	1,289.88	-130.05
Beijing Yili Technology Development Co., Ltd.	Technology development, technology services, technology transfer, technology consulting.	Established by investment	2,500.00	2,592.13	92.13
Yili Yinuo Technology (Shanghai) Co., Ltd.	Technology development, technology consulting, technology services, technology transfer, industrial design, food packaging design, marketing planning in respect of industrial technology, packaging technology, food technology, health technology, biotechnology, R&D and testing of food, raw and auxiliary materials for food and relevant areas; food production; sale of raw materials and mechanical equipment for food; packaging decoration and printing, sale of packaging materials, sale of food.	Established by investment	2,600.00	2,426.58	-173.42
Yili Innovation Investment Management (Zhuhai) Co., Ltd.	Investment consulting, investment management.	Established by investment	2,000.00	2,004.53	4.53
Yili Venture Capital (Suzhou) Co., Ltd.	Venture investment.	Established by investment	15,000.00	14,845.80	-154.20
Zhuhai Jianling Equity Investment Fund Management Partnership (Limited Partnership)	Equity investment.	Established by investment	2,000.00	1,799.72	-200.28
Westland Dairy Company Limited and its subsidiaries	Production and sale of dairy products.	Acquisition	NZD243.77 million	119,644.13	-25,228.15
Arxan Yili Natural Mineral Drink Co., Ltd.	Production and sale of mineral water and drinking water; processing and sale of bottle preform; processing and sales of bottle cap, processing and sale of vaporless beverage bottle, processing and sale of bottle label, processing and sale of packaging box, processing and sale of local specialty; wholesale and retail of beverage, Cola, alcoholic, non-alcoholic juice drink, lactic acid beverage (fruit products, non-dairy), milk tea, coffee, dairy products, health food, water purification equipment, ski supplies (ski equipment); accommodation, catering services, conference services, exhibition services	Acquisition	30,740.43	25,214.00	-593.17
GREEN ASIA FOOD VIETNAM COMPANY LIMITED	Production of dairy products; processing of food and beverages; sale of pre-packaged foods.	Established by investment	USD1.50 million	1,021.05	-27.35

Hulunbeier Yili Dairy Industry Co., Ltd.	Production and sale of liquid milk (sterilized milk and modified milk), beverages (protein beverages), other dairy products (cream, baking cream) and fermented milk; production and sale of relevant raw and auxiliary materials and packaging materials; import and export of production mechanical equipment, meters, instruments, components and raw and auxiliary materials, self-operation and agency of selling, import and export of various goods (including used equipment) and sale of technologies, and import and export.	Established by investment	2,000.00	1,999.44	-0.56
Inner Mongolia Jinze Yili Dairy Co., Ltd.	Production of infant formula milk powder (by dry-wet composite technology), dairy products (whole milk powder, modified				

III. Discussion and Analysis on the Future Development of the Company

(I) Industry landscape and trend

Applicable Not applicable

As for the future, the development characteristics of the domestic dairy and healthy drinks industry are as follows:

1. As the purchasing power of consumers will continue to rise in the long run, customers are paying more attention to a healthy, health-oriented lifestyle, thus the healthy food industry represented by dairy products is likely to have a promising prospect.
2. As the awareness and behaviors of customers are changing, as well as the new developments of new retail modes such as Online-to-Offline doorstep delivery platform, WeChat business and community marketing, the target consumer group of dairy products and its market size will grow and expand continuously.
3. The infant birth rate is slowing down, and the aging of the population structure is accelerating. Infant food continues to be driven by diversification of categories and innovation on nutrition service. The innovative categories of adult nutrition products are speeding up and market penetration rate will maintain its growth.

(II) Development strategies of the Company

Applicable Not applicable

In the future, the Company will continue to head toward the vision of “becoming the most reliable healthy food provider in the world”, adhering to its principle of “Yili means quality” and proactively deploying a big health layout by innovation and globalization, so as to become the pioneer in the development in the healthy food industry. At a later stage, the Company will adopt the following key strategic initiatives:

1. Focus on the acceleration of production innovation in the healthy food industry by capitalizing on the Company’s global platform of technological innovation and product R&D, while taking customers’ demand as guidance.
2. Continue to propel the development in overseas market and enhance the operation ability of our brands around the world.
3. Actively explore emerging channels and create brand-new business model by using Internet technology.
4. Enhance the overall operation efficiency of the Company by leveraging on the synergistic effects of global supply chain.
5. Continue to follow the requirements of “Striving for Excellence, Pursuing Excellence, and Constantly Exceeding Ourselves” to strengthen the cultural foundation of Yili for long-term development.

(III) Operational plans

Applicable Not applicable

Based on the development of the industry, the Company plans to achieve a total operating revenue of RMB97 billion with a total profit before tax of RMB6.1 billion for the year 2020.

Subject to uncertainties caused by the future operating environment, the above business objective does not constitute a performance commitment to investors, who are advised to be aware of investment risks involved.

In early 2020, the sudden emergence of COVID-19 epidemic has posed a huge challenge to the operation of dairy enterprises that are in the peak season of production and sales. It has also had cer r"n'iorm #

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As the domestic epidemic prevention and control situation continues to improve, the order of production and life in all parts of the country is gradually restored. As an important necessity of daily life, dairy products are getting more and more attention for their role in strengthening immunity and promoting nutrition ab

(V) Others

Applicable Not applicable

IV. Circumstances of and Explanation on Non-disclosure under the Standards Owing to Special Reasons such as the Standards Not Applicable to the Company or State Secrets and Trade Secrets

Applicable Not applicable







I. Proposal on Profit Distribution of Ordinary Shares or Conversion of Capital Reserve into Capital Stock

(I) Formulation, implementation, or adjustment of cash dividend policy

Applicable Not applicable

On 21 March 2019, the “2018 Profit Distribution Proposal of the Company” was considered and approved at the 2018 Annual

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II. Performance of Undertakings

(I) Undertakings by relevant parties such as actual controllers, shareholders, related parties, acquirers and the Company during or subsisting to the reporting period

Applicable Not applicable

(II) Explanation of whether the Company fulfilled its original profit forecast in relation to assets or projects, whether there is a profit forecast for such assets or projects of the Company and whether they were still in the profit forecast period during the reporting period and the reasons thereof

Fulfilled Not fulfilled Not applicable

(III) Fulfillment of performance undertakings and its effects on goodwill impairment test

Applicable Not applicable

III. Appropriation and Settlement of Funds during the Reporting Period

Applicable Not applicable

IV. Explanation of the Company on the “Non-standard Audit Report” Prepared by the Accounting Firm

Applicable Not applicable

V. Analysis and Explanation of the Company on the Reasons and Impacts of Changes in Accounting Policies and Estimates or Correction of Material Accounting Errors

(I) Analysis and explanation of the Company on the reasons and impacts of changes in accounting policies and estimates

Applicable Not applicable

For details, please refer to “41. Changes in accounting policies and accounting estimates” under “V. Significant Accounting Policies and Accounting Estimates” in section XI of this Report.

Applicable Not applicable

Applicable Not applicable

VI. Appointment and Dismissal of Accounting Firms

Unit: 0,000Yuan Currency: RMB

	Current appointment	
Name of domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)	
Remuneration of domestic accounting firm		150
Audit term of domestic accounting firm		24
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Accounting firm for internal control audit	Da Hua Certified Public Accountants (Special General Partnership)	100

Explanation on the appointment and dismissal of accounting firms
 Applicable Not applicable
 Explanation on the change in accounting firm during the audit period
 Applicable Not applicable

VII. Risk of Suspension of Listing

- (I) Causes of suspension of listing
 Applicable Not applicable
- (II) Corresponding measures intended by the Company
 Applicable Not applicable

VIII. Circumstances and Reasons for Termination of Listing

Applicable Not applicable



IX. Matters Relating to Bankruptcy and Restructuring

Applicable Not applicable

X. Material Litigation and Arbitration

The Company had material litigation and arbitration during the year

The Company did not have material litigation and arbitration during the year

XI. Punishment and Rectification of the Listed Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Actual Controllers and Acquirers

Applicable Not applicable

XII. Explanation on the Credibility of the Company and its Controlling Shareholders and Actual Controllers during the Reporting Period

Applicable Not applicable

During the reporting period, the Company had no such events as unsatisfied judgments or unsatisfied debt of substantial amounts.

XIII. The Company's Equity Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentive Measures and Their Impact





On 27 September 2019, the Company convened the first extraordinary meeting in 2019, during which the “Resolution on the 2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft) and its Summary”) and the “Resolution on the Management Measures for the Implementation and Assessment of the 2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Amendment)” were considered and approved.

On 30 September 2019, the Company convened the extraordinary meeting of the ninth session of the Board of Directors, during which the “Resolution on the Adjustment of the Number of Incentive Targets under the 2019 Restricted Stock Incentive Plan” and the “Resolution for the Grant of Restricted Shares to Incentive Targets” were considered and approved.

Progress of the 2019 Restricted Stock Incentive Plan.

The results of the grant under the 2019 Restricted Stock Incentive Plan.

For details, please refer to the “Announcement on the Resolutions of the First Extraordinary Meeting in 2019 of Inner Mongolia Yili Industrial Group Co., Ltd.” published on the Shanghai Stock Exchange by the Company on 28 September 2019.

For details, please refer to the “Announcement on the Adjustment of the Number of Incentive Targets under the 2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd.” and the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. for the Grant of Restricted Shares to Incentive Targets under the 2019 Restricted Stock Incentive Plan” published on the Shanghai Stock Exchange by the Company on 1 October 2019.

For details, please refer to the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Progress on the Grant of Equity under the 2019 Restricted Stock Incentive Plan” published on the Shanghai Stock Exchange by the Company on 21 November 2019.

For details, please refer to the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Results of Grant of 2019 Restricted Shares” published on the Shanghai Stock Exchange by the Company on 26 November 2019.



(II) Incentives not disclosed in provisional announcements or with subsequent development

Equity incentives

Applicable Not applicable

Other information

Applicable Not applicable

Employee stock ownership plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

XIV. Significant Connected Transactions

(I) Connected transactions related to daily operations

1. Matters disclosed in provisional announcements without development or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in provisional announcements with development or changes in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in provisional announcements

Applicable Not applicable

(II) Connected transactions in relation to the acquisition and disposal of assets or equity

1. Matters disclosed in provisional announcements without development or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in provisional announcements with development or changes in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in provisional announcements

Applicable Not applicable

4. Performance with agreed target shall be disclosed during the reporting period

Applicable Not applicable

(III) Material connected transactions in relation to joint external investment

1. Matters disclosed in provisional announcements without development or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in provisional announcements with development or changes in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in provisional announcements

Applicable Not applicable

(IV) Transactions relating to creditor's right and debts

1. Matters disclosed in provisional announcements without development or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in provisional announcements with development and changes in subsequent implementation



Applicable Not applicable

3. Matters not disclosed in provisional announcements

Applicable Not applicable

(V) Others

Applicable Not applicable

XV. Material Contracts and the Implementation Thereof

(I) Custody, contracting and leasing

1. Custody

Applicable Not applicable

Contracting

Applicable Not applicable

2. Leasing

Applicable Not applicable

(II) Guarantee

Applicable Not applicable

Unit: 0'000 Yuan Currency: RMB

External guarantee provided by the Company (excluding those for subsidiaries)

Inner Mongolia Huishang Financing Guarantee Co., Ltd.	Wholly-owned subsidiary	Suppliers and customers	469,677.02	21 June 2018	1 January 2019	31 December 2022	Guarantee with joint liability	No	Yes	1,164.13	Yes	No
Total amount of guarantees incurred during the reporting period (excluding those for subsidiaries)												469,677.02
Total balance of guarantees at the end of the reporting period (A) (excluding those for subsidiaries)												193,469.95

Guarantees for subsidiaries provided by the Company and its subsidiaries

Total amount of guarantees incurred for subsidiaries during the reporting period												
Total balance of guarantees for subsidiaries at the end of the reporting period (B)												5,000.00

Total amount of guarantees provided by the Company (including those for subsidiaries)

Total amount of guarantees (A+B)												198,469.95
Percentage of total amount of guarantees in the Company's net assets (%)												7.60

Among which:

The amount of guarantees provided to shareholders, actual controllers and their related parties (C)

Amount of debt guarantees directly or indirectly provided to guaranteed parties whose gearing ratio exceeds 70% (D)

Total amount of guarantees exceeding 50% of net assets (E)

Aggregate of the above three guarantees (C+D+E)

Statement on contingent joint and several liability in connection with unexpired guarantee

Statement on guarantee

As of 31 December 2019, Inner Mongolia Huishang Financing Guarantee Co., Ltd., a subsidiary of the Company, had accumulated a total external guarantee of RMB4,696,770,200, a balance of guarantee liability of RMB1,934,699,500 and 1,020 guaranteed parties under the external guarantees for the year. A summary of all external guarantees is set out in the above table headed "External guarantees provided by the Company (excluding those for subsidiaries)".

(III) Entrusted management of cash assets

1. Entrusted wealth management

(1) Overview of entrusted wealth management



Applicable Not applicable

Unit: 0'000Yuan Currency: RMB

Principal-protected securities wealth management products with non-guaranteed returns Own funds 20,000.00

Others

Applicable Not applicable

(2) Individual entrusted wealth management

Applicable Not applicable

Unit:0'000Yuan Currency: RMB

China Merchants Securities Co., Ltd.	Principal-protected securities wealth management products with non-guaranteed returns	20,000.00	27 September 2018	7 January 2019	Own funds	Fixed income products	Principal-protected with non-guaranteed returns	3.50%-8.50%	195.62	recovered	Yes	No
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Others

Applicable Not applicable

(3) Impairment provision for entrusted wealth management

Applicable Not applicable

2. Entrusted loan

(1) Overview of entrusted loan

Applicable Not applicable

Others

Applicable Not applicable

(2) Individual entrusted loan

Applicable Not applicable

Others

Applicable Not applicable

(3) Impairment provision for entrusted loan

Applicable Not applicable

3. Others

Applicable Not applicable

(IV) Other material contract

Applicable Not applicable



XVI. Other Significant Events

Applicable Not applicable

The Company considered and approved the “Resolution on Repurchase of the Shares of the Company through Centralized Bidding” at the extraordinary meeting of the ninth session of the Board of Directors convened on 8 April 2019, in which the Company agreed to repurchase A Shares of the Company with its own funds for the purpose of implementing equity incentives. On 25 July 2019, the Company convened the extraordinary meeting of the ninth session of the Board of Directors, during which the “Resolution on the Completion of the Repurchase of the Shares of the Company” was considered and approved. On 26 July 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation Results of Share Repurchase and Movements in Shares”.

On 27 September 2019, the Company convened the first extraordinary general meeting in 2019, during which the resolutions such as the “Resolution on the Change of the Use of Repurchased Shares”, the “Resolution on the 2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft) and its Summary”, the “Resolution on the Management Measures for the Implementation and Assessment of the 2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Amendment)” were considered and approved. On 26 November 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Results of Grant of 2019 Restricted Shares”. On 25 March 2020, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Cancellation of Certain Repurchased Shares”. For details, please refer to the relevant announcements published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

XVII. Active Fulfillment of Social Responsibility

(I) Poverty alleviation of the listed company

Applicable Not applicable

1. Targeted poverty alleviation plan

Applicable Not applicable

The Company is active in fulfilling its corporate social responsibility. Adhering to Yili’s code of “Balance and Responsibility First”

and the concept of “Solid Results over Speed, Industrial Prosperity over Personal Glory and Social Value over Business Fortune”, the Company continues to devote in public welfare practices with a clear focus on nutrition and health, focusing on rural revitalization

During the reporting period, the Company cooperated with Beijing Chunhui Children's Foundation to launch "Pro-Kido Motherly Love", under which we donated RMB214,600 worth of Yili Milk Powder to provide nutrition support to more than 200 orphans and disabled children with severe disease.

(2) Poverty alleviation through education

During the reporting period, the Company promoted "Yili Future Garden" in collaboration with China Children and Teenagers' Fund to build a network interactive platform which was based on online youth popular science video collection, in combination with offline activities such as popular science classes in schools to cater for the demands for popular science and technology education among Chinese youth, in order to focus on improving the growth and progress in science and technology education of students in areas with scarce educational resources. During the reporting period, the Company invested RMB2 million in activities such as "Popular Science Charity Sharing Sessions of Yili Future Garden", "Winter Camp for Dreams", "Summer Camp for Dreams", "Micro-video Collection on Teenagers' Technological Innovation" and "Popular Science Tour to Red Sacred Places". These activities involved nearly 800 schools in 138 cities of 25 provinces, covering more than 350,000 primary and middle school students and approximately 10,000 left-behind children in old revolutionary base areas such as Zunyi in Guizhou, Yan'an in Shaanxi, Jinggangshan in Jiangxi, Qujing in Yunnan and Fuping in Hebei.

During the reporting period, the Company cooperated with the Western China Human Resources Development Foundation to promote the child safety charity project "Yili Ark", which implemented the concept of "safety, growth and dreams" and committed to improving child safety education in the central and western regions based on the actual needs of local schools and with a focus on the construction of eco-safety schools. During the reporting period, the Company invested RMB3,579,900 to carry out 155 child safety education and training activities at 109 eco-safety schools.

(3) Poverty alleviation through social involvement

During the reporting period, the Company connected with Zhuguanlong Village, Shouning County, Ningde City, Fujian Province through conducting field research in collaboration with the Organization Department of Ningde Municipal Committee, the Party Committee Shouning County and the County Government to understand the economic development and the main development

Below sets out the environmental information of key pollutant discharging subsidiaries of the Company in the year 2019:

Inner Mongolia Yili Industrial Group Co., Ltd. Dynamic Environment Protection Branch	COD	Intermittent emission	73.07	150	Nil	144.06	547.5	One sewage discharging outlet
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control and terminal tracking. The Company continued to carry out greenhouse gas inspection for 10 consecutive years and managed to reduce energy consumption of products per ton, lower the generation of pollutants and reduce greenhouse gas emissions year by year through strengthening energy and environmental protection management, for the purpose of achieving a harmonious and win-

I. Changes in Ordinary Share Capital

(I) Table of changes in ordinary shares

1. Table of changes in ordinary shares

Unit: Share

I. Shares subject to trading restrictions	44,758,446	0.7364		145,028,750	145,028,750	189,787,196	3.1131
1. Shares held by the state							
2. Shares held by state-owned legal persons							
3. Other domestic shares:	44,733,446	0.7360		143,981,250	143,981,250	188,714,696	3.0955
Including: domestic shares held by non-state-owned legal persons	31,430,946	0.5171				31,430,946	0.5156
shares held by domestic natural persons	13,302,500	0.2189		143,981,250	143,981,250	157,283,750	2.5800
4. Shares held by foreign capital	25,000	0.0004		1,047,500	1,047,500	1,072,500	0.0176
Including: shares held by overseas legal persons							
shares held by overseas natural persons	25,000	0.0004		1,047,500	1,047,500	1,072,500	0.0176
II. Negotiable shares not subject to trading restrictions	6,033,369,162	99.2636	18,997,500	-145,775,000	-126,777,500	5,906,591,662	96.8869
1. RMB ordinary shares	6,033,369,162	99.2636	18,997,500	-145,775,000	-126,777,500	5,906,591,662	96.8869
2. Domestically-listed foreign shares							
3. Overseas-listed foreign shares							
4. Others							
III. Total number of ordinary shares	6,078,127,608	100	18,997,500	-746,250	18,251,250	6,096,378,858	100

2. Description of changes in ordinary shares

Applicable Not applicable

(1) On 16 January 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the First Phase of Unlocking and Listing of Restricted Shares of 2016 Stock Options and Restricted Stock Incentive Plan”, with 6,425,000 restricted shares unlocked and listed for trading. Prior to the listing of restricted shares, there were 44,758,446 outstanding shares subject to trading restrictions and 6,033,369,162 outstanding shares not subject to trading restrictions; after the listing of restricted shares, there were 38,333,446 outstanding shares subject to trading restrictions and 6,039,794,162 outstanding shares not subject to trading restrictions.

(2) On 26 April 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Result of First Exercise and Share Listing of the First Phase of 2016 Stock Options and Restricted Stock Incentive Plan”, with 18,528,750 outstanding shares listed upon the exercise. Before the change, the Company’s share capital was 6,078,127,608 shares, and the share capital after the change was 6,096,656,358 shares.

(3) On 31 May 2019, the Company issued the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Result of Second Exercise and Share Listing of the First Phase of 2016 Stock Options and Restricted Stock Incentive Plan”, with 468,750 outstanding shares listed upon the exercise. Before the change, the share capital of the Company was 6,096,656,358 shares, and the share capital after the change was 6,097,125,108 shares.

(4) On 26 November 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on Results



(II) Changes in shares subject to trading restrictions

Applicable Not applicable

Unit: Share

	Applicable	Not applicable				
Incentive targets of restricted shares	13,327,500	6,425,000	152,200,000	158,356,250	Trading restrictions on equity incentives	
Total	13,327,500	6,425,000	152,200,000	158,356,250	/	/

Notes:

1. Changes in shares

(1) On 16 January 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the First Phase of Unlocking and Listing of Restricted Shares of 2016 Stock Options and Restricted Stock Incentive Plan”. The number of restricted shares unlocked and listed for trading was 6,425,000, and the date of release from trading restrictions was 22 January 2019. After the unlocking, the number of restricted shares held by the Company’s incentive targets of restricted shares became 6,902,500.

(2) On 26 November 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on Results of Grant of 2019 Restricted Shares”. The number of restricted shares registered was 152,200,000. After the registration, the number of restricted shares held by the Company’s incentive targets of restricted shares became 159,102,500.

(3) On 26 December 2019, the Company published the “Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on Repurchase and Cancellation of Certain Restricted Shares of 2016 Stock Options and Restricted Stock Incentive Plan”. The number of restricted shares repurchased and cancelled was 746,250. After the cancellation, the number of the restricted shares held by the Company’s incentive targets of restricted shares became 158,356,250.

2. Date of release from trading restrictions

(1) On 22 October 2016, the Company published the “Inner Mongolia Yili Industrial Group Co., Ltd. Stock Options and Restricted Stock Incentive Plan (Draft)”, stating that restricted shares can be unlocked by phases upon fulfillment of agreed conditions after 24 months from the grant date and such unlocking date must be a trading date. The schedule for the unlocking period is specified as follows:

First unlocking period	Starting on the first trading date after 24 months from the grant date, and ending on the last trading date within 36 months from the grant date	50%
Second unlocking period	Starting on the first trading date after 36 months from the grant date, and ending on the last trading date within 48 months from the grant date	50%

(2) On 7 September 2019, the Company published the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)”, stating that restricted shares can be released from trading restrictions by phases upon fulfillment of agreed conditions of release from trading restrictions after 12 months from the grant date and such date of release from trading restrictions must be a trading date. The schedule for release from trading restrictions is specified as follows:

First period of release from trading restrictions	Starting on the first trading date after 12 months from the grant date, and ending on the last trading date within 24 months from the grant date	20%
Second period of release from trading restrictions	Starting on the first trading date after 24 months from the grant date, and ending on the last trading date within 36 months from the grant date	20%
Third period of release from trading restrictions	Starting on the first trading date after 36 months from the grant date, and ending on the last trading date within 48 months from the grant date	20%
Fourth period of release from trading restrictions	Starting on the first trading date after 48 months from the grant date, and ending on the last trading date within 60 months from the grant date	20%
Fifth period of release from trading restrictions	Starting on the first trading date after 60 months from the grant date, and ending on the last trading date within 72 months from the grant date	20%

For details of relevant announcements, please refer to the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

II. Issuance and Listing of Securities

(I) Issuance of securities during the reporting period

Applicable Not applicable

Unit: Share Currency: RMB

Convertible corporate bonds, convertible bonds attached with warrants, corporate debentures						
Corporate bonds	26 November 2019	3.37%	10,000,000	6 December 2019	10,000,000	27 November 2022

Explanation on the issuance of securities during the reporting period (please specify the respective bonds with different interest rates)

(II) Table of shareholding of top ten shareholders and top ten holders of negotiable shares (or shareholders not subject to trading restrictions) as of the end of the reporting period

Unit: Share

Shareholding of top ten shareholders						
Hong Kong Securities Clearing Company Limited	-168,396,726	737,140,650	12.09		Unknown	Other
Hohhot Investment Co., Ltd.	0	538,535,826	8.83		Pledged	249,000,000 Other
Pan Gang	50,660,000	286,746,628	4.70	50,660,000	Pledged	159,447,769 Domestic natural person
China Securities Finance Corporation Limited	0	182,421,501	2.99		Unknown	Other
Sunshine Life Insurance Company Limited – Participating Insurance Product	0	109,108,607	1.79		Unknown	Other
Zhao Chengxia	8,330,000	92,420,140	1.52	8,330,000	Pledged	62,905,037 Domestic natural person
Liu Chunhai	8,330,000	91,638,288	1.50	8,330,000	Pledged	61,345,531 Domestic natural person
Hu Liping	0	79,340,536	1.30		Pledged	57,439,129 Domestic natural person
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	30,858,281	72,116,215	1.18		Unknown	Other
Bank of Communications – E Fund 50 Index Securities Investment Fund	7,899,752	60,609,462	0.99		Unknown	Other

70,000,000 shares of the Company are held by the top ten shareholders, of which 130,111 shares are subject to trading restrictions. The total number of shares held by the top ten shareholders is 70,000,000 shares, representing 7.70% of the total shares of the Company.

2	Shanghai Yunyingtai Investment and Consulting Co., Ltd.	19,008,000	Statutory trading restrictions as stipulated in the “Measures for the Reform and Management of Equity Division of Listed Companies”
3	Hohhot Powdered Sugar Factory – Yili Company Shareholders’ Meeting	12,403,788	Statutory trading restrictions as stipulated in the Measures for the Reform and Management of Equity Division of Listed Companies
4	Liu Chunhai	8,330,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
5	Zhao Chengxia	8,330,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
6	Sun Donghong	3,330,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
7	Han Yutang	2,580,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
8	Zhang Yujun	1,254,500	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. Stock Options and Restricted Stock Incentive Plan (Draft)” published on the Shanghai Stock Exchange by the Company on 22 October 2016 and the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
9	Xu Jun	1,250,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019
10	Zhang Jianqiu	1,000,000	Trading restrictions on equity incentives. For details, please refer to the “Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Restricted Stock Incentive Plan (Revised Draft)” published on the Shanghai Stock Exchange by the Company on 7 September 2019

(III) Strategic investors or ordinary legal persons who became top ten shareholders due to placing of new shares

Applicable Not applicable

IV. Controlling Shareholders and Actual Controllers

(I) Controlling shareholders

1. Legal person

Applicable Not applicable

2. Natural person

Applicable Not applicable

3. Special explanation on the absence of controlling shareholders in the Company

Applicable Not applicable

The Company has no controlling shareholder.

4. Index and date of changes in controlling shareholders during the reporting period

Applicable Not applicable

5. Diagram of ownership and control relationship between the Company and its controlling shareholders

Applicable Not applicable

(II) Actual Controllers

1. Legal person

Applicable Not applicable

2. Natural person

Applicable Not applicable

3. Special explanation on the absence of actual controllers in the Company

Applicable Not applicable

The Company has no actual controller.

4. Index and date of changes in actual controllers during the reporting period

Applicable Not applicable

5. Diagram of ownership and control relationship between the Company and its actual controllers

Applicable Not applicable

6. Control over the Company by actual controllers by way of trust or other means of asset management

Applicable Not applicable

(III) Other explanation on controlling shareholders and actual controllers

Applicable Not applicable

V. Other Legal Person Shareholders with Shareholding of Over 10%

Applicable Not applicable

VI. Explanation on Reduced Shareholding

Applicable Not applicable

Applicable Not applicable



I. Changes in Shareholding and Remuneration

(I) Changes in shareholding of directors, supervisors and senior management in office and resigned during the reporting period and their remuneration

Pan Gang	Chairman and President of the Company.
Liu Chunhai	Director and Vice President of the Company.
Zhao Chengxia	Previously served as the director and Vice President of the Company and now the director, Vice President and Financial Controller of the Company.
Hu Liping	Previously served as the director, Vice President and Secretary to the Board of the Company and now the director and Vice President of the Company.
Yan Junrong	Previously served as the Deputy Quality Controller of Ice Cream Department, Director of the President Office and Deputy Head of the President Office and now the director, Assistant to President and Director of the President Office and Head of the Management Promotion Office.
Zhang Junping	Previously served as a member of the Party Working Committee and Deputy Director of the Administrative Committee of the Hohhot Economic and Technological Development Zone and now the director of the Company, Secretary to the Party Committee and Chairman of Inner Mongolia Financial Investment Group Co., Ltd. and Chairman and General Manager of Hohhot Investment Co., Ltd..
Gao Debu	Previously served as the director of the Company and Professor of School of Economics at Renmin University of China and now the independent director of the Company and Professor of School of Economics at Renmin University of China.
Gao Hong	Previously served as the supervisor of the Company, Manager of the Operation Management Department of Beijing Tianheng Real Estate Co., Ltd. and Chief Operating Officer of Beijing Tianhengzhengyu Investment Development Co., Ltd. and now the independent director of the Company and Chief Operating Officer of Beijing Tianhengzhengyu Investment Development Co., Ltd..
Zhang Xinling	Independent director of the Company, Professor and Doctoral Tutor of College of Economics and Management of Inner Mongolia Agricultural University.
Lyu Gang	Previously served as the President of Dalian Haite Ecological Agriculture Co., Ltd. and now the independent director of the Company and General Manager of Dalian Ruichang Financial Leasing Co., Ltd..
Xiao Bin	Director of the Company and Executive Officer of CEIBS Beijing Campus).
Wang Xiaogang	Previously served as the Chairman of the Board of Supervisors, director and General Manager of the Information Engineering Department of the Company and now the Chairman of the Board of Supervisors, Chairman of the Trade Union Committee and General Manager of the Information Technology Center of the Company.
Li Jianqiang	Previously served as the supervisor, Deputy General Manager of the Ice Cream Department, Deputy General Manager of the Quality Control Department, Director of the Supply Division of the Liquid Milk Department, Deputy General Manager of the Raw Milk Department and Deputy General Manager of the Liquid Milk Department of the Company, and now the supervisor and Assistant to President of the Company.
Zhan Yiwen	Supervisor of the Company and lawyer and partner of Beijing Guoyuan Law Firm.
Peng Heping	

(II) Equity incentives granted to directors and senior management during the reporting period

Applicable Not applicable

Unit: Share

Yan Junrong	Director	300,000	0	150,000	150,000	14.47	150,000	30.94
Total	/	300,000	0	150,000	150,000	/	150,000	/

Note: On 21 April 2017, the Company convened the 2016 Annual General Meeting of Stockholders and considered and passed the “Resolution on Election of Directors for the New Session of the Board of the Company”, at which Ms. Yan Junrong was selected as the director of the ninth session of the Board of the Company. Ms. Yan Junrong was an incentive target of the 2016 Stock Options and Restricted Stock Incentive Plan of the Company.

Unit: Share

Pan Gang	Chairman and President	0	50,660,000	15.46	50,660,000	50,660,000	30.94
Liu Chunhai	Director and Vice President	0	8,330,000	15.46	8,330,000	8,330,000	30.94
Zhao Chengxia	Director, Vice President and Financial Controller	0	8,330,000	15.46	8,330,000	8,330,000	30.94
Yan Junrong	Director	100,000	417,000	15.46	50,000	467,000	30.94
Qiu Xiangmin	Secretary to the Board	0	330,000	15.46	330,000	330,000	30.94
Total	/	100,000	68,067,000	/	50,000		

III. Remuneration of Directors, Supervisors and Senior Management

Applicable Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management	The remuneration of the directors and supervisors shall be determined after consideration and approval at the General Meeting of Stockholders of the Company. The remuneration standard for the senior management of the Company shall be determined after consideration and approval by the Board of the Company.
Basis for the determination of remuneration of directors, supervisors, and senior management	Based on the principle of “benefit, incentive and fairness”, the remuneration of directors and supervisors is determined in accordance with the “Resolution on the Allowance of Directors of the Board of the Company” and the “Resolution on the Allowance of Supervisors of the Board of Supervisors of the Company” approved at the 2016 Annual General Meeting of Stockholders. The remuneration of the senior management of the Company is implemented in accordance with the relevant provisions of the Company.
Actual remuneration paid to directors, supervisors, and senior management	See the table under “(I) Changes in shareholding of directors, supervisors and senior management in office and resigned during the reporting period and their remuneration” of “I. Changes in Shareholding and Remuneration” of this section.
Total actual remuneration received by all directors, supervisors, and senior management as at the end of the reporting period	Total remuneration received by all directors, supervisors and senior management was RMB51,953,503 as at the end of the reporting period.

IV. Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

V. Explanation on Penalties by Securities Regulators in the Past Three Years

Applicable Not applicable

VI. Employees of the Parent Company and Major Subsidiaries

(I) Employees

Number of existing employees of the parent company	27,519
Number of existing employees of major subsidiaries	31,533
Total number of existing employees	59,052
Number of resigned and retired employees whose expenses shall be undertaken by the parent company and major subsidiaries	0

Specialization composition

Production personnel	19,467
Sales personnel	17,854
Technician	11,648
Finance personnel	1,752
Administration personnel	8,331
Total	59,052

Education level

Doctoral students	49
Postgraduate	1,146
Undergraduate	19,968
College and vocational secondary school graduate	31,844
Below vocational secondary school	6,045
Total	59,052

(II) Remuneration policy

Applicable Not applicable

In order to meet the needs of the Company's strategic development and to provide fair, incentive and competitive compensation, the Company has established a "4P" salary concept based on such four aspects as Position, Performance, Power and Place and continuously optimize the salary system covering broad banding, payment by results and piecework for different types of positions to enhance effective connection between the salary system and organizational performance and individual performance on an on-going basis, so as to stimulate inner driving force of employees. With reference to market remuneration level in the industry, the Company insists on increasing the level of remuneration and benefits for employees annually, achieving a simultaneous growth in both corporate profitability and employee income. The Company continues to optimize the management system of career ladder for management and specialization, whereby employees have the freedom of choosing their career development path based on their expertise, personality, experience and interests, and may improve themselves through training and personal efforts. The Company fully respects employees' career development aspiration and assists employees in their growth and development by supportive measures like work shifts, short-term experience, and training, so as to simultaneously promote personal career development and improve remuneration and benefits package.

(III) Training program

Applicable Not applicable

While exploring and promoting talent development, the Company always adheres to the guiding ideology of "Creating Talents Supply Chain" through continuous implementation and upgrading of the talent strategy and core talent management process of "equal focus on organization development and business development" to constantly improve the dynamic talent management model that is aligned with its business. The Company attaches great importance to the career development of employees by building multi-development paths, continuously upgrading the talent management system, optimizing the internal talents supply chain, and vigorously promoting the cultivation of potential young talents and international talents from a long-term perspective.

(IV) Labor outsourcing

Applicable Not applicable

Total working hours of outsourced labors	511,778.61 hours
Total remuneration paid for outsourced labors	RMB12,282,700

VII. Others

Applicable Not applicable





I. Information on Corporate Governance

Applicable Not applicable

(I) Corporate governance of the Company

3. About the supervisors and the Board of Supervisors

The Company's Board of Supervisors had clear duties which all supervisors could perform seriously and responsibly. The procedures for calling and convening the meetings of the Board of Supervisors are in compliance with the provisions of the Company Law, Articles of Association, the Rules of Procedure for the Company's Supervisory Committee and other relevant laws, regulations and systems. The Board of Supervisors of the Company elected supervisors in strict compliance with the election and appointment procedures prescribed in the Company Law and Articles of Association.

During their terms of office, all supervisors were diligent and responsible for their work, actively participated in the meetings of the Company's Board of Supervisors and performed their duties in earnest. They conducted supervision on the legality and compliance of the Company's accountants, directors, and senior management in the course of their duties in a responsible manner for shareholders, safeguarding the legal rights and interests of the Company and all shareholders.

4. About the performance evaluation and the incentive and restraint mechanism

The Company will further improve the performance evaluation standards and the incentive and restraint mechanism, which lay equal stress on both efficiency and fairness.

5. About information disclosure and transparency

The Company has formulated and strictly implemented the Management System for Information Disclosure of the Company, clearly specifying the person responsible for information disclosure. The Company has implemented the incentive and restraint mechanism for the Board of Supervisors, the Board of Directors, and senior management, and has established the information disclosure system for the Board of Supervisors, the Board of Directors, and senior management. The Company has established the information disclosure system for the Board of Supervisors, the Board of Directors, and senior management, and has established the information disclosure system for the Board of Supervisors, the Board of Directors, and senior management.

Explanation on failure to attend in person at two Board meetings in a row

Applicable Not applicable

Number of Board meetings held during the year	44
Including: number of meetings held on-site	2
Number of meetings held via communication	42
Number of meetings held on-site with communication	0

(II) Objections raised by independent directors to relevant matters of the Company

Applicable Not applicable

(III) Others

Applicable Not applicable

IV. Important Opinions and Suggestions Proposed by Special Committees under the Board in Performance of Duties during the Reporting Period and Disclosure of the Particulars of Objections

Applicable Not applicable

V. Explanation on the Risks of the Company found by the Board of Supervisors

Applicable Not applicable

The Board of Supervisors had no objections to the matters subject to supervision during the reporting period.

VI. Explanation on the Relationship between the Company and the Controlling Shareholders in respect to the Business, Personnel, Assets, Institutions and Finance which Resulted in the Company's Incapability to Maintain Independence and Independent Operating Ability

Applicable Not applicable

Corresponding measures, progress and follow-up plans of the Company for horizontal competition

Applicable Not applicable

VII. Evaluation Mechanism and Establishment and Implementation of the Incentive Mechanism for Senior Management during the Reporting Period

Applicable Not applicable

The mechanisms were implemented pursuant to the relevant requirements of the Company under the actual operating conditions of the Company.

VIII. Disclosure of the Self-assessment Report on Internal Control

Applicable Not applicable

For details of the "2019 Assessment Report on Internal Control of the Company", please refer to the website of the Shanghai Stock

Exchange (<http://www.sse.com.cn>).

Description on significant defects in the internal control during the reporting period

Applicable Not applicable

IX. Relevant Issues on the Audit Report on Internal Control

Applicable Not applicable

Da Hua Certified Public Accountants (Special General Partnership) issued a standard audit report on internal control with unqualified opinions for the Company.

For details of the “2019 Audit Report on Internal Control of the Company”, please refer to the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

Disclosure of the audit report on internal control: Yes

X. Others

Applicable Not applicable



Applicable Not applicable

I. Basic information of Corporate Bonds

Unit: Yuan Currency: RMB

2019 Corporate Bonds (Phase I) publicly issued by Inner Mongolia Yili Industrial Group Co., Ltd.	19 Yili 01	163035	26 November 2019	27 November 2022	1,000,000,000	3.37	Interest is payable annually, One-off payment of principal upon maturity	Shanghai Stock Exchange
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Payment of interest and redemption of corporate bonds

Applicable Not applicable

Explanation on other information on corporate bonds

Applicable Not applicable

II. Contact Information of Corporate Bond Trustee and Credit Rating Agency

Bond trustee	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floors, China World Tower 2, No. 1 Jianguomen Outer Street, Chaoyang District, Beijing
	Contact person	Zhang Lei
	Contact number	010-65051166
Credit rating agency	Name	United Credit Ratings Co., Ltd.
	Office address	12th Floor, PICC Office Tower, No. 2 Jianguomen Outer Street, Chaoyang District, Beijing.

Other explanation:

Applicable Not applicable



III. Application of Funds Raised from Corporate Bonds



(I) Decrease in current ratio, quick ratio and EBITDA total debt ratio and increase in gearing ratio was primarily due to the increase of liabilities resulting from the increase of bonds issued during the current period and short-term borrowings.

(II) Decrease in interest coverage ratio and EBITDA interest coverage ratio was primarily due to the increase of the interest expenses of the current period.

IX. Interest Payment and Redemption of Other Bonds and Debt Financing Instruments of the Company

Applicable Not applicable

1. Basic information about the medium-term notes

Name of bonds	2019 Phase I Medium-term Notes of Inner Mongolia Yili Industrial Group Co., Ltd.
Abbreviation	19 Yili Industrial MTN001
Code	101900069
Value date	21 January 2019
Redemption date	21 January 2022
Balance of bonds	RMB500 million
Interest rate	3.70%
Payment method of principal and interest	Payment of principal upon maturity and interest to be paid annually
Trading market	Inter-bank bond market

2. Issuance and redemption of super & short-term commercial papers

X. Banking Facilities of the Company during the Reporting Period

Applicable Not applicable

As of the end of the reporting period, the Company had unused facilities from principal banks of RMB33.827 billion.

XI. Execution of Agreements or Commitments as Provided in the Prospectus in Connection with the Issuance of Corporate Bonds by the Company During the Reporting Period

Applicable Not applicable

XII. Material Events Occurred in the Company and Impacts thereof on the Operations and Solvency of the Company

Applicable Not applicable

Auditor's Report

D.H.S.Z. [2020]001121

To: The Shareholders of Inner Mongolia Yili Industrial Group Co., Ltd.

I. Audit Opinion

We have audited the financial statements of Inner Mongolia Yili Industrial Group Co., Ltd. (Here after as “the Group” or “Yili”) which comprise the consolidated and parent company balance sheets as at 31 December 2019, the consolidated and parent company income statements, the consolidated and parent company cash flow statements and the consolidated and parent company statements of changes in equity for the year then ended, and notes to the relevant financial statements.

In our opinion, the accompanying financial statements present in all material respects in accordance with the requirements of Accounting Standards for Business Enterprises and fairly reflect the Group's consolidated and parent financial situation as at 31 December 2019 and the financial performance and cash flow for the year then ended.

II. Basis of Audit Opinion

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). In VI. Certified Public Accountant's Responsibilities for the Audit of Financial Statements of the report, our responsibilities under these standards are described. Those standards require that we comply with CICPA professional ethical requirements, that we are independent from the Group and have fulfilled all other ethical obligations. We believe that we have obtained sufficient and appropriate

transaction schedules, sales orders, delivery orders, customer receiving records and other documents.

- (4) Conducted 2019 (e)0.6 (d2)0.s (e)0.6 (frds(e)0.6s(e)0.6u (d2)0.es (d2)0.l(e)0.6 (d20.6(t)0.5(e))0.i(e)0.6 (s o(e)0.6n(e)0.6l(e)d20.6 ofrds(e)0.6(t)0.6
- (2) Checked the authenticity of share repurchases and its accuracy of accounting treatment.
- (3) Checked the authenticity of the granted restricted stock and the accuracy of the accounting treatment on the grant date.
- (4) Checked whether the accounting treatment related to amortization of share-based payment during the waiting period is accurate or not.
- (5) Checked the capital verification reports related to the share-based payment in 2019.
- (6) Checked the cancellation of ungranted shares after share repurchase.
- (7) Checked whether the disclosure and presentation related to share-based payment is correct or not. Based upon our audit procedures, we confirm

IV Other Information

The Group's Management is responsible for other information, which includes the information covered in the 2019 annual report, but excludes the financial statements and our auditor's report. Our audit opinion on the financial statements do not cover the other information and

V. Responsibility of Group's Management and Governance for the Financial Statements

The Group's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Accounting Standards. The Group's Management is responsible for all controls the Group can identify to meet the necessary to enable the

going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

Group governance is responsible for supervising the Group's financial reporting process.

VI. Certified Public Accountant's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit, as well as performing following procedures:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
4. Conclude on the appropriateness of management's use of the going-concern basis of accounting. Meanwhile, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Da Hua Certified Public Accountants
(Special General Partnership)

China CPA: Wu Shaohua ()
(Engagement Partner)

China CPA: Zhou Jinru ()

Beijing China

27 April 2020

Consolidated Balance Sheet

As at 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

	VI		
Current assets:			
Cash and cash equivalents	Note 1	11,325,320,836.33	11,051,003,654.02
Financial assets measured at VSOE and of which the variation is booked in current period P&L			498,843.46
Financial assets held for trading	Note 2	389,993,987.17	
Derivative financial assets			
Notes receivable	Note 3	221,720,000.00	181,100,000.00
Accounts receivable	Note 4	1,615,510,453.56	1,101,026,608.06
Accounts receivable financing			
Prepayments	Note 5	1,157,175,226.98	1,459,600,976.55
Other receivables	Note 6	194,759,131.74	154,559,158.76
Inventories	Note 7	7,715,031,334.22	5,507,073,963.85
Held-for-sale assets			
Non-current assets due within one year	Note 8	303,240,656.65	
Other current assets	Note 9	2,783,098,811.83	5,000,433,575.10
Total current assets		25,705,850,438.48	24,455,296,779.80
Non-current assets:			
Available-for-sale financial assets			831,010,989.62
Held-to-maturity investments			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments	Note 10	1,960,904,891.42	1,909,387,113.45
Investments in other equity instruments	Note 11	1,147,896,142.44	
Other non-current financial assets	Note 12	142,167,713.34	
Real estate investment	Note 13	533,295,854.46	
Fixed assets	Note 14	18,296,214,255.28	14,687,762,476.26
Construction in progress	Note 15	6,165,050,218.38	2,686,705,865.46
Biological assets			
Oil and gas assets			
Intangible assets	Note 16	1,408,682,162.74	639,268,640.97
Development expenditure			
Goodwill	Note 17	527,543,825.21	10,678,610.25
Long-term deferred expenses	Note 18	678,728,012.92	58,537,612.15
Deferred tax assets	Note 19	743,974,453.27	609,084,232.41
Other non-current assets	Note 20	3,150,959,048.48	1,718,472,140.06
Total non-current assets		34,755,416,577.94	23,150,907,680.63
Total assets		60,461,267,016.42	47,606,204,460.43

(Attached Notes to statements are part of the financial statements)

Legal Representative: Pan Gang

Chief Financial Officer: Zhao Chengxia

Financial Manager: Wang Aiyang

Consolidated Balance Sheet(Continue)

As at 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

	VI		
Current liabilities:			
Short-term borrowings	Note 21	4,559,631,340.89	1,523,000,000.00
Financial liabilities measured at VSOE and of which the variation is booked in current period P&L			
Financial liabilities held for trading	Note 22	37,079,015.63	
Derivative financial liabilities			
Notes payable	Note 23	300,097,580.53	276,249,155.54
Accounts payable	Note 24	10,501,125,559.06	8,839,462,231.78
Receipts in advance	Note 25	6,020,058,284.82	4,400,761,321.98
Contract liabilities			
Payroll payable	Note 26	2,420,354,605.79	2,513,392,737.25
Taxes payable	Note 27	396,691,576.79	353,379,593.66
Other payables	Note 28	3,821,658,464.62	1,221,000,408.98
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 29	306,192,224.58	33,128,853.96
Other current liabilities	Note 30	3,069,386,047.58	10,405,666.01
Total current liabilities		31,432,274,700.29	19,170,779,969.16
Non-current liabilities:			
Long-term borrowings	Note 31	471,124,135.41	289,000.00
Bonds payable	Note 32	1,500,000,000.00	
Including: Preferred Shares			
Perpetual Bonds			
Long-term payables	Note 33	164,015,105.94	133,664,814.17
Long-term employee benefits payable			
Provisions			
Deferred income	Note 34	114,577,567.48	158,330,316.61
Deferred tax liabilities	Note 19	505,136,715.80	105,918,440.05
Other non-current liabilities			
Total non-current liabilities		2,754,853,524.63	398,202,570.83
Total liabilities		34,187,128,224.92	19,568,982,539.99
Equity:			
Share capital	Note 35	6,096,378,858.00	6,078,127,608.00
Other equity instruments			
Including: Preferred Shares			
Perpetual Bonds			
Capital reserve	Note 36	844,438,895.39	2,841,336,959.07
Less: Treasury shares	Note 37	3,327,740,903.12	97,462,825.00
Other comprehensive income	Note 38	984,142,651.34	375,236,186.82
Specialised reserve			
Surplus reserve	Note 39	3,206,966,880.76	3,045,728,468.89
Retained earnings	Note 40	18,326,838,635.10	15,672,617,442.10
Equity attributable to parent company		26,131,025,017.47	27,915,583,839.88
Minority interests		143,113,774.03	121,638,080.56
Total shareholders' equity		26,274,138,791.50	28,037,221,920.44
Total liabilities and shareholders' equity		60,461,267,016.42	47,606,204,460.43

(Attached Notes to statements are part of the financial statements)

Legal Representative: Pan Gang

Chief Financial Officer: Zhao Chengxia

Financial Manager: Wang Aiying

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

	VI	2019	2018
I. Total revenue		90,223,075,471.27	79,553,277,524.49
Operating revenue	Note 41	90,009,132,852.26	78,976,388,687.29
Interest income	Note 42	213,942,619.01	576,888,837.20
Less: Operating costs	Note 41	56,391,712,740.25	49,106,034,372.73
Interest expenses			
Taxes and surcharges	Note 43	576,987,745.45	530,952,383.82
Selling expenses	Note 44	21,069,657,465.10	19,772,683,750.68
Administrative expenses	Note 45	6 Å	

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

	2018							
I. Ending balance of the prior year	6,078,492,608.00	2,765,534,558.98	201,690,525.00	-71,393,317.81	2,422,653,944.48	14,109,791,931.29	136,428,305.28	25,239,817,505.22
Add: Changes in accounting policies								
Corrections of prior period errors								
Business combinations involving enterprises under common control								
Others								
II. Beginning balance of the current year	6,078,492,608.00	2,765,534,558.98	201,690,525.00	-71,393,317.81	2,422,653,944.48	14,109,791,931.29	136,428,305.28	25,239,817,505.22
III. Change for the current year	-365,000.00	75,802,400.09	-104,227,700.00	446,629,504.63	623,074,524.41	1,562,825,510.81	-14,790,224.72	2,797,404,415.22
1. Total comprehensive income				446,629,504.63		6,439,749,610.82	12,246,497.45	6,898,625,612.90
2. Shareholders' contributions and reduction in capital						1,095,250.00	-456,704.28	180,303,645.81
(1) Common stock contributed by shareholders							18,000,000.00	18,000,000.00
(2) Capital contributed by other equity instruments holders								
(3) Share-based payments recognized in shareholders' equity	1,000,000	75,802,400.09	-104,227,700.00					
	0.00	0.00	0.00	-456,704	0.00	5		623,074,524

Parent Company Balance Sheet

As at 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

Current assets:			
Cash and cash equivalents		6,368,374,639.17	3,005,604,575.71
Financial assets measured at VSOE and of which the variation is booked in current period P&L			
Financial assets held for trading			
Derivative financial assets			
Notes receivable		221,720,000.00	181,100,000.00
Accounts receivable	Note 1	1,299,989,151.36	1,057,879,215.00
Accounts receivable financing			
Prepayments		2,914,182,393.02	2,009,243,973.00
Other receivables	Note 2	116,840,212.41	130,405,933.16
Inventories		2,174,222,784.80	2,107,611,240.72
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		1,415,618,996.18	1,223,996,434.54
Total current assets		14,510,948,176.94	9,715,841,372.13
Non-current assets:			
Available-for-sale financial assets			304,987,454.75
Held-to-maturity investments			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments	Note 3	29,407,073,916.49	25,192,607,533.12
Investments in other equity instruments		441,883,848.50	
Non-current assets due within one year		82,167,713.34	
Real estate investment		533,295,854.46	
Fixed assets		1,435,331,912.33	1,220,725,426.30
Construction in progress		2,362,935,766.03	1,393,487,894.90
Bearer biological assets			
Oil and gas assets			
Intangible assets		403,122,625.05	229,218,015.63
Development expenditure			
Goodwill			
Long-term deferred expenses		632,171,525.75	1,280,240.97
Deferred tax assets		202,705,433.57	206,562,611.47
Other non-current assets		263,715,174.73	29,072,137.23
Total non-current assets		35,764,403,770.25	28,577,941,314.37
Total assets		50,275,351,947.19	38,293,782,686.50

(Attached Notes to statements are part of the financial statements)

Legal Representative: Pan Gang

Chief Financial Officer: Zhao Chengxia

Financial Manager: Wang Aiying



Parent Company Income Statement

For the year ended 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

		2019	2018
I. Total revenue	Note 4	88,927,685,460.68	80,389,142,444.00
Less: Operating costs	Note 4	64,997,096,946.14	59,113,724,122.52
Taxes and surcharges		337,605,258.59	297,663,615.88
Selling expenses		18,066,447,704.20	16,873,210,531.22
Administrative expenses		1,901,705,973.64	1,112,970,372.73
Research and development expenses		495,357,351.54	412,286,853.71
Financial expenses		78,365,812.27	54,680,308.07
Including: Interest expenses		200,294,624.83	103,077,474.34
Interest income		134,056,846.91	52,469,803.55
Add: Other income		317,081,892.80	485,262,123.03
Investment income	Note 5	4,661,225,626.67	3,698,103,854.23
Including: Investment income from associates and joint ventures		213,892,916.29	144,191,435.71
Investment income from derecognition of financial assets at amortised cost			
Gains or losses from net exposure hedging			
Gains or losses from fair-value changes		567,713.34	
Credit impairment losses		-34,512,846.55	
Assets impairment losses		-19,837,634.21	-47,273,011.11
Gains or losses on disposal of assets		1,878,973.72	-1,523,637.77
II. Operating profit		7,977,510,140.07	6,659,175,968.25
Add: Non-operating income		14,253,809.30	17,682,194.44
Less: Non-operating expenses		79,926,588.18	97,071,380.30
III. Profit before tax		7,911,837,361.19	6,579,786,782.39
Less: Income tax expenses		417,933,616.76	349,041,538.25
IV. Net profit		7,493,903,744.43	6,230,745,244.14
Net profit from continuing operations		7,493,903,744.43	6,230,745,244.14
Net profit from discontinued operations			
V. Other comprehensive income after tax		-23,073,328.38	
1. Items that may not be reclassified subsequently to profit or loss		-23,079,658.32	
(1) Changes in remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be converted into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments		-23,079,658.32	
(4) Changes in fair value of the Company's own credit risk			
(5) Others			
2. Items that may be reclassified subsequently to profit or loss		6,329.94	
(1) Other comprehensive income that can be converted into profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Gain & loss due to VSOE changes of available-for-sale financial assets			
(4) Gains or losses from reclassification of held-to-maturity investments to available-for-sale financial assets			
(5) Amount of financial assets reclassified into other comprehensive income			
(6) Provisions for credit impairment of other debt investments			
(7) Cash flow hedges			
(8) Exchange differences on translation of foreign currency financial statements		6,329.94	
(9) Investment income of package disposal subsidiary before the loss of control			
(10) Other assets transferred to Investment Real Estate of fair value model			
(11) Others			
VI. Total comprehensive income		7,470,830,416.05	6,230,745,244.14
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

(Attached Notes to statements are part of the financial statements)

Legal Representative: Pan Gang

Chief Financial Officer: Zhao Chengxia

Financial Manager: Wang Aiyang

Parent Company Cash Flow Statement

For the year ended 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

	2019	2018
I. Cash flows from operating activities		
Cash received from sale of goods and provision of services	99,195,823,655.52	90,231,683,793.74
Cash from tax return		
Other cash received relevant to operating activities	768,814,057.42	756,730,060.17
Sub-total of operating cash in flows	99,964,637,712.94	90,988,413,853.91
Cash paid for goods and services	83,599,599,712.48	80,117,030,736.15
Cash paid to and for employees	5,648,024,556.84	4,279,804,081.51
Cash paid for taxes	2,590,014,221.40	2,756,602,324.64
Other cash paid related to operating activities	1,170,537,450.81	1,558,105,066.82
Sub-total of operating cash in flows	93,008,175,941.53	88,711,542,209.12
Net cash flows from operating activities	6,956,461,771.41	2,276,871,644.79
II. Cash flows from investing activities		
Cash received from disposal of investments	218,897,038.26	1,232,462,655.76
Cash received from returns on investments	4,402,172,870.58	3,467,794,787.22
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,651,076.01	14,417,558.54
Net cash received from disposal of subsidiaries and other business entities	2,000,000.00	27,217,758.26
Other cash received related to investing activities	600,000,000.00	900,000,000.00
Sub-total of investing cash in flows	5,232,720,984.85	5,641,892,759.78
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,351,166,920.93	1,403,843,552.88
Cash paid for acquisition of investments	4,029,401,183.43	3,437,000,000.00
Net cash paid for the acquisition of subsidiaries and other business entities	103,536,000.00	
Other cash paid related to investing activities	1,000,000,000.00	1,200,000,000.00
Sub-total of investing cash outflows	7,484,104,104.36	6,040,843,552.88
Net cash flows from investing activities	-2,251,383,119.51	-398,950,793.10
III. Cash flows from financing activities		
Cash received from capital contributions	274,893,825.00	
Cash received from borrowings	14,500,000,000.00	4,200,000,000.00
Other cash received related to financing activities	2,353,012,000.00	
Sub-total of financing cash in flows	17,127,905,825.00	4,200,000,000.00
Cash repayments of borrowings	8,300,000,000.00	9,430,000,000.00
Cash paid for dividends, profits distribution or interest	4,348,171,986.25	4,341,176,930.24
Other cash paid related to financing activities	5,822,031,708.55	10,920,950.00
Sub-total of financing cash outflows	18,470,203,694.80	13,782,097,880.24
Net cash flows from financing activities	-1,342,297,869.80	-9,582,097,880.24

Parent Company Statement of Changes in Equity

For the year ended 31 December 2019

Prepared by: Inner Mongolia Yili Industrial Group Co., Ltd.

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated)

2018

I. Ending balance of the prior year	6,078,492,608.00	2,662,182,198.01	201,690,525.00	2,422,653,944.48	6,756,042,631.65	17,717,680,857.14
Add: Changes in accounting policies						
Corrections of prior period errors						
Others						
II. Beginning balance of the current year	6,078,492,608.00	2,662,182,198.01	201,690,525.00	2,422,653,944.48	6,756,042,631.65	17,717,680,857.14
III. Change for the current year	-365,000.00	75,802,400.09	-104,227,700.00	623,074,524.41	1,353,821,144.13	2,156,560,768.00
						6,078,492,608.00

Inner Mongolia Yili Industrial Group Co., Ltd.

Notes to Financial Statements for the year of 2019

I. Corporate basic information

(I) Registration information

Company Registered Address: No.1 Jinshan Street, Jinshan Development Zone, Hohhot.

Legal Representative: Pan Gang.

Inner Mongolia Yili Industrial Group Co., Ltd. (hereinafter referred to as “the company” or “company”) was approved by Inner Mongolia Securities Commission in 1995 with <N.Z.Q.W.Z. [1995] No. 9>, and reviewed by the China Securities Regulatory Commission. With the initial public offering of 17.15 million shares in 25 January, 1996, the company was listed on the Shanghai Stock Exchange on 12 March 1996 and the stock code is “600887”.

The company passed two plans of replenishment and share allotment in General Meeting of Stockholders in 1996 and 1997, which were approved by the China Securities Regulatory Commission with <Z.J.S.Z. [1997] No. 15> and <Z.J.S.Z. [1998] No. 132>. The replenishment plan for both two allotments is each 10 shares entitled to 3 shares.

In 2002, with the approval of China Securities Regulatory Commission with <Z.J.F.X.Z. [2002] No. 45>, the company additionally issued RMB ordinary shares of 48,961,424 shares. After the additional insurance, the share capital was 195,632,494 shares in total.

In 2003, the company transferred capital reserve into capital stock at ratio of 10 to 10. After the transfer, the total capital stock was 391,264,988 shares.

In 2006, the company transferred capital reserve into capital stock at ratio of 10 to 3.2. After the transfer, the total capital stock was 516,469,784 shares.

In 2006, the company’s application for public issuance of 154,940,935 warrants was approved by China Securities Regulatory Commission with <Z.J.S.Z. [2006] No. 103>, and the company completed the registration of rights and settlements on 14 November 2007, with 149,568,028 warrants for exercise and increasing 149,568,028 shares of capital stock. After the exercise, the total capital stock was 666,037,812 shares.

In 2006, the company’s second extraordinary shareholders general meeting examined and approved the “Stock Option Incentive Plan (Draft)”, granting 50,000,000 options for incentive objects. 64,480 options were exercised and transferred into capital stock in 2007. The total capital stock after the exercise was 666,102,292 shares.

In 2008, the company transferred capital reserve into capital stock at ratio of 10 to 2. After the transfer, the total capital stock was 666,102,292 shares.

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company repurchased and cancelled 507,500 shares of restricted stocks. The total capital stock was changed to 6,078,492,608 shares.

The company determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising depreciation of fixed assets (Note IV. 18) and revenue recognition (Note IV. 28).

(I) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position, operating performance, changes in equity, cash flows, and other information of the company.

(II) Accounting period

The company's accounting year starts on 1 January and ends on 31 December.

(III) Operating cycle

The company operates with 12 months as an operating cycle.

(IV) Recording currency

The recording currency of the company is "Renminbi" ("RMB").

(V) Accounting treatment of business combination involving entities under common control and non-common control

1. If a business combination is achieved in stages and the terms, conditions and economic impact of transactions meet following criteria, these multiple transactions shall be treated as a package deal.

- (1) These transactions are simultaneously dealt with or have been considered of the mutual effects of others;
- (2) Only these transactions as a whole could achieve a complete business result;
- (3) One of these transactions is triggered by at least one of other transactions occurrence;
- (4) Without considering the other transactions, the deal itself cannot be treated as economical.

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- (2) Business acquisition needs to be or has been approved by the relevant government department;
- (3) The necessary procedures of property transfer have been processed;
- (4) The company has paid the majority consideration and has the ability and plan to pay the remaining;
- (5) In fact, the company has controlled the financial and operational policies of the acquiree, enjoyed corresponding interests and assumed corresponding risks.

The identifiable assets acquired and liabilities assumed shall measure at their fair values at acquisition-date as consideration transferred, the difference between its fair value and carrying value shall be recognised in current profit and loss.

The company shall recognise the difference between the cost of acquisition and the fair value of the net identifiable assets as goodwill; if the acquisition cost is lower than the fair value of the net identifiable assets, it shall be recognised in current profit and loss after evaluation.

The business combination under non-common control achieved by step-by-step which belongs to the one package deal is treated as one transaction; for transactions not in one package, where the equity investment is measured under equity method before acquisition, the sum of the book value of the equity investment held by the acquiree before the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment. Other comprehensive income arises under

shall base on this value.

For a subsidiary acquired under non-common control, any adjustment made on consolidation should be based on the fair value of net identifiable assets at the acquiring date.

(1) Increasing subsidiaries or transactions

During the reporting period, if a subsidiary or business is added due to a business combination under common control, the beginning balance of the consolidated balance sheet is adjusted; incorporates the revenue, expenses, and profits of the subsidiary from the beginning of the period for consolidation to the end of the reporting period into consolidated income statement, includes its cash flow into consolidated cash flow statement, and adjusts relevant items in the comparative statements. It shall be deemed that the consolidated reporting entity has existed since the final controlling party began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, the parties involved in the combination shall be deemed to adjust consolidated FS for beginning balance according to the current combination status from the final controller beginning to control the two merged party. For the equity investment held prior to the acquisition of the control right of the combined party, the relevant profit and loss, other comprehensive income and other changes in net assets have been recognized that depends on the later of the date of acquisition of the original equity and the date when the combined parties are under the same control to the date of combination, and the retained income at the beginning of the period or the current profit and loss compared with the statement period shall be offset respectively.

For the subsidiary added due to business combination not involving enterprises under common control, the Company does not adjust the amount at the beginning of the period in the consolidated balance sheet, but only incorporates the revenue, expense and profit of this subsidiary from the date of acquisition to the end of report period into the consolidated profit statement and its cash flow into the consolidated cash flow statement.

When a subsidiary acquired through increase investment that not under same control, the value of equity acquired before acquisition date shall be re-measured at fair value on the acquisition date. The difference between the book value and fair value shall be recognised as current investment income. If the equity measured under equity method before acquisition, the changes in other comprehensive income and other owner's equity (excluding net profit or loss, other comprehensive income and profit distribution) that attributed to the acquirer shall recognise as investment income on the acquisition date; nevertheless, it excludes other comprehensive income arising from changes in the net liabilities or net assets due to re-measurement of the defined benefit plan.

(2) Disposal of subsidiary or transactions

1) General method

During the reporting period, if the company disposes of a subsidiary or business, the revenue, expenses and profits of the subsidiary from the beginning of the period to the date of disposal are included in the consolidated income statement as well as its cash flow is included in the consolidated cash flow statement.

If the company lost control of a subsidiary due to disposal of equity investment or other reasons, the remaining stocks shall be re-measured at their fair value on the date of losing the control. The investment income should be recalculated in the period when the control right is lost, the calculation of the investment income is that the consideration obtained from the equity disposal plus the fair value of the remaining stocks, minus the original share of accumulated net assets, of the subsidiary that the parent company obtained before from the acquisition date. The other comprehensive income and other owner's equity related to original equity investment are transferred to the investment income of the current period when the control right is lost. The other comprehensive income arising from changes in the net liabilities or net assets due to re-measurement of the defined benefit plan by the acquiree is excluded.

2) Disposal subsidiaries by steps

For transactions disposed by several times until the company loses the control of the subsidiaries, the clauses, conditions and economic affect applicable to one or several the following situations regard as a packaged deal:

- a) The deals are established considering under mutual influence of both entities;
- b) Only these transactions are packaged as a whole can a complete business result be achieved;
- c) The deal could occur depending on at least the occurrence of one transaction;
- d) Without considering the other transactions, the deal by itself cannot be treated as economic.

Where the equity investment for a subsidiary is disposed of step by step through multiple transactions till the control right is lost and all the transactions belong to a package deal, accounting treatment shall be performed for the transactions by deeming all the transactions as one Items for disposing of the subsidiary and losing the control right; however, prior to loss of the control right,

the difference between every disposal price and the share of net assets of this subsidiary to be enjoyed accordingly for investment disposal shall be recognised as other comprehensive income in the consolidated financial statements and, at the time of losing the control right, be jointly transferred to the profits or losses in the period when the control right is lost.

Where the equity investment for a subsidiary is disposed of step by step through multiple transactions till the control right is lost and the transactions do not belong to a package deal, all the transactions before loss of the right to control shall be treated according to the regulations of the Company on partial disposal of the subsidiary's long-term equity investment provided that the Company does not lose the right to control of subsidiary.

3) Purchase minority interests of subsidiary

In the consolidated financial statements, the difference between the long-term equity investment newly obtained because of acquisition of minority shareholders' stocks and the share of net assets of the subsidiary to be enjoyed and continuously calculated according to the proportion of newly added shares from the acquisition date or consolidation date is adjusted to capital reserve; if the share premium of capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

4) Disposal of subsidiary investment without losing control of subsidiary

For the transaction which part of equity investment is disposed of but the control of the subsidiary is not lost, in the consolidated financial statements, the difference between the disposal price and the share of net assets of the subsidiary to be enjoyed for disposal of the long-term equity investment and continuously calculated from the acquisition date or consolidation date to the disposal date is adjusted to capital reserve (capital premium or capital stock premium); if the share premium of capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

(VII) The Classification of joint arrangements and accounting treatment for joint operation

1. The classification of joint arrangements

The classification of joint arrangements shall consider its structure, legal form, agreed terms and other facts and conditions. Joint arrangements are either classified as joint operations or joint ventures.

A joint arrangement that is not structured through a separate entity is a joint operation; a joint arrangement that is structured through a separate vehicle is usually considered as a joint venture. If any solid evidences (the following criteria and related law requirements) that a joint arrangement meet, it can be classified as a joint operation:

- (1) Each joint operator has rights to assets and obligations for liabilities according to the legal form of joint arrangement;
- (2) Each joint operator has rights to assets and obligations for liabilities according to the contractual arrangement;
- (3) Other facts and conditions show that the joint operators have rights and obligations for the relevant assets and liabilities in the arrangement. For example, the joint operators take majority output of the joint arrangement and the arrangement continuously rely on joint operators to pay off debts.

2. The accounting treatment of joint operation

The company recognises the following items related to percentage of interest in joint operation and performs accounting treatment in accordance with provisions of the corresponding Accounting Standards for Business Enterprises:

- (1) Its assets, including its share of any assets held jointly;
- (2) liabilities, including its share of any liabilities incurred jointly;
- (3) Its revenue from the sale of its share of the output of the joint operation;
- (4) Its share of the revenue from the sale of the output by the joint operation;
- (5) Its expenses, including its share of any expenses incurred jointly.

Provided that the company invests assets into or sells assets to joint operation (except that the assets for business), before the assets are sold to a third party by the joint operation, the company recognises only the share of the profits or losses arising from this transaction that is attributable to other participants in the joint operation. In case that the invested or sold assets involving the impairment loss which complying with provisions in the Accounting Standard for Business Enterprises No. 8 - Impairment of Assets, the Company shall recognise the loss in full.

Where the company purchases assets from the joint operation (unless the assets constitute a business), before the assets are sold to a third party, the company recognises only the share of the profits or losses arising from this transaction that is attributable to other participants in the joint operation. In case that the purchased assets involving the impairment which complying with provisions in the Accounting Standard for Business Enterprises No. 8 – Impairment of Assets, the company shall recognise this part of loss according

to the investment proportion.

The company does not exercise joint control over the joint operation, if the company has right to assets and obligations for li

minus the principal repaid, plus or minus the accumulated amortization formed by amortizing the difference between the initial recognition amount and the amount due through the effective interest rate method, and then minus the accumulated loss provision (only applicable to financial assets).

1. Classification and measurement of financial assets

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as:

- (1) financial assets at amortised cost (AC);
- (2) financial assets at fair value through other comprehensive income (FVOCI);
- (3) financial assets at fair value through profit or loss (FVTPL).

The financial assets are measured at fair value at initial recognition. Accounts receivable or notes receivable arising from sales of products or rendering of services, excluding significant financing components or without regard to financing components no more than one year, are initially recognised at the transaction price.

For financial assets measured at amortised cost, the carrying amount is the present value of the estimated future cash flows, discounted at the effective interest rate.

For financial assets measured at fair value through other comprehensive income, the carrying amount is the fair value, less impairment, plus or minus the accumulated gain or loss, net of tax.

For financial assets measured at fair value through profit or loss, the carrying amount is the fair value, less impairment, plus or minus the accumulated gain or loss, net of tax.

required. When the financial asset is derecognised, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings. During the period when the company holds the equity instrument investment, the company's right to receive dividends has been established, and the economic benefits related to the dividends are likely to flow into the company, and the amount of dividends can be reliably measured, the dividend income is recognised and included in the current profit and loss. The company reports such financial assets as investment in other equity instruments.

Equity instrument investment that meets one of the following conditions is a financial asset that is measured at fair value through profit and loss: the purpose of acquiring the financial asset is mainly for sale; At the time of initial recognition, it is part of the identifiable financial asset instrument portfolio under centralized management, and there is objective evidence that there is actually a short-term profit model; Belong to derivatives (except those that meet the definition of financial guarantee contract and are designated as effective hedging instruments).

(4) Classified as financial assets measured at fair value through profit or loss

Financial assets that do not meet the requirements for classification as a financial asset measured at amortised cost or measured at fair value through other comprehensive income, and are not designated as financial assets measured at fair value through other comprehensive income are classified as Financial assets measured at fair value through profit and loss.

The company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value, as well as dividends and interest income related to such financial assets, are included in the current profit and loss.

The company reports such financial assets in Financial assets held for trading and Other non-current financial assets based on their liquidity.

(5) Designated as a financial asset that is measured at fair value through profit or loss

At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company may irrevocably designate financial assets as financial assets measured at fair value through profit or loss based on individual financial assets.

If the hybrid contract contains one or more embedded derivatives, and the main contract does not belong to the above financial assets, the company may designate the whole as a financial instrument measured at fair value through profit and loss. Except for the following situations:

- 1) Embedded derivatives will not significantly change the cash flow of hybrid contracts;
- 2) When determining whether a similar hybrid contract needs to be split for the first time, it is clear that the embedded derivatives it contains should not be split without analysis. If the prepayment right of the embedded loan allows the holder to repay the loan in advance at an amount close to the amortised cost, the prepayment right does not need to be split.

The company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value, as well as dividends and interest income related to such financial assets, are included in the current profit and loss.

The company reports such financial assets in Financial assets held for trading and Other non-current financial assets based on their liquidity.

2. Classification and measurement of financial liabilities

Based on the contractual terms of the financial instruments issued and the economic substance reflected, not just in legal form, combined with the definition of financial liabilities and equity instruments, The company classifies the financial instrument or its component parts as financial liabilities or equity instruments at initial recognition. At initial recognition Financial liabilities can be classified as: financial liabilities measured at fair value through profit and loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities measured at fair value through profit or loss, the relevant transaction costs are recognised in profit or loss; The related transaction costs for other financial liabilities are included in the initially recognised amount.

The subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at fair value through profit and loss

Such financial liabilities include Financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through current profit or loss.

Meeting one of the following conditions is Financial liabilities held for trading: the purpose of assuming related financial liabilities is mainly for sale or repurchase; it is part of the identifiable financial asset instrument portfolio under centralized management, and

there is objective evidence that the company adopts short-term profit-making methods model; It belongs to derivatives, except those designated as valid hedging instruments and derivatives that comply with financial guarantee contracts. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, all changes in fair value are included in the current profit and loss.

At initial recognition, in order to provide more relevant accounting information, the company irrevocably designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value through profit and loss:

- 1) Ability to eliminate or significantly reduce accounting mismatches;
- 2) According to the corporate risk management or investment strategy stated in the formal written documents, the management and performance evaluation of the financial liability portfolio or financial asset and financial liability portfolio based on fair value, and use this as a basis to report to key management personnel within the company.

The company uses fair value for subsequent measurement of such financial liabilities. In addition to changes in the fair value caused by the company's own credit risk changes are included in other comprehensive income, other changes in fair value are included in the current profit and loss. Unless the fair value changes caused by the company's own credit risk changes are included in other comprehensive income and will cause or expand the accounting mismatch in profit or loss, the company will include all fair value changes (including the amount of the impact of its own credit risk changes) into the current profit and loss.

(2) Other financial liabilities

Except for the following items, the company classifies financial liabilities as financial liabilities measured at amortised cost, adopts the effective interest rate method for such financial liabilities, performs subsequent measurement based on amortised cost, and Gains or losses resulting from derecognition or amortization are included in the current profit and loss:

- 1) Financial liabilities measured at fair value through profit and loss.
- 2) The transfer of financial assets does not meet the conditions for derecognition or Financial liabilities due to continued involvement in the transferred financial assets.
- 3) Financial guarantee contracts that are not in the first two categories of this article and those that do not fall under category 1) of this article: Loan commitment to lend at a market rate below.

Financial guarantee contract refers to a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss. After the initial confirmation, it is measured according to the higher of the loss reserve amount and the initial confirmation amount after deducting the accumulated amortization amount during the guarantee period.

3. Derecognition of financial assets and financial liabilities

(1) If a financial asset meets one of the following conditions, the financial asset is derecognised, that is to be resold from its account and balance sheet:

- 1) The contractual rights to receive the cash flows from the financial asset expire.
- 2) The financial asset has been transferred, and the transfer meets the provisions for the derecognition of financial assets.

(2) Conditions for derecognition of financial liabilities

If the current obligation of the financial liability (or part of it) has been discharged, the recognition of the financial liability (or part of the financial liability) shall be terminated.

The company and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability and the original financial liability are substantially different, or If the contractual terms of the original financial liability (or part of it) are substantially modified, the original financial liability will be derecognised and a new financial liability will be recognised, the difference between the book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) is included in the current profit and loss.

If the company repurchases part of its financial liabilities, the book value of the financial liabilities as a whole will be allocated according to the proportion of the fair value of the continuing confirmation part and the fair value of the termination confirmation part to the overall fair value at the repurchase date. The difference between the book value allocated to the derecognised portion and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included in the current profit and loss.

4. Confirmation basis and measurement method of financial asset transfer

When the company transfers financial assets, it assesses the degree of risk and reward of retaining the ownership of financial assets and handles them in the following situations:

(1) If almost all risks and rewards in the ownership of a financial asset are transferred, the financial asset is derecognised, and the rights and obligations generated or retained during the transfer are separately recognised as assets or liabilities.

(2) If almost all risks and rewards in the ownership of financial assets are retained, the financial assets will continue to be recognised.

(3) Neither transfer nor retain almost all risks and rewards in the ownership of financial assets (In other cases than (1) and (2) of this article), according to whether they retain control of financial assets, deal with the following situations respectively:

1) If the control of the financial asset is not retained, the confirmation of the financial asset shall be terminated, and the rights and obligations generated or retained during the transfer shall be separately recognised as assets or liabilities.

2) If the control of the financial asset is retained, the relevant financial assets will be recognised and the relevant liabilities will be recognised accordingly according to the extent to which they continue to be involved in the transferred financial assets. The degree of continued involvement in the transferred financial assets refers to the degree of risk or reward for the value change of the transferred financial assets undertaken by the company.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted. The company distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets.

(1) If the overall transfer of financial assets meets the conditions for termination confirmation, the difference between the following two amounts shall be included in the current profit and loss:

1) The book value of the transferred financial assets on the termination confirmation date.

2) The consideration received for the transfer of financial assets corresponds to the amount of the derecognised portion of the cumulative amount of changes in fair value that were originally directly included in other comprehensive income (the financial assets involved in the transfer are measured at fair value and their changes are included in other comprehensive income Financial assets).

(2) If the financial asset is partially transferred and the transferred part as a whole meets the conditions for termination of confirmation, the book value of the entire financial asset before the transfer will be allocated between the termination confirmation part and the continued confirmation part according to their respective fair values on the transfer date (In this case, the service assets retained shall be deemed to continue to be recognised as part of the financial assets), And the difference between the following two amounts is included in the current profit and loss:

1) The book value of the termination confirmation part on the termination confirmation day.

2) The consideration received in the termination confirmation part corresponds to the amount of the termination confirmation part in the accumulated amount of fair value changes originally includefe

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(2) The second level of input value is the input value of the related assets or liabilities that is directly or indirectly observable except the input value of the first level, including: the quotation of similar assets or liabilities in the active market; the quotation of the same or similar assets or liabilities in the inactive market; Other observable input values other than quotes, such as observable interest rate and yield curves during normal quote intervals; market-validated input values, etc.;

(3) The third level of input value is the unobservable input value of the relevant assets or liabilities, including interest rates that cannot be directly observed or cannot be verified by observable market data, stock volatility, future cash flows of the disposal obligations undertaken in business combinations, and financial forecasts made using own data, etc.

6. Impairment of financial instruments

Based on expected credit losses, the company performs impairment accounting and recognises losses on financial assets classified as amortised costs, financial assets classified as fair value through other comprehensive income, and financial guarantee contracts ready. Expected credit loss refers to the weighted average of financial instrument credit losses weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all expected cash flows discounted by the company at the original effective interest rate, that is the present value of all cash shortages. Among them, the financial assets purchased or originated by the company that have suffered credit impairment should be discounted according to the credit-adjusted actual interest rate of the financial asset.

For financial assets purchased or originated that have suffered credit impairment, On the balance sheet date, only the cumulative changes in expected credit losses for the entire duration of the period since initial recognition are recognised as loss provisions. On each balance sheet date, the amount of change in expected credit losses for the entire duration is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss for the entire lifetime determined on the balance sheet date

financial instrument impairment provisions, the day when the company becomes the party making the irrevocable commitment is used as the initial confirmation date.

The company will consider the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether there has been a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement, and these changes are expected to reduce the economic motivation of the debtor to repay within the contract period or affect the probability of default;
- 4) Whether the debtor's expected performance and repayment behaviour have changed significantly;
- 5) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges that a financial instrument has only a low credit risk, the company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

On the balance sheet date, if the company judges that a financial instrument has only a low credit risk, the company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of financial instruments is low, The borrower's ability to fulfil its contractual cash flow obligations in the short term is strong, And even if there are unfavourable changes in the economic situation and operating environment over a long period of time, however, it may not necessarily reduce the borrower's ability to fulfil its contractual cash flow obligations, then the financial instrument is considered to have lower credit risk.

(2) Financial assets that have suffered credit impairment

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal;
- 3) Due to economic or contractual considerations related to the debtor's financial difficulties, the creditor gave the debtor a concession that would not be made under any other circumstances;
- 4) The debtor is likely to go bankrupt or undergo another financial reorganization;
- 5) The disappearance of an active market for that financial asset due to the financial difficulties of the issuer or the debtor;
- 6) Purchase or source a financial asset at a substantial discount, the discount reflects the fact that credit losses have occurred.

Credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events.

(3) Determination of expected credit losses

The company assesses the expected credit losses of financial instruments based on individual items and portfolios. When evaluating expected credit losses, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions.

Based on the characteristics of common credit risk, the company divides financial instruments into different combinations. The common credit risk characteristics adopted by the company include the types of financial instruments, the nature of payments and the ageing combination. For the individual evaluation criteria of the relevant financial instruments and the characteristics of the combined credit risk, please refer to the accounting policies of the relevant financial instruments.

The company determines the expected credit losses of related financial instruments according to the following methods:

- 1) For financial assets, the credit loss is the present value of the difference between the contractual cash flow that the company should charge and the expected cash flow.
- 2) For a financial guarantee contract, the credit loss is the present value of the difference between the company's estimated payment to the contract holder's credit losses and the amount the company expects to collect from the contract holder, debtor or any other party.
- 3) For financial assets that have suffered credit impairment on the balance sheet date but are not purchased or originated from credit impairment, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

The company's method of measuring the expected credit loss of financial instruments reflects the following factors: Unbiased probability weighted average amount determined by evaluating a series of possible outcomes; the time value of money; No unnecessary extra cost or effort is required on the balance sheet date to obtain reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions.

(4) Write-down of financial assets

When the company no longer reasonably expects that the contractual cash flow of financial assets can be fully or partially recovered, the book balance of the financial asset is directly written down. Such write-downs constitute the derecognition of related financial assets.

7. Offset of financial assets and financial liabilities

Financial asset and liability present separately in the balance sheet, and can only offset and present in net amount reported in balance sheet when both of the following conditions are satisfied:

- (1) The company has a legal right to set off the recognised amounts and the legal right is currently enforceable;
- (2) The company intends to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(XI) Notes receivable

The determination and accounting treatment method of the expected credit loss of the company's notes receivable. For details, please refer to Note IV (X) 6 "Impairment of financial instruments".

The company's note settlement only uses bank acceptance notes. This type of note is issued by a bank with low credit risk and has low credit risk. Due to the shorter term of the note receivable, it is capable of fulfilling its contractual cash flow obligations in the short term, the company regards notes receivable as financial instruments with lower credit risk. Based on the case where the historical default rate is zero, the expected credit loss rate of notes receivable by the company is zero. If there is objective evidence that a note receivable has suffered credit impairment, the expected credit loss of the note receivable will be determined individually.

(XII) Accounts receivable

method of expected credit loss model. For details, please refer to Note IV (X) 6“Impairment of financial instruments”.

For other receivables with obvious individual risk characteristics, if there is objective evidence that a certain other receivable has been impaired in credit, the expected credit loss of the other receivable shall be determined individually. When a single financial asset cannot estimate the expected credit loss information at a reasonable cost, the company refers to the experience of historical credit loss, combines the current situation and the prediction of the future economic situation, and divides other receivables into several combinations based on the characteristics of credit risk. Calculate the expected credit loss on the basis of the combination. The basis for determining the combination is as follows:

Combination 1: Interest receivable	Characteristics of credit risk	With reference to the experience of historical credit loss,
Combination 2: Dividends receivable	Characteristics of credit risk	combined with the current situation and the prediction of the
Combination 3: Subsidiaries related to other receivables	Related subsidiaries within the scope of consolidation	future economic situation, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration. The expected credit loss rate of this combination is zero.
Combination 4: Other external receivables	Aging portfolio	With reference to the experience of historical credit loss, combined with the current situation and the prediction of the future economic situation, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

(XIV) Inventory

1. The classification of inventory

Inventories comprise goods in transit, raw materials, revolving material, finished goods, work in process, goods shipped in transit, consigned processing materials and consumable biological assets, etc.

2. The measurement of inventories

Initial measurement of inventories should be at cost, which including costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost method is assigned to measure the inventories.

3. Recognition of net realizable value and measurement of the impairment of inventories

At the balance sheet date, the inventories are measured at lower of cost and net realisable value. The net realizable value of finished goods, merchandise inventories and materials are held for sale is the estimated selling price deduct estimated costs necessary to make the sale(include selling cost and relevant tax fee); the net realizable value of raw materials and revolving that need to be processed is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale (include selling cost and relevant tax fee) ; The net realizable value of inventories held to satisfy a particular sales or service contract should be based on the contract price, where the entity has the inventories that is at an amount above the amount at which the entity can sell in this contract, the net realizable value of the exceed part measured at the ordinary course of business price.

The write-down of inventory to net realizable value is normally made on an individual Items basis. However, it might be more appropriate, in some cases, to make the write-down by reference to groups of similar or related items. This would be where items relate to the same product line, have a similar purpose and end use, are produced and marketed in the same geographical area, and cannot practicably be distinguished from other items in that product line.

After a write-down has been made, if the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent. The new carrying value of the inventory would then be the lower of cost and the revised net realizable value, the reversal of the provision is recognised in profit or loss.

4. Inventory system

The company uses perpetual inventory system.

5. The amortization of low value consumables and packaging materials

(1) The company uses one-off amortization method for low value consumables;

(2) The company uses one-off amortization method for packaging materials.

(XV) Assets held for sale

1. Standards of classification of the assets held for sale

Non-current assets or disposal groups that meet the following conditions are recognised as assets held for sale:

(1) The asset is available for immediate sale in its current status and is being actively marketed for sale at a sales price reasonable in relation to its fair value.

(2) The sale is highly probable, the management is committed to a plan to sell, the actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn and the sale is expected to complete within one year. A confirmed purchase commitment is a legally binding purchase agreement with other parties that contains important terms such as the price of a transaction, time, and severe penalties for breach of contract, so that the likelihood of a major adjustment or revocation of the agreement is remote.

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investment and risk funds, these equity investments shall be measured at fair value through profit or loss.

Under the equity method, if the cost of the investment is more than the investor's share of the fair value of investor's identifiable net assets, the initial investment cost is not adjusted; if the cost of the investment is less than the investor's share of fair value of invested

(2) In consolidated financial statements, the difference between consideration received and share of net assets attributed to the parent company should be recognised as other comprehensive income and reclassified to profit or loss when it loses control.

5. Criteria for judgment of joint control and significant influence

Joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, which is the agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

If the parties have rights to net assets of the separate entity based on the contractual arrangement, the entity is treated as the joint venture and the equity method should be used. If of the parties have no rights to net assets of the separate entity, the entity should be treated as joint operation. The company recognises the share of profits of joint operation according to relevant accounting standards.

Significant influence is the investor has power to participate in the financial and operating policies making and decisions of invested organization but does not control or joint control in policy-making. An entity could demonstrate that it has significant influence over an investment in the following ways:

- (1) Representation on the Board of Directors or equivalent governing body of the invested organization;
- (2) Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- (3) Material transactions between the investor and the invested organization;
- (4) Interchange of managerial personnel;
- (5) Provision of essential technical information.

(XVII) Investment properties

Method of depreciation or amortization

Investment properties refers to real estate held to earn rent or capital appreciation, or both, including land use rights that have been leased out, land use rights held and prepared for transfer after appreciation, and buildings that have been leased out. In addition, for the vacant buildings that the company holds for operating lease, if the board of directors makes a written resolution that clearly states that it will be used for operating lease and the intention to hold will not change in the short term, it is also presented as investment properties.

The investment properties of the company are based initially measured at cost. The cost of purchasing investment properties includes the purchase price, relevant taxes and other expenses directly attributable to the asset; The cost of self-construction of investment properties consist of the necessary expenses incurred for bringing the asset to the condition which is capable for use.

The company uses the cost model for subsequent measurement of investment properties, and depreciates or amortises buildings and land use rights based on their estimated useful life and net residual value rate. The estimated useful life, net residual value rate and annual depreciation (amortization) rate of investment properties are listed as follows:

Houses and buildings	40	5	2.375
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When the use of investment properties is changed to self-use, the company will convert the investment properties into fixed assets or intangible assets from the date of change. When the purpose of self-use properties is changed to earn rent or capital appreciation, the company will convert fixed assets or intangible assets into investment properties from the date of change. When a conversion occurs, the book value before conversion is used as the book value after conversion.

The carrying amount of investment properties should be derecognised on disposal or withdraw permanently and no future economic benefits are expected from its disposal. The gain or loss, which shall be included in current profit or loss, arising from the disposal, transfer, retirement or damage of an Items of investment properties shall be determined as the difference between the net disposal proceeds and the carrying amount of the Items, taking relevant taxes into consideration.

(XVIII) Fixed assets

1. Criteria for recognition of Fixed assets

Fixed assets are tangible assets held for the purpose of producing goods, providing services, leasing or operating management and

benefit the entity during more than one fiscal year. A fixed asset shall be recognised when the following conditions are met:

- (1) It is probable that the future economic benefits associated with the fixed asset will flow to the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

The fixed assets of the Company are initially measured at cost. The cost of purchasing a fixed asset includes the purchase price, relevant taxes such as import duties and directly attributable costs of bringing the asset to the location and operating condition as expected by management. The cost of self-construction of a fixed asset consists of the necessary expenses incurred for bringing the asset to the condition which is capable for use. A fixed asset in inventory is measured at the lower of cost and net realisable value. A fixed asset in inventory is measured at the lower of cost and net realisable value. A fixed asset in inventory is measured at the lower of cost and net realisable value.

(5) The leased assets are of such a specialized nature that only the Company can use them without major modifications.

At the lease commencement date, the carrying amount of fixed assets leased by financing lease should equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The minimum lease payments are recorded as long-term payables, and the difference is recognised as unrecognised financing expenses. The initial direct costs such as commission, attorneys' fees, travel expenses and stamp duty, are often incurred in connection with specific leasing activities. The costs identified as directly attributable to activities performed by the Company for a finance lease are added to the amount recognised as a fixed asset. Unrecognised financing expenses are amortised with effective interest rate within the lease term.

The depreciation policy for depreciable leased fixed asset should be consistent with that for other depreciable assets that are owned by the entity. If it is possible to reasonably anticipate that the ownership of the asset will transfer to Company by the end of the lease term, depreciation should be made within the useful life of the asset. Otherwise, the depreciation period should be the shorter of the lease term and the useful life of the leased asset.

(XIX) Construction in progress

1. Classification of construction in progress

The cost of self-constructed fixed asset shall be formed by the necessary expenses incurred for bringing the assets to the expected conditions for use, including direct materials, labor costs, relevant taxes, borrowing costs which are attributable to construction and indirect costs that should be amortised. The calculation of the Company's construction in progress is itemized.

2. Standards and timing of carrying forward construction in progress to fixed assets

When the constructed items are in the location and condition necessary to be capable of operating in the manner intended by management, their carrying amount shall be included in fixed assets. The constructed items that have reached expected usable condition without final account for completion shall be reflected in fixed assets at their estimated value with the consistent policy of depreciation. Addition adjustment would be made in consideration of actual cost after the final account for completed projects with the depreciated amount unchanged.

(XX) Borrowing Costs

1. Principles of capitalization of Borrowing costs

The borrowing costs incurred by the Company that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs should be expensed in the period incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, which including fixed assets, investment property, inventories, etc.

Borrowing costs begin capitalizing when all of the following conditions are met:

- (1) Expenditures have been incurred on the qualifying asset, which include only those expenditures that have resulted in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities; and
- (2) Borrowing costs have already occurred; and
- (3) Activities are undertaken that are necessary to prepare the asset for its intended use or sale.

2. Capitalization period of borrowing costs

Period of capitalization commences when the entity first meets all of the above conditions and ceases when the qualifying asset is ready for use, excluding the suspended period.

When the qualifying asset is ready for use or sale, the borrowing costs shall cease to be capitalized.

When an entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalizing borrowing costs when it completes substantially all the activities necessary to prepare the part for its intended use or sale.

When an entity completes the construction of a qualifying asset in parts but no part is capable of being used while construction continues on other parts, the entity shall cease capitalizing borrowing costs when it completes substantially all the activities necessary to prepare the qualifying asset for its intended use or sale.

(1) Suspension period of capitalization

Capitalization of borrowing costs shall be suspended continuously for over 3 months when the acquisition, construction or production of a qualifying asset is interrupted by unexpected activities. The Company does not suspend capitalizing borrowing costs when a

temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale. Borrowing costs incurred during the period in which capitalization of borrowing costs is suspended shall be recorded into the current profit and loss.

(2) Method for calculating the capitalized amounts of borrowing costs

Specific borrowing costs and other costs that an entity incurs in connection with acquisition, construction or production of qualifying assets get ready for their intended use or sale are capitalized as part of the cost of those assets. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized.

The amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate of such general borrowings to the weighted average of the difference between amounts of accumulated expenditures on the asset and the amounts of special borrowings. The capitalization rate is the weighted-average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period.

If there is a discount or premium, the discount or premium amount that should be amortised during each accounting period and recognised by effective interest rate method.

(XXI) Biological assets

1. Recognition of biological assets

A biological asset is a living animal or plant. Biological assets shall be recognised when and only when:

- (1) the enterprise controls the biological asset as a result of past events;
- (2) it is probable that the future economic benefits or services associated with the biological asset will flow to the enterprise;
- (3) the cost of the biological asset can be measured reliably.

2. Classification of Biological assets

The biological assets include consumable biological assets, immature productive biological assets and mature productive biological assets.

3. The initial measurement of biological assets

The biological assets are initially measured at cost.

The cost of purchased a biological asset, includes purchase price, related taxes, transportation, insurance and other expenses that can be directly attributed to the purchased asset.

The cost of cultivating and reproduction of productive biological assets incurred before the productive biological assets be capable of operating in the manner intended by management should be capitalized and subsequent expenditures are expensed in the income statement.

4. Subsequent measurement of biological assets

The productive biological assets of the enterprise for the purpose of achieving the intended production and operation shall be depreciated in the same period and shall be included in the cost or current profit and loss of the relevant assets according to their respective purposes.

Depreciation of mature biological assets is calculated by using the straight-line method. At the end of each year, the productive biological assets and consumable biological assets are examined. If there is evidence to prove that the recoverable amount of the productive biological assets or the net realizable value of the consumable biological assets is lower than its carrying value, the provision for impairment of biological assets shall be recorded in current profit or loss. The provision for impairment of productive biological assets shall not be reversed once it has been recognised. If the impairment indicators of consumable biological assets disappeared, reversal should be made within original provision for impairment and recognised to profit or loss.

(XXII) Intangible assets and research and development expenditure

1. Measurement of intangible assets

(1) Initial measurement by cost when the company obtained intangible assets

The cost of a separately acquired intangible asset includes purchase price, related taxes and other expenses directly attributed to the asset for its intended use. If the payment of an intangible asset is deferred beyond normal credit terms, which has financing nature, the cost of the intangible asset is the cash price equivalent.

Intangible assets acquired during debt restructuring are measured on initial recognition at fair value. The difference between the

carrying value and fair value is recognised in current profit and loss.

The intangible assets acquired in exchanged for non-monetary assets shall be recognised initially at their fair value of assets surrendered when the exchange transaction has commercial substance and the fair values of both assets received and asset given up can be reliably measured, unless there is solid evidence that the fair value of asset received is more reliable. If there is no commercial substance to the exchange, or the fair values cannot be measured reliably, the value of acquired assets is sum of the carrying value of the assets surrendered and relevant taxes need to be paid. No profit or loss would be recognised there.

The cost of an intangible asset acquired by business combination under common control is the carrying value recognised by the merged party. The cost of an intangible asset acquired in business combination not under common control is its fair value at the acquisition date.

The costs of internal generated intangible assets include: costs of materials and services used or consumed in generating the intangible asset, costs of employee benefits arising from the generation of the intangible asset, fees to register a legal right, amortization of patents and licenses that are used in generating the asset, borrowing costs that are eligible for capitalization and other directly attributable expenditure incurred to create, produce and prepare the asset to be capable of operating in the manner intended by management.

(2) Subsequent measurement

The useful life of an intangible asset should be assessed at the acquisition date.

An intangible asset with a finite useful life is amortised on a straight-line basis over the useful life. If there is no foreseeable limit on the period during which the asset is expected to generate future cash flows, the asset should be regarded as an intangible asset with an indefinite life and should not be amortised.

2. Estimating the useful life of intangible assets with finite useful life

(1) If control over the future economic benefits from an intangible asset is achieved through contractual or other legal rights for a finite period, then the useful life of the intangible asset should not exceed the period of contractual or other legal rights;

(2) If the contractual or other legal rights are renewable without significant cost, the shorter legal life will set the upper limit for an amortization period in this situation;

(3) In the absence of contractual or other legal rights, the period during which the asset is expected to generate future cash flows should be estimated in consideration of various factors, such as typical product life cycles for the asset, expected actions by competitors and opinions from skilled staff;

(4) If the period over which the asset is expected to generate economic benefits for the entity is still unforeseeable based on an analysis of all the relevant factors, the asset should be considered as an intangible asset with an indefinite useful life;

If an intangible asset has a finite useful life, the length of its useful life and amortization method shall be reviewed at the end of each fiscal year.

3. The basis of intangible assets with indefinite useful life

If an intangible asset has an indefinite useful life, the length of its useful life shall be reviewed at the end of each fiscal year.

4. Provision of impairment for intangible assets

If there is any indication that an intangible asset with a finite useful life may be impaired, the impairment test shall be performed at the end of the fiscal year.

The impairment test shall be performed at the end of each fiscal year no matter whether there is an indication that an intangible asset with an indefinite life may be impaired.

When an impairment test is conducted, the recoverable amount of the asset should be estimated. Recoverable amount is defined as the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

When the recoverable amount of an intangible asset is lower than its carrying value, the carrying amount of the asset shall be its revalued amount, which is equal to the recoverable amount. The impairment loss, the amount by which the carrying amount of an asset exceeds its recoverable amount, should be recognised in profit or loss and provisions for impairment of intangible assets should be made.

After the impairment loss of an intangible asset is recognised, the amortization should be adjusted prospectively, which is systematically allocated over the remaining useful life after deducting residual value from carrying value.

Once impairment loss of an intangible asset is recognised, it cannot be reversed in subsequent accounting periods.

If there is any indication that an intangible asset might be impaired, the impairment should be identified at the individual asset level, if available. The recoverable amount should be calculated for the cash-generating units (CGUs) to which the asset belongs only when

(XXV) Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term benefits.

1. Accounting for short-term benefits

Short-term employee benefits are employee benefits expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include post-employment benefits and termination benefits. The Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for the services as liabilities when services are rendered. The account shall also be reflected in relevant cost or expense according to respective purposes of services.

2. Accounting treatment of post-employment benefits

Post-employment benefits refer to the various benefits after the completion of employment or for termination of employment, excluding short-term benefits and termination benefits. The Company's post-employment benefit plan is defined contribution plan.

The defined contribution plan mainly consists of endowment insurance and unemployed insurance are required by the labor and social security institutions. During the accounting period in which the employee provides services, the amount of contribution shall be calculated based on the defined contribution plan and recognised as liabilities, which shall be reflected in current profit or loss or relevant costs.

After the Company has fulfilled above obligations on a regular basis in accordance with the laws and regulations stipulated by the State, there is no other payment obligation.

3. The accounting treatment of termination benefits

Termination benefits result from either an entity's decision to terminate an employee's employment before the normal retirement date (compulsory termination benefits); or an employee's decision to accept an offer of voluntary redundancy in exchange for those

balance sheet date.

The risks and uncertainties about the amount and timing of cash flows are taken into account in determining best estimate. A provision is measured at the present value of the expected outflow where the effect of the time value of money is material.

The best estimates are treated as follow:

Where there is a continuous range (or interval) for the required expenditure to settle the present obligation, if the necessary expenditures fall within a range and the probability of each res ~ R # #

company will treat it as cancellation for equity-settled awards.

(XXVIII) Revenue

1. Timing of revenue recognition

For the sale of goods, revenue should be recognised when all the following conditions have been satisfied: the Company has transferred the significant risks and rewards of ownership of goods to the purchaser, and the Company does not retain either continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold; the amount of revenue can be measured reliably; the economic benefits associated with the transaction are probable to flow to the

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If there is evidence that the Company can comply with the relevant conditions stipulated in the financial support policy at the end of the period and is expected to receive financial support funds, the government grants shall be recognised according to the amount receivable. Otherwise, government grants are recognised when they are actually received.

If the government grants are monetary assets, they shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at fair value. If the fair value can't be obtained reliably, it shall be recognised as the nominal amount (RMB 1). Government grants measured at nominal value are recognised in the current profit and loss.

When a government grant becomes repayable, repayment of the grant related to income shall be applied first against any unamortised deferred credit recognised in respect of the grant. If the repayment exceeds such deferred credit, or if there exists no deferred credit, the repayment shall be recognised in current profit or loss.

When the company acquired subsidized loan, if the interest-subsidy fund is transferred to lending bank, the bank would provide the loan at a below-market rate of interest to the company. The carrying amount of the loan shall be measured at the loan with subsidized interest rate, and financial expense are calculated by multiplying loan principal with subsidized interest rate in this situation; however, if the interest-subsidy fund is transferred directly to company, it shall offset financial expense.

1. Criteria for classification of government grants government subsidies related to assets and accounting treatment government grants
The government grants related to assets refer to the grants which are obtained by the entity for the purposes of purchasing, constructing or forming the long-term assets by other ways. It should be presented by deducting the grant in arriving at the asset's carrying amount.

2. Criteria for classification of government grants related to income and accounting treatment government grants

If a government grant related to income is related to daily operation and used for compensating the related future expenses or losses, the grant shall be recorded into the deferred income. Other income should reflect it when expenses or losses incurred. If a grant is used for compensating expenses or losses which already incurred, other income should reflect it immediately once the grant obtained.

If a government grant related to income is not related to daily operation and used for compensating the related future expenses or losses, the grant shall be recorded into the deferred income, and non-operating income should reflect it when expenses or losses incurred. If a grant is used for compensating expenses or losses which are already incurred, non-operating income should reflect it immediately once the grant obtained.

(XXX) Deferred tax assets and deferred tax liabilities

Deferred tax assets or deferred tax liabilities are recognised based on the difference between the tax base and carrying amount (temporary difference). At the balance sheet date, deferred tax assets or deferred income tax liabilities are measured at the applicable tax rate during the period which the assets are expected to be recovered or liabilities are expected to be settled.

1. Recognition of deferred tax assets

The company recognises deferred tax assets as the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. However, deferred tax assets arising from the initial recognition of assets or liabilities in a transaction that:

- (1) is not a business combination;
- (2) at the time of the transaction, it does not affect the accounting profit or taxable profit (tax loss).

The entity should also recognise a deferred tax asset for all deductible temporary differences associated with investments in associates and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that: the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilized.

2. Recognition deferred tax liabilities

The Company shall recognise a deferred tax liability based on the taxable temporary difference of current and previous period. However, it does not include temporary difference arises from:

- (1) The initial recognition of goodwill;
- (2) The initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, does not affect accounting profit or taxable profit (tax loss);
- (3) Investment in subsidiaries, branches and associates, and interests in joint arrangements in the situation where the parent, investor

or joint venture is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

(XXXI) Lease

1. Accounting Treatments of operating lease

(1) Accounting by lessees

Lease payment made under operating leases should be recognised as an expense on a straight-line basis over the lease term (including rent-free period). Initial direct costs directly attributable to the operating leases are expensed.

Lease payments which have already deducted the part undertaken by lessor should be recognised as an expense on a straight-line basis over the lease term.

(2) Accounting by lessors

Lease income from operating leases should be recognised as an income on a straight-line basis over the lease term (including rent-free period). Initial direct costs directly attributable to the operating leases are expensed. If the amount is material, the costs are added to the carrying amount of the leased asset, and they are recognised as an expense over the lease term on the same basis as the lease income.

When the lessor undertook expense that should be borne by the lessee, the lessor should deduct the expense from rental income and allocate it over lease term.

2. Accounting treatments of finance lease

(1) Accounting by lessees: At the commencement of the lease term, the sum to be recognised both as an asset and as a liability should be the lower one of the fair value of the leased asset and the present value of the minimum lease payments. The entity recognises the minimum lease payments as long-term payables and the differences between fair value and present value of minimum lease payments is recognised as unrecognised financing costs. Criteria for recognition and methods of valuation and depreciation of fixed assets under finance leases please refer to Note IV (XVIII) Fixed Assets.

The Company adopts the effective interest method to amortise the unrecognised financing expenses over the lease term; meanwhile, recognise financial expenses.

(2) Accounting by lessors: At the commencement of the lease term, the difference between the sum of minimum lease payments of the lessee plus any unguaranteed residual value and its present value should be recognised as unrealized financing income, which is allocated over the lease term. Initial direct costs directly attributable to the finance leases are included in the initial measurement of finance lease receivables; in the meantime, reduce rental income over the lease term.

(XXXII) Other critical accounting policies, accounting estimates and method for preparing financial Statements

1. Discontinued operations

The company defines a discontinued operation as a component of the entity and it either has been disposed of, or is classified as held for sale. And:

- (1) Represents a separate major line of business or geographical area of operations;
- (2) It is part of a single plan to dispose of the separate major line of business or geographical area of operations;
- (3) It is a subsidiary acquired with a view to resale.

Impairment loss, reversal of impairment loss and gain or loss on disposal are presented in the income statement.

2. Repurchase share

When the Company repurchases shares, they are all recognised in treasury shares. Corresponding account processing is carried out according to the subsequent use.

3. Hedge accounting

In order to avoid some risks, the company uses some financial instruments as hedging instruments. If some specific conditions are satisfied, the company will choose respective hedge accounting method. The company hedge includes fair value hedge and cash flow hedge. Firstly, the company records relationship between hedging instruments and hedged items, risk management objectives and relevant hedge trading strategy. Besides, according to Accounting Standards for Business Enterprises, the company will continuously evaluate the effectiveness of hedging to check whether the hedging relationship is highly effective during the accounting period.

(1) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm

(XXXIII) Changes in accounting policies and accounting estimates

1. Changes in accounting policies

Comply with the Accounting Standards related to financial instruments (referred to as "New Financial Instrument Standards") issued by the Ministry of Finance, including Accounting Standards for Enterprise No.22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprise No.23 - Transfer of Financial Assets, Accounting Standards for Enterprise No.24 - Hedge Accounting, Accounting Standards for Enterprise No.37 - Presentation of Financial Instruments, the company adjusted the relevant content of the original accounting policy.	On 26 February 2019, the company's sixth meeting of the Ninth Board of directors reviewed and approved the "Company's Proposal on change in accounting policy".	According to the relevant requirements of the new financial instruments standards, there is no need to adjust the comparative financial statement data, and it will not affect the financial status and operating results of 2018. Due to the first implementation of the relevant standards for new financial instruments, the adjusted statement items and amounts are described in the following No .3.
Comply with Notice of Revising the format of 2019 General Corporate Financial Statements (Finance and Accounting (2019) No.6) issued by the Ministry of Finance in April 2019. The company revises the format of financial statements and previous comparative data.	On 28th August 2019, the company's eighth meeting of the Ninth Board of directors reviewed and approved the "Company's Proposal on change in accounting policy"	Please see the other descriptions for the impact of the items because of the changes in the consolidated balance sheet on 31 December 2018

Other description:

The items affected in the financial statements for the year of 2018

Notes receivable& Accounts receivable	1,282,126,608.06	Notes receivable	181,100,000.00
		Accounts receivable	1,101,026,608.06
Notes payable& Accounts payable	9,115,711,387.32	Notes payable	276,249,155.54
		Accounts payable	8,839,462,231.78

2. Changes in accounting estimates

The major accounting estimates have not changed during the reporting period.

V. Taxation

(I) Primary taxes and tax rates

Value-added tax (VAT)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	Output VAT rate were 6%, 9%, 10%, 13%, 16%, and zero.
City maintenance and construction tax	The amount of VAT paid multiplied by the applicable tax rate	1%, 5%, 7%
Corporate income tax	Levied based on adjusted taxable income	15%, 25%, 28% (New Zealand), 16.5% (Hong Kong), 20% (Netherland, Thailand, Vietnam), 24% (Malaysia), 19% (United Kingdom), USA Federal rate 21%, State rate 7.5%

Disclosure of the existence of different corporate taxpayer income tax rates

YILI INTERNATIONAL DEVELOPMENT CO., LIMITED	16.5
HONGKONG JINGANG TRADE HOLDING CO., LIMITED	16.5
SILVER HARBOR LLC.	USA Federal rate 21, State rate 7.5
Yili Innovation Centre Europe B.V.	20
Oceania Dairy Limited	28
SA ARK FOOD(M) SDN.BHD.	24
THE CHOMTHANA COMPANY LIMITED	20
MAXX DRINK CO., LTD	20
COOL TRAIN LOGISTICS CO., LTD	20
BDC SPECIALTY FOOD CO., LTD	20
GREEN ASIA FOOD VIETNAM COMPANY LIMITED	20
Westland Dairy Company Limited	28
Westland Milk Products Investments Limited	28
EasiYo Products (UK) Limited	19
EasiYo Products Limited	28
EasiYo Products (Aust) Limited	28

(II) Basis for Taxation incentives

Corporate tax

(1) In accordance with the Circular of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on the Implementation of the Relevant Tax Policies on the Strategy of Developing the Western Region (Cai Shui [2011] No. 58), and On the Implementation of the Western Development Strategy (The State Administration of Taxation Announcement No. 12 of 2012), the Company and some of the subsidiaries located in the application areas of the western development policy applied a preferential tax rate of 15% in 2019.

(2) In accordance with Article 27 of the Enterprise Income Tax Law of the People's Republic of China, Article 86 of the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, and The Ministry of Finance and the State Administration of Taxation on the Promulgation of Agricultural Products Enjoying Preferential Policies for Corporate Income Tax (Taxation [2008] No. 149), the income from the initial processing of agricultural products of the Company and some subsidiaries

shall be exempted from the enterprise income tax.

(3) In accordance with the relevant provisions of the Notice on Preferential Policies for Business Income Tax by the Inner Mongolia Autonomous Region Finance Department, Internal Revenue Service, Local Tax Bureau”(Domestic Financial Tax[2009]646) and the Notice on Taxation Policy on Corporate Financial Institutions by the Inner Mongolia Autonomous Region Finance Department, Internal Revenue Service, Local Tax Bureau(Domestic Financial Tax[2013]No.204), the Company’s subsidiaries, Inner Mongolia HuiShang Internet micro-loan Co., Ltd. enjoys exemption from corporate income tax in the years 2017-2021.

VI. Notes to the consolidated financial statements

(The unit of monetary is Chinese Yuan, ‘CNY’, unless otherwise indicated)

Note 1. Cash and cash equivalents

Cash on hand	60,870.13	618.83
Bank deposits	10,912,217,817.58	10,437,379,717.25
Other monetary items	413,042,148.62	613,623,317.94
Total	11,325,320,836.33	11,051,003,654.02
Include: Total cash and cash equivalent deposit overseas	4,516,413,342.95	6,357,499,926.75

The Other monetary items mentioned above detailed as follows:

Funds in transit with POS	151,616,565.26	263,700,276.85
Deposited investment fund	79,633,664.48	
Guarantee	31,201,010.57	67,704,917.27
Legal deposit reserve in central bank	146,740,908.31	278,368,123.82
Excess deposit reserve in central bank	3,850,000.00	3,850,000.00
Total	413,042,148.62	613,623,317.94

Restricted monetary items detailed as follows:

company's customers and suppliers to provide guarantee for bank loans.

(4) The performance bond is the balance of the initial consideration of the acquisition of THE CHOMTHANA COMPANY LIMITED by the subsidiary of the Company, HONGKONG JINGANG TRADE HOLDING CO., LIMITED. The balance has been deposited in the designated bank account and cannot be withdrawn before payment.

(5) The futures margin is the margin deposited by the Company's subsidiary, Inner Mongolia Kindairy Trading Co., Ltd., for the futures commodity trading..

As of 31 December 2019, except for the above restricted monetary funds, the company has no other restricted funds due to pledge, freezing and other reasons.

Note 2. Financial assets held for trading

Financial assets at fair value through profit or loss for the period	389,993,987.17	262,123,843.46
Including:		
Equity instrument investment	294,775,000.00	261,625,000.00
Derivative financial assets	95,218,987.17	498,843.46
Designated as Financial assets measured at VSOE and of which the variation is booked in current period P&L		
Including:		
Total	389,993,987.17	262,123,843.46

Other instructions:

Derivative financial assets include futures contracts and forward foreign exchange contracts.

The main reasons for the increase in financial assets held for trading: the increased fair value of equity instruments investment and futures contracts held by subsidiaries, as well as the increase of forward foreign exchange contracts due to the acquisition of Westland Co-Operative Dairy Company Limited in this period.

Note 3. Notes receivable

1. The classification of notes receivable

Bank acceptance notes	221,720,000.00	181,100,000.00
Commercial acceptance notes		
Total	221,720,000.00	181,100,000.00

2. There are no pledged notes at the end of the period.

3. The notes receivable that the company has endorsed or discounted but not yet due at the end of the period.

Bank acceptance notes	216,550,000.00
Commercial acceptance notes	
Total	216,550,000.00

4. The company has no notes transferred to accounts receivable due to the drawer's failure to perform the contract at the end of the period.

5. Disclosure according to bad debt provision method

		()	()
Provision for bad debts by single Items			
Provision for bad debts by combination	221,720,000.00	100.00	221,720,000.00
Including: bank acceptance notes	221,720,000.00	100.00	221,720,000.00
Total	221,720,000.00	100.00	221,720,000.00

Continued:

		()	()
Provision for bad debts by single Items			
Provision for bad debts by combination	181,100,000.00	100.00	181,100,000.00
Including: bank acceptance notes	181,100,000.00	100.00	181,100,000.00
Total	181,100,000.00	100.00	181,100,000.00

Provision for bad debts by combination

Combined accrual items: bank acceptance notes

		()
Bank acceptance notes	221,720,000.00	
Total	221,720,000.00	

Recognition criteria and description of bad debts accrued by combination:

The company only uses bank acceptance notes for bill settlement, which is issued by the bank with lower credit risk and the notes' credit risk is lower as well. Moreover, due to the short term of notes receivable, the company has strong ability to perform its cash flow obligation of payment of the relevant contract in a short period of time. Therefore, the company regards bills receivable as a financial instrument with lower credit risk, and considers the situation that the historical default rate of the notes receivables is zero, we expected credit loss rate for notes receivable is zero.

6. There are no notes receivable actually written off in this period.

Note 4. Accounts receivable

1. Disclosure of accounts receivable by aging

Within 1 year	1,755,355,546.80
1-2 years	1,012,347.52
2-3 years	172,045.11
More than 3 years	1,524,058.21
3-4 years	
4-5 years	
More than 5 years	
Total	1,758,063,997.64





Note 6. Other receivables

Interest receivable		86,527,903.76
Dividends receivable		
Other receivables	194,759,131.74	68,031,255.00
Total	194,759,131.74	154,559,158.76

(I) Interest receivable

1. Interest receivable classification

Fixed time deposit		22,971,587.67
Entrusted loan		
Bond investment		
Interest on micro-loan		13,092,796.84
Interest of deposit in the central bank and deposit of interbank		28,208,180.04
Redemptory financial assets for Sale		20,393,421.39
Principal-guaranteed floating income securities financial products		1,861,917.82
Total		86,527,903.76

2. There is no significant overdue interest during the reporting period.

(II) Other receivables

1. Disclosed by aging

Within 1 year	207,038,305.90	
1-2 years	3,284,579.48	
2-3 years	469,948.66	
3-4 years	619,107.93	
4-5 years	282,766.43	
More than 5 years	18,376,874.93	
Total	230,071,583.33	

2. Classified by nature

Deposits and guarantees	109,826,052.54	48,544,975.50
Advance money for another	69,096,325.13	41,371,381.11
Equity transfer	50,000,000.00	
Supportive receivables and payables to milk farmers' development	1,149,205.66	1,337,683.46
Fixed assets disposal		1,225,816.05
Total	230,071,583.33	92,479,856.12

3. Bad debt provision for other receivables

Balance on 1 January 2019	5,915,761.32	18,532,839.80	24,448,601.12
1 January 2019 balance in the current period			
— Transferred to the second stage			
— Transferred to the third stage			
— Reversed to the second stage			
— Reversed to the first stage			
Accrued in the current period	8,792,679.44	57,316.00	8,849,995.44
Reversed in the current period		95,073.87	95,073.87
Charge off in the current period			
Written off in the current period		118,207.00	118,207.00
Other changes	2,227,135.90		2,227,135.90
Balance on 31 December 2019	16,935,576.66	18,376,874.93	35,312,451.59

4. Provision for bad debts

7. No other receivables are involved in government subsidies during the reporting period.

8. During the reporting period, there is no other receivable derecognised due to transfer of financial assets.

9. There is no transfer of other receivable and no formation of assets and liabilities caused by continuous involvement because of the transfer of other receivable in the report period.

Note 7. Inventories

1. Inventory by Categories

Raw materials	4,027,055,864.14	7,046,568.87	4,020,009,295.27	2,790,119,193.44	2,829,935.63	2,787,289,257.81
Products in progress						
Inventory	3,049,908,946.45	135,135,487.17	2,914,773,459.28	2,014,294,447.41	213,501.66	2,014,080,945.75
Turnover materials						
Consumable biological assets						
The completed and unliquidated assets formed by the construction contract						
Packaging Materials	395,262,494.34	14,663,565.10	380,598,929.24	343,270,973.96		343,270,973.96
Low value consumables	1,547,640.99		1,547,640.99			
Semi-finished products	393,406,118.00	10,868.84	393,395,249.16	372,133,538.22	9,700,751.89	362,432,786.33
Consigned processing materials	4,706,760.28		4,706,760.28			
Total	7,871,887,824.20	156,856,489.98	7,715,031,334.22	5,519,818,153.03	12,744,189.18	5,507,073,963.85

2. Inventory impairment provision

Raw materials	2,829,935.63	4,881,767.48	27,686.17	692,820.41		7,046,568.87
Products in progress						
Inventory	213,501.66	96,160,588.62	43,251,586.16	4,490,189.27		135,135,487.17
Reusable materials						
Consumable biological assets						
The completed and unliquidated assets formed by the construction contract						
Packaging Materials		14,457,917.38	205,647.72			14,663,565.10
Low value consumables						
Semi-finished products	9,700,751.89		107,454.03	9,797,337.08		10,868.84
Consigned processing materials						
Total	12,744,189.18	115,500,273.48	43,592,374.08	14,980,346.76		156,856,489.98

Other instructions:

Other increase includes the translation difference in foreign currency statements and the amount brought in by the consolidation of subsidiaries in the current period.

The main reasons for the increase of inventory: the increased purchase of raw materials in this period and the increased inventory caused by the acquisition of Westland Dairy Company Limited.

Note 8. Non-current assets due within one year

Debt investment due within one year	
Other debt investments due within one year	
Medium and long-term small loans due within one year	303,240,656.65
Total	303,240,656.65

Other instructions:

The reason for the increase in non-current assets due within one year: the increase in medium and long-term small loans due within one year of the subsidiary, Inner Mongolia HuiShang Internet micro-loan Co., Ltd.

Note 9. Other current assets

1. List of other current assets by Items

Input tax to be deducted	740,029,157.02	500,774,013.15
Prepaid income tax	89,363,563.74	54,160,553.07
Tax Refund of goods and services	7,149,303.04	10,671,633.52
Short-term small-loan	769,455,718.42	407,048,069.24
Factoring receivables	1,172,851,527.44	689,754,184.93
Receivables for subrogation recovery	4,249,542.17	6,949,996.01
Deposit of capital discount		1,075,125.18
Redemptory financial assets for Sale		3,130,000,000.00
Principal-guaranteed floating inco	g	

Note 10. Long-term equity investments

Joint ventures				
Associate enterprise				
Hulunbeier Shengxin Investment Co., Ltd.	18,671,174.86		-211,421.97	
Shandong New Jufeng Technology Packaging Co., Ltd.	144,630,475.11	116,284,700.61	17,539,571.18	
China Youran Dairy Holding Limited	1,699,995,989.02		199,394,048.32	6,329.94
Beijing Jiuyang Wisdom Investment Fund Management Limited	46,089,474.46		-3,040,703.21	
Subtotal	1,909,387,113.45	116,284,700.61	213,681,494.32	6,329.94
Total	1,909,387,113.45	116,284,700.61	213,681,494.32	6,329.94

Continued:

Inner Mongolia Yisheng Biological Technology Co., Ltd.			197,099.22	Financial investment, obtaining dividend
Shenzhen Huatai Ruilin equity investment fund partnership (Limited Partnership)	13,317,605.00	38,954,236.94		Financial investment, obtaining dividend
Hezhong Chuangya (Hohhot) Packaging Co., Ltd.		5,427,043.37		Financial investment, obtaining dividend
CITICPE Holdings Limited	20,759,100.00	48,590,429.00		Financial investment, obtaining dividend
CDB Boyu Phase I (Shanghai) Equity Investment Partnership	70,565,190.62	472,957,987.31		Financial investment, obtaining dividend
Inner Mongolia Collaborative Innovation Equity Investment Fund Co., Ltd.		1,915,958.10		Financial investment, obtaining dividend
Beijing Huatai New Industry Growth Investment Fund (Limited Partnership)		46,084,239.18		Financial investment, obtaining dividend
Inner Mongolia Steppe Culture Film and Television Industry Fund (Limited Partnership)			706,295.85	Financial investment, obtaining dividend
Total	168,020,073.57	711,107,521.97	6,249,715.55	

Note 12. Other non-current financial assets

Equity instrument investment	142,167,713.34
Total	142,167,713.34

Other instructions:

Reasons for the increase in other non-current financial assets: The financial assets held for trading with a holding period of more than one year were reclassified to other non-current financial assets.

Note 13. Real estate investment

1. The situation of investment properties

Original book value		
1. Beginning balance		
2. Increased during the current period	540,788,022.62	540,788,022.62
(1) Purchase		
(2) Inventory/Fixed assets/Construction in progress transferred	540,788,022.62	540,788,022.62
(3) Increased in business merger		
3. Decreased for the year		
(1) Disposal or scrap		
(2) Other transfer out		



(2) Reduced for others	35,000,000.00	97,086,239.79	1,003,431.96	7,748,000.00	4,013,720.41	144,851,392.16
4. Ending balance	9,296,558,701.95	17,946,231,131.63	400,283,056.96	319,790,787.83	1,706,314,423.62	29,669,178,101.99
Accumulated depreciation						
1. Beginning balance	1,856,781,065.90	6,822,277,001.63	195,272,798.55	120,672,394.27	783,227,622.35	9,778,230,882.70
2. Increased during the current period	299,008,749.13	1,304,270,956.88	37,961,742.19	43,895,582.34	157,045,190.48	1,842,182,221.02
(1) Provision	296,864,070.91	1,297,337,250.56	37,681,821.41	43,363,819.88	156,632,786.45	1,831,879,749.21
(2) Translation difference of foreign currency statements	2,144,678.22	6,933,706.32	279,920.78	531,762.46	412,404.03	10,302,471.81
3. Decreased during the current period	9,583,532.44	293,304,992.62	23,171,300.35	4,814,612.95	48,422,365.76	379,296,804.12
(1) Disposal or scrap	9,583,532.44	293,304,992.62	23,171,300.35	4,814,612.95	48,422,365.76	379,296,804.12
(2) Reduced for others						
4. Ending balance	2,146,206,282.59	7,833,242,965.89	210,063,240.39	159,753,363.66	891,850,447.07	11,241,116,299.60
Provision for impairment						
1. Beginning balance	481,622.93	25,951,993.12			335,279.19	26,768,895.24
2. Increased during the current period	17,028,717.96	85,857,595.93	162,799.52	557,337.89	3,230,333.91	106,836,785.21
(1) Provision	16,947,167.05	85,827,593.81	162,799.52	557,337.89	3,230,333.91	106,725,232.18
(2) Translation difference of foreign currency statements	81,550.91	30,002.12				111,553.03
3. Decreased during the current period	59,660.63	1,664,260.42			34,212.29	1,758,133.34
(1) Disposal or scrap	59,660.63	1,664,260.42			34,212.29	1,758,133.34
(2) Reduced for others						
4. Ending balance	17,450,680.26	110,145,328.63	162,799.52	557,337.89	3,531,400.81	131,847,547.11
Book value						
1. Book value-Ending balance	7,132,901,739.10	10,002,842,837.11	190,057,017.05	159,480,086.28	810,932,575.74	18,296,214,255.28
2. Book value -Beginning balance	5,500,133,885.66	8,513,892,920.16	114,440,900.60	98,128,615.73	461,166,154.11	14,687,762,476.26

Other reductions are caused by government subsidies which is accounted to offset fixed assets.

2. The situation of fixed assets temporarily idle in the current periods

Houses and buildings	52,032,418.24	27,810,002.78	15,616,644.98	8,605,770.48
Machinery equipment	203,809,059.89	112,856,528.71	80,512,113.63	10,440,417.55
Transportation equipment	349,572.66	186,345.88	145,748.13	17,478.65
Electronic equipment	1,517,012.27	1,057,605.86	383,546.64	75,859.77
Others	8,832,406.91	5,438,993.28	2,925,845.75	467,567.88
Total	266,540,469.97	147,349,476.51	99,583,899.13	19,607,094.33

3. Fixed assets leased through finance leases in this period

Machinery equipment	297,991,155.80	53,991,612.68	243,999,543.12
Transportation equipment			

4. No fixed assets were leased out through operating leases in this period.

5. Fixed assets without property right certificate at the end of the period

Houses and buildings	1,071,270,289.00	New projects put into use for a short time, currently being processed.
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Note 15. Construction in progress

Construction in progress	6,155,736,679.51	2,676,239,440.27
Construction material	9,313,538.87	10,466,425.19
Total	6,165,050,218.38	2,686,705,865.46

Other instructions:

The main reasons for the increase of construction in progress: due to the increase of liquid milk reconstruction and expansion project and Beijing business operation center project.

(I) Construction in progress

1. General Information about construction in progress

Liquid milk project	2,276,789,665.62	2,276,789,665.62	782,242,008.26	782,242,008.26
Milk powder project	245,296,924.35	19,216,770.26	226,080,154.09	106,731,479.68
Ice cream project	226,321,359.56		226,321,359.56	162,209,221.30
Yogurt project	620,815,599.19		620,815,599.19	199,286,522.02
Others	2,805,729,901.05		2,805,729,901.05	1,425,770,209.01
Total	6,174,953,449.77	19,216,770.26	6,155,736,679.51	2,676,239,440.27

2. Changes in significant construction projects

Liquid milk project	782,242,008.26	3,935,287,112.47	2,440,739,455.11	2,276,789,665.62
Milk powder project	106,731,479.68	329,686,006.34	191,120,561.67	245,296,924.35
Ice cream project	162,209,221.30	268,733,259.80	204,621,121.54	226,321,359.56
Yogurt project	199,286,522.02	710,470,490.96	288,941,413.79	620,815,599.19
Others	1,425,770,209.01	2,171,296,215.50	250,548,500.84	540,788,022.62
Total	2,676,239,440.27	7,415,473,085.07	3,375,971,052.95	540,788,022.62

Continued:

		()	()	
Liquid milk project	10,383,449,014.05	46.50	46.50	Wholly-owned capital
Milk powder project	866,792,773.08	53.63	53.63	Wholly-owned capital
Ice cream project	1,403,263,651.86	31.30	31.30	Wholly-owned capital
Yogurt project	1,434,882,481.96	65.57	65.57	Wholly-owned capital
Others	4,937,489,264.79	72.87	72.87	Wholly-owned capital
Total	19,025,877,185.74			

The other projects mainly refer to Beijing Business Operation Centre projects.

The above is the classification of construction in progress disclosed by product type as of 31 December 2019. There are more than 900 projects under construction, but no major single project under construction.

3. No provision for impairment of construction in progress during current period

Milk powder project	19,216,770.26	The project is suspended and the recoverable amount is expected to be less than the book value.
Total	19,216,770.26	

(II) Construction materials

Material	1,308,594.49	1,308,594.49	5,299,669.16	5,299,669.16
Equipment	7,856,101.63	7,856,101.63	4,938,123.27	4,938,123.27
Tool	148,842.75	148,842.75	228,632.76	228,632.76
Total	9,313,538.87	9,313,538.87	10,466,425.19	10,466,425.19

Note 16. Intangible assets

1. General Information about intangible assets

Original book value						
1. Beginning balance	593,452,159.08	7,981,998.70	15,980,941.27	246,466,365.56	19,236.34	3,156,328.31
2. Increased for the year	218,365,102.54		39,518,329.01	297,911,835.79	221,167,579.27	35,065.03
(1) Purchase	210,454,492.54			288,341,370.23		
(2) Internal R&D						
(3) Increased in business merger	7,910,610.00		38,014,979.51	8,639,402.32	209,175,998.60	148,487,147.31
(4) Converted difference in foreign currency statements			1,503,349.50	931,063.24	11,991,580.67	35,065.03
3. Decreased during the current period	88,296,083.27			38,448,150.00		
(1) Disposal or scrap						
(2) Converted difference in foreign currency statements						

(3) Reduced for others	88,296,083.27			38,448,150.00			
4. Ending balance	723,521,178.35	7,981,998.70	55,499,270.28	505,930,051.35	221,186,815.61	3,191,393.34	148,487,147.31
Accumulated amortization							
1. Beginning balance	163,171,336.17	287,639.60	8,850,009.69	54,823,942.73		655,460.10	
2. Increased during the current period	12,752,956.84	431,459.38	1,136,264.19	28,039,920.41		824,415.80	2,880,210.16
(1) Accrual	12,752,956.84	431,459.38	1,109,418.96	27,861,520.85		815,455.69	2,880,210.16
(2) Converted difference in foreign currency statements			26,845.23	178,399.56		8,960.11	
3. Decreased during the current period							
(1) Disposal or scrap							
4. Ending balance	175,924,293.01	719,098.98	9,986,273.88	82,863,863.14		1,479,875.90	2,880,210.16
Provisions for impairment							
1. Beginning balance							
2. Increased for the year							
(1) Accrual							
3. Decreased for the year							
(1) Disposal or scrap							
4. Ending balance							
Carrying value							
1. Carrying value at end of period	547,596,885.34	7,262,899.72	45,512,996.40	423,066,188.21	221,186,815.61	1,711,517.44	145,606,937.15
2. Carrying value at the beginning of the period	430,280,822.91	7,694,359.10	7,130,931.58	191,642,422.83	19,236.34	2,500,868.21	

Other reductions are government subsidies to offset intangible assets.

At the end of the period, intangible assets formed through internal R & D of the company accounted for 0% of the balance of intangible assets.

2. Intangible assets without certificate of title at the end of the period

Land-use right	11,494,746.88	New projects put into use for a short time, currently being processed.
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Other instructions:

The main reasons for the increase of intangible assets: the purchase of land use rights and software materials, as well as the increase of intangible assets in the acquisition of subsidiaries in this period.

Note 17. Goodwill

1. Original Book Value of Goodwill

Oceania Dairy Limited	10,678,610.25	10,678,610.25
THE CHOMTHANA COMPANY LIMITED	295,608,098.32	295,608,098.32
Westland Dairy Company Limited	165,992,840.47	165,992,840.47
Arxan Yili Natural Mineral Drink Co., Ltd.	55,264,276.17	55,264,276.17
Total	10,678,610.25	516,865,214.96

2. Provision for impairment of goodwill.

None

3. Relevant information for an asset group or a combination of asset groups about goodwill

In April 2013, the wholly-owned subsidiaries of the company, YILI INTERNATIONAL DEVELOPMENT CO., LIMITED and HONGKONG JINGANG TRADE HOLDING CO., LIMITED purchased a total of 100% equity of Oceania Dairy Limited from the original shareholders of Oceania Dairy Limited. The transaction was a merger of companies that were not under common control and the costs of the merger amounted to RMB 3,274,694.72. The fair value of the net assets of the merged company, Oceania Dairy Limited, on the date of the merger was RMB -7,403,915.53 and the difference of RMB 10,678,610.25 was recognised as goodwill. The composition of the asset group where the goodwill is located is long-term assets (including fixed assets, intangible assets and others).

In April 2019, the wholly-owned subsidiary of the company, HONGKONG JINGANG TRADE HOLDING CO., LIMITED purchased 96.46% equity of THE CHOMTHANA COMPANY LIMITED from the original shareholders of THE CHOMTHANA COMPANY LIMITED. The transaction was a merger of companies that were not under common control and the costs of the merger amounted to RMB 542,200,665.33. The fair value of the net assets of the merged company, THE CHOMTHANA COMPANY LIMITED, on the date of the merger was RMB 246,592,567.01 and the difference of RMB 295,608,098.32 was recognised as goodwill. The composition of the asset group where the goodwill is located is long-term assets (including fixed assets, intangible assets and others).

In August 2019, the wholly-owned subsidiary of the company, HONGKONG JINGANG TRADE HOLDING CO., LIMITED purchased 100% equity of Westland Co-Operative Dairy Company Limited from the original shareholders of Westland Co-Operative Dairy Company Limited. The transaction was a merger of companies that were not under common control and the costs of the merger amounted to RMB 1,102,484,067.34. The fair value of the net assets of the merged company, Westland Co-Operative Dairy Company Limited, on the date of the merger was RMB 936,491,226.87 and the difference of RMB 165,992,840.47 was recognised as goodwill. The composition of the asset group where the goodwill is located is long-term assets (including fixed assets, intangible assets and others). After the acquisition date, Westland Co-Operative Dairy Company Limited changed its company name to Westland Dairy Company Limited.

In August 2019, the Company purchased 100% equity of Arxan Yili Natural Mineral Drink Co., Ltd. from the original shareholders of Arxan Yili Natural Mineral Drink Co., Ltd. The transaction was a merger of companies that were not under common control and the costs of the merger amounted to RMB 135,286,000. The fair value of the net assets of the merged company, Arxan Yili Natural Mineral Drink Co., Ltd., on the date of the merger was RMB 80,021,723.83 and the difference of RMB 55,264,276.17 was recognised as goodwill. The composition of the asset group where the goodwill is located is long-term assets (including fixed assets, intangible assets and others).

4. Goodwill impairment test process, key parameters (for example, the forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc., in forecasting the cash flow, if applicable) and recognition method of goodwill impairment loss

When conducting an impairment test on goodwill, the management prepares future (forecast) cash flows based on the most recent financial budget assumptions, and the recoverable amount is determined based on the present value of the expected future cash flows. The company's main assumptions of the discounted future cash flow method.

Arxan Yili Natural Mineral Drink Co., Ltd.	2.09-296.90	51.97-60.92	13.33
Oceania Dairy Limited	-5.99-18.56	7.94-12.67	12.78
THE CHOMTHAN ACOMPANY LIMITED	11.99-22.91	38.5-47.39	13.75
Westland Dairy Company Limited	2.3-8.48	8.47-20.01	13.00

According to historical experience and market development, the management forecast growth rate and gross profit rates and choose suitable discount rate to test recoverable amount. The above assumptions are used to analyse the recoverable amounts of asset groups and portfolio of asset groups.

After testing, we did not discover during this period that the recoverable amount of the invested organization is lower than its carrying value, so the impairment loss of goodwill was not taken into account.

5. The impact of the goodwill impairment test

None

5 fpa i mp d oni T c t g

Changes in fair value of other equity instrument investments	656,267,377.48	145,735,905.35	614,562,712.56	132,628,259.27
Changes in fair value of financial assets held for trading	273,692,837.88	69,069,808.65	180,375,000.00	45,093,750.00
One-time pre-tax deduction for fixed assets	478,690,145.83	100,601,802.37	278,978,333.64	60,824,690.05
Depreciation of fixed assets	252,367,715.71	70,662,960.40		
Total	2,146,201,323.81	505,136,715.80	1,073,916,046.20	238,546,699.32

3. Details of deductible temporary differences for unrecognised deferred income tax assets

Deductible temporary differences:				
Deductible loss		478,565,220.11		388,530,695.32
Provision for impairment of assets		1,697,050.93		17,841,297.01
Total		480,262,271.04		406,371,992.33

4. Deductible loss of unrecognised deferred income tax assets will expire in the following years

2019		30,096,473.99
2020	14,968,360.75	10,054,235.10
2021	30,373,452.77	28,814,885.36
2022	18,881,453.12	20,986,941.74
2023	48,745,119.86	44,815,396.60
2024	69,785,544.25	
Total	182,753,930.75	134,767,932.79

Other instructions:

The main reason for the increase in deferred tax liabilities: The increase in deferred tax liabilities was confirmed due to the increased value of assets resulting from the acquisition of subsidiaries during the current period.

Note 20. Other non-current assets

Prepaid for equipment and project	1,918,460,178.14	954,311,688.22
Medium and long-term micro-loans	256,591,316.62	165,539,930.79
Factoring receivables	975,907,553.72	598,620,521.05
Total	3,150,959,048.48	1,718,472,140.06

Other instructions:

(1) The main reason for the increased other non-current assets: the increase in prepayments for engineering and equipment in this period.

(2) Medium-term and long-term micro-loans are that Inner Mongolia Huishang Internet micro-loan Co., Ltd. provides 2-5 years loan for suppliers.

(3) Factoring receivables is formed when Inner Mongolia Huishang Finance Guarantee Co., Ltd. provides long-term insurance factoring for supplies.

Note 21. Short-term borrowings

1. Classification of short-term borrowings

Pledged loan		
Mortgage loan	709,292,103.40	
Secured loan		23,000,000.00
Credit loan	900,339,237.49	1,500,000,000.00
Bill discount loan	2,950,000,000.00	
Total	4,559,631,340.89	1,523,000,000.00

Instructions of the classification of short-term loans:

(1) The mortgage loan is a loan borrowed by subsidiary Westland Dairy Company Limited from HSBC New Zealand with its real estate as collateral.

(2) The bill discount loan is the amount discounted to the bank after issuing bank acceptance notes between enterprises within the scope of the consolidated financial statements.

2. No overdue short-term loans in the reporting period

Other instructions:

The main reasons for the increase in short-term borrowings: the notes were discounted to the bank after the issuance of bank acceptance notes between companies within the scope of the consolidated financial statements and the merger of Westland Co-Operative Dairy Company Limited increased short-term borrowings in this period.

Note 22. Financial liabilities held for trading

Financial liabilities held for trading	37,079,015.63	37,079,015.63
Including: Derivative financial liabilities	37,079,015.63	37,079,015.63
Designated financial liabilities at fair value through profit or loss for the period		
Including:		
Total	37,079,015.63	37,079,015.63

Other instructions:

The reason for the increase in financial liabilities held for trading: the decline in the fair value of forward foreign exchange contracts and interest rate swap contracts held by subsidiaries in this period.

Note 23. Notes payable

Trade acceptance notes		
Bank acceptance notes	300,097,580.53	276,249,155.54
Total	300,097,580.53	276,249,155.54

The total amount of notes payable that has not been paid at the end of the period is RMB 0.00.

Note 24. Accounts payable
1. List of accounts payable

Payments for raw materials and other materials	5,950,023,568.59	4,864,446,102.16
Marketing and transportation costs	2,627,756,807.10	2,623,354,485.12
Engineering and equipment funds	1,212,367,611.85	777,590,422.63
Others	710,977,571.52	574,071,221.87
Total	10,501,125,559.06	8,839,462,231.78

2. Important accounts payable aged over 1 year

The first	12,474,854.76	Not until the settlement date
The second	11,505,784.41	Not until the settlement date
The third	5,787,718.75	Not until the settlement date
Total	29,768,357.92	

Note 25. Receipts in advance
1. Type of received in advance

Advance cash for goods	6,020,058,284.82	4,400,761,321.98
Total	6,020,058,284.82	4,400,761,321.98

2. No significant received in advance aged over 1 year.

Other instructions:

The main reason for the increase in received in advance: the number of products received in advance from dealers increased in this period.

Note 26. Payroll payable
1. List of Payroll payable

Short-term employee benefits	2,504,590,502.06	8,137,726,399.14	8,235,785,806.75	2,406,531,094.45
Post-employment benefits - defined contribution plan	8,802,235.19	804,433,797.03	799,412,520.88	13,823,511.34
Termination benefits		76,483,357.98	76,483,357.98	
Other benefits due within one year				
Total	2,513,392,737.25	9,018,643,554.15	9,111,681,685.61	2,420,354,605.79

2. List of short-term employee benefits

Note 28. Other payables

Interest payable		1,365,195.81
Dividend payable	116,201,871.98	102,503,988.86
Other payable	3,705,456,592.64	1,117,131,224.31
Total	3,821,658,464.62	1,221,000,408.98

Other instructions:

The main reason for the increase in other payables: the restricted stocks that are subject to repurchase obligations were granted to equity incentive targets in this period.

(I) Interest payable

Interest on long-term loans due in instalments		
Interest on corporate bonds		
Interest payable on short-term borrowings		879,877.74

2. Other important payables with aging over 1 year

Deposit and guarantee	105,864,502.32	Suppliers or customers that still have corporate relationship
Total	105,864,502.32	

Note 29. Non-current liabilities due within one year

Long-term borrowing due within one year	234,866,091.46	
Bonds payable due within one year	20,708,979.00	
Long-term payable due within one year	50,617,154.12	33,128,853.96
Lease liabilities due within one year		
Total	306,192,224.58	33,128,853.96

Other instructions:

The main reason for the increase in non-current liabilities due within one year: the merger of Westland Co-Operative Dairy Company Limited increased the long-term loans due within one year in this period.

Note 30. Other current liabilities

Short-term bonds payable	3,029,773,770.49	
Unsettled liability reserve unexpired statutory reserve	20,265,281.60	3,766,784.74
Guarantee of compensation reserve	19,346,995.49	6,638,881.27
Total	3,069,386,047.58	10,405,666.01

The unexpired statutory reserve is the reserve of 50% of the guaranteed income of the subsidiary of Inner Mongolia Huishang Finance Guarantee Co., Ltd., which is reversed when the guarantee expires.

The guarantee of the compensation reserve is a reserve of 1% of the guarantee balance of the company's subsidiary Inner Mongolia Huishang Finance Guarantee Co., Ltd.

1. Changes in short-term payable bonds

Continued:

The first phase of ultra-short-term financing bonds in 2019	500,000,000.00	12,464,383.56	512,464,383.56	
The second phase of ultra-short-term financing bonds in 2019	2,500,000,000.00	55,143,442.62	2,555,143,442.62	
The third phase of ultra-short-term financing bonds in 2019	3,000,000,000.00	38,914,754.10	3,038,914,754.10	
The fourth phase of ultra-short-term financing bonds in 2019	1,000,000,000.00	15,145,355.20		1,015,145,355.20
The fifth phase of ultra-short-term financing bonds in 2019	1,000,000,000.00	13,163,934.42		1,013,163,934.42
The sixth phase of ultra-short-term financing bonds in 2019	1,000,000,000.00	1,464,480.87		1,001,464,480.87
Total	9,000,000,000.00	136,296,350.77	6,106,522,580.28	3,029,773,770.49

Other instructions:

The main reason for the increase in other current liabilities: the issuance of ultra-short-term financing bonds in this period.

Note 31. Long-term borrowings

1. Classification of Long-term borrowing

Pledge loan		
Mortgage loan	469,729,869.80	
Guaranteed loan		
Credit Loan	1,394,265.61	289,000.00
Total	471,124,135.41	289,000.00

Instructions of long-term borrowings classification:

The mortgage loans are the loans borrowed by subsidiary Westland Dairy Company Limited from the New Zealand ASB Bank and Westpac Bank with its real estate as collateral. The annual interest rates are 3.03%-3.14%, and the loan periods are 87-88 months.

Note 32. Bonds payable

1. Classification of Bond payable

Medium-term notes that pays interest by installments	500,000,000.00
Corporate bonds	1,000,000,000.00
Total	1,500,000,000.00

2. Changes in bond payables (excluding preferred stocks classified as financial liabilities, perpetual bonds and other financial instruments)

The first phase medium-term notes in 2019	100.00	21 January 2019	3 years	500,000,000.00
The first phase corporate bonds in 2019	100.00	26 November 2019	3 years	1,000,000,000.00
Total				1,500,000,000.00

Continued:

The first phase medium-term notes in 2019	500,000,000.00	17,486,301.41		17,486,301.41	500,000,000.00
The first phase corporate bonds in 2019	1,000,000,000.00	3,222,677.59		3,222,677.59	1,000,000,000.00
Total	1,500,000,000.00	20,708,979.00		20,708,979.00	1,500,000,000.00

Other instructions:

Reasons for the increase in bonds payable: issuing the corporate bonds and medium-term notes in this period.

Note 33. Long-term payables

Long-term account payable	164,015,105.94	133,664,814.17
Special funds for account payables		
Total	164,015,105.94	133,664,814.17

(I) Long-term payable

1. Classifications of long-term payable

Entrusted funds for poverty alleviation projects	53,399,999.97	50,000,000.00
Payments payable of financing lease	161,232,260.09	116,793,668.13
Long-term payable due within one year	-50,617,154.12	-33,128,853.96
Total	164,015,105.94	133,664,814.17

Note 34. Deferred income

Assets-related government subsidies	102,400,803.04	160,115,083.27	200,912,804.62	61,603,081.69	After receiving the supporting funds for infrastructure provided by the local government in accordance with its commitment to support, assets are not ready for preconcerted usable condition.
Revenue-related government subsidies	55,929,513.57	16,000,000.00	18,955,027.78	52,974,485.79	Government grant with a follow-up obligation for research projects.
Total	158,330,316.61	176,115,083.27	219,867,832.40	114,577,567.48	

1. Deferred income related to government subsidies

Infrastructure support funds by local government on the basis of pledged support when investing in construction plants	55,000,000.00	152,165,083.27		-154,165,083.27	53,000,000.00	Assets related
Special funds for technical transformation and upgrade	270,000.00				270,000.00	Assets related
Gas boiler renovation project	500,000.00			-500,000.00		Assets related
Special fund for industrial restructuring and upgrading	1,834,803.04			-1,783,733.37	51,069.67	Assets related
Project for dairy production automation technology transformation	11,096,000.00			-11,096,000.00		Assets related
Infrastructure construction fund for dairy product	10,000,000.00			-10,000,000.00		Assets related
Special fund for dairy product quality inspection process management platform	2,700,000.00			-2,367,987.98	332,012.02	Assets related
Construction fund of milk powder quality safety traceability system	21,000,000.00			-21,000,000.00		Assets related
Subsidies for major projects in Gansu Province		1,000,000.00			1,000,000.00	Assets related
Supporting funds for strong agricultural industries		3,950,000.00			3,950,000.00	Assets related
Industrial poverty alleviation		1,000,000.00			1,000,000.00	Assets related
Construction and maintenance of dairy product R & D platform		1,500,000.00			1,500,000.00	Assets related
Capacity building of international scientific and technological cooperation base		500,000.00			500,000.00	Assets related
Dairy technology special research funds	50,788,607.46		3,435,533.02	-5,878,588.65	41,474,485.79	Income related
Special fund for modern agricultural technology system construction special fund						

Other explanations, including changes in current period and reasons for changes:

The increase in this period was mainly due to the achievement of the first phase exercise/unlocking conditions of the stock options and restricted stocks granted by the company in 2016, the exercise of the equity incentive objects and the confirmation of the equity incentive expenses of the current period.

The decrease in this period was mainly due to the company's use of equity incentives to offset the capital premium after share repurchase.

Note 37. Treasury shares

Restricted treasury stock	97,462,825.00	2,360,233,083.59	95,680,712.50	2,362,015,196.09
Repurchased treasury shares		5,793,336,797.86	4,827,611,090.83	965,725,707.03
Total	97,462,825.00	8,153,569,881.45	4,923,291,803.33	3,327,740,903.12

Other explanations, including changes in current period and reasons for changes:

The increase in treasury shares is mainly due to the company's repurchase of shares in this period.

The decrease in treasury shares is due to the grant of restricted stocks that are subject to repurchase obligations to equity incentive objects in this period.

Note 38. Other comprehensive income

	2018				2019			
I. Other comprehensive income cannot be reclassified to profit or loss	540,955,516.25	31,274,030.76			13,107,645.95	18,166,384.81		559,121,901.06
1. Includes: Changes due to the remeasurement of the defined benefit plan								
2. Other comprehensive income that cannot be transferred into the profit or loss under the equity method								
3. Changes in fair value of other equity instrument investments	540,955,516.25	31,274,030.76			13,107,645.95	18,166,384.81		559,121,901.06
4. Changes in the fair value of the company's own credit risk								
II. Other comprehensive income to be reclassified into profit or loss	375,236,186.82	180,933,873.86	267,276,056.94	498,843.49	21,757,782.52	244,086,876.42	932,554.51	425,020,750.28
1. Other comprehensive income can be reclassified to profit or loss under the equity method								
2. Profit or loss from changes in fair value of available-for-sale financial assets	194,302,312.96							
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets								
4. Changes in fair value of other debt investments								
5. The amount of financial assets reclassified into other comprehensive income								
6. Other credit investment credit impairment provisions								
7. Cash flow hedge reserve	498,843.49	498,843.49	77,706,366.13	498,843.49	21,757,782.52	55,449,740.12		55,948,583.61
8. Converted difference in foreign currency statements	180,435,030.37	180,435,030.37	189,569,690.81			188,637,136.30	932,554.51	369,072,166.67
Other comprehensive income in total	375,236,186.82	721,889,390.11	298,550,087.70	498,843.49	34,865,428.47	262,253,261.23	932,554.51	984,142,651.34

Note 39. Surplus reserve

Statutory surplus reserve	2,886,951,017.13	161,238,411.87	3,048,189,429.00
Discretionary surplus reserve	158,777,451.76		158,777,451.76
Reserve fund			
Business development fund			
Others			
Total	3,045,728,468.89	161,238,411.87	3,206,966,880.76

Note 40. Retained earnings

Undistributed profit from the end of the last period before adjustment	15,672,617,442.10	14,109,791,931.29
Adjustment of total undistributed profit at the beginning of the period (Adjustment up +, down -)	135,281,250.00	
Undistributed profit from the beginning of the period after adjustment	15,807,898,692.10	14,109,791,931.29
Add: Net profit attributable to parent company owners for current period	6,933,763,430.47	6,439,749,610.82
Subtract: Statutory surplus reserve	161,238,411.87	623,074,524.41
Discretionary surplus reserve		
General risk preparation		
Common stock dividends payable	4,254,689,325.60	4,254,944,825.60
Common stock dividends from the convertible bonds that have been transferred to share capital		
Others	-1,104,250.00	-1,095,250.00
Undistributed profits at the end of the period	18,326,838,635.10	15,672,617,442.10

Details of adjusting undistributed profits at the beginning of the period:

- (1) Due to retrospective adjustment of the “Accounting Standards for Enterprises” and its related new regulations, the undistributed profit at the beginning of the period was affected by RMB 0.
- (2) Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB 135,281,250.00.
- (3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB 0.
- (4) The merger scope change caused by the same control affected the undistributed profit at the beginning of the period by RMB 0.
- (5) The total amount of other adjustments that affected the undistributed profit at the beginning of the period was RMB 0.

Note 41. Operating revenue and operating costs

Main business	89,509,018,156.11	56,066,790,193.73	78,720,560,129.96	48,935,873,688.70
Other business	500,114,696.15	324,922,546.52	255,828,557.33	170,160,684.03
Total	90,009,132,852.26	56,391,712,740.25	78,976,388,687.29	49,106,034,372.73

Note 42. Interest income

Interest income	213,942,619.01	576,888,837.20
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Other instructions:

Reasons for the decrease of interest income: decrease of interbank funds of the subsidiary Yili Finance Co., Ltd.’s and interest rate compared with the same period.

Note 43. Taxes and surcharges

Consumption tax		
Sales tax		
Urban maintenance and construction tax	162,102,045.02	173,078,316.59
Extra charges of education funds	133,683,198.80	142,041,652.60
Resource tax	236,253.87	
Real estate tax	62,309,309.02	57,815,431.24
Land holding tax	41,204,927.86	44,421,081.37
Vehicle usage tax	437,400.07	440,818.24
Stamp duty	90,592,369.02	80,206,792.87
Water conservancy construction fund	72,147,651.50	18,608,940.13
Others	14,274,590.29	14,339,350.78
Total	576,987,745.45	530,952,383.82

Note 44. Selling expenses

Salary	4,399,613,241.80	3,642,663,999.66
Depreciation and maintenance expenses	123,052,187.53	99,873,920.83
Travel expenses	332,192,442.39	310,988,739.99
Labour insurance and material consumption	32,879,105.12	19,643,050.69
Office rental expense	346,763,186.79	250,739,506.95
Advertising expense	11,041,461,552.48	10,955,021,221.65
Freight expense	4,678,821,051.39	4,392,890,837.19
Others	114,874,697.60	100,862,473.72
Total	21,069,657,465.10	19,772,683,750.68

Note 45. General Administrative expenses

Salary	1,954,239,498.55	1,050,169,138.96
Depreciation and maintenance expenses	1,296,782,715.96	1,207,244,394.77
Travel expenses	194,621,781.79	167,553,152.50
Labour insurance and material consumption	64,451,016.01	44,913,357.36
Office rental expense	154,564,031.69	105,773,333.79
Consulting and auditing expense	209,994,141.41	124,760,823.79
Amortization of intangible assets	43,374,970.68	21,576,491.72
Others	366,899,510.62	257,744,794.33
Total	4,284,927,666.71	2,979,735,487.22

Other instructions:

The main reasons for the increase of G&A expenses: In this period, the expansion of the company's business scale, the acquisition of subsidiaries, the adjustment of employees' salaries and the increase of equity incentive expenses lead to the increase of employees' salaries.

Note 46. Research and development expenses

Salary	141,859,779.20	132,758,869.47
Depreciation and maintenance expenses	15,408,513.94	13,583,997.55
Research and test design fee	310,365,789.31	248,250,413.71
Others	27,536,674.44	32,279,836.59
Total	495,170,756.89	426,873,117.32

Note 47. Financial expenses

Interest expense	272,425,922.01	131,602,571.41
Interest income	-349,438,584.66	-199,095,685.13
Net losses of exchanges	70,371,689.96	2,100,109.77
Bank Charges	14,643,095.43	5,121,835.96
Total	8,002,122.74	-60,271,167.99

Other Instructions:

The main reason for the increase of financial expenses: the increase of interest expenses in the current period.

Note 48. Other income
1. Other income details

Government subsidies	587,791,450.91	746,562,694.87
Total	587,791,450.91	746,562,694.87

2. Government subsidies accounted to other income

The local government subsidies support funds to support the conditions when investing in a factory	491,790,530.08	652,600,671.09	Income related
Technical transformation policy funds	20,997,500.00		Income related
Internship, employment, stability, training subsidies	20,315,569.63	21,423,424.60	Income related
Supporting funds for strong agricultural industries	4,450,000.00		Income related
Special fund for agricultural development	4,390,000.00		Income related
Transportation fee subsidy	4,000,000.00		Income related
Supporting funds for investment in fixed assets and technological transformation	3,970,000.00		Income related
Cultivate business Subsidy	3,676,000.00		Income related
Supporting funds for industrial commissioning projects	2,950,000.00		Income related
Special funds for economic and trade development	2,876,457.36	1,700,000.00	Income related
Digital workshop reward policy project	2,000,000.00		Income related

Special funds for industrial transformation and upgrading	2,844,767.84	10,827,886.24	Income related
Special Energy Saving Fund	1,400,000.00		Income related
Smart factory reward funds	1,300,000.00		Income related
Special funds for key industry development	1,210,000.00		Income related
Special renovation project for intelligent manufacturing of infant formula milk powder	730,000.00		Income related
Special fund support for agricultural industrialization	700,000.00		Income related
Special funds for pilot enterprises that integrate the “two technologies”	506,500.00		Income related
Industrial design subsidies	500,000.00		Income related
Traditional industry transformation and upgrading funds	364,000.00		Income related
Tax support funds	5,137,800.00		Income related
Special funds for green energy projects	300,000.00		Income related
Special funds for developing modern agricultural technology system	3,552,806.11	1,058,427.72	Income related
Elimination of coal-fired boiler subsidies	229,100.00		Income related
Water resources recycling	200,000.00		Income related
Science and technology innovation major contribution award	150,000.00		Income related
Science and Technology Progress Award	140,000.00		Income related
Automatic monitoring of pollution sources	134,000.00		Income related
Patent funding	107,100.00		Income related
Water-saving enterprise creation project	100,000.00		Income related
Import subsidies	87,140.00		Income related
Subsidies for sewage system construction	78,800.00		Income related
Safe Production Demonstration Enterprise Project	50,000.00		Income related
Special project on food safety cooperation	45,000.00		Income related
Demonstration application of new nanomaterial hazard factor detecting technique	81,500.00		Income related
Tourism special funds	20,000.00		Income related
Dairy technology special research funds	3,435,533.02	10,075,802.72	Income related
Dairy product quality inspection process management platform special funds		961,630.33	Income related
Construction and application of food contact materials fingerprinting		108,423.82	Income related
Tax return		1,123,140.80	Income related
Industrial and information development support funds		22,550,354.36	Income related
Technical renovation, science and technology project funds		15,331,050.00	Income related
Energy conservation, environmental protection project funds		2,342,695.00	Income related
Dairy products infrastructure construction fund		50,000.00	Income related
Small and micro enterprises financing premium subsidies		500,000.00	Income related
Award for outstanding tourism area		270,000.00	Income related
Funds for safe production and food safety		1,990,000.00	Income related
Subsidy for obsolete motor vehicles		68,000.00	Income related
Trademark patent subsidy		600,000.00	Income related
Sewage treatment upgrade project		9,342.73	Income related
Dairy product automation technology transformation project		498,196.96	Income related

Special fund for the development of the Internet of Things	288,100.00	2,009,948.50	Income related
Overseas IP environment analysis and layout		150,000.00	Income related
Material reserve subsidy		100,000.00	Income related
Special Fund for Prairie Project	200,000.00		Income related
Others	2,483,246.87	213,700.00	Income related
Total	587,791,450.91	746,562,694.87	

Note 49. Investment income
1. Investment income details

Gains on long-term equity investment accounted by equity method	213,681,494.32	144,202,016.70
Gains on disposing long-term equity investment	151,789,088.34	654,782.54
Investment profit of financial assets measured at fair value through profit or loss during the period of holding		
Investment profit from disposal of financial assets measured at fair value through profit or loss		147,945.20
Gains on holding held-to-maturity investments		
Disposal of holding held-to-maturity investments		
Gains on holding available-for-sale financial assets		115,908,438.73
Gains on disposing available-for-sale financial assets		
Gains on financial assets held for trading	11,375,000.00	
Dividend income from other equity instrument investments	168,020,073.57	
Interest income from debt investment during the holding period		
Interest income from other debt investments		
Disposal of financial assets held for trading		
Disposal of other equity instrument investments		
Disposal of debt investment		
Disposal of other debt investment		
Total	544,865,656.23	260,913,183.17

Other instructions:

Main reasons for the increase of investment income: the disposal of part of the equity of Shandong Xinjufeng Technology packaging Co., Ltd. and increase in investment income from long-term equity investment accounted by equity method.

Note 50. Gains or losses from fair-value changes

Financial assets held for trading	78,163,067.12	230,980.46
Including: gains from changes in fair value of derivative financial instruments	44,445,353.78	230,980.46
Financial liabilities held for trading		
Investment properties at fair value		
Total	78,163,067.12	230,980.46

Other instructions:

The main reasons for the increase in gain from changes in fair value: the increase of the fair value of commodity futures contracts held by subsidiaries and the increase of the fair value of Chengdu Bank Co., Ltd. during the period.

Note 53. Gains or losses on disposal of assets

Gain from fixed assets disposal	-25,124,790.06	-38,491,702.03
Total	-25,124,790.06	-38,491,702.03

Other instructions:

The main reason for the increase of gain from assets disposal: The loss caused by the disposal of machinery and equipment in the current period is reduced.

Note 54. Non-operating income

Income from the disposal of non-current assets	634,415.75	8,384,671.80	634,415.75
Including: disposal of fixed assets	634,415.75	8,384,671.80	634,415.75
disposal of intangible assets			
Income from debt restructuring			
Revenue from non-monetary asset transactions			
Donation acceptance			
Government subsidies	5,523,959.00	918,617.20	5,523,959.00
Penalty for default	7,604,809.96	6,014,608.72	7,604,809.96
Approved unable paid account payable	13,599,037.59	17,376,194.11	13,599,037.59
Others	2,475,335.10	2,124,840.83	2,475,335.10
Total	29,837,557.40	34,818,932.66	29,837,557.40

(1) Government subsidies recorded to current profit and loss

Government cash awards that contribute to local economic development	5,523,959.00	812,187.20	Income related
Other financial subsidies		106,430.00	Income related
Total	5,523,959.00	918,617.20	

Note 55. Non-operating expenses

Loss from the disposal of non-current assets	37,853,268.62	55,595,751.91	37,853,268.62
Including: disposal of fixed assets	37,853,268.62	55,595,751.91	37,853,268.62
disposal of intangible assets			
Debt restructuring losses			
Loss on exchange of non-monetary assets			
Donations	71,415,759.25	84,170,560.57	71,415,759.25
Liquidated damages ⁷¹ Item			

Note 56. Corporate Income tax expenses

1. Corporate Income tax expenses

Current income tax expense	1,279,916,996.78
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3. Other cash received related to investing activities

Withdrawal of fixed deposits not available before maturity		516,218.89
Total		516,218.89

4. Other cash paid related to investing activities

Futures Commodity Contract	29,000,989.89	
Deposit	50,000,000.00	
Disposal of subsidiaries		700,593.29
Pledged offer buyback		270,000,000.00
Total	79,000,989.89	270,700,593.29

5. Other cash received relating to financing activities

Cash subscribed for restricted stock granted to equity incentive targets	2,353,012,000.00	
Total	2,353,012,000.00	

6. Other cash paid related to financing activities

Investment returned to minority shareholders upon cancellation of subsidiaries	65,057.66	
Share repurchase	5,803,310,832.85	5,120,950.00
Bond issue fee	7,420,875.70	
Finance lease fee	60,663,958.29	32,261,111.11
Total	5,871,460,724.50	37,382,061.11

Note 58. Supplementary information for cash flow statement
1. Supplementary information for cash flow statement

1. Reconciliation net profit to cash flows from operating activities		
Net profit	6,950,726,155.12	6,451,996,108.27
Add: Provision for asset impairment	301,995,372.01	75,655,773.01
Depreciation of fixed assets, biological assets	1,839,371,917.37	1,575,070,653.65
Amortization of right-of-use assets		
Amortization of intangible assets	44,735,873.24	21,576,491.72
Amortization of Long-term deferred expenses	73,849,366.71	12,012,977.46
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets (Income filled as "-")	25,124,790.06	38,491,702.03
Losses on fixed asset scrapping (Income filled as "-")	37,218,852.87	47,211,080.11
Losses from changes in fair value (Income filled as "-")	-78,163,067.12	-230,980.46

Financial expenses (Income filled as “-”)	344,018,041.89	133,702,681.18
Losses on investments (Income filled as “-”)	-544,865,656.23	-260,913,183.17
Decrease in deferred income tax assets (Increase as “-”)	-71,988,997.37	-49,010,335.87
Increase in deferred income tax liabilities (decrease as “-”)	35,450,983.68	60,824,690.05
Decrease in inventories (increase as “-”)	-1,583,871,861.11	-863,588,466.37
Decrease in operating account receivables (increase as “-”)	-2,222,042,414.75	-933,021,072.51
Increase in operating account payables (decrease as “-”)	3,045,051,276.80	2,314,993,680.70
Others	258,869,649.26	
Net cash flows from operating activities	8,455,480.2	-2 49,69 ,86 3,0

Or]

4. Composition of cash and cash equivalent

1. Cash	11,066,714,362.59	10,704,930,612.93
Including: Cash on hand	60,870.13	618.83
Bank deposit available for payment at anytime	10,259,249,037.24	7,191,915,900.08
Other monetary funds available for payment at anytime	152,913,529.99	263,700,276.85
Deposit in Central Bank for payment	3,850,000.00	3,850,000.00
Inter-bank deposits	650,640,925.23	3,245,463,817.17
Inter-bank offers		
2. equivalents		2,860,000,000.00
Including: Bond investment mature within 3 months	SD V X † V H H D \$ V L G S D H ^ c W @ ` 0	
3. Ending balance of cash and cash equivalents	11,066,714,362.59	13,564,930,612.93
Including: Restricted cash and cash equivalents used by the parent company or the group's subsidiaries		

Note 59. Assets with restricted ownership or use rights

Cash and cash equivalents	258,606,473.74	as o ba ti
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EUR	409,139.13	7.8155	3,197,626.83
NZD	4,773,797.20	4.6973	22,423,957.59
THB	42,322,900.30	0.2328	9,852,771.19
SGD	4,438.00	5.1739	22,961.77
GBP	272,067.90	9.1501	2,489,448.51
AUD	11,091,785.72	4.8843	54,175,609.01
Long-term borrowings			
Including: NZD	100,000,000.00	4.6973	469,729,869.80
THB	4,748,000.00	0.2328	1,105,265.61
Other receivables			
Including: USD	19,586.82	6.9762	136,641.58
HKD	228,259.30	0.89578	204,470.12
NZD	10,023,142.20	4.6973	47,081,705.83
IDR	222,105,677.29	0.000502	111,497.05
MYR	66,388.04	1.6986	112,766.73
THB	3,787,260.31	0.2328	881,674.20
VND	75,158,837.21	0.000301	22,622.81
Accounts payable			
Including: USD	5,057,690.60	6.9762	35,283,461.16
EUR	832.08	7.8155	6,503.12
HKD	12,700.12	0.89578	11,376.51
NZD	165,441,571.51	4.6973	777,128,693.85
IDR	101,376,366,613.55	0.000502	50,890,936.04
MYR	77,004.76	1.6986	130,800.29
THB	114,260,614.56	0.2328	26,599,871.07
VND	349,608,172.76	0.000301	105,232.06
GBP	988,507.67	9.1501	9,044,944.03
AUD	234,968.09	4.8843	1,147,654.64
Other payables			
Including: USD	8,098,604.31	6.9762	56,497,483.39
NZD	17,312,530.45	4.6973	81,322,149.30
IDR	140,891,474.10	0.000502	70,727.52
THB	105,442,906.06	0.2328	24,547,108.53
HKD	63,265.34	0.89578	56,671.83
GBP	7,891.55	9.1501	72,208.47
Short-term borrowings			
Including: NZD	151,000,000.00	4.6973	709,292,103.40
Non-current liabilities due within one year			
Including: NZD	50,000,000.00	4.6973	234,864,934.90
THB	24,866,040.21	0.2328	5,788,814.16
Long-term payables			
Including: THB	13,336,677.96	0.2328	3,104,778.63

2. Description of overseas operating subsidiaries, including major overseas operating subsidiaries, their overseas main business locations, recording currency and selection basis, and reasons for changes in recording currency

The Oceania Dairy Limited and Westland Dairy Company Limited, the subsidiaries of Yili in New Zealand, operate in New Zealand, and the recording currency is New Zealand dollars. THE CHOMTHANA COMPANY LIMITED, a subsidiary of Yili in Thailand, operates in Thailand and its recording currency is Baht. The recording currency is determined according to the main economic environment of the overseas business entity, and there is no change in this year.

Note 61. Hedging

Disclose the relevant qualitative and quantitative information of the hedged items, related hedging instruments and hedged risks according to the hedging categories:

1. Interest rate swap contract

Westland Dairy Company Limited, a subsidiary of Yili, uses interest rate swap contracts to reduce the cash flow risk of its floating-rate bank borrowings, which converts some floating-rate into fixed rates. In 2016-2018, the purchased interest rate swap contracts were designated as hedging instruments. The terms of interest rate swap contracts are the same as those of corresponding bank borrowings, and the main terms are as follows:

NZD 100,000,000	30 November 2021-29 November 2024	New Zealand bank bills 1-month loan interest rate changed to a fixed interest rate of 2.618%-3.325%
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Westland Dairy Company Limited uses interest rate swap contracts to reduce the risk of cash flow changes caused by market interest rate fluctuations.

2. Forward foreign exchange contract

Westland Dairy Company Limited holds the following forward foreign exchange contracts which are designated as effective hedging tools to manage foreign exchange exposures related to expected foreign currency sales. The main contents are as follows:

Sell USD 370,000,000 in NZD	31 January 2020 to 29 July 2022	0.62760-0.69413
Sell AUD 43,400,000 in NZD	31 January 2020 to 31 May 2021	0.90035-0.96040
Sell GBP 1,000,000 in NZD	31 January 2020 to 31 July 2020	0.4952-0.5153

Westland Dairy Company Limited uses forward foreign exchange contracts to reduce the risk of changes in cash flow arising from exchange rate fluctuations in sales settled in foreign currencies.

Note 62. Government subsidies

1. Basic information

The local government subsidies support funds to support the conditions when investing in a factory	643,955,613.35	Other income, Deferred income, Intangible assets, Fixed assets	491,790,530.08
Technical transformation policy funds	20,997,500.00	Other income	20,997,500.00
Internship, employment, stability, training subsidies	20,315,569.63	Other income	20,315,569.63
Supporting funds for strong agricultural industries	8,400,000.00	Other income, Deferred income	4,450,000.00
Special Td3TfTT0 1 Tf001ievelopmns	4,390,300.00s	Other incom b	4,390,300.00s

Supporting funds for investment in fixed assets and technological transformation	3,970,000.00	Other income	3,970,000.00
Cultivate business subsidy	3,676,000.00	Other income	3,676,000.00
Supporting funds for industrial commissioning projects	2,950,000.00	Other income	2,950,000.00
Special funds for economic and trade development	2,876,457.36	Other income	2,876,457.36
Digital workshop reward policy project	2,000,000.00	Other income	2,000,000.00
Loan interest subsidies	27,971,800.00	Deferred income, Finance expenses	21,971,800.00
Special fund for industrial restructuring and upgrading	11,430,000.00	Other income, Fixed assets	2,844,767.84
Special Energy Saving Fund	1,400,000.00	Other income	1,400,000.00
Smart factory reward funds	1,300,000.00	Other income	1,300,000.00
Special funds for key industry development	1,210,000.00	Other income	1,210,000.00
Special renovation project for intelligent manufacturing of infant formula milk powder	730,000.00	Other income	730,000.00
Special fund support for agricultural industrialization	700,000.00	Other income	700,000.00
Special funds for pilot enterprises that integrate the “two technologies”	506,500.00	Other income	506,500.00
Industrial design subsidies	500,000.00	Other income	500,000.00

Special green factory funds in strong manufacturing areas	660,000.00	Fixed asset	
Government subsidies for financial leasing equipment	550,000.00	Fixed asset	
Subsidies for production line automation upgrade technical transformation projects	755,600.00	Fixed asset	
Air pollution prevention funds	300,000.00	Fixed asset	
Special fund for private economic development	700,000.00	Fixed asset	
Industrial poverty alleviation	1,000,000.00	Deferred income	
Special Fund for Prairie Project	200,000.00	Other income	200,000.00
Construction and maintenance of dairy product R & D platform	1,500,000.00	Deferred income	
Capacity building of international scientific and technological cooperation base	500,000.00	Deferred income	
Government subsidies for technological transformation projects	1,620,000.00	Fixed asset	
Funding projects for comprehensive awards for technological transformation	1,000,000.00	Fixed asset	
Green production and smart manufacturing new model demonstration project	22,610,000.00	Fixed asset	
Government cash awards that contribute to local economic development	5,523,959.00	Non-operating income	5,523,959.00
Subsidies for financing guarantee fees	10,000,000.00	Deferred income	
Others	861,527.95	Other income	861,527.95
Total	847,856,367.29		606,689,051.86

VII. Changes in consolidation scope

(I) Business combinations not under the same control

1. Business combinations not under the same control that occurred in this period

THE CHOMTHANA COMPANY LIMITED	25 April 2019	542,200,665.33	96.46	Acquisition	25 April 2019	Obtaining control	169,102,106.79	-30,485,789.44
Westland Co-Operative Dairy Company Limited	1 August 2019	1,102,484,067.34	100.00	Acquisition	1 August 2019	Obtaining control	1,285,545,020.12	-252,281,474.60
Arxan Yili Natural Mineral Drink Co., Ltd	23 August 2019	133,336,000.00	100.00	Acquisition	23 August 2019	Obtaining control	4,731,938.89	-5,931,712.86

Other instructions:

The company's subsidiary HONGKONG JINGANG TRADE HOLDING CO., LIMITED totally acquires 96.46% equity of THE CHOMTHANA COMPANY LIMITED. This year THE CHOMTHANA COMPANY LIMITED and its three subsidiaries are included in the scope of consolidation.

The company's subsidiary HONGKONG JINGANG TRADE HOLDING CO., LIMITED totally acquires 100.00% of Westland Co-Operative Dairy Company Limited. This year, Westland Co-Operative Dairy Company Limited and its five subsidiaries are included in the scope of consolidation.

The company totally acquires 100.00% equity of Arxan Yili Natural Mineral Beverage Co., Ltd. This year Arxan Yili Natural Mineral Beverage Co., Ltd. is included in the scope of consolidation.

2. Merger cost and goodwill

Cash	542,200,665.33	1,102,484,067.34	133,336,000.00
Fair value of non-cash assets			
Fair value of debt issued or assumed			
Fair value of equity securities issued			
Contingent fair value			
Fair value of equity held before the purchase date			
Others			
Total combination cost	542,200,665.33	1,102,484,067.34	133,336,000.00
Less: Fair value share of identifiable net assets obtained	246,592,567.01	936,491,226.87	78,071,723.83
Goodwill/combination cost that is less than the fair value share of identifiable net assets acquired	295,608,098.32	165,992,840.47	55,264,276.17

Other instructions:

In April 2019, the wholly-owned subsidiary of the company, HONGKONG JINGANG TRADE HOLDING CO., LIMITED, purchased 96.46% equity of THE CHOMTHANA COMPANY LIMITED from the original shareholders of THE CHOMTHANA COMPANY LIMITED. The transaction is a merger of acquisition not under common control and the costs of the acquisition amounted to RMB 542,200,665.33. The fair value of the net assets of the merged company, THE CHOMTHANA COMPANY LIMITED, on the date of the acquisition is RMB 246,592,567.01 and the difference of RMB 295,608,098.32 is recognised as goodwill.

In August 2019, the wholly-owned subsidiary of the company, HONGKONG JINGANG TRADE HOLDING CO., LIMITED purchased 100% equity of Westland Co-Operative Dairy Company Limited from the original shareholders of Westland Co-Operative Dairy Company Limited. The transaction is a merger of acquisition not under common control and the costs of the acquisition amounted to RMB 1,102,484,067.34. The fair value of the net assets of the merged company, Westland Co-Operative Dairy Company Limited, on the date of the acquisition is RMB 936,491,226.87 and the difference of RMB 165,992,840.47 is recognised as goodwill.

In August 2019, the Company purchased 100% equity of Arxan Yili Natural Mineral Drink Co., Ltd. from the original shareholders of Arxan Yili Natural Mineral Drink Co., Ltd. The transaction is a merger of acquisition not under common control and the costs of the acquisition amounted to RMB 133,336,000.00. The fair value of the net assets of the merged company, Arxan Yili Natural Mineral Drink Co., Ltd., on the date of the acquisition is RMB 78,071,723.83 and the difference of RMB 55,264,276.17 is recognised as goodwill.

3. The identifiable assets and liabilities of the acquiree on the date of purchase

Deferred tax assets	4,124,742.58	4,124,742.58	58,776,480.91	58,776,480.91	298,621.91	298,621.91
Prepayments			7,770,573.98	7,770,573.98	172,908.16	172,908.16
Other receivables			23,429,100.04	23,429,100.04	664,246.47	664,246.47
Liabilities	98,952,126.48	70,545,200.94	1,972,489,348.12	1,919,366,595.61	206,827,308.69	168,538,205.15
Borrowings	8,077,941.22	8,077,941.22	1,316,303,212.56	1,316,303,212.56	12,000,000.00	12,000,000.00
Accounts payable	62,467,259.72	62,467,259.72	313,279,097.62	313,279,097.62	3,933,751.23	3,933,751.23
Deferred tax liabilities	28,406,925.54		125,540,185.10	72,417,432.59	38,289,103.54	
Received in advance			9,401,039.85	9,401,039.85	153,105.00	153,105.00
Other payables			106,114,763.71	106,114,763.71	149,671,950.68	149,671,950.68
Payroll payable			27,707,792.68	27,707,792.68	359,108.22	359,108.22
Taxes payable			3,260,225.71	3,260,225.71	5,156.01	5,156.01
Interest payable					2,415,134.01	2,415,134.01
Financial liabilities held for trading			70,883,030.89	70,883,030.89		
Net assets	255,642,304.59	142,014,392.77	936,491,226.87	799,889,980.46	78,071,723.83	-36,79:9

Hulunbeier Yili Dairy Co., Ltd.	New establishment
Inner Mongolia Jinze Yili Dairy Co., Ltd.	New establishment

2. The list of liquidation and cancellation of subsidiaries in the current period excluded in the scope of consolidated statements

Xiwuqi Tai Qin Water Co., Ltd.	Cancellation
Duerbote Jinshan Co., Ltd.	Cancellation

VIII. Equities in other entities

(I) Equities in subsidiaries

1. Composition of the enterprises Group

Baotou Yili Dairy Co., Ltd.	Baotou	Baotou Xitu High-tech Zone	Dairy production and sales	100	Investment establishment
Duerbote Yili Dairy Co., Ltd.	Daqing	Daqing	Milk powder production and sales	89.38	Investment establishment
Langfang Yili Dairy Products Co., Ltd.	Langfang	Langfang	Dairy production and sales	75	Investment establishment
Inner Mongolia lingxian Food Co., Ltd.	Hohhot	Hohhot	Processing and sales of agricultural and side line products	100	Investment establishment
Inner Mongolia Qingshan Dairy Co., Ltd.	Hohhot	Hohhot	Milk powder sales	100	Investment establishment
Tianjin Yili Kangye Industry Frozen Food Co., Ltd.	Tianjin	Jinnan Economic Development Zone	Frozen drinks production and sales	55	Investment establishment
Inner Mongolia Yili Fubeier Dairy Products Co., Ltd.	Hohhot	Hohhot	Milk Powder Production	74.51	Investment establishment
Zhaodong Yili Dairy Co., Ltd.	Heilongjiang Zhaodong	Zhaodong	Dairy production and sales	100	Investment establishment
Inner Mongolia Yili Enterprise Development Co., Ltd.	Hohhot	Hohhot	Consulting Services	100	Investment establishment
Xi'an Yili Taipuke Drink Co., Ltd.	Xi'an	Xi'an	Dairy production and sales	100	Investment establishment
Lindian Yili Dairy Co., Ltd.	Heilongjiang Lindian	Lindian	Dairy production and sales	100	Investment establishment
Qiqihar Yili Dairy Co., Ltd.	Qiqihar	Qiqihar	Dairy production and sales	100	Investment establishment
Chifeng Yili Dairy Co., Ltd.	Chifeng	Chifeng	Dairy production and sales	100	Investment establishment
Dingzhou Yili Dairy Co., Ltd.	Dingzhou	Dingzhou	Dairy production and sales	100	Investment establishment
Yili Suzhou Dairy Co., Ltd.	Suzhou	Suzhou Industrial Park	Dairy production and sales	100	Investment establishment
Jinan Yili Dairy Co., Ltd.	Jinan	Pingyin	Dairy production and sales	100	Investment establishment
Inner Mongolia Jinchuan Yili Dairy Co., Ltd.	Hohhot	Hohhot	Dairy production and sales	100	Investment establishment
Inner Mongolia Jinshan Dairy Co., Ltd.	Hohhot	Hohhot	Dairy production and sales	100	Investment establishment
Foshan Yili Dairy Co., Ltd.	Foshan	Foshan	Frozen drinks production and sales	100	Investment establishment
Hefei Yili Dairy Co., Ltd.	Hefei	Hefei	Dairy production and sales	100	Investment establishment
Liaoning Yili Dairy Co., Ltd.	Shenyang	Shenyang	Dairy production and sales	70	Investment establishment
Hubei Huanggang Yili Dairy Co., Ltd.	Huanggang	Huanggang	Dairy production and sales	100	Investment establishment
Inner Mongolia ShengTai Investment Co., Ltd.	Hohhot	Hohhot	Foreign investment	100	Investment establishment
Chengdu Yili Dairy Co., Ltd.	Chengdu	Chengdu Qionglai	Dairy production and sales	100	Investment establishment
Urumqi Yili Food Co., Ltd.	Urumqi	Urumqi	Dairy production and sales	100	Investment establishment
Henan Yili Dairy Co., Ltd.	Pingdingshan	Pingdingshan	Dairy production and sales	100	Investment establishment
Fuxin Yili Dairy Co., Ltd.	Liaoning Fuxin	Fuxin	Dairy production and sales	100	Investment establishment
Duolun Yili Dairy Co., Ltd.	Inner Mongolia Duolun	Duolun	Dairy production and sales	100	Investment establishment
Inner Mongolia Jinhai Yili Dairy Co., Ltd.	Hohhot	Hohhot	Dairy production and sales	100	Investment establishment
Xilin Hot Yili Dairy Products Co., Ltd.	Xilin Hot	Xilin Gol Economic and technological Development zone	Dairy production and sales	100	Investment establishment

Luanxian Yili Dairy Co., Ltd.	Hebei Luanxian	LuanXian, Hebei	Dairy production and sales	100		Investment establishment
Lanzhou Yili Dairy Co., Ltd.	Lanzhou	Lanzhou	Dairy production and sales	100		Investment establishment
YILI INTERNATIONAL DEVELOPMENT CO., LIMITED	Hong Kong	Hong Kong	Commercial trade	100		Investment establishment
Tianjin Yili Dairy Co., Ltd.	Tianjin	Tianjin	Milk powder sales	100		Investment establishment
Shanxi Yili Dairy Co., Ltd.	Shaanxi Lantian	Lantian	Frozen drinks production and sales	100		Investment establishment
Bayannur Yili Dairy Co., Ltd.	Bayannur	Bayannur	Dairy production and sales	100		Investment establishment
Zhejiang Yili Dairy Co., Ltd.	Zhejiang Jinhua	Jinhua	Frozen drinks production and sales	100		Investment establishment
Tianjin Yili Dairy Products Co., Ltd.	Tianjin	Wuqing Development Zone	Dairy production and sales	98.15	1.85	Investment establishment
Fuxin Yili Dairy Products Co., Ltd.	Liaoning Fuxin	Fuxin	Dairy production and sales	100		Investment establishment
Weifang Yili Dairy Co., Ltd.	Weifang	Linqu	Dairy production and sales	100		Investment establishment
Ningxia Yili Dairy Co., Ltd.	Ningxia Wu Zhong	Wuzhong	Dairy production and sales	100		Investment establishment
Heilongjiang Yili Dairy Co., Ltd.	Daqing	Duerbote	Dairy production and sales	100		Investment establishment
Changji Sheng Xin Industrial Co., Ltd.	Changji, Xinjiang	Changji	Investment development		95	Investment establishment
Hulunbeier Xianglong Mining Energy Co., Ltd.	Hulunbeier	Hulunbeier	Mineral product sales		100	Investment establishment
Zhangbei Yili Dairy Co., Ltd.	Zhangbei, Hebei	Zhangbei	Dairy production and sales	100		Investment establishment
Guangdong Yili Dairy Co., Ltd.	Huizhou	Huize Avenue, Huizhou City	Dairy production and sales	100		Investment establishment
Xianyang Yili Dairy Co., Ltd.	Xianyang	Sanyuan County, Shaanxi Province	Dairy production and sales	100		Investment establishment
HONGKONG JINGANG TRADE HOLDING CO., LIMITED	Hong Kong	Hong Kong	Business Trade	100		Investment establishment
Jiyuan Yili Dairy Co., Ltd.	Henan Jiyuan	Jiyuan, Henan Province	Dairy production and sales	100		Investment establishment
Guangxi Yili Frozen Food Co., Ltd.	Nanning	Nanning	Frozen drinks production and sales	100		Investment establishment
Inner Mongolia Kindairy Trading Co., Ltd.	Hohhot	Hohhot	Dairy sales	100		Investment establishment
Yunnan Yili Dairy Co., Ltd.	Kunming	Kunming	Dairy production and sales	100		Investment establishment
Meizhou Yili Frozen Food Co., Ltd.	Meizhou, Guangdong	Shejiang Town, Mei County, Guangdong	Ice-cream production and sales	100		Investment establishment
Changchun Yili Frozen Food Co., Ltd.	Changchun	Changchun Jiutai Economic Development Zone	Ice-cream production and sales	100		Investment establishment
Longyou Yili Dairy Co., Ltd.	Zhejiang Longyou	Zhejiang Longyou Industrial Park	Dairy production and sales	100		Investment establishment
Jinzhong Yili Dairy Co., Ltd.	Shanxi Qixian	Shanxi Qixian	Dairy production and sales	100		Investment establishment
Inner Mongolia Technology Research Institute Co., Ltd.	Hohhot	Hohhot Jinshan Development Zone	Dairy technology	100		Investment establishment
SILVER HARBOR LLC.	United States	United States	Market research		100	Investment establishment
Yili Innovation Centre Europe B.V.	Netherlands	Netherlands	Dairy technology		100	Investment establishment
Yili Financ	ngxi Yili Frozen Food Co.,F	×nm				

BDC SPECIALTY FOOD CO., LTD.	Thailand	Thailand	Ice-cream production and sales	96.46	Acquisition
SAARK FOOD (M) SDN.BHD.	Malaysia	Malaysia	Dairy sales	100	Investment establishment
Beijing Yili Technology Development Co., Ltd.	Beijing	Beijing	Technology development and service consulting	100	Investment establishment
Yili Yinuo Technology (Shanghai) Co., Ltd.	Shanghai	Shanghai	Technology development and service consulting	100	Investment establishment
Yili Innovation Investment Management (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai city	Investment consulting, investment management	100	Investment establishment
Yili Venture Capital (Suzhou) Co., Ltd.	Suzhou	Suzhou City	Venture Capital	100	Investment establishment
Zhuhai Jianling Equity Investment Fund Management Partnership (Limited Partnership)	Zhuhai	Zhuhai city	Equity investment	100	Investment establishment
Westland Dairy Company Limited	New Zealand	New Zealand	Dairy production and sales	100	Acquisition
Westland Milk Products Investments Limited	New Zealand	New Zealand	Investment	100	Acquisition
EasiYo Products (UK) Limited	United Kingdom	United Kingdom	Dairy production and sales	100	Acquisition
EasiYo Products Limited	New Zealand	New Zealand	Dairy production and sales	100	Acquisition
EasiYo Products (Aust) Limited	Australia	New Zealand	Dairy production and sales	100	Acquisition
Westland Dairy (Shanghai) Co., Ltd.	Shanghai	Shanghai	Dairy sales	100	Acquisition
Arxan Yili Natural Mineral Drink Co., Ltd.	Arxan	Arxan	Mineral water manufacturing and sales	100	Acquisition
GREEN ASIA FOOD VIETNAM COMPANY LIMITED	Vietnam	Vietnam	Dairy sales	100	Investment establishment
Hulunbeier Yili Dairy Co., Ltd.	Hulunbeier	Hulunbeier	Dairy production and sales	100	Investment establishment
Inner Mongolia Jinze Yili Dairy Co., Ltd.	Hohhot	Hohhot	Dairy production and sales	100	Investment establishment

(II) The shareholder's equity in the subsidiary has changed but still control the subsidiaries's transactions

None

(III) Equities in joint ventures or associated enterprises

1. Important joint ventures or associated enterprises

China Youran Dairy Holding Limited	China	Cayman Islands	Animal and accessory products sales	40.00	Equity method
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2. Major financial information of importaa

Unit: (ten thousand RMB)

Current Asset	318,603.69	225,015.92
Non-current assets	585,166.51	491,233.95
Total assets	903,770.20	716,249.87
Current Liabilities	283,627.36	265,099.10
Non-current Liabilities	145,293.74	26,151.78
Total liabilities	428,921.10	291,250.88
Minority stockholder's interest		

Attributable to parent company shareholders' equity	474,849.10	424,998.99
Share of net assets (calculated by ratio)	189,939.64	169,999.60
Adjusting items		
—Goodwill		
—Unrealized profit of internal transactions		
—Others		
Book value of equity investment in joint venture	189,939.64	169,999.60
Fair value of equity investment in joint venture with public offering		
Operating revenue	800,163.64	658,474.76
Net profit	49,848.51	32,685.11
Net profit of termination operation		
Other comprehensive income	1.58	
Total comprehensive income	49,850.09	32,685.11
Dividend received from joint venture for the period		

3. Financial information of unimportant joint ventures or associated corporations

Unit: (ten thousand RMB)

Joint venture:		
Total investment carrying value		
The following items are calculated on a shareholding basis		
Net income		
Other comprehensive income		
Total comprehensive income		
Associates:		
Total investment book value	6,150.85	20,939.11
The following items are calculated on a shareholding basis		
--Net income	-325.21	1,346.16
--Other comprehensive income		
--Total comprehensive income	-325.21	1,346.16

IX. The Risks Related to Financial Instruments

During the operation, the company will face various financial risks: credit risk, liquidity risk and market risk (mainly foreign exchange and interest rate risk). The company's overall risk management plan is aimed at reducing the potential adverse impact on the financial performance of the Company against the unpredictability of financial markets.

(I) Credit risk

Credit risk refers to the risk of financial loss caused by the counterparty's failure to fulfil its contractual obligations. Credit risk mainly arises from cash at bank and hand, notes receivable, accounts receivable and other receivables. The management layer has applied appropriate credit policies and monitored the credit risks exposure continuously.

The company's monetary fund mainly deposit in the central bank, commercial bank and other financial institutions. The managers believe that these central banks or commercial banks have high credibility and asset status and there will not be major credit risk or heavy losses due to breach by the other party. The Company also makes deposits in different commercial banks to spread risk.

For accounts receivable, other receivables and notes receivable, the company sets policies to control credit exposure. The Company assesses the customer's credit qualification and sets the corresponding credit period based on the financial condition of the customer, the possibility of obtaining a guarantee from the third party, the credit record and other factors. The Company will regularly monitor the customer's credit records and remind customers with bad credit records through the method of prompt, shortening credit period or cancelling credit period to ensure the company's overall credit risk is within the controllable range, so as not to face significant credit losses. In addition, the company reviews the recovery of financial assets on each balance sheet date to ensure that the relevant financial assets have sufficient provisions for expected credit losses.

On 31 December 2019, the book balance of the relevant assets and expected credit impairment losses are as follows:

Notes receivable	221,720,000.00	
Accounts receivable	1,758,063,997.64	142,553,544.08
Other receivables	194,759,131.74	35,312,451.59
Total	2,174,543,129.38	177,865,995.67

On 31 December 2019, the company's top five customers' accounts receivable accounted for 40.62% of the company's total accounts receivable. (End of 2018: 56.91%).

The maximum credit risk exposure for the company is the financial asset carrying value in balance sheet. Except the financial guarantee made by the company in Note XIII "(II) Contingencies", there is no extra guarantee that would protect the Company from credit risk.

(II) Liquidity risk

Liquidity risk means the company is unable to obtain sufficient funds timely to meet the needs of business development or pay the due debts and other obligations.

The Company's financial department continuously monitors the company's short-term and long-term capital requirements to ensure sufficient cash reserves and loan agreements which promise that the financial institution will provide enough reserve fund to meet short-term and long-term capital requirements.

By 31 December 2019, the company's financial liabilities in no-discounted cash flow agreement are presented by due date as follows:

Short-term borrowing	4,559,631,340.89	4,559,631,340.89	4,559,631,340.89		
Financial liabilities held for trading	37,079,015.63	37,079,015.63	37,079,015.63		
Notes payable	300,097,580.53	300,097,580.53	300,097,580.53		
Accounts payable	10,501,125,559.06	10,501,125,559.06	10,501,125,559.06		
Other payables	3,705,456,592.64	3,705,456,592.64	3,705,456,592.64		
Non-current liabilities due within one year	306,192,224.58	306,192,224.58	306,192,224.58		
Other current liabilities	3,029,773,770.49	3,029,773,770.49	3,029,773,770.49		
Long-term borrowing	471,124,135.41	471,124,135.41		469,729,869.80	1,105,265.61
Bonds payable	1,500,000,000.00	1,500,000,000.00			1,500,000,000.00
Long-term payables	164,015,105.94	164,015,105.94		92,794,437.99	71,220,667.95
Subtotal	24,574,495,325.17	24,574,495,325.17	22,439,356,083.82	562,524,307.79	1,572,325,933.56

Continued:

Short-term borrowings	1,523,000,000.00	1,523,000,000.00	1,523,000,000.00			
Notes payable	276,249,155.54	276,249,155.54	276,249,155.54			
Accounts payable	8,839,462,231.78	8,839,462,231.78	8,839,462,231.78			
Other payables	1,118,496,420.12	1,118,496,420.12	1,118,496,420.12			
Non-current liabilities due within one year	33,128,853.96	33,128,853.96	33,128,853.96			
Long-term borrowings	289,000.00	289,000.00				289,000.00
Long-term payables	133,664,814.17	133,664,814.17		27,723,497.34	105,941,316.83	
Subtotal	11,924,290,475.57	11,924,290,475.57	11,790,336,661.40	27,723,497.34	105,941,316.83	289,000.00

(III) Market risk

1. Foreign exchange risk

The principal operation of the Company is located in China and its operations are mainly settled in RMB. However, there are still existing foreign exchange risks, such as foreign currency assets and liabilities recognised by the Company and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated in US dollars, Euros, NZ dollars, AU dollars and HK dollars). The Financial Management Department of the company is responsible for monitoring foreign currency transaction and the scale of foreign currency assets and liabilities to minimize foreign exchange risk.

(1) The company's forward foreign exchange contracts as follows: Westland Dairy Company Limited uses forward foreign exchange contracts to mitigate the risk of cash flow changes caused by exchange rate fluctuations settled in foreign currencies. For details, see VI "Note 61 Hedging".

(2) On 31 December 2019, the amounts of foreign currency financial assets and liabilities are held by the Company translated into RMB as follows:

Continued:

Foreign currency financial assets:					
Cash and cash equivalents	9,625,412.40	15,891,192.51	2,604,480.96	165,682.86	35,265,100.70
Financial assets held for trading					
Accounts receivable		9,852,771.19	2,489,448.51		54,175,609.01
Other receivables	112,766.73	881,674.20		22,622.81	
Investment in other equity instruments					
Subtotal	9,738,179.13	26,625,637.90	5,093,929.47	188,305.67	89,440,709.71
Foreign currency financial liabilities:					
Short-term borrowings					
Financial liabilities held for trading					
Accounts payable	130,800.29	26,599,871.07	9,044,944.03	105,232.06	1,147,654.64
Other payables		24,547,108.53	72,208.47		
Non-current liabilities due within one year					
Long-term borrowings		1,105,265.61			
Long-term payables		3,104,778.63			
Subtotal	130,800.29	61,145,838.00	9,117,152.50	105,232.06	1,147,654.64

Continued:

Foreign currency financial assets:					
Cash and cash equivalents		3,594.80			4,507,576,042.21
Financial assets held for trading					
Accounts receivable			22,961.77		299,873,974.31
Other receivables					48,551,378.32
Investment in other equity instruments					
Subtotal		3,594.80	22,961.77		4,968,202,232.32
Foreign currency financial liabilities:					
Short-term borrowings					
Financial liabilities held for trading					
Accounts payable					900,349,472.77
Other payables					162,566,349.04
Non-current liabilities due within one year					
Long-term borrowings					470,835,135.41
Long-term payables					3,104,778.63
Subtotal					2,523,212,737.17

Continued:

Foreign currency financial assets:						
Cash and cash equivalents	6,569,474,837.11	8,353,331.85	3,372,481.67	49,304,788.84	1,517,922.86	6,632,023,362.33
Financial assets at fair value through profit or loss for the period				498,843.46		498,843.46
Accounts receivable	23,084,476.84			18,590,383.66		41,674,860.50
Other receivables	43,339,953.98		206,411.56	492,203.69		44,038,569.23
Available-for-sale financial assets			66,570,583.11			66,570,583.11
Subtotal	6,635,899,267.93	8,353,331.85	70,149,476.34	68,886,219.65	1,517,922.86	6,784,806,218.63
Foreign currency financial liabilities:						
Accounts payable	24,839,814.36			186,354,048.37		211,193,862.73
Other payables	1,319,689.45		61,017.42	2,325,440.94		3,706,147.81
Subtotal	26,159,503.81		61,017.42	188,679,489.31		214,900,010.54

(3) Sensitivity analysis

The foreign currency assets and liabilities held by the company are mainly monetary items. Except for foreign currency monetary items, the proportion of other foreign currency assets and liabilities held by the company is not significant. The Management of the company believes that, when other variables remain unchanged, the fluctuation of exchange rate may not have a significant impact on the current profit and loss or the shareholders' equity.

2. Interest rate risk

The interest rate risk mainly arises from bank loans. The fixed interest rate of financial liabilities causes the company to face the risk of fair value of interest rate. The company's financial department continuously monitors the interest rate level of the company. The Management will make adjustments timely based on latest market conditions to reduce interest rate risk.

(1) Subsidiaries of the company have signed interest rate swap arrangements with commercial banks to reduce the risk of floating interest rate changes in loans.

(2) On 31 December 2019, the percentage of interest-bearing liabilities accounted for 16.24 % of total assets.

(3) Sensitivity analysis

On 31 December 2019, if the rate rises or falls by 50 basis points, meanwhile other factors remain the same, the company's annual interest expenditure will increase or decrease by 47,917,136.19 RMB, resulting in the annual total profit reduction or increase of 47,917,136.19 RMB. The sensitivity analysis above assumes that interest rate changes have taken place on the balance sheet date.

X. Disclosure of fair value

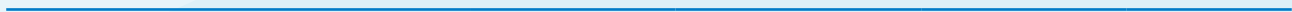
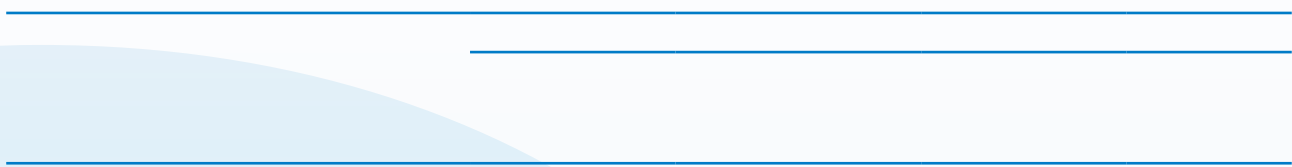
(I) Fair value of assets and liabilities measured at the end of the period

The company presents the book value of financial instruments measured at fair value on 31 December 2019 in three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest level among the three levels by using the important input values in the fair value measurement. The definition of the three levels is as follows:

Level 1: It is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market

Level 2: It is the directly or indirectly observable input value of relevant assets or liabilities excluding input value of the first level

The input value of the second level includes: 1) Quotations of similar assets or liabilities in active market; 2) Quotations for the same or similar assets or liabilities in inactive market; 3) Observable inputs other than quotations, such as interest rate and yield







Total	1,177.80
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6. Remuneration of key management staff

Unit: (ten thousand RMB)

Remuneration of key management staff	5,195.35	4,431.47
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7. Other Related transactions

Unit: (ten thousand RMB)

China Youran Dairy Holding Limited	Interest income		394.17
Shandong Xinjufeng Technology packaging Co., Ltd.	Interest income	7.35	1.80
Inner Mongolia Yili Public Welfare Foundation	Donation	5,000.00	5,000.00
Total		5,007.35	5,395.97

(VI) Accounts receivable and accounts payable with related parties
1. Accounts receivable from related parties

Unit: (ten thousand RMB)

Accounts receivable	China Youran Dairy Holding Limited	33.74	2.70	27.73	2.22
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2. Accounts payable to related parties

Unit: (ten thousand RMB)

Accounts payable	China Youran Dairy Holding Limited	14,183.03	23,742.31
Deposit received	China Youran Dairy Holding Limited		21.71

(VII) Related parties Commitments

On 19 January 2017, the company released the “Inner Mongolia Yili Industrial company Co., Ltd. on the donation to the Inner Mongolia Yili Public Welfare Foundation”, the company intended to donate 50 million RMB to the Inner Mongolia Yili Public Welfare Foundation in the way of its own fund donation, and donate for three years, with total amount of 150 million RMB. And it has respectively completed 50 million of the donation commitments in 2017, 2018 and 2019.

On 28 February 2019, the company released the “Inner Mongolia Yili Industrial company Co., Ltd. on the donation to the Inner Mongolia Yili Public Welfare Foundation”. The company intended to donate to Inner Mongolia Yili Public Welfare Foundation from 2020 to 2022 by self-fund not exceeding 0.1% of the total revenue of the audited business in the previous year for three years, with a cumulative donation amount not exceeding RMB 350 million.

XII. Share-based payment

(I) Overall situation of share-based payment

Total equity instruments granted by the company during the current period		152,428,000.00
Total equity instruments that the company exercises during the current period		25,422,500.00
Total amount of various equity instruments that have expired during the current period		3,670,500.00
The scope of the exercise price of stock options issued by the company at the end of the period and the remaining term of the contract	In 2016, the stock option plan's first option exercise price was 14.47 yuan/share, and it has now entered the second exercise period.	
The scope of the exercise price of other equity instruments issued by the company at the end of the period and the remaining term of the contract	In 2016, the second phase of the equity incentive plan of restricted stock grant price was 15.33 yuan/share, and the repurchase price was 13.33 yuan/share, which was 0 months remaining from the second unlocking period; The 2019 equity incentive plan of restricted stock price is 15.46 yuan/share, and the repurchase price is 15.46 yuan/share, which is 9, 21, 33, 45, and 57 months remaining from the first to fifth unlocking periods.	

Other Notes:

(1) Stock Options and Restricted Stock Incentive Plan in 2016

According to the Proposal on awarding stock options and restrictive stock to the incentive objects approved on the company's second extraordinary shareholders general meeting held on 26 December 2016 and the eighth extraordinary meeting of the board of directors held on 28 December 2016, this incentive plan is intended to grant incentive stock options and restricted stock and the grant date is 28 December 2016. The number of stock options granted was 45 million. The incentive objects of stock option were 294 persons and the exercise price was 16.47 RMB/share. The number of restricted stocks granted were 15 million shares. The incentive objects of restricted stock were 293 persons, and the grant price was 15.33 RMB/share. This plan shall be valid for a maximum period of 48 months from the date of the stock option and the restricted stock granted, to the date. This plan shall be valid for a maximum period of 48 months from the date of the stock option and the restricted stock granted, to the date when all stock options are exercised or cancelled and the restricted stocks are unlocked or repurchased and cancelled. The exercise period of a stock option and restricted stock lock-in period under this incentive plan are 24 months from the corresponding grant date. The incentive period of the stock options granted to the incentive object, the timing of each period of exercise, the unlocking period of restricted stocks, and the unlocking schedule of each period are shown in the following table:

The first exercise/unlock period	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	50%
The second exercise/unlock period	From the first trading day 36 months after the grant date to the last trading day within 48 months after the grant date	50%

Exercise/unlock condition

Performance Assessment Requirements: The stock options/restricted stocks awarded in this plan are divided into two exercise/unlock, the base period is 2015, the requirements of performance conditions for exercise/unlock are as follows:

The first exercise/unlock period	Based on 2015 net profit, the growth rate of 2017 net profit is not less than 30%, and the ROE is not less than 12%.
The second exercise/unlock period	Based on 2015 net profit, the growth rate of net profit in 2018 is not less than 45%, and the ROE is not less than 12%.

Note: 1. The above indicators are based on the audited annual consolidated financial data; 2. The incentive costs generated by this stock option/restricted stock incentive will be listed in the current profit and loss; 3. The above “net profit”, “net profit growth rate” and “return on equity” are measured based on the net profit attributable to the shareholders of the listed company for deducting non-recurring gains and losses; 4. Within the validity period of the incentive plan, if the company issues public shares, convertible bonds or non-public offering of shares during the year, the newly added equity will not be included in the calculation of the increase of net assets for the current year and the coming year.

Personal performance appraisal requirements: The assessment of the individuals’ performance of the motivating object is carried out according to the relevant regulations of the company. If the comprehensive assessment results of incentive object’s annual performance correspond to a grade of “pass” and above, the incentive object may satisfy the conditions for vesting rights or may unlock the current restricted stock; If the incentive object’s comprehensive assessment result is “fail”, the company cancels the current exercise amount of the incentive object according to the relevant provisions of the incentive plan, or repurchase and cancel the share of the restricted stock to be unlocked by the incentive object in the current period.

91-100	Excellent
81-90	Good
71-80	Pass
Under 70	Fail

The implementation of the granted shares was completed on 21 February 2017. On 7 January 2019, the company’s ninth extraordinary meeting of the board of directors reviewed and approved the “Company’s Proposal on the Achievement of the First Phase of Exercise and Unlocking Conditions of Stock Options and Restricted Stocks in 2016”, and 246 incentive objects were unlocked. The corresponding unlocked number of restricted stocks is 6,425,000 shares. 241 incentive objects exercised stock options, and the corresponding number of stock options was 18,997,500. On 2 January 2020, the company’s ninth extraordinary meeting of the board of directors and the ninth extraordinary meeting of the board of supervisors reviewed and approved the “Company’s Proposal on the Achievement of the Second Phase of Exercise and Unlocking Conditions of Stock Options and Restricted Stocks in 2016”. The second-stage exercise/unlock conditions of the company’s 2016 stock options and restricted stock have been fulfilled, and 230 incentive objects are unlocked, and the corresponding number of restricted stock unlocks is 6,040,000 shares. 230 incentive objects exercised stock options, and the corresponding number of stock options was 18,123,750, the exercise procedures will be processed later.

(2) Restricted Stock Incentive Plan in 2019

According to the approval and authorization of the 2019 first extraordinary general meeting of shareholders held on 27 September, 2019. On 30 September 2019, the ninth extraordinary meeting of the board of directors reviewed and passed the “Proposal on Adjusting the Number of Restricted Stock Incentives for 2019 Restricted Stock Incentive Plan” and “Proposal on Granting Restricted Stocks to Incentives”. The source of the restricted stock is the company’s A shares of common stock repurchased from the secondary market. The grant date is 30 September 2019. The number of grants is 152,428,000 shares, 15.46 RMB/share, and the incentive objects are 478 people. On 21 November 2019, the granting work was completed. The actual number of grants is 152.2 million shares, and the number of incentive objects is 473 people. The period of validity of the incentive plan is from the date of granting the restricted shares to the date when all the restricted shares are deregulated or repurchased and cancelled, and the maximum period is not more than 72 months. The first period of restricted stock granted by the incentive plan is 12 months, the second period is 24 months, the third period is 36 months, the fourth period is 48 months and the fifth period is 60 months.

After 12 months from the date of granting the restricted shares, and meeting the agreed conditions for lifting the restrictions, the incentive objects can start to lift the restrictions by stages.

The specific time schedule for the lifting of the restricted stock incentive plan is as follows:

The first unlock period	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	20%
The second unlock period	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	20%
The third unlock period	From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date	20%
The fourth unlock period	From the first trading day after 48 months from the grant date to the last trading day within 60 months from the grant date	20%
The fifth unlock period	From the first trading day after 60 months from the grant date to the last trading day within 72 months from the grant date	20%

The company's performance conditions to be met when the restricted stock is lifted:

On the day of lifting of the sales restriction determined in this plan, the company needs to evaluate the company's financial

If the incentive object's annual performance comprehensive assessment results correspond to a grade of "pass" and above, the incentive object can unlock the current restricted stock. If the incentive object's comprehensive assessment result is "fail", according to the relevant provisions of the incentive plan, the company shall repurchase and cancel the share of the restricted stock obtained by the incentive object in the current period.

91-100	Excellent
81-90	Good
71-80	Pass
Under 70	Fail

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XIII. Commitments and contingencies

(I) Significant commitments

As of the balance sheet date, there were no other significant commitments except as described in the XI (VII) related parties' commitments.

(II) Contingencies

1. Contingencies at balance sheet date

External guarantees

In the reporting period, Inner Mongolia Huishang Finance Guarantee Co., Ltd., a wholly-owned subsidiary of the company has a

The company plans to donate RMB 200,000,000.00 to the Inner Mongolia Yili Public Welfare Foundation by means of its own funds to support the prevention and control of the COVID-19, to support the national frontline anti-epidemic medical staff and outstanding research teams, people from all walks of life who are actively fighting the epidemic and other public welfare undertakings.

(II) Profit distribution

Profit or dividend to be allocated	4,913,183,654.73
Profit or dividend declared to be distributed after consideration of approval	

The company (parent company) has generated net profit of RMB 7,493,903,744.43 in the period, and brought from last year of RMB 8,109,863,775.78, the company has recognised statutory reserve of RMB 161,238,411.87 for the period, and distributed dividend of RMB 4,254,689,325.60. In the current year, due to the departure of some equity incentive objects, the company recover the distributed cash dividend of RMB 1,104,250.00. On the balance sheet date, total comprehensive income attributable to shareholder is RMB 11,188,944,032.74.

According to the relevant provisions of the “Law of Corporation” and “Articles of Associates”, The company intends to distribute a cash dividend of RMB 8.10 (tax included) for every 10 shares. As of 31 December 2019, the company’s total share capital is 6,096,378,858 shares, after deducting the company’s repurchase of 30,720,025 shares in the special account on the same day, the total proposed cash dividend is RMB 4,913,183,654.73. If the total share capital of the company changes during the period from the announcement of the profit distribution plan to the registration date for the implementation of the equity distribution, the company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly.

XV. Other significant events

(I) Segment information

1. Determination basis and accounting policy of reporting segment

The company determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system. The company’s operating segments are segments that satisfy the following conditions at the same time:

- (1) This segment engages in business activities from which it could earn revenues and incur expenses;
- (2) Whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- (3) Financial information including financial condition, operating results and cash flow is available.

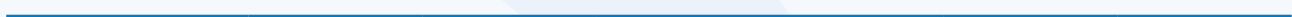
Reporting segment is based on the operating segment. The operating segment that satisfies one of the following conditions is defined as a reporting segment:

- (1) The operating segment’s reported revenue is 10% or more of the combined revenue of all operating segments;
- (2) The absolute value of its reported profit or loss is 10% or more than the greater one of the absolute value of the combined reported profit of all operating segments that do not report a loss and the combined reported loss of all operating segments that report a loss.

If the total external revenue of the operating segments is less than 75% of the total consolidated revenue, additional segments should be identified as reportable segments, even if they do not meet the 10% thresholds described above, and add according to the following rules until at least 75% of the consolidated or entity external revenue is included in reportable segments:

- (1) Identify the operating segments that the management believes that it enables users to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates;
- (2) Consolidate the operating segments that have one or more similar economic characteristics and meet the conditions for aggregation.

Inner-segment transfer prices are based on market prices. Inter-segments are not eliminated.



Continued:

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Provision for bad debts by single Items	91,687,915.66	7.38	91,687,915.66	100.00	
Provision for bad debts by combination	1,149,868,711.97	92.62	91,989,496.97	8.00	1,057,879,215.00
Including: Combination 2	1,149,868,711.97	92.62	91,989,496.97	8.00	1,057,879,215.00
Total	1,241,556,627.63	100.00	183,677,412.63		1,057,879,215.00

3. Accounts receivable for bad debts provision by single Items

			()	
The first	96,820,565.39	96,820,565.39	100.00	Subsidiary's net assets appear negative and the operating environment changes, so the possibility of recovery is small.
Single bad debt provision of insignificant accounts receivable	550,316.03	550,316.03	100.00	The Items is difficult to recover and has a high probability of being bad debts.
Total	97,370,881.42	97,370,881.42	100.00	-

4. Accounts receivable for bad debt provision by combination

			()	
Within 3 months	1,400,695,630.21		110,696,068.49	7.90
4-6 months	11,610,654.37		1,778,752.25	15.32
7-12 months	312,747.96		155,060.44	49.58
More than 1 year	412,653.71		412,653.71	100.00
Total	1,413,031,686.25		113,042,534.89	

5. Provision for bad debts within the report period of accrual, recovery or reversal

Provision for bad debts by single items	91,687,915.66	5,865,316.03	182,350.27	97,370,881.42
Provision for bad debts by combination	91,989,496.97	21,053,037.92		113,042,534.89
Including: Combination 2	91,989,496.97	21,053,037.92		113,042,534.89
Total	183,677,412.63	26,918,353.95	182,350.27	210,413,416.31

2. Classified by nature

Deposits and guarantees	62,056,628.36	14,262,628.18
Advances on behalf of others	31,419,457.38	33,532,741.28
Equity transfer	50,000,000.00	
Other receivables to support milk farmer's development	832,797.84	892,797.84
Total	144,308,883.58	48,688,167.30

3. Bad debt provision for other receivables

Beginning Balance on 1 January 2019	2,497,884.00	17,464,617.57	19,962,501.57
1 January 2019 balance in the current period			
— Transferred to the second stage			
— Transferred to the third stage			
— Reversed to the second stage			
— Reversed to the first stage			
Accrued in the current period	7,662,134.47	27,432.00	7,689,566.47
Reversed in the current period		95,073.87	95,073.87
Charge off in the current period			
Written off in the current period		88,323.00	88,323.00
Other changes			
Ending Balance on 31 December 2019	10,160,018.47	17,308,652.70	27,468,671.17

4. Provision for bad debts

6. The top 5 other receivables at the end of the balance date

The first	Equity transfer	50,000,000.00	Within 1 years	34.65	4,000,000.00
The second	Guarantees 2019	50,000,000.00	Within 1 year	34.65	4,000,000.00
The third	guarantees	3,752,438.99	Within 1 year	2.60	300,195.12
The fourth	Advances on behalf of others	3,043,496.00	More than 5 years	2.11	3,043,496.00
The fifth	Advances on behalf of others	2,322,400.00	1-2 years	1.61	185,792.00
Total		109,118,334.99		75.62	11,529,483.12

7. No other receivables are involved in government subsidies during the reporting period.

8. During the reporting period, there are no other receivable derecognised due to transfer of financial assets.

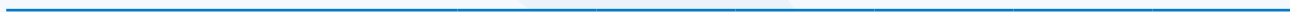
9. There is no transfer of other receivable and no formed assets and liabilities caused by continuous involvement because of the transfer of accounts receivable in the report period.

Note 3. Long-term equity investments

Invest in subsidiaries	27,475,212,986.13	10,584,208.17	27,464,628,777.96	23,312,475,802.70	10,584,208.17	23,301,891,594.53
Invest in associated enterprises and joint ventures	1,942,445,138.53		1,942,445,138.53	1,890,715,938.59		1,890,715,938.59
Total	29,417,658,124.66	10,584,208.17	29,407,073,916.49	25,203,191,741.29	10,584,208.17	25,192,607,533.12

1. Investment in Subsidiaries

Baotou Yili Dairy Co., Ltd.	126,878,802.93		126,878,802.93	
Duerbote Yili Dairy Co., Ltd.	208,397,331.92	60,000,000.00	268,397,331.92	
Langfang Yili Dairy Products Co., Ltd.	33,748,000.00		33,748,000.00	
Inner Mongolia lingxian Food Co., Ltd.	5,317,116.52		5,317,116.52	
Inner Mongolia Qingshan Dairy Co., Ltd.	10,584,208.17		10,584,208.17	10,584,208.17
Tianjin Yili Kangye Industry Frozen Food Co., Ltd.	38,500,000.00		38,500,000.00	
Inner Mongolia Yili Fubeier Dairy Products Co., Ltd.	11,361,345.46		11,361,345.46	
Zhaodong Yili Dairy Co., Ltd.	130,517,827.26		130,517,827.26	
Inner Mongolia Yili Enterprise Development Co., LTD.	6,114,929.41		6,114,929.41	
Xi'an Yili Taipuke Drink Co., Ltd.	133,003,100.00		133,003,100.00	
Lindian Yili Dairy Co., Ltd.	40,484,678.30		40,484,678.30	
Qiqihar Yili Dairy Co., Ltd.	24,525,247.18		24,525,247.18	
Chifeng Yili Dairy Co., Ltd.	31,993,214.15		31,993,214.15	
Dingzhou Yili Dairy Co., Ltd.	205,335,036.44		205,335,036.44	
Yili Suzhou Dairy Co., Ltd.	320,000,000.00		320,000,000.00	
Jinan Yili Dairy Co., Ltd.	189,999,805.07	500,000,000.00	689,999,805.07	
Inner Mongolia Jinchuan Yili Dairy Co., Ltd.	160,368,832.01		160,368,832.01	
Inner Mongolia Jinshan Dairy Co., Ltd.	101,698,311.45		101,698,311.45	



Note 5. Investment income

Investment income from long-term equity investment measured under cost method	4,196,364,820.22	3,480,355,966.54
Investment income from long-term equity investment measured under equity method	213,892,916.29	144,191,435.71
Investment income from disposal of long-term equity investment	151,789,088.34	-14,298,169.16
Investment profit of financial assets measured at fair value through profit or loss during the period of holding		
Investment profit from disposal of financial assets measured at fair value through profit or loss		147,945.20
Investment income from held-to-maturity investments		
Disposal of held-to-maturity investments		
Gains on holding available-for-sale financial assets		66,632,226.25
Investment income arising from disposal of available for sale financial assets		
Gains on financial assets held for trading		
Dividend income from other equity instrument investments	76,695,782.95	
Interest income from debt investment during the holding period		
Interest income from other debt investments		
Disposal of financial assets held for trading		
Disposal of other equity instrument investments		
Disposal of debt investment		

The profit or loss from the beginning of the period to the date of the merger for consolidated subsidiaries under the same control

The profit or loss from contingent events non-related to the company's major business

In addition to the effective hedging business related to the company's normal business operations, the fair value changes in holding financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, as well as the investment income of disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and other debt investments

Reversal of individual impairment test on account receivables 95,073.87

Profit or loss on entrusted loan

profit or loss from variation in fair value of investment real estate

The effect of one-time adjustment on the profit or loss in current period according to the requirements of tax and accounting laws or regulations

custody income

Other non-operating income and expenses not listed above -91,735,807.11

Other profit or loss meet the definition of extraordinary gain or loss

Effect of Income Tax -163,372,212.95

Impact of minority shareholders' equity -2,358,446.54

Total 665,604,496.77

(II) Return on equity and earnings per share (ROE&EPS)

	()		
Net profit attributable to the company's common stock shareholders	26.38	1.15	1.15
Net profit (after deduct the non-recurring profit or loss) attributable to the company's common stock shareholders	23.85	1.04	1.04

Inner Mongolia Yili Industrial Group Co., Ltd.

27 April 2020

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- I. Financial statements signed with seals affixed by the legal representative, the person in charge of accounting firms and the person in charge of the accounting department of the Company;
 - II. Original copy of the auditors' report bearing the seal of the accounting firm as well as the signatures and seals of the certified public accountants;
 - III. Original copies of all the documents of the Company that are disclosed on the CSRC-designated newspapers as well as the original scripts of its announcements during the reporting period; and
 - IV. Other relevant documents.
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Chairman: Pan Gang ()

Approved by the Board on: 27 April 2020

Amended Information
Applicable Not Applicable

