2023

ANNUAL REPORT

Being the most trusted global healthy food provider

内蒙古伊利实业集团股份有限公司

Inner mongolia Yili Industrial Group Co.,Ltd.

“厚度优于速度
行业繁荣胜于个体辉煌
社会价值大于商业财富”

潘刚

伊利集团董事长兼总裁

Important Notice[1]

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 accept joint and several liability to the information contained herein.

II. Particulars of absent directors

Position of absent directors	Name of absent directors	Reason for absence	Name of proxy
Director	Chao Lu	Other affairs	Pan Gang
Director	Peng Heping	Other affairs	Shi Fang
Director	Ji Shao	Other affairs	Cai Yuanming

III. Da Hua Certified Public Accountants LLP 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 Zou Ying, 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. Proposal for profits distribution or conversion of capital reserve to capital stock during the reporting period resolved by the Board of Directors

According to the audit report numbered "Da Hua Shen Zi No.[2024]0011002857" issued by Da Hua Certified Public Accountants LLP, the parent company of the Company recorded a net profit of RMB8,273,482,629.15 for the year 2023 (in addition to the undistributed profit of RMB20,193,062,014.56 at the beginning of the year), with the cash dividend of RMB6,621,108,317.20 distributed for the year 2022. This year, due to the resignation of some equity incentive targets, the distributed cash dividend of RMB2,381,202.00 was recovered, and the undistributed profit increased by RMB18,081,007.61 upon disposal of investments in other equity instruments. As at the end of the reporting period, distributable profit attributable to shareholders by the parent company of the Company was RMB21,865,898,536.12. The Company distributed profits based on the total share capital registered on the registration date for the implementation of the Company's 2023 equity distribution. The profit distribution plan is as follows:

The Company intended to distribute a cash dividend of RMB12.00 (including tax) to all its shareholders for every 10 shares. Calculated based on the Company's total share capital of 6,366,098,705 shares as of 31 March 2024, the total proposed cash dividend amounted to RMB7,639,318,446.00, accounting for 73.25% of net profit attributable to shareholders of parent company in the Company's consolidated financial statements in 2023. If the total share capital of the Company changes during the period from the date of disclosure of the profit distribution proposal to the equity registration date for the implementation of the equity distribution, the Company proposed to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly.

VI. Risk statement with respect to forward-looking statements

√ Applicable □Not applicable

The forward-looking statements such as future plans, and development strategies contained in this annual report do not constitute actual commitments made by the Company to investors. Investors and relevant persons are advised to maintain adequate awareness of risks in relation to such statements and understand the difference among plans, predictions and commitments.

VII. Is there any non-operational fund appropriated by controlling shareholders and other related parties

No

VIII. Is there any violation of stipulated decision-making procedures with respect to the provision of external guarantee by the Company

No

IX. Are there more than half of the directors who cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Notice of material risks

Relevant potential risks are described in this report. For details, please refer to the part headed "Potential Risk Exposure" under Section III "Management Discussion and Analysis" of this report.

XI. Others

□Applicable √Not applicable

[1] This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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List of Documents Available for Inspection	I. Financial statements signed with seals affixed by the person-in-charge of the Company, the person-in-charge of accounting affairs 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 as well as the original drafts of its announcements disclosed during the reporting period; IV. Other relevant documents.

伊利即品质

最高准则：视品质如生命

最高标准：100%用心，100%安全，100%健康

最高行为：人人都是品质创造者

Section I Definitions

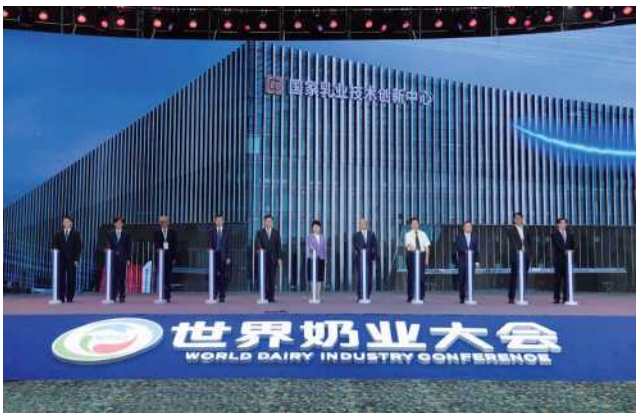
I. Definitions

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

Definitions of General Terms	
the Company, Yili or Yili Group	Inner Mongolia Yili Industrial Group Co., Ltd.
General Meeting of Shareholders	The general meeting of shareholders 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

2023 年 5 月 22 日，伊利集团举办了“ESG 与社会价值论坛”。

2023 年 7 月 14 日， 董事长兼总裁潘刚参加 2023 年伊利集团投资者日活动。



2023 年 8 月 5 日， 世界奶业大会在呼和浩特市举行，国家乳业技术创新中心在开幕当天宣告落成启用。

2023 年 8 月 6 日，董事长兼总裁潘刚与来自四川凉山黑鹰队、云南香格里拉白水台小学博爱篮球校队的孩子们合影。

Section II Company Profile and Principal Financial Indicators

I. Corporate Information

Chinese name	内蒙古伊利实业集团股份有限公司
Abbreviated Chinese name	伊利股份
English name	INNER MONGOLIA YILI INDUSTRIAL GROUP CO., LTD.
Abbreviated English name	YILI
Legal representative	Pan Gang (潘刚)

II. Contact Persons and Contact Information

	Secretary to the Board	Representative for securities affairs
Name	Qiu Xiangmin (邱向敏)	Lai Chunling (赖春玲)
Address	No.1 Yili Avenue, Chilechuan Dairy Development Zone, Hohhot	No.1 Yili Avenue, Chilechuan Dairy Development Zone, Hohhot
Telephone	0471-3350092	0471-3350092
Fax	0471-3601621	0471-3601621
Email	qxm@yili.com	laichunling@yili.com

III. Basic Information

Registered address	No.1 Yili Avenue, Chilechuan Dairy Development Zone, Hohhot, Inner Mongolia Autonomous Region
Historical changes to the registered address	1. On 4 June 1993, the Company was established with its registered address at No.31 Quanyuan Lane, Shixi Road, Yuquan District, Hohhot, Inner Mongolia Autonomous Region; 2. On 12 July 2000, the registered address was changed to No.8 Jinsi Road, Jinchuan Development Zone, Hohhot, Inner Mongolia Autonomous Region; 3. On 14 March 2008, the registered address was changed to No.1 Jinshan Street, Jinshan Development Zone, Hohhot, Inner Mongolia Autonomous Region; 4. On 7 September 2016, the registered address was changed to No.1 Jinshan Avenue, Jinshan Development Zone, Hohhot, Inner Mongolia Autonomous Region; 5. On 26 May 2023, the registered address was changed to No.1 Yili Avenue, Chilechuan Dairy Development Zone, Hohhot, Inner Mongolia Autonomous Region.
Business address	No.1 Yili Avenue, Chilechuan Dairy Development Zone, Hohhot, Inner Mongolia Autonomous Region
Postal code of business address	010110
Website	http://www.yili.com
Email	info@yili.com

IV. Place of Information Disclosure and Document Inspection

Name and website of media for annual report disclosure	"China Securities Journal" and "Shanghai Securities News"
Website of the stock exchange for annual report disclosure	http://www.sse.com.cn
Annual reports available at	Office of the Board of Directors of the Company

V. Particulars of the Company's Shares

Particulars of the Company's Shares

Class of shares	Stock exchange	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	YILI	600887	/

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, 7th Building, No.16 Xi Si Huan Zhong Road, Haidian District, Beijing
	Name of accountants as signatories	Liu Guoqing (刘国清), Du Chenmuzi (杜晨木姿)
Sponsor to continuously perform its supervisory function during the reporting period	Name	CITIC Securities Co., Ltd.
	Place of business	North Tower, Excellence Times Plaza II, No.8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
	Name of sponsor representatives as signatories	Zhuang Ziting (庄子听), Tang Liang (唐亮)
	Period of continuous supervision	9 December 2021 until the proceeds are used up

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

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2023	2022	Increase/Decrease compared with the same period of last year (%)	2021
Operating revenue	125,758,168,916.51	122,698,004,080.99	2.49	110,143,986,386.03
Net profit attributable to parent company owners for current period	10,428,540,457.94	9,431,064,679.78	10.58	8,704,915,103.95
Net profit attributable to shareholders of parent company after deducting non-recurring gains and losses	10,026,171,076.03	8,585,692,731.44	16.78	7,943,784,753.50
Net cash flows from operating activities	18,290,357,650.56	13,420,320,580.36	36.29	15,527,519,680.07
	As at the end of 2023	**As at the end of 2022**	**Increase/Decrease compared with the end of the same period of last year (%)**	**As at the end of 2021**
Net assets attributable to parent company owners	53,539,331,413.16	50,267,883,832.15	6.51	47,708,310,432.24
Total assets	151,620,252,657.98	130,965,302,299.22	15.77	101,962,339,842.65

(II) Principal financial indicators

Principal financial indicators	2023	2022	Increase/Decrease compared with the same period of last year (%)	2021
Basic earnings per share (RMB/share)	1.64	1.48	10.81	1.43
Diluted earnings per share (RMB/share)	1.64	1.48	10.81	1.43
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	1.57	1.34	17.16	1.30
Weighted average ROE (%)	20.20	19.23	Increased by 0.97 percentage point	25.59
Weighted average ROE after deducting non-recurring gains and losses (%)	19.36	17.39	Increased by 1.97 percentage point	23.13

Explanation on the principal accounting data and financial indicators of the Company for the past three years as at the end of the reporting period

□Applicable √Not applicable

VIII. Differences in Accounting Data under Domestic and Overseas Accounting Standards

(I) Differences in net profit and net assets attributable to the shareholders of parent company disclosed in the financial reports prepared under international accounting standards and PRC GAAP

□Applicable √Not applicable

(II) Differences in net profit and net assets attributable to the shareholders of parent 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 2023 by Quarter

Unit: Yuan Currency: RMB

	The first quarter (January-March)	The second quarter (April-June)	The third quarter (July-September)	The fourth quarter (October-December)
Operating revenue	33,328,470,170.19	32,653,752,097.34	31,108,604,645.06	28,667,342,003.92
Net profit attributable to parent company owners for current period	3,615,021,381.48	2,690,155,409.56	3,074,918,131.13	1,048,445,535.77
Net profit attributable to the shareholders of parent company after deducting non-recurring gains and losses	3,452,405,664.68	2,654,272,342.42	2,807,662,268.92	1,111,830,800.01
Net cash flows from operating activities	1,281,223,901.40	4,730,581,424.60	5,696,478,785.40	6,582,073,539.16

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

√Applicable □Not applicable

In accordance with relevant provisions under the "No. 1 Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public — Non-recurring Gains and Losses (Revised in 2023)", the government subsidies closely related to normal business with a sustained influence on the gains and losses of the Company, which comply with the provisions of government policy and are subject to the established standards, are adjusted as recurring gains and losses.

X. Non-recurring Gains and Losses and Amounts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item of non-recurring gains and losses	2023	Note(if applicable)	2022	2021
Profits or losses from disposal of non-current assets, includes elimination of provision for impairment of assets.	-20,343,335.84		38,609,523.58	-26,338,924.91
Government subsidies recognized in the current period's profits or losses, except for government subsidies that are closely related to the Company's normal business operations, in accordance with national policy and be enjoyed in accordance with the established criteria, and in accordance with defined criteria, and that have a sustainable impact on the Company's profits or losses.	432,167,386.50		1,111,256,782.08	958,606,431.98
Profits and losses from changes in fair value of financial assets and liabilities held by non-financial enterprises and profits and losses on disposal of financial assets and liabilities, except for effective hedging business related to the normal operating business of the same company.	278,186,201.65		94,148,860.21	120,593,118.99
Capital occupancy fees charged to non-financial enterprises included in current profits or losses.				
Profits and losses on entrusted investment or asset management.				
Profits and losses on entrusted external loans.				
Losses on assets due to force majeure factors, such as natural disasters.				
Reversal of provision for impairment of receivables individually tested for impairment.	16,242,934.20		5,832,748.47	120,757.51
Profits arising from the excess of the cost of investments in subsidiaries, associates and joint ventures over the fair value of the identifiable net assets of the investee at the time of investment acquisition.			7,970,553.56	4,869,729.62
Net profit or loss of subsidiaries for the period from the beginning of the period to the date of consolidation arising from a business combination under the same control.				
Profits or losses on exchange of non-monetary assets.				
Profits or losses on debt restructuring.				
One-off costs incurred by an enterprise because the relevant operating activities are no longer continuing, such as expenses for relocating employees.	-34,771,625.93			
One-off impact on current profits or losses due to adjustments in tax, accounting and other laws and regulations.			-1,687,101.12	
One-time recognition of share-based payment expenses due to cancellation or modification of equity incentive plans.				
For cash-settled share-based payments, profits and losses arising from changes in the fair value of employee compensation payable after the date of exercisability.				
Profits or losses arising from changes in the fair value of investment properties that are subsequently measured using the fair value model.				
Profits or losses arising from transactions at prices that are significantly less than the fair value of the transactions.				
Profits and losses arising from contingencies unrelated to the Company's normal business operations.				
Custodian fee income from entrusted operations.				
Other non-operating income and expenses other than those mentioned above.	-116,565,134.97		-204,810,276.84	-125,822,088.10
Other items of profits and losses that meet the definition of non-recurring profits and losses.				
Subtract: Income tax effect.	131,789,332.31		168,877,622.49	169,514,978.44
Impact of minority shareholders' equity (after tax).	20,757,711.39		37,071,519.11	1,383,696.20
Total	402,369,381.91		845,371,948.34	761,130,350.45

Reasons for defining items not listed in the "No.1 Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public - Non-recurring Gains and Losses" as non-recurring gains and losses items with significant amounts, as well as for defining the non-recurring gains and losses items listed in the "No.1 Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public - Non-recurring Gains and Losses" as recurring gains and losses items.
□Applicable √Not applicable

XI. Items Measured in Fair Value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Change for the period	Effect on profit for the period
Financial assets at fair value through profit or loss for the period	30,150,175.79	11,457,348.28	-18,692,827.51	-13,387,073.43
Derivative financial assets	79,076,347.98	91,460,984.86	12,384,636.88	21,545,336.62
Other non-current financial assets	1,004,495,650.73	1,959,665,165.59	955,169,514.86	306,384,961.05
Investment in other equity instruments	3,421,834,769.69	2,074,350,649.68	-1,347,484,120.01	13,427,006.25
Derivative financial liabilities	56,313,653.68	780,088.69	-55,533,564.99	
Total	4,591,870,597.87	4,137,714,237.10	-454,156,360.77	327,970,230.49

XII. Others

□Applicable √Not applicable

鉴证 · 品质

伊利人以始终如一的主人翁心态，

铸就了具有高度责任心和超强执行力的伊利精神，

锻造出伊利人特有的核心竞争力和追求卓越的优秀品质。

Section III Management Discussion and Analysis

2023 年 8 月 22 日，BrandFinance 发布 2023 年全球最具价值乳品品牌榜单，伊利蝉联全球乳业 TOP1。

I. Discussion and Analysis on Operations

During the reporting period, driven by a series of policies to expand domestic demand and stimulate economic development such as “the Outlines of the Strategic Plan for Expanding Domestic Demand (2022-2035)” and “the Notice on Measures to Restore and Expand Consumption”, the consumption capacity of urban and rural residents continued to strengthen and the consumption market continued to restore. Dairy products, as an integral part of a balanced diet, are an important component in improving the physical fitness of people and creating a healthy lifestyle. With the recovery of the economy, the development trend of the dairy industry was gradually improved.

Currently, the domestic economy is at a stage of recovery and development. Due to insufficient consumer confidence and declining birth rates in the short term, the scale of dairy products consumption has slightly reduced as compared with last year.

Dairy products provide consumers with a healthy and high-quality source of nutrition. In the long run, with people’s rising health awareness, consumers’ demand for high-quality dairy products that are naturally nutritious, organic and functional is showing an increasing trend. In China, the dairy industry chain embraces a relatively long-term development prospect. According to the third-party market research data from Nielsen and Syntun, during the reporting period, the market retail sales of the pure milk category maintained a growth trend as compared with last year, of which, the market retail sales of organic pure milk increased by 13.5% as compared with last year; and the market retail sales of the adult milk powder, represented by milk-based functional nutrients, increased by approximately 4.7% as compared with last year.

Meanwhile, with the increase in the income level of residents year by year, as well as the continuous improvement of infrastructure, residents of towns and counties are living an increasingly similar lifestyle as those of first- and second-tier cities, rendering the extensive township and county market a growth hotspot for the fast-moving consumer goods (FMCG) market in 2023. Among which, counties and county-level urban areas with a population of 250 million accounting for nearly 30% of the national urban permanent population are important contributors to the growth in the current dairy products market. According to the research data from Kantar, during the reporting period, the number of households purchasing room-temperature liquid dairy products in counties and county-level urban areas increased by 2.6% as compared with last year.

In recent years, the development of channels has shown a diversified trend, providing consumers with more convenient services and a wider array of choices. According to the research data from Kantar, during the reporting period, the retail sales of dairy products in offline physical stores of supermarkets showed a downward trend as compared with last year, while the retail sales of dairy products in proximity channels such as convenience stores and online community group buying showed an upward trend as compared with last year, which can bring more business growth opportunities for dairy companies through channel expansion as well upgrading and transformation of product delivery models.

During the reporting period, there was a sufficient supply of raw milk in China, and the prices of raw milk and raw milk powders decreased as compared with last year; and the price of white sugar increased as compared with last year.

Led by the vision of "being the most trusted global healthy food provider", the Company adheres to the belief of "Yili represents the highest quality", focuses on "consumer-oriented philosophy", further promotes "value innovation". The Company continues to focus on key tone of high-quality development, contributing to our steady business development with proactive innovation and relentless efforts.

II. Industry of the Company during the Reporting Period

(I) Development stage and cyclical characteristics of the industry

For details, please find relevant content in "I. Discussion and Analysis on Operations" in this section. Dairy products are consumer staples for the public with no clear cyclical characteristics.

(II) Industrial position of the Company

Leveraging on innovation and international business, the Company seized market opportunities and maintained a good momentum of development, and its overall performance far outpaced other industry peers, maintaining its first place in the Chinese and Asian dairy industries and its position as one of the top five operators in the global dairy industry.

During the reporting period, according to the third-party market research data from Nielsen and Syntun, the market share of the Company's retail sales of liquid dairy products was 31.6%, ranking first in the segment market; the retail market share of infant formula milk powder was 16.2%, increasing by 1.6 percentage points as compared with last year; the retail market share of adult milk powder was 23.3%, ranking first in the segment market; the retail market share of offline (modern) of cheese business was approximately 16.9%, increasing by 0.6 percentage point as compared with last year. The market share of ice cream business maintained the first place in the market, keeping its national leadership in the ice cream industry for 29 consecutive years.

III. Business of the Company during the Reporting Period

(I) Business scope

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

The industry under analysis in the report refers to the domestic dairy industry.

(II) Business models

1. Business model: Based on the division of product series and services, the Company has established six segments for product operation, namely, liquid milk, infant nutrition, adult nutrition, ice cream, yogurt 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 principal and auxiliary raw materials through tender for cost efficiency and greater bargaining power.

3. Procurement and supply model of raw milk: Mainly through capital or technical cooperation and by offering embedded services, the Company plays an exemplary role of a leading enterprise in agricultural industrialization. It has established an interest community among milk suppliers, and stabilizes and increases milk supply to meet the demand for dairy production.

4. Production model: Pursuant to the industrial regulations such as the "Conditions for Admission to 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 product quality and safety standards, and provides products and services both domestically and overseas.

5. Logistics and delivery models: The Company uses big data technology to scientifically plan logistics transportation routes and storage nodes. Through cooperating with third parties (logistics service providers) and relying on information technology platforms and services, the Company can respond to customers' demand quickly and accurately.

6. Sales model: The Company combines the distribution model with the direct sales model to realize the refined management of "customers, merchandise and stores" by creating a digital operation platform for consumers and strengthening the construction of three-dimensional channels.

7. Management and control models of overseas business: The Company carries out the planning of general coordination and the design of operation process of overseas business. During the reporting period, Oceania Dairy Limited, PT. Green Asia Food Indonesia, Westland Dairy Company Limited and THE CHOMTHANA COMPANY LIMITED, all being the subsidiaries of the Company, and the overseas subsidiaries of Ausnutria Dairy are mainly engaged in the production and sales of milk powder, lactoferrin, cheese, milk fat, ice cream and other food products that are sold all over the world.

(III) Key performance drivers

During the reporting period, the Company accelerated its deployment in the layout of the "big health" industry and achieved a multiple of innovative breakthroughs in respect of forward-looking technologies. Among which, revenue from innovative products, represented by "Satine" A2β-casein organic pure milk, "Ambrosial" active probiotic yogurt, "Satine" active lactoferrin organic pure milk, "Shuhua" AnTang Jian lactose-free milk, "Xinhuo" and "Qingmu" series of seasoning formula milk powder, "Pro-Kido" new generation infant formula milk powder, "NOC Xujinhuan" low GI series ice cream, "Changqing" protein artisan series flavor yogurt, "Meiyitian" probiotic drinks, "Yili" healthy and scientific BL-99 instant probiotic powder and a series of health supplements under Ausnutria Dairy, accounted for 16.8% of total revenue.

During the reporting period, the Company continuously improved the efficiency of integrated online and offline omnichannel operations, shortened product delivery cycles, and reduced supply chain operating costs through digital technology innovation. While furthering the exploration and expansion of channel development opportunities, the Company continuously optimized its refined channels management system to drive business growth in all aspects.

The Company remains friendly cooperation with global partners, optimizes the production capacity of its overseas bases, actively develops overseas markets, and further expands overseas operations. During the reporting period, revenue from the Company's overseas operations increased by 10.08% as compared with last year.

IV. Analysis on Core Competitiveness during the Reporting Period

√Applicable □Not applicable

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

(I) Outstanding brand advantage

During the reporting period, the Company adhered to the corporate belief of "Yili represents the highest quality" and the core operation concept of "consumer-centric", and continued to promote innovation in product technology, marketing and management, and brought nutrition, health and wonderful experiences to millions of consumers around the world.

In 2023, Kantar issued the BrandZ Top 100 Most Valuable Global Brands list, in which Yili remained the top one in the global dairy industry in a row. According to the report on the Chinese Mainland Brand Footprint 2023 of Kantar Consumer Index, "Yili" ranked the first in the most chosen FMCG brand in China list for eight consecutive years with a consumer reach of 1.3 billion.

(II) Excellent channel expansion capability

During the reporting period, the Company implemented the strategy of promoting online and offline omnichannel digital transformation. While actively exploring and expanding emerging channels, it established and improved an integrated channel operation system through digital empowerment to enhance channel operation efficiency and promote sustainable business growth.

According to the third-party market research data from Nielsen and Syntun, during the reporting period, the market share of the Company's retail sales of liquid dairy products on major e-commerce platforms increased by nearly 4 percentage points as compared with the previous year. In both online and offline channels, the Company maintained its first place in terms of market share of the Company's retail sales of liquid dairy products.

(III) Leading innovation ability

Guided by the strategic goal of "value leadership", the Company keeps pace with the times by continuously enhancing its innovation capability, thus promoting the healthy development of its business. As at the end of the reporting period, the Company had obtained 838 patent authorizations at home and abroad, representing an increase of 144 as compared with the end of last year; and accumulated eight China Patent Excellence Awards, making it the dairy company with the most "China Patent Excellence Awards".

(IV) Synergy of efficient global supply chain

During the reporting period, the Company continuously improved the synergetic mechanism between domestic and overseas markets and its production bases, fully enhanced its overall planning and operational synergy worldwide at each segment of supply, production and sales as well as risk response capabilities, and gave full play to its efficient synergy advantages of "the network of global supply chain".

As at the end of the reporting period, the Company had 81 production bases around the world, with products selling in more than 60 countries and regions, and the overall production capacity reaching 16.09 million tons per year.

(V) More cohesive corporate culture

The Company adhered to practice its consumer and business-oriented philosophy, continued to build a systematic, standardized, and distinctive corporate culture construction system, comprehensively promoted the in-depth integration of corporate culture construction and business development, unified all staff to actively practice and inherit the corporate culture, further enhanced the cohesiveness, unity and motivation of the organization, injecting strong impetus to the realization of the Company's strategic goals.

V. Business Operation during the Reporting Period

During the reporting period, the Company recorded total revenue of RMB126,179 million and a net profit of RMB10,284 million, representing an increase of 2.44% and 10.37%, respectively, over last year.

(I) Liquid milk business

During the reporting period, the Company recorded operating revenue of RMB85,540 million from its liquid milk business, which represented an increase of 0.72% as compared with last year and made it ranking the first in terms of overall retail market share.

During the reporting period, the Company facilitated the enhancement of product quality with its organic product business, driving the retail sales of Satine Organic Pure Milk product series to maintain double-digit growth over last year. With precise insight into and by recognizing consumers' needs for "Health + Function", the Company continuously made innovative breakthroughs on the track of functional category, and launched "Shuhua" AnTangJian lactose-free milk, which has become the world's first functional milk for blood sugar control. By adopting the industry-leading double film and low temperature filtration technology, Satine Fresh Milk has met consumers' needs for higher quality since its launch in 2021 with its function of "natural active nutrition", which contains 3.8g of protogenetic active lactoprotein and 125mg of protogenetic high-calcium in every 100ml. During the reporting period, this series of products recorded a growth of 54.6% in retail sales over last year, creating a new track of high-quality development in the industry.

In terms of digitalized business, the Company actively expanded emerging channel businesses like O2O, community group buying and fresh-food platforms; At the same time, leveraging on annual consumption hotspots in catering, tourism and entertainment, the Company vigorously carried out channel-customized professional services for liquid dairy products, kept reinforcing its channel advantages in offline markets and continued to increase its market penetration.

(II) Milk powder and milk products business

During the reporting period, the Company recorded operating revenue of RMB27,598 million from its milk powder and milk products business, representing an increase of 5.09% as compared with last year.

In recent years, the Company focused on the strategy of "focusing on the functional nutrition study of breast milk, continuous technology innovation and product formula refinement", carried out continuous upgrades in the fields of milk source, process and technology by relying on its ten core formula patents and 73 patent authorizations in China, which allowed the Company to earn great trust from consumers with good product and service experience. During the reporting period, according to the third-party market research data from Nielsen and Syntun, the Company's infant formula milk powder accounted for approximately 16.2% of the retail market share, representing an increase of 1.6 percentage points over last year, and a leading growth rate among the top five manufacturers in the market segment.

In view of the nutrition and health status of adult population, the Company adhered to the healthcare concept of "food and medicine homology", and took "Nutrition + Function" as the breakthrough point in developing the first functional dairy product in China that can mitigate the blood sugar, cardiovascular, and bone problems of middle-aged and elderly people.

During the reporting period, the Company proactively rode on the consumption trend of the catering and bakery markets. By relying on its core milk source bases in both China and New Zealand, the Company carried out the innovation and development of dairy-based food ingredients and provided dairy products and services with high-quality and comprehensive product solutions to the customers specializing in the bakery, catering and beverage industries with series products under "Yili Pro", effectively promoting the steady development of the Company's new businesses such as cheese and milk fat.

During the reporting period, the retail market share of the Company's cheese business for offline (modern) channel was approximately 16.9%, representing an increase of 0.6 percentage points as compared with last year.

(III) Ice cream business

During the reporting period, the Company recorded operating revenue of RMB 10,688 million from its ice cream business, representing an increase of 11.72% as compared with last year, with the growth rate far exceeding the industry level and ranking the first in the market.

In recent years, the Company led the market consumption trend through constant innovation in the technology and process of the ice cream business, and continued to broaden the consumption scenarios to meet the diversified needs of consumers. During the reporting period, a number of new products of the Company have won consumers' favor with good flavor, taste and healthy formula, among which "Xujinhuan" Double Cheese Ice Cream has became the first ice cream product in China to be certified as a low GI food by the Global Green Union. Meanwhile, the Company actively expanded the emerging channels of ice cream business and explored new business delivery models to consolidate our channel advantages, which has effectively promoted the healthy development of the business.

The implementation of the Company's 2023 operational plans was as follow:

(I) Adhering to its strategy of "consumer-oriented" to lead the healthy and sustainable development of the business with high-quality products and services

Quality and safety are essential for enterprises to survive and thrive. The Company has always adhered to the belief of "Yili represents the highest quality", and proceeded its consumer-oriented strategy. It has further improved its food safety risk prevention and control capabilities and the maturity of quality-oriented management through strict control of product quality and production safety as well as comprehensive implementation of the integrated quality-first and HSE "three-safety" management system, arising great awareness towards the concept of "Everyone Pays Attention to Quality and Safety". During the reporting period, the Company has became the first food enterprise in China to obtain the latest Global Food Safety Standard (BRCGS) certification. With the continuous improvement of quality assurance and safety risk prevention and control capabilities, the Company has further consolidated its foundation for leading the healthy and sustainable development of the business with high-quality products and services.

(II) Creating a full-chain innovation model to promote cutting-edge technology innovation and accelerate the development of new health food businesses

Taking the satisfaction and serving of consumers' health and nutritional needs as the impetus for innovation, the Company has created a new mode of "full-chain innovation" covering the upper, middle and lower streams of the industry chain, from a blade of grass to a cup of milk, though the building of a global open innovation platform, the integration of industry-leading innovation resources and the consolidation of the innovation strength of the industry chain partners. At the same time, the Company continued to improve its three-tier research and development management system of "Prospective Research-Basic R&D-Support and Guarantee", which has promoted the efficient transformation, reproduction and agile iteration of the innovation achievements, and promoted the accelerated development of the new health food business.

In December 2023, the National Dairy Technology Innovation Centre constructed under the lead of the Company was officially put into physical operation. As an important partner and participant of the National Dairy Technology Innovation Centre, Yili Group promotes the development and application demonstration of high technologies comprehensively to drive the common development of the industry and achieve the high-quality development of China's dairy industry. The National Dairy Technology Innovation Centre has attached 102 member units from industry enterprises, universities and research institutes, and formed the largest leading

dairy think tank in China by bringing together more than 10 academician of Chinese Academy of Sciences and Chinese Academy of Engineering, more than 100 senior industry experts, more than 20 overseas experts and more than 1,000 core scientific researchers and an innovation team of more than 5,000 professionals from the whole industry chain, giving full play to the role of the dairy industry as a hub of science and technology, and joining hands to lead the industrial upgrade.

In recent years, the Company has taken the initiative to grasp the strategic opportunities for high-quality development of the domestic dairy industry, focused on the key core technology areas of industry development, actively promoted breakthroughs and innovations in cutting-edge technology, and carried out in-depth research and customized product development with a focus on the health management needs of the different age groups and special groups to upgrade new functional and health products.

During the reporting period, the Company took the lead in breaking down the technical barriers in the industry for the extraction of active lactoferrin, pioneered the protection technology for the targeted extraction of lactoferrin, and achieved a major breakthrough in dairy innovation, which was of great significance for the Company to develop products that enhance immune-related functions and to implement the "Comprehensive Health" business strategy.

Currently, probiotics have been popular among consumers in pursuit of health due to their efficacy of improving gastrointestinal tract and enhancing immunity. The research and development, production and promotion and application technologies of probiotics have become a key success factor for the global health food industry. During the reporting period, the Company was committed to building the core probiotic patented technology with proprietary intellectual property rights, launched the probiotic health solution brand "QuanjiaYi", and took it as a carrier to provide product solutions for the health of local residents. During the same period, based on the self-developed China's first infant strain, MP108 Lactobacillus rhamnosus, BioFlag Group Technology Co., Ltd, a subsidiary of the Company's holding subsidiary Ausnutria Dairies, also developed Bifidobacterium lactis CP-9, which has been accepted by the National Health Commission for the application of infant strain, and become the new benchmark of probiotics manufactured in China for infant formula milk powder. In November 2023, the national key research and development project under the "14th Five-Year Plan" jointly organized by Ausnutria Dairy and Jiangnan University - Jiangsu Huai'an Probiotics Smart Factory of BioFlag Group Technology Co., Ltd was officially put into production. The factory serves as a national demonstration benchmark for the industrialization of probiotic and will be built into the world's leading smart manufacturing base for the research, production and application of functional probiotic strains in the future.

2023 年 11 月 25 日， 董事长兼总裁潘刚参加澳优乳业锦旗生物益生菌超级工厂投产仪式。

(4)Table of cost analysis

Unit: Yuan

By Segment

Segment	Cost component	Amount for the period	Proportion in total cost for the period (%)	Amount for the same period of last year	Proportion in total cost for the same period of last year (%)	Changes in the amount for the period compared with the same period of last year (%)	Explanation
Liquid milk and dairy products manufacturing industry	Direct materials	65,496,182,516.74	78.71	64,706,710,531.83	79.34	1.22	
	Direct labor	2,666,932,199.94	3.20	2,546,717,455.11	3.12	4.72	
	Production expenses	9,341,979,490.61	11.23	8,654,679,650.13	10.61	7.94	
	Loading, unloading and transportation costs	5,711,903,475.06	6.86	5,655,505,613.75	6.93	1.00	
Others	Direct materials	358,263,637.18	69.12	176,975,860.48	57.13	102.44	
	Direct labor	25,528,219.11	4.93	14,576,417.44	4.70	75.13	
	Production expenses	94,568,785.26	18.25	80,698,785.37	26.05	17.19	
	Loading, unloading and transportation costs	39,927,766.78	7.70	37,564,508.11	12.12	6.29	

By Product

Product	Cost component	Amount for the period	Proportion in total cost for the period (%)	Amount for the same period of last year	Proportion in total cost for the same period of last year (%)	Changes in the amount for the period compared with the same period of last year (%)	Explanation
Liquid milk	Direct materials	47,716,829,714.42	80.10	48,438,855,974.63	80.46	-1.49	
	Direct labor	1,543,766,056.78	2.59	1,570,689,249.43	2.61	-1.71	
	Production expenses	5,966,019,091.12	10.02	5,797,857,228.61	9.63	2.90	
	Loading, unloading and transportation costs	4,339,748,566.18	7.29	4,393,626,212.07	7.30	-1.23	
Milk powder and milk products	Direct materials	13,216,328,420.33	77.41	12,124,873,695.80	78.35	9.00	
	Direct labor	723,229,942.26	4.24	628,919,547.07	4.06	15.00	
	Production expenses	2,362,689,003.88	13.84	2,012,719,778.94	13.00	17.39	
	Loading, unloading and transportation costs	769,532,264.89	4.51	710,045,215.91	4.59	8.38	
Ice cream products	Direct materials	4,563,024,381.99	69.36	4,142,980,861.40	70.38	10.14	
	Direct labor	399,936,200.90	6.08	347,108,658.61	5.90	15.22	
	Production expenses	1,013,271,395.61	15.40	844,102,642.58	14.34	20.04	
	Loading, unloading and transportation costs	602,622,643.99	9.16	551,834,185.77	9.38	9.20	
Others	Direct materials	358,263,637.18	69.12	176,975,860.48	57.13	102.44	
	Direct labor	25,528,219.11	4.93	14,576,417.44	4.70	75.13	
	Production expenses	94,568,785.26	18.25	80,698,785.37	26.05	17.19	
	Loading, unloading and transportation costs	39,927,766.78	7.70	37,564,508.11	12.12	6.29	

Other information relating to cost analysis

The increase in direct materials and direct labor of others was mainly due to the increase in the sum of material costs and labor costs as a result of the increase in the production of nutrition products during the period.

(5)Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the reporting period

□Applicable √Not applicable

(6)Significant changes or adjustments to the Company's business, products or services during the reporting period

□Applicable √Not applicable

(7)Major customers and suppliers

A. Major customers of the Company

√Applicable □Not applicable

Sales to the top five customers amounted to RMB 6,452,916,700, accounting for 5.13% of the total annual sales. Among which, sales to related parties in sales to the top five customers was RMB0, accounting for 0% of the total annual sales.

During the reporting period, over 50% of the total sales was to a single customer, with new customers to the top five customers or heavy dependence on a small number of customers

□Applicable √Not applicable

B. Major suppliers of the Company

√Applicable □Not applicable

Purchase from the top five suppliers amounted to RMB19,455,984,400, accounting for 29.55% of the total annual purchase. Among which, the purchase from related parties in purchase from the top five suppliers amounted to RMB12,637,586,700, accounting for 19.19% of the total annual purchase.

During the reporting period, over 50% of the total purchase was from a single supplier, with new suppliers to the top five suppliers or heavy dependence on a small number of suppliers

□Applicable √Not applicable

Other explanations

Not applicable.

3. Expenses

□Applicable √Not applicable

4. R&D investment

(1)Table of R&D investment

√Applicable □Not applicable

Unit:Yuan

R&D investment expensed for the current period	850,146,147.17
R&D investment capitalized in the current period	
Total R&D investment	850,146,147.17
Percentage of total R&D investment in operating revenue (%)	0.68
Percentage of capitalized R&D investment (%)	

(2)Table of R&D personnel

√Applicable □Not applicable

Number of R&D personnel in the Company	613
Percentage of R&D personnel in the total number of personnel of the Company (%)	0.95

Structure of academic qualifications of R&D personnel

Category of academic qualifications	Number
Doctoral	50
Master	354
Bachelor	169
Junior college	27
High school and below	13

Age structure of R&D personnel

Age group	Number
Under 30 (excluding 30)	135
30-40 (including 30, but excluding 40)	300
40-50 (including 40, but excluding 50)	150
50-60 (including 50, but excluding 60)	24
60 and above	4

(3)Explanation

√Applicable □Not applicable

During the reporting period, the Company continued to focus on catering the diversified demand of consumers and upgrading products with innovation, and made various leading technical achievements as well as multiple innovative breakthroughs in both product and technology.

The Company continuously led the industry development in the area of breast milk research and the application of the research results. Cooperated with China Agricultural University, the Company has completed the research on the potential synergy and the functional mechanism of lactoferrin and osteopontin in improving intestinal barrier function, the results of which have been applied to a series of products such as Pro-Kido Jinghu and Ruihu, Seine Mouiller, and Beiguan. The 12 functions of HMOs (Human Milk Oligosaccharides) discovered, including improvements in gastrointestinal immunity, have obtained the patent authorization from the China National Intellectual Property Administration. We have launched the first HMO milk powder – Pro-Kido Zhenhubocui Children's Milk Powder. For the first time, the amino acid composition of Chinese breast milk was accurately determined, which will contribute to the further research and innovation of infant formula milk powder in China, and help the Company continue to lead the development of the industry.

In order to precisely meet consumers' pursuit of health and delicacy, the Company developed a sugar substitute solution that tastes close to sucrose with its self-developed sweetness database, launched the first low GI (Glycemic Index) ice cream "Xujinhuan",

and won the Nomination for "Chilled/Frozen Product Innovation" in the 2023 World Food Innovation Awards. We also developed industry-leading integrated technology solutions for crisp cone preservation, combining multi-dimensional advanced technologies such as optimization of water-resistant coating raw materials, innovation in spraying processes and intelligent identification of water-resistant coating defects, which has significantly improved the crisp-keeping quality of crispy ice cream cones and enhanced the market competitiveness of our products.

The Company continued to explore the innovative technology research of probiotics, and the results of which have received high attention and recognition from the global academic community. The research results of Bifidobacterium animalis subsp. lactis BL-99 in alleviating the symptoms of functional dyspepsia were published in Nature Communications, a sub-journal of the world's top science and technology journal Nature, and widely used in Beichang goat milk powder, Xinhuo middle-aged and elderly nutrition milk powder, Yixiao BL-99 yogurt, Changyi 100%, Xujinhuan, BL-99 cheese sticks and other products. The research on the role of lactobacillus paracasei K56 in reducing body fat accumulation was reported in Spotlight: Nutrition Research in China of Nature. The research results have consolidated the Company's leading scientific research strength among international dairy companies. Lactobacillus paracasei K56 had been used in products such as Meiyitian and Changyi 100%. The oral health research results of Lactobacillus paracasei ET-22 won the Special Prize of the Science and Technology Award of China General Chamber of Commerce, which was not only an affirmation of the Company's scientific research and innovation capabilities, but also a recognition of the Company in promoting high-quality development of the industry.

In order to cope with the social issues of accelerating aging process and increasing sub-healthy people in China, the Company attaches great importance to the research and development of health products for adult population. The Company launched the first sugar-controlled liquid milk product in China named "Shuhua" Antangjian milk, which can effectively reduce significant fluctuation in blood glucose after meals with the synergistic effect of the combination of "mulberry leaves + corn silk + resistant dextrin". "Xinhuo" Youxiangshan base formula milk powder combines the essence of traditional Chinese health-preserving ingredients and modern technological plant extracts to provide consumers with long-term sleeplessness problems with a new and better choice of healthy nutrition. The launch and promotion of such products has positive significance for active health and healthy aging.

The Company was also committed to environment-friendly and carbon-reducing technology studies for product packaging and the improvement of consumer experience. The Company developed an industry-leading high-performance packaging barrier technology and applied it to PET bottled products such as Ambrosial and Satine to maintain a stable environment inside the packaging and ensure product quality. At the same time, the product packaging is recyclable and more environment-friendly. The Company also created the world's first screw-cap type fresh-locking lid patented technology, and applied it to a freshly brewed tea product named "Yikehuoquan". It effectively preserves the taste and flavor of the product with the creativity of instant brewing and drinking, bringing a brand new experience to consumers.

The Company actively participated in the application of the national key research and development projects under the "14th Five-Year Plan". Among them, a project led by the National Dairy Technology Innovation Center together with a number of member units has been approved as a key project under the title of "Creation and Industrialization Demonstration of Functional Dairy Product", which has marked as a solid step forward for the National Dairy Technology Innovation Center to promote high-quality development of the industrial chain with scientific and technological innovation. Another project initiated by the Company together with authoritative scientific research institutes has been approved as a key project under the title of "Creation and Industrialization Demonstration of Medical Food for Special Life Cycle", where the Company is committed to meeting the nutritional needs of special groups and enhancing China's independent innovation ability in the field of special medical food, making greater contributions to the nutrition and health of domestic populations in special needs.

During the reporting period, the Company's certain innovative initiatives and achievements had been widely recognized by the international and domestic society. In the 2023 World Dairy Innovation Awards, the High Calcium Cheese Bomb of Yijiahao won the "Best Children's Dairy Product Award", and the Satine Ultrafiltered Milk-Jingdezhen China Ceramics Museum joint limited edition won the "Best Packaging Design Award". In addition, the Company also won a total of 18 awards, including 14 nomination awards and two recommendation awards, and continued to lead the global industry in terms of quantity and quality. In the Dairy Innovation Award of the International Dairy Federation (IDF), Yijiahao Normal Temperature Cheese Sticks won the "New Product Innovation R&D Award for Taking Food Safety and Consumers' Nutrition as the Core". Satine's printing-free and ink-free environment-friendly packaging won the "Innovation Award for Sustainable Packaging". The Company was the only Chinese award-winning dairy enterprise to receive most awards in the world, demonstrating the innovative strength of China's dairy industry led by Yili.

During the same period, the Company also won the recognition award in the Seventh China Grand Awards for Industry, and was awarded the Shennong China Agricultural Science and Technology Award, the First Prize of the Technology Advancement Award of Inner Mongolia Autonomous Region, the first prize of the Science and Technology Progress Award of China National Light Industry Council, and China Light Industry Patent Achievement Award, respectively, for its numerous research achievements. The Company was also awarded the Science and Technology Award of the China National Food Industry Association, the special prize of the Technology Invention Award of China Dairy Industry Association and the "Golden Apple Award" for Plastic Recycling and Regeneration for its innovative products.

(4)Reasons for significant changes in R&D personnel composition and the impact on the future development of the Company

□Applicable √Not applicable

5. Cash flows

√Applicable □Not applicable

Unit: Yuan

Item	Amount of current period	Amount of same period of last year	Percentage of change (%)
Net cash flow from operating activities	18,290,357,650.56	13,420,320,580.36	36.29
Net cash flow from investing activities	-16,044,497,913.83	-19,513,712,417.92	N/A
Net cash flow from financing activities	7,258,480,466.95	8,781,245,149.98	-17.34

The changes in net cash flows from operating activities was mainly due to the increase in net cash flows from operating activities as a result of the increase in sales revenue and the decrease in purchases amount of raw materials and other inventories during the period.

The changes in net cash flows from investing activities were mainly due to a significant net cash paid for the acquisition of subsidiaries in the prior period as a result of the acquisition of Ausnutria Dairy in the prior period.

The changes in net cash flows from financing activities were mainly due to the increase in cash paid for the repayment of borrowings during the 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

Item	Amount as at the end of current period	Percentage of total assets as at the end of the current period (%)	Amount as at the end of the previous period	Percentage of total assets as at the end of the previous period (%)	Percentage of change in the amount as at the end of the current period compared to that as at the previous period (%)	Explanation
Financial assets held for trading	11,457,348.28	0.01	30,150,175.79	0.02	-62.00	
Notes receivable	220,440,098.54	0.15	161,826,363.63	0.12	36.22	
Right-of-use assets	520,858,931.86	0.34	770,495,004.38	0.59	-32.40	
Long-term deferred expenses	147,895,431.71	0.10	281,033,357.68	0.21	-47.37	
Other non-current assets	19,713,153,876.26	13.00	8,720,677,516.31	6.66	126.05	
Short-term borrowings	39,754,855,129.21	26.22	26,799,481,240.45	20.46	48.34	
Derivative financial liabilities	780,088.69	0.00	56,313,653.68	0.04	-98.61	
Non-current liabilities due within one year	2,434,948,173.82	1.61	982,669,875.43	0.75	147.79	
Long-term employee benefits payable	10,919,164.49	0.01	4,985,711.49	0.00	119.01	
Deferred income	858,011,199.14	0.57	504,355,565.37	0.39	70.12	
Treasury shares	349,855,688.00	0.23	1,074,391,877.44	0.82	-67.44	

Other explanations

(1) The decrease in financial assets held for trading was due to the decrease in the fair value of equity instruments held by subsidiaries during the current period.

(2) The increase in notes receivable was mainly due to the increase in settlement of bank acceptance notes used by distributors during the current period.

(3) The decrease in right-of-use assets was mainly due to the provision of depreciation and the transfer of leased assets to fixed assets during the current period.

(4) The decrease in long-term deferred expenses was mainly due to the amortization of advertising and marketing expenses during the current period.

(5) The increase in other non-current assets was mainly due to the purchase of certificates of deposit in large amounts due after one year during the current period.

(6) The increase in short-term borrowings was due to the increase in borrowings from banks during the current period.

(7) The decrease in derivative financial liabilities was mainly due to the increase in fair value of forward foreign exchange contracts held by subsidiaries during the current period.

(8) The increase in non-current liabilities due within one year was mainly due to the increase in long-term borrowings due within one year during the current period.

(9) The increase in long-term employee benefits payable was mainly due to the increase in provision for long-term employee service fee by subsidiaries during the current period.

(10) The increase in deferred income was mainly due to the increase in research and development project funds from the government during the current period.

(11) The decrease in treasury shares was mainly due to the Company's cancelation of repurchased shares and unlocking of restricted stock during the current period.

2. Overseas assets
√Applicable □Not applicable
(1)Scale of assets
Including: overseas assets of 202.82 (unit: hundred million yuan, currency: RMB), accounting for 13.38% of total assets.
(2)Explanation on the high proportion of overseas assets
□Applicable √Not applicable

3. Restriction on major assets as of the end of the reporting period
√Applicable □Not applicable
For details, please refer to "Section X Financial Report VII. Notes to the Consolidated Financial Statements 31. Assets with restricted ownership or use rights" in this report.

4. Other explanation
□Applicable √Not applicable

(IV) Analysis on industry operating information
√Applicable □Not applicable
For details, please find relevant content in "I. Discussion and Analysis on Operations" and "II. Industry of the Company during the Reporting Period" in this section.

Analysis on operating information of food industry

1. Composition of main business during the reporting period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Main Business by Product during the Reporting Period						
Product	**Operating revenue**	**Operating costs**	**Gross margin (%)**	**Increase / decrease in operating revenue as compared with last year (%)**	**Increase/ decrease in Operating costs as compared with last year (%)**	**Increase / decrease in gross margin as compared with last year (%)**
Liquid milk	85,540,329,892.56	59,566,363,428.50	30.36	0.72	-1.05	1.25
Milk powder and milk products	27,598,008,319.91	17,071,779,631.36	38.14	5.09	10.31	-2.92
Ice cream products	10,688,201,107.08	6,578,854,622.49	38.45	11.72	11.77	-0.03
Other products	634,393,890.84	518,288,408.33	18.30	60.70	67.29	-3.22
Sub-total	124,460,933,210.39	83,735,286,090.68	32.72	2.73	2.27	0.30

Main Business by Sales Model during the Reporting Period						
Sales model	**Operating revenue**	**Operating costs**	**Gross margin (%)**	**Increase / decrease in operating revenue as compared with last year (%)**	**Increase/ decrease in operating costs as compared with last year (%)**	**Increase / decrease in gross margin as compared with last year (%)**
Distribution	120,747,355,008.27	81,326,472,225.87	32.65	2.77	2.16	0.40
Direct sales	3,713,578,202.12	2,408,813,864.81	35.13	1.45	6.15	-2.87
Sub-total	124,460,933,210.39	83,735,286,090.68	32.72	2.73	2.27	0.30

Principal Business by Regional Segment during the Reporting Period						
Regional segment	**Sales revenue**	**Cost of sales**	**Gross profit margin (%)**	**Increase / decrease in sales revenue as compared with last year (%)**	**Increase/ decrease in cost of sales as compared with last year (%)**	**Increase / decrease in gross profit margin as compared with last year (%)**
Northern China	33,940,294,709.09	23,867,233,643.99	29.68	2.24	7.00	-3.12
Southern China	31,539,248,658.59	20,557,269,416.33	34.82	5.68	3.22	1.55
Central China	24,536,371,610.24	15,365,798,757.23	37.38	8.08	3.67	2.67
Eastern China	19,311,009,892.60	12,924,079,976.04	33.07	-8.16	-6.86	-0.94
Others	15,134,008,339.87	11,020,904,297.09	27.18	5.25	0.61	3.36
Sub-total	124,460,933,210.39	83,735,286,090.68	32.72	2.73	2.27	0.30
Total	124,460,933,210.39	83,735,286,090.68	32.72	2.73	2.27	0.30

2. Profitability of online sales channels during the reporting period

□Applicable √Not applicable

(V) Investment analysis

General analysis of external equity investment

√Applicable □Not applicable

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

Unit: Yuan Currency: RMB

Type of investment	**Opening balance**	**Increase/decrease**	**Closing balance**	**Investment gains for the current period**
Investment in associates and joint enterprises	4,562,830,790.50	-154,456,543.86	4,408,374,246.64	-59,327,477.90
Investment in financial assets measured at fair value	4,449,672,163.87	-404,199,000.32	4,045,473,163.55	28,238,692.22
Total	9,012,502,954.37	-558,655,544.18	8,453,847,410.19	-31,088,785.68

1. Significant equity investment
□Applicable √Not applicable
2. Significant non-equity investment
□Applicable √Not applicable
3. Financial assets measured at fair value
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type of asset	Opening amount	Gains or losses on changes in fair value during the period	Accumulated fair value changes included in equity	Impairment provision for the period	Purchase amount during the period	Sales/redemption amount during the period	Other changes	Closing amount
Shares	309,687,460.20	-96,119,592.07					726,487.85	214,294,355.98
Private fund	1,713,785,718.80	366,324,227.88	-211,286.48			28,154,339.06	-504,936,202.11	1,546,808,119.03
Derivatives	30,782,998.16	-7,179,361.35	65,559,656.41		1,308,923.94		208,679.01	90,680,896.17
Futures	-1,211,871.52	1,611,052.75	-1,466,183.78		2,700,879.99	1,633,877.44		
Others	2,426,198,984.87	13,549,874.44	-160,287,434.54		1,050,376,000.00	1,081,162,461.23	35,695,725.00	2,284,370,688.54
Total	4,479,243,290.51	278,186,201.65	-96,405,248.39		1,054,385,803.93	1,110,950,677.73	-468,305,310.25	4,136,154,059.72

Securities Investment
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type of securities	Securities code	Abbreviation of securities	Initial investment cost	Source of funding	Opening book value	Gains or losses on changes in fair value during the period	Accumulated fair value changes included in equity	Purchase amount during the period	Sales amount during the period	Gains or losses on investments during the period	Other changes	Closing book value	Accounting items
Shares	DADA	DADA.US	10,050,000.00	self-owned	20,047,881.74	-10,628,602.93					292,001.05	9,711,279.86	Financial assets held for trading
Shares	0020	SENSETIME-W	15,449,703.36	self-owned	3,293,861.68	-1,596,444.96					48,651.70	1,746,068.42	Financial assets held for trading
Shares	9956	ANE	10,000,000.00	self-owned	21,594,516.79	4,355,855.82					385,835.10	26,336,207.71	Other non-current financial assets
Shares	301296	NEWJF	96,250,000.00	self-owned	264,751,199.99	-88,250,400.00				634,032.00		176,500,799.99	Other non-current financial assets
Total	/	/	131,749,703.36	/	309,687,460.20	-96,119,592.07				634,032.00	726,487.85	214,294,355.98	/

Explanation of Securities Investment
□Applicable √Not applicable
Investments in private funds
√Applicable □Not applicable
The Company invested in private funds including CITIC Industrial Investment Fund, Inner Mongolia Collaborative Innovation Equity Investment Fund. As of the end of the reporting period, the balance of investments in private funds was RMB1,546,808,119.03.
Investments in derivatives
√Applicable □Not applicable

(1)Investments in derivatives for hedging purposes during the reporting period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type of investments in derivatives	Initial investment amount	Opening book value	Gains or losses on changes in fair value during the period	Accumulated fair value changes included in equity	Purchase amount during the period	Sales amount during the period	Closing book value	Percentage of closing book value to the Company's net assets as at the end of the reporting period (%)
Commodity futures	/	-1,211,871.52	1,611,052.75	-1,466,183.78	2,700,879.99	1,633,877.44		
Commodity options	/		-162,250.00		162,250.00			
Foreign exchange derivatives	/	23,974,565.82		65,559,656.41	1,146,673.94		90,680,896.17	0.17
Total		22,762,694.30	1,448,802.75	64,093,472.63	4,009,803.93	1,633,877.44	90,680,896.17	0.17

Accounting policies and specific accounting principles for hedging business during the reporting period, as well as the explanation of whether there have been significant changes as compared with the last reporting period	For the accounting policies for hedging business, please refer to "Section X Financial Report V. 39. Other significant accounting policies and accounting estimates (2) Hedge accounting" in this report. There were no significant changes during the reporting period.
Explanation of actual gains and losses during the reporting period	Net gain or loss arising from commodity futures and commodity options was RMB-17,400, while net gain or loss arising from foreign exchange derivatives was RMB23,011,500.
Explanation of hedging effectiveness	The trading of futures and foreign exchange derivatives is closely related to daily production and operation. Carrying out commodity futures hedging business can avoid and reduce the unfavorable risks caused by the fluctuation in raw material prices to the operation of the Company. Conducting foreign exchange derivative trading can enhance the Company's ability to cope with foreign exchange fluctuation risks, avoid and prevent the risk of fluctuations in foreign exchange rates and interest rates, and enhance the Company's financial stability.
Source of funding for investments in derivatives	Self-owned funds
Risk analysis and explanation of control measures for derivative holdings during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	(I) Risk analysis The futures and foreign exchange derivative hedging business of the Company is not for speculation and arbitrage purpose, but to avoid risks of price, interest rate, and exchange rate fluctuations, which is conducive to stabilizing the normal production and operation of the Company. However, there are also certain risks: 1. Market risk: Trading may result in losses in the event of significant market fluctuations in futures and foreign exchange derivatives. 2. Liquidity risk: The risk of failing to complete the transactions due to insufficient liquidity of the trading subject. 3. Operational risk: The hedging business of futures and foreign exchange derivatives is highly specialized and complex, with the risk of improper operation or failure. There may be risk of losses caused by forced liquidation due to failure of timely supplement of margin during the period of significant fluctuations in trading market prices. (II) Risk control measures 1. Aggregate management: The futures and foreign exchange derivatives business of the Company is based on hedging principles, with the aim of avoiding market risks caused by price, interest rate and exchange rate fluctuations, which is closely related to daily operations and does not involve speculative operations. 2. Fund allocation: The Company will make reasonable fund plan and allocation in futures and foreign exchange derivatives business, paying attention to and controlling the proportion of fund investment. 3. Subject selection: The selection and trading size of futures and foreign exchange derivatives trading subject should match the maturity and size of the hedged underlying assets to reduce basis risk. 4. Counterparty management: Trading with institutions with futures and foreign exchange derivatives business qualifications approved by relevant national authorities to avoid potential credit and legal risks. 5. System construction: The Company has established management systems related to futures and foreign exchange derivatives business, and has made clear provisions on the approval authority, business management, operational processes, risk management and information disclosure for conducting futures and foreign exchange derivatives business. All measures are practical and effective and can meet the needs of practical operations, while also meeting the relevant requirements of regulatory authorities. 6. Enhancement of business capabilities: The Company continuously strengthens its training of relevant personnel, enhances professional knowledge and level of its staff to improve the overall performance of the hedging business of the Company.
Changes in market price or product fair value of investment derivatives during the reporting period, the analysis of the fair value of derivatives should disclose the specific methodology used and the setting of relevant assumptions and parameters	The fair value change of investment derivatives during the reporting period was RMB65,542,300. The fair value of commodity futures and commodity options was determined based on the closing prices of relevant futures contracts and option contracts on the balance sheet date. The fair value of foreign exchange derivatives was determined based on the quotations provided by financial institutions such as banks on the balance sheet date.
Litigation (if applicable)	Not applicable
Date of disclosure by announcement of the board of directors for approval of investments in derivatives (if any)	28 April 2023
Date of disclosure by announcement of the shareholders' meeting for approval of investments in derivatives (if any)	19 May 2023

(2) Investments in derivatives for speculative purposes during the reporting period
□Applicable √Not applicable
Other explanation
Not applicable.

4. Specific progress of material assets reorganization and integration during the reporting period
□Applicable √Not applicable

(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

No.	Full name of subsidiary	Business scope	Registered capital	Total assets	Net assets	Net profit
1	Hong Kong Jingang Trade Holding Co., Limited	Trading and investment.	USD2,061.83 million	3,147,179.24	1,132,596.43	-67,145.88
2	Yili Finance Co., Ltd.	Provision of financial and financing advisory services, credit verification and related consultation and agency services to member units; assisting member units in completion of collection and payment of transaction funds; offering approved insurance agency services; providing guarantee to member units; handling entrusted loans among member units; handling bill acceptance and discount for member units; handling internal transfer and corresponding settlement among member units and designing liquidation plans; absorbing deposits from member units; handling loans and financial leasing for member units; engaging in interbank lending; and buyer's credits for products of member units.	100,000	1,153,841.50	176,870.94	28,955.88
3	Huishang Commercial Factoring Co., Ltd.	Factoring (not bank financing).	200,000	598,686.37	220,164.09	3,822.04
4	Inner Mongolia Jinhao Yili Dairy Co., Ltd.	Production and sale of liquid milk (sterilized milk and modified milk), milk drinks (protein beverages), other dairy products (cream and baking cream) and fermented milk, production and sale of relevant raw and auxiliary materials, and packaging materials (the above business shall not be operated until the food production license is obtained); import and export of mechanical equipment, meters, instruments, components and raw and auxiliary materials for production (operated with register certificate).	362,000	425,427.94	400,813.12	36,885.53
5	Inner Mongolia Shengtai Venture Capital Co., Ltd.	Venture capital (to the extent of investment in unlisted enterprises); corporate management; corporate management consulting; engaging in investment activities with self-owned funds.	106,420	409,410.49	135,901.44	16,861.00
6	Inner Mongolia Sansentian Enterprise Management Co., Ltd.	Business information consulting (excluding investment, wealth management and financial investment services), corporate management consulting (the above consulting excluding brokerage), corporate image planning, market information consulting (not allowed to engage in social surveys, social research, public opinion surveys, public opinion polls), marketing planning, ceremony services, conference services, public relations planning, exhibition planning, cultural and artistic exchange activities planning.	3,000	357,742.55	14,117.72	-780.74

No.	Full name of subsidiary	Business scope	Registered capital	Total assets	Net assets	Net profit
7	Ningxia Yili Dairy Co., Ltd.	Purchase and sale of fresh milk (operation subject to the "Fresh Milk Purchase License", not allowed to use for direct consumption and market sales); production and sale of dairy products (liquid milk (sterilized milk, modified milk and pasteurized milk), other dairy products (cream, baking cream and specialty dairy products)), beverages (protein beverages and drinks containing milk) and fermented milk; production and sale of relevant raw and auxiliary materials, and packaging materials; purchase and sale of agricultural machinery, mechanical and electrical equipment and accessories; purchase and sale of agricultural products; management of warehouses; and self-operation and agency of import and export of various goods and technologies, save for items limited by the country for company operations and prohibited or restricted operations.	81,088	357,619.93	223,310.91	65,295.55
8	Inner Mongolia Huishang Internet Microfinance Co., Ltd.	Provision of small loans; conducting consulting services related to small loan business and other businesses approved by the Financial Office of the Autonomous Region, among which, the loan business can be carried out nationwide through the online platform approved by and filed with the regulatory authorities.	150,000	315,252.02	178,650.82	4,762.51
9	China Youran Dairy Holding Limited	Investment.	2.59	266,478.56	266,422.97	630.64
10	Inner Mongolia Jinze Yili Dairy Co., Ltd.	Production of formula food for infants and young children; sales of formula milk powder for infants and young children and other formula food for infants and young children; production of dairy products; food sales; import and export of goods; power supply business; power generation business, power transmission business and power supply (distribution) business; treatment and recycling of sewage; production and supply of heat; leases of non- residential real estate.	215,000	243,099.01	223,005.22	7,529.61

2. Newly added subsidiaries

Unit: 0'000 Yuan Currency: RMB

Name of subsidiary	Business scope	Method of acquisition	Registered capital	Net assets as at the end of current period	Net profit for the current period
Inner Mongolia Yili Cultural Tourism Development Co., Ltd.	Sale of food; tourism business; retail of publications; catering services; amusement and entertainment activities; car park services; animal feeding; livestock raising; animal diagnosis and treatment; online sale of food.	Investment establishment	1,000.00	563.94	63.94
Bioflag Nutrition Corporation Ltd.	Research and development of health food and production and sale of products.	Acquisition	USD50 million	17,243.33	923.82
Inner Mongolia Kangyijia Biotechnology Co., Ltd.	Research and development of bio-organic fertilizers; research and development of biological feed; technology service, technology development, technology consultation, technology exchange, technology transfer, technology promotion; biomass energy resource database information system platform; pet services (excluding animal diagnosis and treatment); wholesale of pet food and supplies; retail of pet food and supplies.	Acquisition	9,000.00	1,226.24	-1,658.12

(VIII) Structured entities controlled by the Company

□Applicable √Not applicable

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

(I) Industry landscape and trends

√Applicable □Not applicable

With the advancement of society and the improvement of living conditions, the dietary patterns of global consumers tend to be healthy, diversified and balanced, during which dairy products have become one of the essential daily foods for more consumers with their natural attributes of high quality, health, and nutrition.

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

1. The demand for health among consumers is increasing, whereas more consumers are paying attention to health and focusing on a healthy lifestyle. With the implementation and promotion of the national policies of "boosting consumption" and "promoting consumption", the confidence of domestic consumers has been recovered and improved. High quality, functional and naturally nutritious dairy products will become an important food source for the Chinese to improve their dietary structure and health management. At the same time, the potential for dairy products consumption in county-and-town level markets will be further unleashed, becoming a new driving force for the development of domestic dairy industry. The prospect of healthy food industry represented by dairy products will be promising in the long run.

2. With the change of consumer awareness and behavior, convenience plays a key role in purchasing decisions. The innovation developments of new channels and models such as online shopping, live stream marketing, community marketing and O2O delivery will promote the continuous expansion of target consumer groups and the market size of dairy products.

3. The deep processing industry of dairy products such as whey powder, lactoferrin, and casein in China is still in its early stages, and most of the products relied on imports during previous years. However, the consumption demand for high value-added emerging dairy products such as cheese and dairy-based nutritional products are growing rapidly, and the above segementation offers huge potential for development.

4. Led by "Rural Revitalization" strategy, the domestic dairy industry has steadily grown in scale, with continuous improvement in cow yield and gradual improvement in ranch operation efficiency. The era of "digital intelligence" has brought more possibilities for industrial chain upgrading. The modern dairy industry is able to provide more high-quality and sufficient milk sources for domestic dairy consumption.

(II) Development strategies of the Company

√Applicable □Not applicable

Going forward, the Company will adopt the following key strategic initiatives:

1. Remain oriented towards consumer demand, focus on healthy food, with an aim to become the pioneer in the development in the healthy food industry.

2. Gradually promote the internationalization strategy and enhance the excellent operation ability of the 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 Group by leveraging on the synergistic effects of global supply chains.

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.

6. Continue to advance the implementation of sustainable development strategic initiatives of the whole value chain of the Company in a bid to achieve the strategic goal of "value leadership".

(III) Operational plans

√Applicable □Not applicable

Based on the development of the industry, the Company plans to achieve a total revenue of RMB130.0 billion with a total profit before tax of RMB14.7 billion for the year 2024.

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 2024, the Company will focus on the followings:

1. Adhere to the principle that Yili represents the highest quality, remain consumer-concentric and strengthen food safety management to improve consumer satisfaction with products and services.
2. Strengthen the core technology innovation and achievement transformation, adhere to comprehensive innovation drivers and strengthen full-chain innovation to promote high-quality development of the industry.
3. Continue to speed up the upgrade and transformation of digital intelligence and build more agile and efficient product delivery and service capabilities to create greater value and better experience for consumers.
4. Steadily promote the "cost reduction and efficiency enhancement" strategy, optimize production capacity and milk source layout, improve resource utilization efficiency and enhance the Company's profitability.
5. Continue to explore new overseas markets and enhance overseas business operation capabilities.
6. Continue to build a "global health ecosystem" and achieve the synergistic development and win-win cooperation with partners.
7. Continue to enhance its sustainable development capability, proactively give play to the social influence of its brands and drive consumers to establish the concept of a sustainable healthy life.

Capital requirement for maintaining current operations and completing the investment projects under construction:

In line with its operating strategy and investment plan for 2024, the Company plans to invest RMB4,457 million in its principal industry projects and their supportive projects. The Company intends to meet its capital requirement through self-financing, bank loans and other modes of financing.

(IV) Potential risk exposure

√Applicable □Not applicable

1. Industrial risks

In terms of supply and demand of fresh and raw milk at home and abroad, the price of imported raw materials, the expansion of overseas markets and the pace of recovery in demand, etc., enterprises are still subject to various uncertainties in the future. The Company will at all times monitor any change in the market environment in order to proactively address those risks by taking strategic steps.

2. Financial risks

With the continuous advancement of its globalization strategies, the overseas business of the Company will be increasingly subject to exchange rates, trade policies and tariff fluctuations. Therefore, the Company will continue to enhance risk prevention and further improve the internal control system in subsequent periods.

3. Product quality risks

Food safety is the risk that food enterprises concerns most. In this regard, the Company remains committed to its belief in endlessly pursuit of product quality. With international standards and concrete actions, the Company continuously improves, optimizes and updates its global quality management system to ensure product quality and safety.

(V) Others

□Applicable √Not applicable

VII. 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

Section IV Corporate Governance

2023 年 6 月 14 日，2023 年凯度 BrandZ 最具价值全球品牌榜发布，伊利品牌价值再度蝉联全球乳业榜首。

I. Information on Corporate Governance

√Applicable □Not applicable

(I) Corporate governance

The Company strictly complied with the requirements of the Company Law, the Securities Law, the Governance Standards for Listed Companies and relevant national laws and regulations to further improve the establishment of a modern corporate system for the Company and the structure of corporate governance, and to continuously raise the standards of corporate governance, taking into account the development of the Company. The details are as follows:

1. About the General Meeting of Shareholders

The General Meeting of Shareholders of the Company had clear duties with specific rules of procedure being effectively implemented. The Company had engaged a lawyer with securities qualification to attend the General Meeting of Shareholders for acting as a witness for the meeting. The procedures for calling and convening of, and proposing at the General Meeting of Shareholders were in compliance with relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders of the Company to ensure that all shareholders, minority shareholders in particular, could enjoy equal status and that all shareholders could fully exercise their own rights.

2. About directors and the Board

The Board of the Company was composed of 11 directors, of which four were independent directors, representing more than one third of the members of the Board. The selection and composition of directors were in compliance with the requirements of relevant laws and regulations and the Articles of Association. The Board had defined duties for all directors to perform seriously and responsibly. The procedures for calling and convening the Board meetings were in compliance with relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Board of the Company.

All directors were familiar with relevant laws and regulations, and were diligent and responsible for their work, attended the Board meetings in a serious and responsible manner, fully exercised and performed their rights, obligations and responsibility as directors, safeguarding the legal rights and interests of the Company and all shareholders.

The Board of the Company had established four special committees, namely the Strategy and Sustainable Development Committee, Nomination Committee, Remuneration and Appraisal Committee and Audit Committee in accordance with the Governance Standards for Listed Companies, the Articles of Association and other relevant regulations. All members of the Remuneration and Appraisal Committee and the Audit Committee were independent directors, and the majority of the members and the convener of the Nomination Committee were independent directors. The convener of the Audit Committee shall be an accounting professional.

During the reporting period, the Company has amended the Management System for Futures and Derivatives Trading of the Company to strengthen the management of futures and derivatives business and continue to improve corporate governance.

3. About supervisors and the Board of Supervisors

The Board of Supervisors of the Company was comprised of five supervisors. The selection and composition of the supervisors were in compliance with the requirements of relevant laws and regulations and the Articles of Association. The Board of Supervisors had clear-defined duties for all supervisors to perform seriously and responsibly. The procedures for calling and convening the meetings of the Board of Supervisors were in compliance with relevant provisions of the Company Law, the Articles of Association, and the Rules of Procedure for the Board of Supervisors of the Company.

All supervisors were diligent and responsible for their work, actively participated in the meetings of the 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 performance of duties in a responsible manner for the Company and shareholders, safeguarding the legal rights and interests of the Company and all shareholders.

4. About the senior management and the incentive and restraint mechanism of the Company

The appointment of the senior management of the Company was conducted in accordance with relevant laws and regulations and the Articles of Association. The senior management had defined duties and was able to perform such duties faithfully, diligently and cautiously. The Company continued to improve the performance evaluation standards and the incentive and restraint mechanism, which laid 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 as well as the Management System for the Information Disclosure of Debt Financing Instruments in the Inter-bank Bond Market of the Company, clearly specifying the person responsible for information disclosure and ensuring that the information disclosed is true, accurate, complete, timely and fair.

The Secretary to the Board of the Company is responsible for the information disclosure and reception of visits and consultations of investors, and China Securities Journal and Shanghai Securities News are the newspapers for the information disclosure of the Company. The Company discloses the information in a true, accurate, complete and timely manner in strict accordance with the requirements of relevant laws and regulations, and ensures that all shareholders have equal opportunities to access the information.

6. About stakeholders

The Company fully respected and safeguarded the 1egal rights and interests of the stakeholders and strived to realize the coordination and balance of interests among shareholders, employees and society, so as to jointly promote the sustainable, sound and stable development of the Company.

(II) Establishment and implementation of a registration management system for insiders of inside information

In order to further standardize the inside information management of the Company, maintain the principle of fairness in information disclosure and protect the legal rights and interests of public investors, the Company has formulated and strictly complied with the Registration System for Insiders of Inside Information of the Company to enhance the management for the confidentiality of inside information and continuously improve the registration and filing of insiders of inside information. During the reporting period, the Company had no insider of inside information using such information in dealing with the shares of the Company before the disclosure of material and sensitive information that would affect the share price of the Company.

Whether there is any material difference between the requirements of the Company's governance and laws, administrative regulations and the requirements of the CSRC on the governance of listed companies, and if so, the reasons for the difference
□Applicable √Not applicable

II. Specific measures by the controlling shareholder and de facto controller of the Company to ensure the independence of the Company's assets, personnel, finance, organization and business, as well as the solutions, work progress and follow-up work plans adopted where the Company's independence is affected

□Applicable √Not applicable
Same or similar businesses as those of the Company conducted by controlling shareholder, de facto controller and other entities under their control, as well as the impact of peer competition or major changes in peer competition on the Company, the measures adopted, the progress of resolution and the follow-up plans
□Applicable √Not applicable

III. Summary of General Meetings of Shareholders

Session of meeting	Date of meeting	Search index on the designated websites for publishing the resolutions	Disclosure date for publishing the resolutions	Resolutions of meeting
2022 Annual General Meeting of Shareholders	18 May 2023	Website of the Shanghai Stock Exchange (http://www.sse.com.cn)	19 May 2023	For details, please refer to the Announcement on the Resolutions of the 2022 Annual General Meeting of Shareholders of Inner Mongolia Yili Industrial Group Co., Ltd. (announcement number: Lin 2023-049).
2023 First Extraordinary General Meeting of Shareholders	15 August 2023	Website of the Shanghai Stock Exchange (http://www.sse.com.cn)	16 August 2023	For details, please refer to the Announcement on the Resolutions of the 2023 First Extraordinary General Meeting of Inner Mongolia Yili Industrial Group Co., Ltd. (announcement number: Lin 2023-083).

Holders of preferred shares with restored voting rights request the convening of an Extraordinary General Meeting of Shareholders
□Applicable √Not applicable
Description of the General Meeting of Shareholders
□Applicable √Not applicable

IV. Particulars of Directors, Supervisors and Senior Management

(1)Changes in shareholding of directors, supervisors and senior management in office and resigned during the reporting period and their remuneration
√Applicable □Not applicable

Unit: Share

Name	Position	Gender	Age	Date of commencement of term of office	Date of termination of term of office	Number of shares held as at the beginning of the year	Number of shares held as at the end of the year	Changes in shareholding during the year	Reason for the change in shareholding	Total remuneration before tax received from the Company during the reporting period (0,000 Yuan)	Remuneration received from the related parties of the Company
Pan Gang	Chairman and President	M	53	18 May 2023	17 May 2026	286,746,628	286,746,628	0		2,179.3241	No
Zhao Chengxia	Director, Vice President and Financial Controller	F	53	18 May 2023	17 May 2026	92,420,140	92,420,140	0		391.2000	No
Wang Xiaogang	Director	M	50	18 May 2023	17 May 2026	720,000	720,000	0		354.9580	No
Zhao Ying	Employee Representative Director	F	51	18 May 2023	17 May 2026	97,000	97,000	0		95.8412	No
Wang Aiqing	Employee Representative Director	F	49	18 May 2023	17 May 2026	0	0	0		78.7094	No
Li Feng	Director (Resigned)	M	44	18 May 2022	18 May 2023	0	0	0		0	Yes
Chao Lu	Director	M	51	18 May 2023	17 May 2026	0	0	0		0	Yes
Lyu Gang	Director	M	54	18 May 2023	17 May 2026	0	0	0		25.0000	No
Peng Heping	Independent director	M	73	18 May 2023	17 May 2026	0	0	0		30.0000	No
Ji Shao	Independent director	F	59	18 May 2023	17 May 2026	0	0	0		30.0000	No
Cai Yuanming	Independent director	M	54	18 May 2023	17 May 2026	0	0	0		30.0000	No
Shi Fang	Independent director	F	52	18 May 2023	17 May 2026	0	0	0		30.0000	No
Li Jianqiang	Chairman of the Board of Supervisors and Employee Representative Supervisor (Resigned)	M	54	20 May 2020	18 May 2023	0	0	0		405.5608	No
Wang Yanfang	Chairman of the Board of Supervisors and Employee Representative Supervisor	F	43	18 May 2023	17 May 2026					55.4783	No
Wang Caiyun	Employee Representative Supervisor	F	44	18 May 2023	17 May 2026	0	0	0		70.7147	No
Bai Li	Employee Representative Supervisor	F	47	18 May 2023	17 May 2026	75,000	75,000	0		132.1548	No
Gao Debu	Supervisor	M	68	18 May 2023	17 May 2026	0	0	0		15.0000	No
Zhang Xinling	Supervisor	F	58	18 May 2023	17 May 2026	0	0	0		15.0000	No
Liu Chunhai	Vice President (Resigned)	M	60	20 March 2007	27 April 2023	91,638,288	85,320,788	-6,317,500	Disposal through secondary market	571.3783	No
Qiu Xiangmin	Secretary to the Board	M	48	7 December 2018		330,000	330,000	0		55.5450	No
Total	/	/	/	/	/	472,027,056	465,709,556	-6,317,500	/	4,565.8646	/

Name	Major working experience
Pan Gang	Chairman and President of the Company.
Zhao Chengxia	Served successively as the director and Vice President of the Company, and now is the director, Vice President and Financial Controller of the Company.
Wang Xiaogang	Served successively as the Chairman of the Board of Supervisors, director and General Manager of the Information Engineering Department of the Company, and now is the director and Chairman of the Trade Union Committee the Company.
Zhao Ying	Served successively as the Chief Administrative Officer of the Administration Division of Ice Cream Department of the Company, and now is the director of the Company and General Manager of Life Service of the Company.
Wang Aiqing	Served successively as the Personnel & Administration Manager of the Logistics Management Division of the Liquid Milk Department of the Company, Deputy Controller of the President's Office and Deputy Director of the Party-community General Department, and now is the director of the Company, Vice Chairman of the Trade Union Committee, and Party-community Director of the Party-community General Department.
Li Feng	Served successively as the director of the Company, the principal staff member of the Administrative Committee of the Hohhot Economic and Technological Development Zone, the deputy district mayor of Hohhot Yuquan District Government, a member of the Standing Committee to the Party Committee and director-general of the Organization Department of Togtoh County, the deputy party secretary and general manager of Hohhot Airport Construction Management Investment Co., Ltd, deputy secretary to the party committee, director and general manager of Hohhot Urban Transportation Investment and Construction Group Co., Ltd, and now is Secretary to the Party Committee and Chairman of Hohhot Transportation Investment and Construction Group Co., Ltd. and Chairman of Hohhot Investment Co., Ltd.
Chao Lu	Served successively as the director of Hohhot Finance Bureau of Inner Mongolia Autonomous Region, the officer of Hohhot Transportation Investment Co., Ltd., a member of the Party Committee and deputy general manager of Hohhot Urban Railway Transportation Construction Management Co., Ltd., and the deputy secretary to the Party Committee, the director and general manager of Inner Mongolia Financial Investment Group Co., Ltd., and now is the director of the Company, the secretary to the Party Committee and chairman of Inner Mongolia Financial Investment Group Co., Ltd. and the director and general manager of Hohhot Investment Co., Ltd.
Lyu Gang	Served successively as the independent director of the Company, president of Dalian Haite Ecological Agriculture Co., Ltd. and general manager of Dalian Ruichang Financial Leasing Co., Ltd., and now is the director of the Company and general manager of Dalian Liancheng Enterprise Management Development Co., Ltd.
Peng Heping	Served successively as the supervisor of the Company, the Assistant to the President, Secretary General of the Alumni Association, Secretary General of the Education Fund Committee and a researcher of Renmin University of China, and now is the independent director of the Company.
Ji Shao	Served successively as a Professor of Economics and Doctoral Tutor at Capital University of Economics and Business, and now is the independent director of the Company and Dean, Professor of Economics and Doctoral Tutor of the School of Labor Economics, China University of Labor Relations.
Cai Yuanming	Served successively as the Global Vice President of Alstom Power Group, Deputy General Manager and Secretary to the Board of Directors of Xi'an Shaangu Power Co., Ltd., and now is the independent director of the Company.
Shi Fang	Independent director of the Company, and Head of the Department of Accounting, Associate Professor of Accounting and Postgraduate Tutor of the School of Economics and Management, Inner Mongolia Agricultural University.
Li Jianqiang	Served successively as the supervisor, the Chairman of the Board of Supervisors, 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, Deputy General Manager of the Liquid Milk Department and Assistant to President of the Company.

Name	Major working experience
Wang Yanfang	Served successively as Quality Assurance Manager and System Manager of the Quality Control Department of the Milk Powder Department, Management Promotion Manager and Deputy Director of the General Manager's Office of the Yogurt Department, and Deputy Director of the General Manager's Office of the Liquid Milk Department, and now is the Chairman of the Board of Supervisors and the Director of the General Manager's Office of the Liquid Milk Department of the Company.
Wang Caiyun	Served successively as the supervisor of the Company, R&D manager of the Innovation Center and R&D Manager of senior process technology and senior product R&D Manager of the Dairy Technology Institute, and now is the supervisor of the Company and Deputy Director of Scientific Research of Food Technology Research Center of Dairy Technology Institute.
Bai Li	Served successively as the Deputy Director of the Administration Division of the Yogurt Department and Director of Cultural Administrative Division of the Milk Powder Department of the Company, and now is the supervisor and Director of Cultural Administrative Division of the Ice Cream Department of the Company.
Gao Debu	Served successively as the director and independent director of the Company, and now is the supervisor of the Company and Professor of Economics and Doctoral Tutor of the School of Economics, Renmin University of China.
Zhang Xinling	Served successively as the independent director of the Company, and now is the supervisor of the Company and Professor of Accounting and Doctoral Tutor of the School of Economics and Management, Inner Mongolia Agricultural University.
Liu Chunhai	Served successively as the director and Vice President of the Company.
Qiu Xiangmin	Served successively as the Deputy Financial Director of the Raw Milk Department, Deputy Financial Director of the Liquid Milk Department and Deputy Director of the President's Office of the Company, and now is the Secretary to the Board of the Company.

Explanation of other information

□Applicable √Not applicable

(2) Positions of directors, supervisors and senior management in office and resigned during the reporting period.

1. Position in shareholders' entity

√Applicable □Not applicable

Name of person in office	Name of shareholder's entity	Position in shareholder's entity	Date of commencement of term of office	Date of termination of term of office
Li Feng	Hohhot Investment Co, Ltd.	Chairman		
Chao Lu	Hohhot Investment Co, Ltd.	Director, General Manager		

2. Position in other entities
√Applicable □Not applicable

Name of person in office	Name of other entities	Position in other entities	Date of commencement of term of office	Date of termination of term of office
Lyu Gang	Dalian Liancheng Enterprise Management Development Co., Ltd.	General Manager		
Ji Shao	School of Labor and Economics, China University of Labor Relations	Dean, Professor of Economics and Doctoral Tutor		
Shi Fang	School of Economics and Management, Inner Mongolia Agricultural University	Head of the Department of Accounting, Associate Professor of Accounting and Postgraduate Tutor		
Gao Debu	School of Economics, Renmin University of China	Professor of Economics and Doctoral Tutor		
Zhang Xinling	School of Economics and Management, Inner Mongolia Agricultural University	Professor of Accounting and Doctoral Tutor		

(3) Remuneration of directors, supervisors and senior management
√Applicable □Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management	The allowance of directors and supervisors shall be determined after consideration and approval at the General Meeting of Shareholders 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.
If the director recuses himself/herself from the Board's discussion of his/her own remuneration	Yes
Details of recommendations from the Remuneration and Appraisal Committee or the extraordinary meeting of independent directors on matters relating to the remuneration of directors, supervisors and senior management	Taking into account the actual situation and long-term development of the Company, the Remuneration and Appraisal Committee of the Board of Directors of the Company considered and passed the "Resolution on the Allowance of Directors of the Board of the Company" and the "Measures for the Administration of Annual Remuneration of Senior Management 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 allowance 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 2022 Annual General Meeting. 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	For details, please refer to "(I) Changes in shareholding of directors, supervisors and senior management in office and resigned during the reporting period and their remuneration" of "IV. Particulars of Directors, Supervisors and Senior Management" 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 RMB45,658,646 as at the end of the reporting period.

(4) Changes of directors, supervisors and senior management of the Company

√Applicable □Not applicable

Name	Position	Change	Reason for change
Li Feng	Director	Resigned	Expiration of term of office
Chao Lu	Director	Elected	General election
Li Jianqiang	Supervisor	Resigned	Expiration of term of office
Wang Yanfang	Supervisor	Elected	General election
Liu Chunhai	Vice President	Resigned	Approaching retirement age

(5) Explanation on penalties by securities regulators in the past three years

□Applicable √Not applicable

(6) Others

□Applicable √Not applicable

V. Information about the Board Meetings Convened during the Reporting Period

Meeting session	Date of meeting	Meeting resolution
Extraordinary Meeting of the Tenth Session of the Board of Directors	12 January 2023	The "Proposal of the Company on the Demonstration Project of New Digital Smart Manufacturing and Food Processing" was considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	30 January 2023	The "Long-term Service Plan (Phase III) of Inner Mongolia Yili Industrial Group Co., Ltd." was considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	19 April 2023	The "Proposal of the Company on Purchase of Equity Interests" was considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	23 April 2023	The "Proposal of the Company on the Registered Capital Increase to Hong Kong Jingang Trade Holding Co., Limited (A Wholly-owned Subsidiary)" was considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	25 April 2023	The "Proposal on the Registered Capital Increase of Hong Kong Jingang Trade Holding Co., Limited (A Wholly-owned Subsidiary of the Company) to Westland Dairy Company Limited" was considered and approved.
Ninth meeting of the Tenth Session of the Board of Directors	26 April 2023	26 proposals, including the "2022 Annual Report and Summary of the Company" were considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	27 April 2023	The "Proposal of the Company on External Donation" was considered and approved.
Extraordinary Meeting of the Tenth Session of the Board of Directors	4 May 2023	2 proposals, including the "Proposal of the Company on a New Lactoferrin Project" were considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	19 May 2023	3 proposals, including the "Proposal on Election of the Chairman of the Eleventh Session of the Board of Directors of the Company and Determination of Executive Directors" were considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	7 June 2023	The "Proposal on Employee Stock Ownership Plan (Phase X) of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	12 June 2023	The "Proposal of the Company on Adjustment to the Implementation Method of the Comprehensive Compensation System" was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	7 July 2023	The "Proposal of the Company on the Adjustment of the Repurchase Price of 2019 Restricted Shares" was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	15 July 2023	The "Proposal of the Company on the Expansion of 5G+ High-quality Dairy Deep-processing Innovation and Smart Manufacturing Service Demonstration Base Project of Inner Mongolia Yijiahao Cheese Co., Ltd." was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	26 July 2023	2 proposals, including the "Proposal on the '2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)' and its Summary", were considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	28 July 2023	3 proposals, including the "Proposal of the Company on Partial Repurchase and Cancellation of 2019 Restricted Stocks", were considered and approved.

Meeting session	Date of meeting	Meeting resolution
First Meeting of the Eleventh Session of the Board of Directors	28 August 2023	2 proposals, including the "2023 Interim Report and Summary of the Company", were considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	28 September 2023	The "Proposal of the Company on Changing the Expansion of 5G+ High-quality Dairy Deep-processing Innovation and Smart Manufacturing Service Demonstration Base Project of Inner Mongolia Yijiahao Cheese Co., Ltd." was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	9 October 2023	The "Proposal of the Company on Meeting the Unlocking Conditions for the Fourth Lock-up Period of the 2019 Restricted Stock Incentive Plan" was considered and approved.
Second Meeting of the Eleventh Session of the Board of Directors	30 October 2023	The "2023 3rd Quarter Report of the Company" was considered and approved.
Extraordinary Meeting of the Eleventh Session of the Board of Directors	30 November 2023	The "Proposal of the Company on Engagement of the Representative for Securities Affairs" was considered and approved.

VI. Performance of Duties by Directors

(I) Attendance of Board meetings and General Meetings of Shareholders by directors

Name of director	Independent director	Attendance at Board meetings						Attendance at General Meetings of Shareholders
		Number of Board meetings required to be attended during the year	Attended in person	Attended via communication	Attended by representative	Absence	Failed to attend in person at two meetings in a row	Number of attendances at General Meetings of Shareholders
Pan Gang	No	20	20	18	0	0	No	1
Zhao Chengxia	No	20	18	18	2	0	No	0
Wang Xiaogang	No	20	20	18	0	0	No	2
Zhao Ying	No	20	20	18	0	0	No	2
Wang Aiqing	No	20	20	18	0	0	No	2
Chao Lu	No	12	11	11	1	0	No	0
Lyu Gang	No	20	20	18	0	0	No	2
Peng Heping	Yes	20	20	18	0	0	No	2
Ji Shao	Yes	20	20	18	0	0	No	2
Cai Yuanming	Yes	20	20	18	0	0	No	2
Shi Fang	Yes	20	20	18	0	0	No	2
Li Feng	No	8	7	7	1	0	No	0

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

□Applicable √Not applicable

Number of Board meetings convened during the year	20
Including: Number of physical meetings	2
Number of meetings convened via communication	18
Number of physical meetings in combination with communication	0

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

□Applicable √Not applicable

(III) Others

□Applicable √Not applicable

VII. Special Committees under the Board

√Applicable □Not applicable

(I) Members of special committees under the Board

Type of special committee	Names of members
Audit Committee	Shi Fang (Chairman of the Committee), Peng Heping, Ji Shao
Nomination Committee	Ji Shao (Chairman of the Committee), Peng Heping, Pan Gang
Remuneration and Appraisal Committee	Cai Yuanming (Chairman of the Committee), Ji Shao, Shi Fang
Strategy and Sustainable Development Committee	Pan Gang (Chairman of the Committee), Zhao Chengxia, Wang Xiaogang, Wang Aiqing, Chao Lu, Lyu Gang, Cai Yuanming, Shi Fang

(II) Three meetings convened by the Audit Committee during the reporting period

Date of meeting	Content of meeting	Important opinions and suggestions	Other performance of duties
26 April 2023	9 proposals, including the "2022 Annual Report and Summary of the Company", the "2022 Assessment Report on Internal Control of the Company", the "2022 Audit Report on Internal Control of the Company", the "2022 Annual Performance Report of the Audit Committee under the Board of Directors of the Company", the "Proposal of the Company on Carrying out Futures and Derivatives Hedging Business", the "Proposal of the Company on '2022 Special Report on the Deposit and Actual Use of Raised Funds'", the "Proposal of the Company on Reappointing Certified Public Accountants", the "Proposal of the Company on Changing Accounting Policies" and the "2023 1st Quarter Report of the Company" were considered.	Each proposal was approved and submitted to the Board of Directors of the Company for consideration.	-
28 August 2023	2 proposals, including the "2023 Interim Report and Summary of the Company" and the "2023 Interim Special Report on the Deposit and Actual Use of Raised Funds", were considered.	Each proposal was approved and-submitted to the Board of Directors of the Company for consideration.	
30 October 2023	The "2023 3rd Quarter Report of the Company" was considered.	The proposal was approved and submitted to the Board of Directors of the Company for consideration.	-

(III) One meeting convened by the Nomination Committee during the reporting period

Date of meeting	Content of meeting	Important opinions and suggestions	Other performance of duties
26 April 2023	The "Proposal on the General Election of the Board of the Directors of the Company" was considered.	The proposal was approved and-submitted to the Board of Directors of the Company for consideration.	

(IV) Three meetings convened by the Remuneration and Appraisal Committee during the reporting period

Date of meeting	Content of meeting	Important opinions and suggestions	Other performance of duties
26 April 2023	The "Resolution on the Allowance of Directors of the Board of the Company" was considered.	The proposal was approved and submitted to the Board of Directors of the Company for consideration.	-
24 July 2023	2 proposals, including the "Proposal on the '2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)' and its Summary" and the "Management Rules of the 2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)", were considered.	Each proposal was approved and submitted to the Board of Directors of the Company for consideration.	-
7 Oct 2023	2 proposals, including the "Proposal of the Company on Determining the 2022 Performance Appraisal Results for the 2019 Restricted Stock Incentive Plan" and the "Proposal of the Company on Meeting the Unlocking Conditions for the Fourth Lock-up Period of the 2019 Restricted Stock Incentive Plan", were considered.	Each proposal was approved and submitted to the Board of Directors of the Company for consideration.	-

(V) One meeting convened by the Strategy and Sustainable Development Committee during the reporting period

Date of meeting	Content of meeting	Important opinions and suggestions	Other performance of duties
26 April 2023	3 proposals, including the "2023 Operating Strategy and Investment Plan of the Company" and the "2022 Final Accounts and 2023 Financial Budget Plan of the Company" and the "Company's 2022 Sustainability Report", were considered.	Each proposal was approved and-submitted to the Board of Directors of the Company for consideration.	

(VI) Particulars of the objections

□Applicable √Not applicable

VIII. 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.

IX. Employees of the Parent Company and Major Subsidiaries as at the End of the Reporting Period

(I) Employees

Number of existing employees of the parent company	26,202
Number of existing employees of major subsidiaries	38,103
Total number of existing employee	64,305
Number of resigned and retired employees whose expenses shall be undertaken by the parent company and major subsidiaries	0

Specialization composition

Category of specialization	Headcount of specialization
Production personnel	21,417
Sales personnel	20,480
Technicians	13,312
Finance personnel	1,891
Administration personnel	7,205
Total	64,305

Education level

Category of education level	Headcount
Doctors	74
Masters and Postgraduates	1,912
Bachelors	24,832
Diploma	21,562
High school graduates and below	15,925
Total	64,305

(II) Remuneration policy

√Applicable □Not applicable

In order to support the attainment of the 2030 strategic goals, the Company continued to enhance the orientation towards value creation and effectively connect it with organizational and individual performance, fully implemented the concept of human resources management that “Pursues Excellent Value Creators” in our value distribution system, continued to consolidate the comprehensive remuneration management system that regards position-based remuneration as the mainstay and takes competence-based remuneration into account; created a healthy culture and atmosphere, adhered to the principle of achievement-based reward, focused on more creation, more contribution and more sharing, and built a comprehensive remuneration model comprising of short-, medium- and long-term incremental performance sharing for core management talents, experts and technical backbones, while encouraging employees to continue the pursuit of high-quality, supported employees to make bold innovations and set up a special award from the President, a special pool of innovation bonuses, etc., to stimulate the vitality of talents, realizing the common development and interest sharing between the employees and the Company. The Company adhered to the principle of “respecting, gathering and achieving people”, cared for the physical and mental health of employees and met the diversified needs of employees by maintaining the employee experience improvement project "Spring Rain Scheme" for 12 consecutive years, achieving industry-leading employees' dedication and satisfaction. During the reporting period, the Company’s employer brand has been recognized by multiple authoritative institutions, receiving a number of employer brand awards, such as the "TOP 50 DEI Employer Award (China) 2023" by Employer Branding Institute and the “China Best Employers Award 2023” among the top 30 China Best employers ranked by Zhaopin Ltd.

(III) Training programs

√Applicable □Not applicable

Yili has always placed great emphasis on the continuous growth and development of its employees, aiming to cultivate and empower outstanding value creators. With a forward-thinking approach to business strategy, Yili continuously develops employees throughout the process of business development, fostering mutual growth between employees and the Company. In terms of building the core talent team of managerial talents, experts, digital talents, innovative talents and young potential talents, Yili has achieved efficient development of talents in key fields and positions by combining trainings and practical experience with precise digital and intelligent empowerment based on the main line of practical training in the positions. In terms of upgrading the talents’ ability of the Company and the industrial chain partners, by adherence to the principles of “talent value addition”, “knowledge value addition” and “industrial chain value addition”, Yili Global Talent Development Center constructs the “Yi Qi Xue” and “Yi Qi Ying” digital learning platforms, solidifies a three-tier training management system, and continuously conducts empowerment and certification activities related to innovation, digitalization, and sustainable developments. These efforts have empowered hundreds of thousands of not only Yili employees but also employees from the whole dairy industry chain, enhancing their abilities to create values. Yili is the first dairy enterprise in China to complete the certification of chief technician and special technician, setting up a benchmark for skilled talents in the dairy industry. Yili is designed as the "Digital Transformation and Artificial Intelligence Industry Talent Base" by Talent Exchange Center of Ministry of Industry and Information Technology, and is recognized as a leading enterprise in the empowering digital talents in both China’s FMCG industry and dairy industry. With the practice in building a learning organization, Yili has received the “Excellent in Practice Award” and the “ATD BEST Award” from the Association for Talent Development (ATD), becoming the first enterprise in China’s diary industry to receive the “ATD BEST Award” and the only Chinese diary company to achieve dual honors.

(IV) Labor outsourcing

√Applicable □Not applicable

Total working hours of outsourced labor	4,505,088.70 hours
Total remuneration paid for outsourced labor	RMB206,921,700

X. Proposal on Profit Distribution or Conversion of Capital Reserve into Capital Stock

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

√Applicable □Not applicable

On 18 May 2023, the "2022 Profit Distribution Proposal of the Company" was considered and approved at the 2022 Annual General Meeting of Shareholders of the Company; on 27 May 2023, the "Announcement of the Company on the Adjustment to the Total Cash Dividends of 2022 Profit Distribution" was disclosed by the Company. The distribution of a cash dividend of RMB1.04 (tax inclusive) for every share to all shareholders were made on the basis of the total share capital of the Company of 6,366,450,305 shares prior to the implementation of the proposal, which amounted to total cash dividends of RMB6,621,108,317.20 distributed. The "Announcement on Implementing the 2022 Annual Equity Distribution of Inner Mongolia Yili Industrial Group Co., Ltd." was published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 6 June 2023.

The Company formulated and implemented its cash dividend policy strictly in accordance with the provisions of the Articles of Association. During the reporting period, the profit distribution of the Company complied with the provisions in the Articles of Association and the requirements stated in the resolutions approved at the General Meeting of Shareholders; the review procedures and mechanisms for profit distribution were complete with clear standards and proportion of dividend distribution; the independent directors exercised due diligence in discharging their duties and played their due roles; and minority shareholders had opportunities to fully express their opinions and appeals, thus protecting their legitimate interests.

(II) Special description on cash dividend policy

√Applicable □Not applicable

Whether it complied with the provisions of the Articles of Association or the requirements stated in the resolutions approved at the General Meeting of Shareholders	√Yes □No
Whether the standards and proportion of dividend distribution were clear	√Yes □No
Whether the relevant decision-making procedures and mechanisms were complete	√Yes □No
Whether the independent directors exercised due diligence in discharging their duties and played their due roles	√Yes □No
Whether minority shareholders had opportunities to fully express their opinions and appeals, and whether their legitimate interests were adequately protected	√Yes □No

(III) Where the parent company has a positive profit available for distribution to shareholders with no cash profit distribution plan proposed during the reporting period, the Company shall disclose the reasons therefor and the purpose and utilization plan of such undistributed profit in detail

□Applicable √Not applicable

(IV) The profit distribution and conversion of capital reserve into capital stock during the reporting period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (share)	/
Amount of dividends per 10 shares (Yuan) (tax inclusive)	12.00
Number of shares capitalized per 10 shares (share)	/
Amount of cash dividends (tax inclusive)	7,639,318,446.00
Net profit attributable to ordinary shareholders of parent company in the consolidated financial statements for the year of dividend distribution	10,428,540,457.94
Percentage of net profit attributable to ordinary shareholders of parent company in the consolidated financial statements (%)	73.25
Amount of shares repurchased by cash included in cash dividend	696,884,310.22
Total amount of dividends (tax inclusive)	8,336,202,756.22
Percentage of total amount of dividends to net profit attributable to ordinary shareholders of parent company in the consolidated financial statements (%)	79.94

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

(I) Relevant incentive matters disclosed in provisional announcements without progress or change in subsequent implementation

√Applicable □Not applicable

Overview of Matter	Query Index
The repurchase and cancellation of certain restricted shares under the 2019 Stock Incentive Plan.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Repurchase and Cancellation of Certain Restricted Shares under the 2019 Stock Incentive Plan" published on the Shanghai Stock Exchange by the Company on 15 February 2023.
On 26 April 2023, the Company convened the ninth meeting of the tenth session of the Board of Directors, during which the "Proposal on Repurchase and Cancellation of Some 2019 Restricted Shares" was considered and approved.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Repurchase and Cancellation of Some 2019 Restricted Shares" published on the Shanghai Stock Exchange by the Company on 28 April 2023.
On 18 May 2023, the Company convened the 2022 Annual General Meeting of Shareholders, during which the "Proposal on Repurchase and Cancellation of Some 2019 Restricted Shares" was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the 2022 Annual General Meeting of Shareholders of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 19 May 2023.
On 7 July 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Proposal of the Company on the Adjustment of the Repurchase Price of 2019 Restricted Shares" was considered and approved.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Adjustment of the Repurchase Price of 2019 Restricted Shares" published on the Shanghai Stock Exchange by the Company on 8 July 2022.
The repurchase and cancellation of certain restricted shares under the 2019 Stock Incentive Plan.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Repurchase and Cancellation of Certain Restricted Shares under the 2019 Stock Incentive Plan" published on the Shanghai Stock Exchange by the Company on 27 July 2023.
On 28 July 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Proposal on Repurchase and Cancellation of Some 2019 Restricted Shares" was considered and approved.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Repurchase and Cancellation of Some 2019 Restricted Shares" published on the Shanghai Stock Exchange by the Company on 29 July 2023.
On 15 August 2023, the Company convened the first extraordinary general meeting in 2023, during which the "Proposal on Repurchase and Cancellation of Some 2019 Restricted Shares" was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the 2023 First Extraordinary General Meeting of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 16 August 2023.
On 9 October 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Proposal of the Accomplishment of the Unlocking Conditions of the Fourth Unlocking Period for the 2019 Restricted Stock Incentive Plan" was considered and approved.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Accomplishment of the Unlocking Conditions of the Fourth Unlocking Period for the 2019 Restricted Stock Incentive Plan" published on the Shanghai Stock Exchange by the Company on 10 October 2023.

Overview of Matter	Query Index
The release from trading restrictions for the fourth unlocking period and listing of shares of the 2019 Restricted Stock Incentive Plan.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Release from Trading Restrictions for the Fourth Unlocking Period and Listing of Shares of the 2019 Restricted Stock Incentive Plan" published on the Shanghai Stock Exchange by the Company on 19 October 2023.
The repurchase and cancellation of certain restricted shares under the 2019 Stock Incentive Plan.	For details, please refer to the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Repurchase and Cancellation of Certain Restricted Shares under the 2019 Stock Incentive Plan" published on the Shanghai Stock Exchange by the Company on 15 November 2023.
On 19 May 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Employee Stock Ownership Plan (Phase X) of Inner Mongolia Yili Industrial Group Co., Ltd." was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the Extraordinary Meeting of the Eleventh Session of the Board of Directors of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 20 May 2023.
On 7 June 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Employee Stock Ownership Plan (Phase X) of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the Extraordinary Meeting of the Eleventh Session of the Board of Directors of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 8 June 2023.
On 12 June 2023, the Company convened the first holders' meeting of the Employee Stock Ownership Plan (Phase X), during which the "Daily Management Measures for Holders of the Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd." and the "Proposal on the Election of Members of the Management Committee of the Employee Stock Ownership Plan (Phase X)" were considered and approved.	For details, please refer to the "Announcement on the Resolutions of the First Holders' Meeting of the Employee Stock Ownership Plan (Phase X) of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 13 June 2023.
Disclosure of the progress on the implementation of the Employee Stock Ownership Plan (Phase X).	For details, please refer to the "Announcement on the Progress on the Implementation of the Employee Stock Ownership Plan (Phase X) of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 14 June 2023.
On 26 July 2023, the Company convened the extraordinary meeting of the eleventh session of the Board of Directors, during which the "Proposal on the '2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)' and its Summary" and the "Management Rules of the 2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)" were considered and approved.	For details, please refer to the "Announcement on the Resolutions of the Extraordinary Meeting of the Eleventh Session of the Board of Directors of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 27 July 2023.

Overview of Matter	Query Index
On 15 August 2023, the Company convened the first extraordinary general meeting in 2023, during which the "Proposal on the '2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)' and its Summary" and the "Management Rules of the 2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Draft)" were considered and approved.	For details, please refer to the "Announcement on the Resolutions of the 2023 First Extraordinary General Meeting of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 16 August 2023.
On 30 January 2023, the Company convened the extraordinary meeting of the tenth session of the Board of Directors, during which the "Long-term Service Plan (Phase III) of Inner Mongolia Yili Industrial Group Co., Ltd." was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the Extraordinary Meeting of the Tenth Session of the Board of Directors of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 31 January 2023.
On 3 February 2023, the Company convened the first holders' meeting of the Long-term Service Plan (Phase III), during which the "Daily Management Measures for Holders of the Long-term Service Plan of Inner Mongolia Yili Industrial Group Co., Ltd." was considered and approved.	For details, please refer to the "Announcement on the Resolutions of the First Holders' Meeting of the Long-term Service Plan (Phase III) of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 4 February 2023.
Disclosure of the progress on the implementation of the Long-term Service Plan (Phase III).	For details, please refer to the "Announcement on the Progress on the Implementation of the Long-term Service Plan (Phase III) of Inner Mongolia Yili Industrial Group Co., Ltd." published on the Shanghai Stock Exchange by the Company on 10 February 2023.

(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

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

□Applicable √Not applicable

√Applicable □Not applicable

Unit: Share

Name	Position	Number of restricted shares held as at the beginning of the year	Number of restricted shares newly granted during the reporting period	Grant price of restricted shares (Yuan)	Shares unlocked	Shares subject to lock-up	Number of restricted shares held as at the end of the period	Market price as at the end of the reporting period (Yuan)
Pan Gang	Chairman and President	20,264,000	0		10,132,000	10,132,000	10,132,000	26.75
Zhao Chengxia	Director, Vice President and Financial Controller	3,332,000	0		1,666,000	1,666,000	1,666,000	26.75
Qiu Xiangmin	Secretary to the Board	132,000	0		66,000	66,000	66,000	26.75
Total	/	23,728,000	0	/	11,864,000	11,864,000	11,864,000	/

(IV) 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 relevant requirements of the Company under the actual operating conditions of the Company.

XII. Development and Implementation of Internal Control Systems during the Reporting Period

√Applicable □Not applicable

Adhering to the internal control management concept of "enhancing internal control, preventing risks, promoting compliance and creating value", the Company strictly implemented the Company Law, the Articles of Association and the relevant regulations and requirements of the CSRC and the Shanghai Stock Exchange, etc. During the reporting period, the Company amended the Internal Control and Risk Management System of Yili Group and its supporting management processes in accordance with the provisions of the Basic Standards for Enterprise Internal Control and its supporting guidelines, the Guideline No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation and other regulations, taking into account the internal and external environment and the situation of the Company's development. In 2023, the Company effectively implemented various internal control systems and also evaluated and updated its relevant systems as appropriate, continuously improved the internal control system of the Company, effectively enhanced its management level and decision-making efficiency, ensured the legal compliance of its operation and management as well as asset safety, and effectively helped achieve the Company's strategic development objectives.

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

□Applicable √Not applicable

XIII. Management and Control of Subsidiaries during the Reporting Period

√Applicable □Not applicable

In accordance with the Company Law, the Basic Standards for Enterprise Internal Control, the Guideline No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange – Standardized Operation, the Articles of Association, the Internal Control Management Measures of Holding Subsidiaries of Yili Group and other relevant requirements, the Company adopted two modes of control over its holding subsidiaries, namely integrated management and independent operation. The Company assigned directors, supervisors and management personnel to its holding subsidiaries and specified the focus of control, sharing of resources and services and professional empowerment. At the same time, taking into account the management mode of its holding subsidiaries, the Company has adopted industry-specific policies and categorized control, formulated mechanisms for reporting major matters such as overseas investments, guarantees, asset purchases and disposals, as well as major risk events and major deficiencies, specified the work mechanism for risk assessment required in the event of occurrence of matters such as major adjustments to the development strategies and organizational structure of its subsidiaries and major changes to their business process, standardized the Company's internal control management, ensured the efficient and healthy operation of its subsidiaries, and effectively safeguarded the legitimate rights and interests of the Company and its shareholders

During the reporting period, the Company purchased a new wholly-owned subsidiary, Inner Mongolia Kangyijia Biotechnology Co., Ltd., and the Company's holding subsidiary, Ausnutria Dairy, purchased a new holding subsidiary, Bioflag Nutrition Corporation Ltd.. The Company has formulated a work plan for the integration of the newly-added holding subsidiaries, carried out post-investment management in a timely manner to integrate institutions, various assets, personnel, finance and business, and finished various tasks including production, human resources, corporate culture, finance, supply chain, system, process and information system management to achieve effective post-investment empowerment and value creation. Up to now, the business operation of the newly-added subsidiaries is in good condition.

XIV. 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 "2023 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

Type of opinion in the audit report on internal control: standard unqualified opinion

XV. Self-inspection and Rectification of Issues in the Special Actions on Governance of Listed Companies

In accordance with the requirements of the Announcement of CSRC on Special Actions on Governance of Listing Companies, the Company has carefully conducted its self-inspection according to the list of special self-inspection on governance of listed companies, and there are no issues that need to be rectified.

XVI. Others

□Applicable √Not applicable

Section V Environment and Social Responsibility

伊利双碳实践案例入选《中国落实 2030 年可持续发展议程进展报告（2023）》。

I. Information on the Environment

Whether mechanisms related to environmental protection have been established	Yes
Investment in environmental protection during the reporting period (Unit: ten thousand yuan)	20,571

(1) Explanation on environmental protection of the Company and its subsidiaries falling into the category of key pollution discharging units listed by the environmental protection authorities

√ Applicable □ Not applicable

1. Information on discharge of pollution

√ Applicable □ Not applicable

The Company attaches great importance to environmental protection and strictly implements relevant laws and regulations such as the "Environmental Protection Law of the People's Republic of China", the "Water Pollution Prevention and Control Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes". During the reporting period, all units under the Company discharged pollutants in accordance with the requirements on pollutant emission standards and total emission limits, with no environmental pollution accidents occurred or penalties imposed by ecological environment authorities. Below sets out the environmental information of key pollutant discharging subsidiaries of the Company in the year 2023:

Name of subsidiary	Major pollutants	Method of emission	Average emission intensity (from January to December)	Benchmark value	Excessive emission	2023 Emission (from January to December) (unit: ton)	Total emissions approved (unit: ton)	Number and distribution of emission outlets
			(Unit: water mg/L, fume mg/m³)					
Inner Mongolia Yili Industrial Group Co., Ltd. Dynamic Environment Protection Branch	COD	Intermittent emission	27.36	≤300	Nil	48.95	1,105.99	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	4.42	≤35	Nil	7.94	185.84	
	Total nitrogen	Intermittent emission	10.13	≤55	Nil	18.15	291.82	
	Total phosphorus	Intermittent emission	1.84	≤9	Nil	3.30	46.65	
Bayannur Yili Dairy Co., Ltd.	COD	Continuous emission	76.73	≤500	Nil	31.99	403.13	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	18.32	≤45	Nil	7.28	72.56	
	Total nitrogen	Continuous emission	46.38	≤70	Nil	17.48	112.88	
Jinan Yili Dairy Co., Ltd.	COD	Intermittent emission	33.40	≤500	Nil	45.30	1,142.16	One sewage discharging outlet and four exhaust gas emission outlets located within the factory area.
	Ammonia nitrogen	Intermittent emission	6.95	≤45	Nil	10.10	229.34	
	Total nitrogen	Intermittent emission	25.00	≤70	Nil	32.70	356.80	
	Nitrogen oxides	Intermittent emission	32.00	≤50	Nil	2.64	8.61	
	Sulfur dioxide	Intermittent emission	3.39	≤50	Nil	0.27	No total emissions approved	
	Particulates	Intermittent emission	2.15	≤10	Nil	0.17	No total emissions approved	
Jiyuan Yili Dairy Co., Ltd.	COD	Continuous emission	23.90	≤500	Nil	23.32	516.51	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	7.13	≤45	Nil	6.61	46.49	
	Total nitrogen	Continuous emission	27.78	≤70	Nil	27.08	No total emissions approved	
Liaoning Yili Dairy Co., Ltd.	COD	Intermittent emission	19.28	≤450	Nil	6.02	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	6.10	≤30	Nil	2.00	No total emissions approved	
	Total nitrogen	Intermittent emission	19.10	≤50	Nil	6.07	No total emissions approved	
Langfang Yili Dairy Products Co., Ltd.	COD	Continuous emission	37.84	≤400	Nil	14.55	48.00	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	2.60	≤25	Nil	0.97	3.00	
	Total nitrogen	Continuous emission	24.69	≤100	Nil	9.49	No total emissions approved	
Luanzhou Yili Dairy Co., Ltd.	COD	Continuous emission	35.68	≤500	Nil	19.57	59.77	Two sewage discharging outlets located within the area of two factories.
	Ammonia nitrogen	Continuous emission	5.12	≤45	Nil	2.47	9.21	
	Total nitrogen	Continuous emission	17.09	≤70	Nil	9.75	223.78	
Guangdong Yili Dairy Co., Ltd.	COD	Continuous emission	41.26	≤250	Nil	38.31	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	3.65	≤25	Nil	3.66	No total emissions approved	
	Total nitrogen	Continuous emission	12.48	≤40	Nil	11.40	No total emissions approved	
Hefei Yili Dairy Co., Ltd.	COD	Continuous emission	24.05	≤420	Nil	52.77	1,017.95	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	0.91	≤40	Nil	1.87	90.38	
	Total nitrogen	Continuous emission	21.92	≤50	Nil	45.00	159.01	
	Total phosphorus	Continuous emission	2.67	≤5.5	Nil	5.42	16.29	
Fuxin Yili Dairy Products Co., Ltd.	COD	Intermittent emission	33.14	≤450	Nil	18.88	519.14	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	5.62	≤30	Nil	3.01	34.61	
	Total nitrogen	Intermittent emission	27.77	≤50	Nil	14.32	No total emissions approved	

Name of subsidiary	Major pollutants	Method of emission	Average emission intensity (from January to December)	Benchmark value	Excessive emission	2023 Emission (from January to December) (unit: ton)	Total emissions approved (unit: ton)	Number and distribution of emission outlets
			(Unit: water mg/L, fume mg/m³)					
Xilin Hot Yili Dairy Products Co., Ltd.	COD	Continuous emission	53.82	≤500	Nil	24.73	170.75	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	7.85	≤45	Nil	3.78	15.59	
	Total nitrogen	Continuous emission	23.06	≤70	Nil	10.70	No total emissions approved	
	Total phosphorus	Continuous emission	3.21	≤8	Nil	1.55	No total emissions approved	
Zhangbei Yili Dairy Co., Ltd.	COD	Continuous emission	25.07	≤500	Nil	22.34	146.00	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	1.58	≤35	Nil	1.49	21.90	
	Total nitrogen	Continuous emission	21.83	≤50	Nil	18.53	75.60	
Dingzhou Yili Dairy Co., Ltd.	COD	Continuous emission	52.89	≤500	Nil	77.86	411.08	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	13.39	≤45	Nil	20.77	34.26	
	Total nitrogen	Continuous emission	29.65	≤70	Nil	44.19	91.24	
Weifang Yili Dairy Co., Ltd.	COD	Continuous emission	40.90	≤500	Nil	42.20	486.47	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	15.40	≤45	Nil	16.50	36.95	
	Total nitrogen	Continuous emission	29.30	≤70	Nil	29.90	85.42	
	Total phosphorus	Continuous emission	3.12	≤8	Nil	3.16	9.77	
Longyou Yili Dairy Co., Ltd.	COD	Continuous emission	37.96	≤500	Nil	22.66	81.67	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	5.85	≤35	Nil	0.16	8.17	
Xi'an Yili Taipuke Drink Co., Ltd.	COD	Continuous emission	23.62	≤500	Nil	20.38	237.89	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	3.69	≤45	Nil	3.22	33.31	
	Total nitrogen	Continuous emission	19.93	≤70	Nil	17.74	50.03	
Xianyang Yili Dairy Co., Ltd.	COD	Continuous emission	26.68	≤500	Nil	16.61	96.63	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	3.82	≤45	Nil	2.63	3.91	
	Total nitrogen	Continuous emission	17.50	≤70	Nil	11.02	160.75	
Wuwei Yili Dairy Co., Ltd.	COD	Intermittent emission	58.34	≤500	Nil	24.82	713.25	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	10.17	≤45	Nil	4.31	64.19	
	Total nitrogen	Intermittent emission	32.36	≤70	Nil	13.26	99.86	
Lanzhou Yili Dairy Co., Ltd.	COD	Continuous emission	12.88	≤100	Nil	7.47	113.01	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	1.03	≤15	Nil	0.73	18.30	
	Total nitrogen	Continuous emission	28.22	No benchmark value approved	Nil	16.46	31.97	
	Total phosphorus	Continuous emission	0.11	≤0.5	Nil	0.04	No total emissions approved	
Hulunbuir Yili Dairy Co., Ltd.	COD	Continuous emission	56.31	≤440	Nil	29.05	240.80	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	1.79	≤30	Nil	0.87	19.80	
	Total nitrogen	Continuous emission	10.25	≤40	Nil	5.12	No total emissions approved	
	Total phosphorus	Continuous emission	1.16	≤4	Nil	0.60	No total emissions approved	
Henan Yili Dairy Co., Ltd.	COD	Continuous emission	15.25	≤100	Nil	2.73	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	2.83	≤15	Nil	0.52	No total emissions approved	
Hubei Huanggang Yili Dairy Co., Ltd. Huangzhou Branch	COD	Intermittent emission	9.86	≤500	Nil	6.69	44.00	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	0.83	≤45	Nil	0.54	4.40	
	Total nitrogen	Intermittent emission	8.33	≤70	Nil	5.56	13.20	
	Total phosphorus	Intermittent emission	0.26	≤8	Nil	0.17	0.44	

Name of subsidiary	Major pollutants	Method of emission	Average emission intensity (from January to December)	Benchmark value	Excessive emission	2023 Emission (from January to December) (unit: ton)	Total emissions approved (unit: ton)	Number and distribution of emission outlets
			(Unit: water mg/L, fume mg/m³)					
Tianjin Yili Dairy Products Co., Ltd.	COD	Continuous emission	46.43	≤500	Nil	43.82	480.00	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	8.71	≤45	Nil	8.79	47.10	
	Total nitrogen	Continuous emission	19.39	≤70	Nil	17.39	63.90	
	Total phosphorus	Continuous emission	2.08	≤8	Nil	1.87	No total emissions approved	
Duolun Yili Dairy Co., Ltd.	COD	Continuous emission	25.12	≤100	Nil	29.99	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	0.69	≤15	Nil	1.53	No total emissions approved	
	Total nitrogen	Continuous emission	5.01	≤15	Nil	6.48	No total emissions approved	
	Total phosphorus	Continuous emission	0.34	≤0.5	Nil	0.31	No total emissions approved	
Inner Mongolia Jinhai Yili Dairy Co., Ltd.	COD	Continuous emission	17.43	≤100	Nil	7.22	65.70	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	1.58	≤15	Nil	0.65	11.88	
	Total nitrogen	Continuous emission	9.30	No benchmark value approved	Nil	3.85	19.64	
Wuhan Yili Dairy Co., Ltd.	COD	Intermittent emission	47.50	≤500	Nil	0.97	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	1.13	≤45	Nil	0.02	No total emissions approved	
Inner Mongolia Jinze Yili Dairy Co., Ltd.	COD	Continuous emission	56.57	≤500	Nil	170.84	1,499.66	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	12.12	No benchmark value approved	Nil	36.57	144.57	
	Total nitrogen	Continuous emission	28.53	No benchmark value approved	Nil	85.18	207.55	
Chengdu Yili Dairy Co., Ltd.	COD	Continuous emission	19.14	≤500	Nil	32.57	1,006.82	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Continuous emission	4.62	No benchmark value approved	Nil	8.52	90.62	
	Total phosphorus	Continuous emission	2.74	No benchmark value approved	Nil	6.21	16.11	
Hubei Huanggang Yili Dairy Co., Ltd.	COD	Intermittent emission	9.63	≤500	Nil	10.64	97.20	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	0.07	≤45	Nil	0.08	9.72	
	Total nitrogen	Intermittent emission	8.46	≤70	Nil	9.35	29.16	
	Total phosphorus	Intermittent emission	0.16	≤8	Nil	0.17	0.97	
Urumqi Yili Food Co., Ltd.	COD	Intermittent emission	59.09	≤500	Nil	18.81	104.76	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	1.89	No benchmark value approved	Nil	0.57	10.15	
	Total nitrogen	Intermittent emission	7.04	No benchmark value approved	Nil	2.24	14.33	
Zhejiang Yili Dairy Co., Ltd.	COD	Intermittent emission	62.48	≤500	Nil	10.41	17.23	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	1.76	≤35	Nil	1.16	1.22	
Tianjin Yili Kangye Industry Frozen Food Co., Ltd.	COD	Intermittent emission	88.06	≤500	Nil	12.94	No total emissions approved	One sewage discharging outlet located within the factory area.
	Ammonia nitrogen	Intermittent emission	2.16	≤45	Nil	0.31	No total emissions approved	

Note: Emissions and total emissions approved of Hubei Huanggang Yili Dairy Co., Ltd, Hubei Huanggang Yili Dairy Co., Ltd. Huangzhou Branch, Zhejiang Yili Dairy Co., Ltd and Longyou Yili Dairy Co., Ltd. were measured based on the discharge concentration and emission standards of downstream sewage treatment plants with reference to the requirements of the local environmental protection authority.

2. Construction and operation of pollution prevention facilities

√ Applicable □ Not applicable

The construction of the Company's pollution prevention facilities is designed, constructed and put into operation concurrently with main works as required. In accordance with the requirements of the local ecological environment authority, all branches (subsidiaries) have installed online environment monitoring systems, which are connected with the local ecological environment authority to realize real-time monitoring of enterprises' sewage data.

The Company has been active in practicing the concept of green industrial chain. In 2023, the Company invested RMB206 million in environmental protection, mainly for the renovation and expansion of sewage treatment facilities, upgrading of online monitoring equipment, construction of new hazardous waste warehouse and laboratory waste gas treatment facilities, operation and maintenance of environmental protection facilities and costs related to carbon management.

During the reporting period, the Company's environmental protection facilities operated steadily.

3. Environmental impact assessment of construction projects and other administrative approval on environmental protection

√ Applicable □ Not applicable

All construction projects of the Company have undergone environmental impact assessments and other administrative approval procedures on environmental protection and applied for pollutant discharge permits in accordance with national laws and regulations on environmental protection.

4. Contingency plans for environmental emergencies

√ Applicable □ Not applicable

During the reporting period, in accordance with the requirements of relevant laws such as the "Environmental Protection Law of the People's Republic of China", the Company has revised the "Plan for Environmental Emergencies" based on its actual situations in an effort to establish and improve the mechanism for addressing environmental emergencies, improve response capabilities, and prevent and mitigate environmental damage. The plan had also been filed by the Company with the local ecological environment bureau, and such filing has remained valid as of the disclosure date of this report. The Company stresses the daily management of pollution prevention and emergency-handling facilities. Each of its branches (subsidiaries) regularly organizes emergency drills for environmental emergencies in accordance with the "Plan for Environmental Emergencies", and provides corresponding emergency supplies to ensure that incidents can be addressed quickly, orderly and efficiently.

5. Environmental self-monitoring plan
√ Applicable □ Not applicable
In accordance with the relevant requirements such as the "Measures for Self-monitoring and Information Disclosure by Enterprises under Key Supervision of the State (Trial)", the Company has devised a detailed monitoring plan for various types of pollutants such as sewage, exhaust gas and noise. At the same time, each of its branches (subsidiaries) has formulated and published its self-monitoring requirements on the National Information Platform for the Management of Pollutant Discharging Permits, to effectively monitor the testing process and results of different pollutant indicators. Moreover, to ensure the accuracy and comprehensiveness of its monitoring results, the Company regularly compares its results with those from third-party professional monitoring institutions to ensure that the discharges of pollutants were in compliance with standards
6. Administrative penalties for environmental issues during the reporting period
□ Applicable √ Not applicable
7. Other environmental information that should be disclosed
□ Applicable √ Not applicable

(II) Environmental protection of companies other than key pollutant discharging units

√ Applicable □ Not applicable
1. Administrative penalties for environmental issues
□ Applicable √ Not applicable
2. Disclosure of other environmental information with reference to key pollutant discharging units
√ Applicable □ Not applicable
The branches (subsidiaries) other than the above key pollutant discharging units have strictly implemented the laws and regulations on environmental protection, maintained and operated their environmental protection facilities in accordance with the Company's unified requirements on environmental protection management, and all indicators for emission were in compliance with standards. Their environmental protection files and institutional documents such as administrative approvals on environmental protection, self-monitoring plans, plan for environmental emergencies, and pollutant discharge permits are complete and effective.
3. Reasons for non-disclosure of other environmental information
□ Applicable √ Not applicable

(III) Relevant information conducive to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities

√Applicable □Not applicable
Since the release of "Yili Group Plan for a Net Zero Carbon Future" by the Company, each branch (subsidiary) has been active in the implementation of the action plan in accordance with the requirements to achieve the targets. During the reporting period, all the Company's targets have been achieved and remarkable achievements have been made in the following works:
1. Sludge reduction: In order to reduce sludge produced, the Company encourages each branch (subsidiary) to change the operation mode of activated sludge method of sewage aerobic process to the biofilm process until sludge becomes zero. As of the end of the reporting period, a total of 37 sewage treatment systems have realized zero-sludge operation, reducing a total 5,892 tons of sludge as compared with 2022, representing a decrease of 20.7% in sludge produced per ton from products as compared with 2022.
2. Waste-free factory: Being the first in the industry to set"Waste-free Factory" as a benchmark, a comprehensive recycling system of solid waste resources was built by Yili to continuously promote the concept of sustainable and green development, actively practice corporate social responsibility, and realize the "reduction", "recycling" and "harmless" of solid waste. As of the end of the reporting period, a total of 16 branches (subsidiaries) were awarded the title of "Waste-free Factory" at municipal level.
3. Solid waste recycling: In 2023, the Company sorted out, managed and controlled the solid waste of each branch (subsidiary) based on its Guidance List for Solid Waste Comprehensive Utilization and the EHSQ information management system, significantly improving the solid waste recycling and utilization rate of the Group. As of the reporting period, the solid waste recycling rate was 88.42%.
4. Biogas recycling: In 2023, the Company constantly encouraged each branch (subsidiary) to carry out biogas recycling projects, and set up "Managing Technical Standards for Biogas System of Yili Group", which provides managing guidance to factories

nationwide for biogas collection, storage, purification, transportation and distribution, burning and utilization. In 2023, 2.04 million m3 of biogas were recycled, representing an increase of 108% over the same period of last year; 26,700 m3 of steam were generated from burning biogas. The Company reduced fossil energy consumption and improved the resources recycling and utilization rate by using renewable energy.

5. Energy saving and emission reduction projects: In 2023, the Company carried out 1,153 energy-saving projects (excluding water saving projects), saving 64.32 million kWh of electricity, 4.0796 million m3 of natural gas and 60,000 tons of steam in aggregate, and saving 19,100 tons of standard coal. At the same time, the Company is accelerating the construction of distributed photovoltaic installation projects and continued to increase the proportion of green power. As of the end of the reporting period, with total capacity of 32.95 MW achieved by the Company's distributed photovoltaic installation aside from the purchase of green power, the proportion of green power of the Company increased to 19.99%.

6. Water resources management: In 2023, the Company continued to carry out water-saving projects and reclaimed water reuse projects. The Company tapped into water-saving potentials in a well-targeted way for areas with high water risk and stress, and carried out 355 water-saving projects, saving over 1.77 million tons of water annually. Driven by reclaimed water reuse projects, the reuse rate of reclaimed water increased to 12.72%, improving the recycling and utilization rate of water resources and mitigating stress of water resources.

As of the end of the reporting period, 32 of subordinate branches (subsidiaries) of the Company won the title of "Water-saving Enterprise", an increase of 8 factories as compared with 2022; 41 branches (subsidiaries) passed the certification of "Green Factory" at national level, an increase of 10 factories as compared with 2022; 50 branches (subsidiaries) were included in the "positive list" of environmental protection in places where they operated, an increase of 3 factories as compared with 2022; the Company and its 50 subordinate branches (subsidiaries) passed the certification of environmental management system, an increase of 10 factories as compared with 2022; 46 branches (subsidiaries) passed the certification of energy management system, an increase of 10 factories as compared with 2022. This facilitated the Company in realizing safe and low-carbon production.

(IV)Measures adopted to reduce carbon emissions during the reporting period and their effect

Whether carbon reduction measures are adopted	Yes
Reduction in emissions of carbon dioxide equivalent (in tons)	43,315
Carbon reduction measures (e.g. use of clean energy to generate electricity, use of carbon reduction technologies in production processes, development and production of new products that contribute to carbon reduction, etc.)	Upgrading and announcing the "Yili Group Plan for a Net Zero Carbon Future", implementing the carbon management system, carrying out energy saving and emission reduction actions, introducing new energy, maintaining the zero carbon products and zero carbon factories, carrying out water footprint certification, expanding the zero carbon alliance to help the Company achieve its dual carbon targets and promote the implementation of carbon reduction actions across the whole industrial chain.

Specific explanations

√Applicable □Not applicable

As an industry leader, the Company led the industry to commit itself to and realize carbon neutrality. To realize carbon neutrality of the entire industrial chain by 2050, we will coordinate with supply chain partners to form a life cycle development path of green industrial chain by way of source control, process control and terminal tracking.

Since 2010, the Company has gained independent carbon footprint verification capabilities, and has carried out carbon footprint verification for 14 consecutive years, being the first enterprise in the industry to carry out carbon footprint verification; in 2022, the Company established the Carbon Neutrality Committee, with Chairman and President Pan Gang serving as the Committee's Director. On 8 April 2022, the Company released the "Yili Group Plan for a Net Zero Carbon Future" and the "Yili Group Roadmap to Realize the Plan for a Net Zero Carbon Emission". In order to implement the strategic goal of "comprehensive value leadership" effectively and promote the "Yili Group Plan for a Net Zero Carbon Future" steadily and orderly, the Company upgraded the "Yili Group Plan for a Net Zero Carbon Future" (2022 version) in 2023 based on its significant achievement of carbon reduction in 2022, specifically

set phased goals (2022-2030) for exploring transformation and corresponding action plans, and accelerated every process orderly. During the reporting period, remarkable achievements have been made in the following works:

1. Reduce carbon emissions by strengthening greenhouse gas management and implementing carbon management system to achieve carbon neutrality in the industrial chain

The Company formed a systematic carbon management system that integrates carbon emissions, carbon trading, carbon assets and carbon neutrality based on the first international carbon management system standard, which made it one of the world's first companies certified with a carbon management system, making its carbon management system and process more clarified and its labor division among various units at all levels clearer. It also continued to promote the construction of the system to constantly improve carbon management performance. During the reporting period, after the evaluation by the EATNS Carbon Management System Evaluation Working Committee, we were awarded the Outstanding Demonstration Case of Carbon Management System, the only in food industry. Total carbon emissions in 2023 were 1,745,600 tons CO2e, a year-on-year decrease of 2.42%, and carbon emissions per ton of product in 2023 were 170.3kg CO2e/t, a year-on-year decrease of 6%.

During the reporting period, the Company worked with industrial chain partners to jointly launch the dual carbon management work, expanded the "Zero Carbon Alliance", and released the constitution of the Zero Carbon Alliance to convey the Company's carbon neutrality goal to industrial chain partners. The Company facilitated 54 suppliers to obtain carbon footprint verification and join the "Zero Carbon Alliance", taking the total number of members to 88, of which 17 suppliers were awarded the "Low Carbon Pioneer Award" by the Company. During the reporting period, the Company facilitated 6 suppliers to obtain carbon neutral certificates and complete zero-carbon material certification, which helped the Company maintain 5 factories and 5 products certified as "zero-carbon", and drove carbon and emission reduction in the whole industrial chain of the dairy products industry.

2. Innovatively explore the "water footprint" and open a new chapter of industry-wide carbon reduction through the practice of "water footprint + carbon footprint"

During the reporting period, the Company and the Shanghai Investment and Technology Promotion Office of the United Nations Industrial Development Organization (UNIDO) jointly organized the "Forum on Transformation of Food Industry to Low Carbon and Low Water Footprints", which brought together 49 partners and authorities to join the "Alliance for LWFi (Low Water Footprint Initiative) for Dairy Industry" of the UN Water Action Agenda and innovatively explored "water footprint". As of the reporting period, a total of 5 factories and 3 products have completed water footprint evaluation and certification, opening a new chapter of industry-wide carbon reduction through the practice of "dual footprints", i.e. "water footprint + carbon footprint".

3. Participate in the construction of the dairy industry branch of the National Carbon Measurement Center (Inner Mongolia) to help improve the carbon peak and carbon neutral measurement system

The dairy industry branch of the National Carbon Measurement Center (Inner Mongolia), the construction of which the Company participated in, was officially launched in August 2023. In accordance with the planning requirements of the master program for the construction of the National Carbon Measurement Center (Inner Mongolia), and based on the dairy industry, it focuses on conducting construction projects such as the development of carbon standards, carbon data management platforms, carbon management and operation platforms, and carbon service platforms for dairy products, giving full play to the supporting and safeguarding roles of measurement in the dairy industry to achieve the goal of carbon peak and carbon neutrality, carrying out carbon accounting and carbon measurement works in a scientific and standardized manner, performing research and deployment in phases for the whole life cycle, helping to improve the carbon peak and carbon neutral measurement system, and actively carrying out technical services of carbon measurement diagnosis and review in the whole industrial chain.

4. Numerous recognitions from international and national ministries and industries

(1) On 24 March 2023, through the UN Water Action Initiative and by virtue of the action plan of the LWFi (Low Water Footprint Initiative) for Dairy Industry, the Company became the first Chinese company to undertake and be approved to join the Water Action Agenda of the United Nations and providing a Chinese model for peers around the world to carry out cutting-edge practice of water footprint, which demonstrates the commitment and self-confidence of Chinese enterprises.

(2) On 31 August 2023, the Company's case of Low-Carbon Transition Technology and Its Application across the Entire Dairy Industry Chain won the Leading Project Award in the Second Carbon Neutral Technology Collection Activity jointly organized by the UNIDO and Shanghai Jiao Tong University.

(3) On 25 September 2023, Yili Global Alliance for LWFi was successfully selected for inclusion in the Dairy Sustainability Outlook (DSO), an authoritative publication of the IDF (International Dairy Federation), and was published at the "First-ever Global Conference on Sustainable Livestock Transformation" organized by the Food and Agriculture Organization of the United Nations.

(4) On 8 June 2023, the Company's green, low-carbon and sustainable development case of Practicing the Theory of the "Two Mountains" and Creating the World's First Net Zero Discharge Wastewater Plant in the Dairy Industry won the recognition of the China Dairy Industry Association, and was selected for inclusion in the Typical Cases of Green, Low-Carbon and Sustainable Development in the Chinese Dairy Industry, which was officially published and released.

(5) In August 2023, in the latest ESG rating results released by Morgan Stanley Capital International (MSCI), an authoritative international index agency, the Company's MSCI ESG rating was upgraded to A by virtue of its outstanding performance in ESG, rated highest by MSCI among A-share dairy companies. In addition, the Company's holding subsidiary, Ausnutria Dairy, achieved a MSCI ESG rating of AA, the rated highest among Hong Kong-listed dairy companies.

(6) On 26 September 2023, the Company's Waste Water Treatment and Comprehensive Utilization of Resources for Dairy Products Processing project was selected as one of the first batch of typical cases of pollution reduction, carbon reduction and synergistic efficiency improvement in industrial parks by the Ministry of Ecology and Environment, and was highlighted and released as one of the four major cases at the "2023 Green and Low-Carbon Development Conference for Industrial Parks".

(7) On 29 December 2023, China Energy Conservation Association announced the list of winners of 2023 China Energy Conservation Association Innovation Award, in which the Company was awarded the second prize winner of "Contribution Award for Energy Conservation and Emission Reduction Enterprises", making it the only enterprise in the food industry to win this award.

In the future, the Company will actively promote the healthy and sustainable development, continue to upgrade the green concept, strengthen green management, carry out green actions, and join hands with industry chain partners to create a zero-carbon future.

II. Work on Social Responsibility

(I) Whether to disclose the social responsibility report, sustainability report or ESG report separately

√Applicable □Not applicable

For details, please refer to the Company's 2023 Sustainability Report on the website of the Shanghai Stock Exchange (http://www.sse.com.cn).

(II) Details of social responsibility work

√Applicable □Not applicable

External donations and public welfare project	Number/Content	Description
Total input(ten thousand yuan)	28,265.73	/
Including: Funds (ten thousand yuan)	27,332.84	/
Supplies in discounted amount (ten thousand yuan)	932.89	/
Beneficiaries (person)	921,961	/

Specific explanations

√Applicable □Not applicable

For details, please refer to the Company's 2023 Sustainability Report on the website of the Shanghai Stock Exchange (http://www.sse.com.cn).

(III) Specific Work on Consolidating and Expanding the Achievements of Poverty Alleviation and Rural Revitalization

√Applicable □Not applicable

Poverty alleviation and rural revitalization projects	Number/Content	Description
Total input(ten thousand yuan)	1,771.46	/
Including: Funds (ten thousand yuan)	1,116.97	/
Supplies in discounted amount (ten thousand yuan)	654.49	/
Beneficiaries (person)	495,032	/
Supporting methods (e.g. industrial development, employment, education, etc.)		Industry revitalization, health care, talent development, disaster response

Specific explanations

√Applicable □Not applicable

Rural revitalization is a prerequisite for national rejuvenation. As a major national leading enterprise in agricultural industrialization, the Company thoroughly implemented the Opinions of the Central Committee of the CPC and the State Council on Fulfilling the Key Work of Comprehensively Promoting Rural Revitalization in 2023 by focusing on quality development under the guidance of the target of "Value Leadership", and adhering to Yili's principle of "Balance as Primary and Responsibility Comes First" and the concept of "Results over Speed, Industrial Prosperity over Individual Glory, and Social Value over Business Fortune". It gave play to its leading role as a leading enterprise by promoting key works such as rural development, rural construction and rural governance, and exploring ways to continuously promote rural revitalization. In a bid to drive rural revitalization by promoting the dairy industry, it supported rural revitalization from various aspects such as the revitalization of the dairy industry, nutrition support, talent cultivation, emergency response to disasters and etc. During the reporting period, the Company's rural revitalization cases were selected for the "2022 Yearbook on Consolidating and Expanding Achievements in Poverty Alleviation while Revitalizing Rural Areas" by the National Rural Revitalization Administration, and the "Typical Cases for Rural Revitalization of Listed Companies" by the China Association for Public Companies.

(I) Improving the mechanism of connecting with the interests of farmers and herdsmen, and facilitating rural revitalization by promoting the dairy industry

The Company continues to promote "Interest Connection 2.0", through the seven-pronged connection of technical services, financial support, industry-leading, risk-sharing, quality forage, cow quality and empowerment for improvement, to effectively consolidate the results of poverty alleviation and help more farmers and herdsmen embark on the road to prosperity. During the reporting period, the Company continued to provide financial support in areas such as silage reserves, ranch construction, and equipment upgrades, and implemented two major projects and three major service projects, namely, the "Programs on Increasing Average Milk Yield by One Kilogram per Cow and on Reaching Average Annual Milk Yield of Ten Tons per Cow", the "Breed Improvement Program", the "Yili Excellent High Yield Farm Program", the "Management Program on Cost Reduction and Efficiency Imporvement", and the "Road to the Future - Lean Farm Program". The Company insisted on signing long-term contracts with breeders, promoted the application of high-quality silage and localized roughage, and helped farms develop with high quality.

During the reporting period, the Company's holding subsidiary, Beijing YouYuan Farm Co., Ltd. employed 2,100 people, drove nearly 410,000 mu of forage planting, and brought income of RMB480 million to growers.

(II) Leveraging on the strengths of our major business to provide nutrition support and ensure rural revitalization with health care

The Company joined hands with the Chinese Red Cross Foundation in active response to the "Milk Campaign for Moderately Prosperous China" by the Ministry of Agriculture and Rural Affairs and the Dairy Association of China and continued to promote the "Yili Nutrition 2030" platform-based public welfare project. During the reporting period, the Company went deep into Inner Mongolia, Yunnan, Guizhou and other provinces and cities, where it donated RMB9.52 million worth of cash and supplies to assist in the establishment of the Bo'ai school sports teams, football fields and donated Yili student milk and QQ Star Kid's Formula Milk, guarding children's dreams with nutrition and contributing to rural revitalization with care for children.

During the reporting period, the Company's holding subsidiary, Ausnutria Dairy, together with the Hunan Charity Federation and other non-profit bodies, donated milk powder worth RMB2,000,000 to 14 cities and prefectures in Hunan Province, helping people in need to have a warm winter; it joined hands with Xinhuanet to donate milk powder worth RMB792,200 to Xinhe County in Hebei Province to promote the development of local education and health care and consolidate the results of poverty eradication; it also joined hands with the Hunan Women and Children's Development Foundation to donate milk powder worth RMB2,848,300 to deliver high-quality nutritional materials to the pregnant and maternal in 14 cities and prefectures in Hunan Province, providing them with enhanced protection and comprehensive and balanced nutrition, and promoting the immunity of them and their babies. The year also marked the seventh consecutive year for the Company to carry out the Hyproca Galsang Flower Charity Project, for which it donated charity supplies worth RMB2.136 million and funds with its partners to safeguard Tibet.

(III) Strengthening the training of rural industrial talents and support rural revitalization with talent cultivation

Talent is the major support and power source for rural revitalization. To comprehensively promote rural revitalization, we must strengthen the development of the talent pool for rural revitalization. During the reporting period, the Company continued to strengthen and promote the construction of technical service center, dairy nutrition center, breeding center and training center to promote the research and application of dairy farming technology in multiple aspects. The Company constantly innovated its

technical service model, continued to promote standardized management of dairy farms, built a high-yield lean dairy development system, engaged domestic and foreign authoritative experts and experienced technical personnel to foster standardized operation courses and conducted online professional trainings for farmers and herdsmen, which has trained over 165,000 people to be "technical" and "management" herding elites, cultivating high-quality rural talents and entrepreneurial leaders, and promoting the healthy and sustainable development of the rural revitalization strategy. During the reporting period, the Company has, by offering technical services, helped its partner farms increase average annual milk yield per cow by 7.3% to over 10.5 tons, and lowered breeding cost per kilogram of milk by 0.18 Yuan. The increase in yield and decrease in cost have helped the partner farms raised income by RMB3.6 billion.

(IV) Responding to major disasters in a timely manner and protecting rural revitalization with responsibility

The Company has always been active in assuming social responsibility, making timely response to major disasters, and revitalizing rural areas with responsibility in order to share health around the world. During the reporting period, in the face of the flooding caused by heavy rain from "Doksuri", the Company and the Chinese Red Cross Foundation launched the natural disaster emergency response mechanism at the very first moment by allocating nutritional material such as Pro-Kido Milk Powder, Satine Pure Milk, and Inikin drinking water to assist the affected people and front line personnel. In the immediate aftermath of the 6.2-magnitude earthquake in Gansu, the Company joined hands the Chinese Red Cross Foundation to establish a special rescue team, donated cash and supplies for emergency response and post-disaster reconstruction, and delivered nutritional material to the disaster relief points in heavily-hit areas such as Chenjia Village, Hanshanjia Village, Kangdiao Village, Liuji Township, Xiaohongping Village, Jintian Village, Liugou Township, Hulinjia Township in Jishishan County, Gansu, and Zhongchuan Township, Minhe County, Qinghai Province, providing the people affected in the disaster-stricken areas with nutrition protection.

Section VI Important Matters

2023 年 12 月 17 日，国家乳业技术创新中心正式投入实体化运营。

I. Performance of Undertakings

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

√ Applicable □ Not applicable

Background of undertakings	Type of undertakings	Parties of undertakings	Content of undertakings	Time of undertakings	Any requirement on performnance period	Term of undertakings	Timely and strict perdformance	Specific reason(s) for no timely performance	Forthcoming plans in view of no timely performance
Undertakings relating to refinancing	Others	Inner Mongolia Yili Industrial Group Co., Ltd.	For details, please refer to the Announcement on Undertakings on Matters Relating to Finance related Business of Inner Mongolia Yili Industrial Group Co., Ltd.(Announcement No.: Lin 2021-114)	10 September 2021	Yes	Before the capital raised from the non-public offering runs out or within 36 months after the process of raising capital.	Yes		
	Others	Inner Mongolia Yili Industrial Group Co., Ltd.	For details, please refer to the Reply of Inner Mongolia Yili Industrial Group Co., Ltd. and CITIC Securities Co., Ltd. to the Feedback on the Application of Non-public Offering of Shares of Inner Mongolia Yili Industrial Group Co., Ltd. (2nd Revised Draft)	10 September 2021	Yes	From the issue date of the undertaking until the capital raised from the non-public offering runs out.	Yes		

(II) Explanation of whether the Company has fulfilled its original profit forecast in relation to assets or projects, where there is a profit forecast for such assets or projects of the Company and the reporting period falls within the profit forecast 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

II. Funds Appropriated by Controlling Shareholders and Other Related Parties for Non-operational Purposes during the Reporting Period

□ Applicable √ Not applicable

III. Guarantees in Violation of Laws and Regulations

□ Applicable √ Not applicable

IV. Explanation of the Board of the Company on the "Non-standard Auditor's 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 "40. Changes in significant accounting policies and accounting estimates" under "V. Significant Accounting Policies and Accounting Estimates" in Section X of this report.

(II) Analysis and explanation of the Company on the reasons and impacts of correction of material accounting errors

□ Applicable √ Not applicable

(III) Communication with previous accounting firm

□ Applicable √ Not applicable

(IV) Authority approval and other information

√ Applicable □ Not applicable

On 26 April 2023, the Audit Committee under the Board of Directors of the Company, the ninth meeting of the Tenth Session of Board of Directors and the ninth meeting of the Tenth Session of Board of Supervisors considered and approved the Company's Proposal on Changes in Accounting Policies, and the independent directors expressed their independent concurring opinions in this regard. For details, please refer to the relevant announcements on the website of the Shanghai Stock Exchange (http://www.sse.com.cn).

VI. Appointment and Dismissal of Accounting Firms

Unit: 0,000 Yuan Currency: RMB

	Current appointment
Name of domestic accounting firm	Da Hua Certified Public Accountants LLP
Remuneration of domestic accounting firm	220
Audit term of domestic accounting firm	28
Name of certified public accountants of domestic accounting firm	Liu Guoqing (刘国清), Duchen Muzi (杜晨木姿)
Number of cumulative years of audit services by certified public accountants of domestic accounting firms	1, 1

	Name	Remuneration
Accounting firm for internal control audit	Da Hua Certified Public Accountants LLP	100

Explanation on the appointment and dismissal of accounting firms

□ Applicable √ Not applicable

Explanation on the change in accounting firms during the audit period

□ Applicable √ Not applicable

Explanation on the decrease in audit fees by 20% or more compared to the previous year

□ Applicable √ Not applicable

VII. Risk of Delisting

(I) Causes of warning of delisting
□ Applicable √ Not applicable

(II) Corresponding measures intended by the Company
□ Applicable √ Not applicable

(III) Circumstances and reasons for termination of listing
□ Applicable √ Not applicable

VIII. Matters Relating to Bankruptcy and Restructuring

□ Applicable √ Not applicable

IX. 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

(I) Litigations and arbitrations disclosed in interim announcements without subsequent development
□ Applicable √ Not applicable

(II) Litigations and arbitrations not disclosed in interim announcements or with subsequent development
□ Applicable √ Not applicable

(III) Others
□ Applicable √ Not applicable

X. Suspected Violation of Laws and Regulations, Punishment and Rectification of the Listed Company and its Directors, Supervisors, Senior Management, Controlling Shareholders and Actual Controllers

□ Applicable √ Not applicable

XI. 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 occasions as unsatisfied judgments or unsatisfied debt of substantial amounts.

XII. Significant Related Transactions

(I) Related 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) Related 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 targets shall be disclosed during the reporting period
□ Applicable √ Not applicable

(III) Material related 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) Financial business of the Company with its related financial companies, holding financial companies and related parties
□ Applicable √ Not applicable

(VI) Others
□ Applicable √ Not applicable

XIII. Material Contracts and the Implementation thereof

(I) Custody, contracting and leasing

1. Custody

□ Applicable √ Not applicable

2. Contracting

□ Applicable √ Not applicable

3. 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)														
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount of guarantee	Date of guarantee (date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Security (if any)	Guarantee fully fulfilled	Guarantee overdue	Overdue amount of the guarantee	Counter guarantee	Related party guarantee	Related party relationship
Inner Mongolia Huishang Financing Guarantee Co., Ltd.	Wholly-owned subsidiary	Suppliers and customers	364,332.22	31 December 2020	1 January 2023	27 September 2026	Guarantee with joint liability	Movables, real estate, rights	No	Yes	1,356.55	Yes	No	
Inner Mongolia Yili Industrial Group Co., Ltd.	Headquarters of the Company	Hohhot Yixing Dairy Investment Management Co., Ltd.	4,300.00	21 August 2023	25 August 2023	25 August 2033	Guarantee withjoint liability	Nil	No	No	0	No	No	
Total amount of guarantees incurred during the reporting period (excluding those for subsidiaries)														368,632.22
Total balance of guarantees at the end of the reporting period (A) (excluding those for subsidiaries)														157,452.12
Guarantees for subsidiaries provided by the Company and its subsidiaries														
Total amount of guarantees incurred for subsidiaries during the reporting period														895,102.41
Total balance of guarantees for subsidiaries at the end of the reporting period (B)														1,029,181.53
Total amount of guarantees provided by the Company (including those for subsidiaries)														
Total amount of guarantees (A+B)														1,186,633.65
Percentage of total guarantees in the Company's net assets (%)														22.16
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 asset-liability 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 guarantees														
Statement on guarantee														

(III) Entrusted management of cash assets

1. Entrusted wealth management

(1) Overview of entrusted wealth management

√Applicable □Not applicable

Unit: 0'000 Yuan Currency: RMB

Type	Source of capital	Amount incurred	Outstanding balance	Amount overdue
Bank wealth management	Holding subsidiary's self-owned source	104,600.00		

Others
□Applicable √Not applicable
(2) Individual entrusted wealth management
□Applicable √Not applicable
Others
□Applicable √Not applicable
(3) Impairment provision for entrusted wealth management
□Applicable √Not applicable
2. Entrusted loans
(1)Overview of entrusted loans
□Applicable √Not applicable
Others
□Applicable √Not applicable
(2)Individual entrusted loans
□Applicable √Not applicable
Others
□Applicable √Not applicable
(3)Impairment provision for entrusted loans
□Applicable √Not applicable
3. Others
□Applicable √Not applicable

(IV) Other material contracts
□Applicable √Not applicable

XIV. Explanation on the Progress of the Use of Proceeds

√Applicable □Not applicable

(I) Overall use of proceeds
√Applicable □Not applicable

Unit: 0'000 Yuan

Source of proceeds	Date of receiving proceeds	Total proceeds	Of which: amount of proceeds that exceeds expectation	Net proceeds after deducting issurance expenses	Total investment committed out of proceeds	Total investment committed out of proceeds after adjustment (1)	Accumulated investment out of proceeds as of the end of the reporting period (2)	Investment progress as of the end of the reporting period (%)(3) = (2)/(1)	Investment amount for the year (4)	Percentage of investment amount for the year (%) (5)=(4)/(1)	Total proceeds involving change of use
Issuance of shares to specific targets	29 November 2021	1,204,725.00		1,204,096.58	1,204,096.58	1,204,096.58	971,301.93	80.67%	153,895.75	12.78%	

(II) Details of the investment projects

√Applicable □Not applicable

Unit: 0’000 Yuan

Project name	Nature of project	Whether the change of usage is involved	Source of prodeeds	Date of receiving proceeds	Whether amount of proceeds that exceeds expectation is utilized	Total investment committed out of proceeds for the project	Total investment out of proceeds after adjustment (1)	Investment amount for the year	Accumulated investment out of proceeds as of the end of the reporting period(2)	Investment progress as of the end of the reporting period(%) (3)=(2)/(1)	Date when project reach expected status of availability	Whether it is settled	Whether investment progress is in line with schedule	Specific reasons for investment progress falling behind schedule	Efficiency achieved for the year (tons)	Efficiency or R&D results achieved in this project (tons)	Whether feasibility of project has changed signicantly, if yes, please specify	Remaining amount
The world’s leading 5G green production artificial smart application demonstration project of liquid milk in Hohhot	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	334,000.00	334,000.00	40,989.55	210,903.07	63.14%	July 2022	No	No	Production equipment has been put into operation gradually, and the project capacity has not been fully released	485,908	604,645	No	
Liquid milk production base project in Lindian	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	28,307.50	28,307.50	7.45	28,425.03	100.42%	April 2021	No	Yes		122,507	308,245	No	
Yili dairy products green smart manufacturing project of Wuzhong Dairy Industrial Park	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	5,000.00	5,000.00	918.26	5,048.22	100.96%	May 2020	No	Yes		153,123	473,770	No	
Demonstration and application project on green production and artificial intelligence new model with annual output of 530,000 tons liquid milk in Hulunbeier	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	36,000.00	36,000.00	6,311.15	35,525.30	98.68%	January 2022	No	Yes		162,877	271,736	No	
Demonstration project on applying new smart manufacturing technology to "5G Industrial Internet Platform" of liquid milk industry in Xing'an Alliance	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	99,000.00	99,000.00	20,765.25	92,273.45	93.21%	February 2023	No	Yes		118,500	118,500	No	
The world’s leading demonstration project on applying 5G+ industrial Internet to infant formula milk powder smart manufacturing	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	155,000.00	155,000.00	32,940.59	131,721.52	84.98%	August 2022	No	No	Balance will be paid as agreed in the contract.	13,502	19,022	No	
Changbai Mountain natural mineral water project	Production and construc tion	No	Issuance of shares to specific targets	29 November 2021	No	21,000.00	21,000.00	3,287.61	18,962.74	90.30%	January 2022	No	Yes		18,164	66,290	No	
Digital transformation and informationization upgrade projects	Others	No	Issuance of shares to specific targets	29 November 2021	No	109,371.58	109,371.58	22,906.53	47,586.72	43.51%	Not applicable	No	No	See notes for details		See notes for details	No	
Dairy Industry Innovation Base Project	R&D	No	Issuance of shares to specific targets	29 November 2021	No	59,000.00	59,000.00	25,769.36	43,438.38	73.62%	November 2023	No	No	See notes for details		See notes for details	No	
Project on replenishing working capital and repaying bank loans	Replenishingworking capital and repaying bank loans	No	Issuance of shares to specific targets	29 November 2021	No	357,417.50	357,417.50		357,417.50	100.00%	Not applicable						No	
Total						1,204,096.58	1,204,096.58	153,895.75	971,301.93									

Notes: 1. Specific reasons why the investment progress of digital transformation and informationization upgrade project is falling behind schedule: The Company aims at promoting the construction of the various projects will be promoted in a more efficient and rational manner through the development and application of digitalization and artificial intelligence-related technologies, as well as the continuous improvement of the Company's self-research capability. Continuous investments will be made subsequently to advance the project.

2. Efficiency or R&D results achieved in the digital transformation and informationization upgrade project: While building a digital operation platform, the Group's data and technology platform was set up in core business operation and support areas such as innovation and R&D, brand marketing and consumer operation, supply chain, omni-channel, human resources, finance and quality, so as to accumulate high-value data and technology assets.

3. Specific reasons why the investment progress of Dairy Industry Innovation Base Project is falling behind schedule: To complete the main construction of the project. Balance will be paid as agreed in the contract.

4. Efficiency or R&D results achieved in the Dairy Industry Innovation Base Project: The scientific research achievements of the project mainly include the development of an online smart visual identification system, which effectively improves the accuracy of product defect identification and ensures the product quality; the innovative development of a high-yield dairy farming system, which

realizes the increase of average daily yield per cow; and the publication of the research results of the probiotics BL-99, which are widely used in the Company's products, in Nature Communications, a world's top scientific and technological journal under Nature.

(III) Changes in or termination of investment during the reporting period

□Applicable √Not applicable

(IV) Other circumstances of use of proceeds during the reporting period

1. Initial investments and fund replacements in investment projects with proceeds

□Applicable √Not applicable

2. Temporarily replenish working capital with idle proceeds

□Applicable √Not applicable

3. Cash management against idle proceeds and investment in relevant products

□Applicable √Not applicable

4. Permanently replenish working capital or repay bank loans with proceeds that exceeds expectation

□Applicable √Not applicable

5. Others

□Applicable √Not applicable

XV. Explanation on Other Significant Matters with a Material Effect on the Value Judgements and Investment Decisions by Investors

√Applicable □Not applicable

On 15 August 2023, the Company convened the first extraordinary general meeting of shareholders in 2023, during which resolutions such as the "Resolution on 2023 Employee Stock Ownership Plan (Draft) of Inner Mongolia Yili Industrial Group Co., Ltd. and its Summary" and "Management Rules of 2023 Employee Stock Ownership Plan of Inner Mongolia Yili Industrial Group Co., Ltd." were considered and approved. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (http://www.sse.com.cn).

2024 年 1 月 12 日，董事长兼总裁潘刚参加伊利集团 2023 年年会，并为"总裁特别奖"获得者颁奖。

诚信 · 品质

忠诚守信的理念，要求我们在责任面前勇于担当；

用心做事，让高效执行的作风感染每一个伊利人；

保持自律自省，将品质注入灵魂是我们的伊利精神。

Section VII Changes in Shares and Particulars of Shareholders

董事长兼总裁潘刚参加伊利“菁英汇”活动。

I. Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: Share

	Before the change		Increase(+)/Decrease(-) in the change					After the change	
	Number	Percentage (%)	Issuance of new shares	Bonus shares	Shares converted from capital reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading restrictions	91,356,346	1.4276				-30,351,800	-30,351,800	61,004,546	0.9583
1. Shares held by the state									
2. Shares held by state-owned legal persons	0								
3. Other domestic shares	91,059,146	1.4229				-30,143,200	-30,143,200	60,915,946	0.9569
Including: shares held by domestic non-state-owned legal persons	31,430,946	0.4912						31,430,946	0.4937
shares held by domestic natural persons	59,628,200	0.9318				-30,143,200	-30,143,200	29,485,000	0.4632
4. Shares held by foreign capital	297,200	0.0046				-208,600	-208,600	88,600	0.0014
Including: shares held by overseas legal persons	0								
shares held by overseas natural persons	297,200	0.0046				-208,600	-208,600	88,600	0.0014
II. Outstanding shares not subject to trading restrictions	6,307,988,972	98.5724				-2,894,813	-2,894,813	6,305,094,159	99.0417
1. Ordinary shares denominated in RMB	6,307,988,972	98.5724				-2,894,813	-2,894,813	6,305,094,159	99.0417
2. Domestically-listed foreign shares									
3. Overseas-listed foreign shares									
4. Others									
III. Total number of shares	6,399,345,318	100				-33,246,613	-33,246,613	6,366,098,705	100

2. Description of changes in shares

√Applicable □Not applicable

(1) On 15 February 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 426,600. Before the change, the share capital of the Company was 6,399,345,318 shares, including 91,356,346 outstanding shares subject to trading restrictions and 6,307,988,972 outstanding shares not subject to trading restrictions; after the change, the share capital was 6,398,918,718 shares, including 90,929,746 outstanding shares subject to trading restrictions and 6,307,988,972 outstanding shares not subject to trading restrictions.

(2) On 27 May 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation Results of Share Repurchase and Changes in Shares". The number of shares repurchased and cancelled was 32,468,413. Before the change, the share capital of the Company was 6,398,918,718 shares, including 90,929,746 outstanding shares subject to trading restrictions and 6,307,988,972 outstanding shares not subject to trading restrictions; after the change, the share capital was 6,366,450,305 shares, including 90,929,746 outstanding shares subject to trading restrictions and 6,275,520,559 outstanding shares not subject to trading restrictions.

(3) On 27 July 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 145,200. Before the change, the share capital of the Company was 6,366,450,305 shares, including 90,929,746 outstanding shares subject to trading restrictions and 6,275,520,559 outstanding shares not subject to trading restrictions; after the change, the share capital was 6,366,305,105 shares, including 90,784,546 outstanding shares subject to trading restrictions and 6,275,520,559 outstanding shares not subject to trading restrictions.

(4) On 19 October 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Release from Trading Restrictions for the Fourth Lockup Period and Listing under the 2019 Restricted Stock Incentive Plan", pursuant to which, 29,573,600 restricted shares were released from trading restrictions and listed for trading. Before the change, the share capital of the Company was 6,366,305,105 shares, including 90,784,546 outstanding shares subject to trading restrictions and 6,275,520,559 outstanding shares not subject to trading restrictions. After the change, the share capital was 6,366,305,105 shares, including 61,210,946 outstanding shares subject to trading restrictions and 6,305,094,159 outstanding shares not subject to trading restrictions.

(5) On 15 November 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 206,400. Before the change, the share capital of the Company was 6,366,305,105 shares, including 61,210,946 outstanding shares subject to trading restrictions and 6,305,094,159 outstanding shares not subject to trading restrictions; after the change, the share capital was 6,366,098,705 shares, including 61,004,546 outstanding shares subject to trading restrictions and 6,305,094,159 outstanding shares not subject to trading restrictions.

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

3. Impact of changes in shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period (if any)

√Applicable □Not applicable

During the reporting period, there was no material impact on the financial indicators such as earnings per share and net assets per share for the latest year and the latest period as a result of changes in the Company's ordinary shares.

4. Other information deemed necessary for disclosure by the Company or required so by securities regulators

□Applicable √Not applicable

(II) Changes in shares subject to trading restrictions

√Applicable □Not applicable

Unit: Share

Name of shareholder	Number of shares subject to trading restrictions at the beginning of the year	Number of shares subject to trading restrictions unlocked for the year	Increase in the number of shares subject to trading restrictions for the year	Number of shares subject to trading restrictions at the end of the year	Reasons for trading restrictions	Date of release from trading restrictions
Incentive targets of restricted shares in 2019	59,925,400	29,573,600		29,573,600	Trading restrictions on equity incentives	25 October 2023
Total	59,925,400	29,573,600		29,573,600	/	/

1. Changes in shares

(1) On 15 February 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 426,600. After this cancellation, the restricted shares held by incentive targets of restricted shares of the Company changed to 59,498,800 shares.

(2) On 27 July 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 145,200. After this cancellation, the restricted shares held by incentive targets of restricted shares of the Company changed to 59,353,600 shares.

(3) On 19 October 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Release from Trading Restrictions for the Fourth Lockup Period and Listing under the 2019 Restricted Stock Incentive Plan", pursuant to which, 29,573,600 restricted shares were released from trading restrictions and listed for trading. The date of release of restricted shares was 25 October 2023. After the release of the restricted shares, the number of restricted shares held by incentive targets of restricted shares of the Company changed to 29,780,000 shares.

(4) On 15 November 2023, the Company published the "Announcement of Inner Mongolia Yili Industrial Group Co., Ltd. on the Implementation of Repurchase and Cancellation of Certain Restricted Shares under the 2019 Equity Incentive Plan". The number of restricted shares repurchased and cancelled was 206,400. After this cancellation, the restricted shares held by incentive targets of restricted shares of the Company changed to 29,573,600 shares.

For details of the relevant announcements, please visit the website of the 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

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

√Applicable □Not applicable

For details of the Company's bonds during the reporting period, please refer to Section IX of this report, "Particulars of Bonds".

(II) Changes in the total number of shares, shareholding structure and the structure of assets and liabilities of the Company

√Applicable □Not applicable

For details of changes in the total number of shares and shareholding structure of the Company, please refer to "1. Table of changes in shares" and "2. Description of changes in shares" under "I. Changes in Share Capital" in this section. The share changes that occurred during the reporting period in the course of the implementation of the Share Incentive Scheme will not have a material impact on the balance sheet structure.

(III) Existing internal employee shares

□Applicable √Not applicable

III. Shareholders and Actual Controllers

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the reporting period (number of accounts)	521,555
Total number of ordinary shareholders as at the end of last month prior to the date of disclosure of the annual report (number of accounts)	470,500

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

Unit: Share

Shareholding of top ten shareholders (excluding shares lent under the refinancing transfer)

Full name of shareholder	Increase/ Decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to trading restrictions	Shares pledged, marked or frozen		Nature of shareholder
					Share status	Number	
Hong Kong Securities Clearing Company Limited	-291,380,070	793,783,863	12.47	0	Unknown	0	Others
Hohhot Investment Co., Ltd.	0	538,535,826	8.46	0	Pledged	222,564,900	State- owned legal person
Pan Gang	0	286,746,628	4.50	10,132,000	Pledged	195,067,500	Domestic natural person
China Securities Finance Corporation Limited	0	182,421,475	2.87	0	Unknown	0	Others
Zhao Chengxia	0	92,420,140	1.45	1,666,000	Pledged	58,870,000	Domestic natural person
Liu Chunhai	-6,317,500	85,320,788	1.34	1,666,000	Pledged	54,437,000	Domestic natural person
China Life Insurance Co., Ltd. - Traditional - General Insurance Products - 005L - CT001 Hu	65,499,405	77,620,284	1.22	0	Unknown	0	Others
Industrial and Commercial Bank of China - SSE 50 Exchange Traded Open-End Index Securities Investment Fund	22,740,818	77,571,027	1.22	0	Unknown	0	Others
Bank of Communications Co., Ltd. - E Fund SSE 50 Index Enhanced Securities Investment Fund	3,571,671	65,645,363	1.03	0	Unknown	0	Others
National Social Security Fund Portfolio 113	21,819,831	64,220,974	1.01	0	Unknown	0	Others

Shareholding of top ten shareholders not subject to trading restrictions

Name of shareholder	Number of outstanding shares held not subject to trading restrictions	Type and number of shares	
		Type	Number
Hong Kong Securities Clearing Company Limited	793,783,863	Ordinary shares denominated in RMB	793,783,863
Hohhot Investment Co., Ltd.	538,535,826	Ordinary shares denominated in RMB	538,535,826
Pan Gang	276,614,628	Ordinary shares denominated in RMB	276,614,628
China Securities Finance Corporation Limited	182,421,475	Ordinary shares denominated in RMB	182,421,475
Zhao Chengxia	90,754,140	Ordinary shares denominated in RMB	90,754,140
Liu Chunhai	83,654,788	Ordinary shares denominated in RMB	83,654,788
China Life Insurance Co., Ltd. - Traditional - General Insurance Products - 005L - CT001 Hu	77,620,284	Ordinary shares denominated in RMB	77,620,284
Industrial and Commercial Bank of China - SSE 50 Exchange Traded Open-End Index Securities Investment Fund	77,571,027	Ordinary shares denominated in RMB	77,571,027
Bank of Communications Co., Ltd. - E Fund SSE 50 Index Enhanced Securities Investment Fund	65,645,363	Ordinary shares denominated in RMB	65,645,363
National Social Security Fund Portfolio 113	64,220,974	Ordinary shares denominated in RMB	64,220,974

Participation of top 10 shareholders in lending shares under the refinancing transfer business

√Applicable □Not applicable

Unit: Share

Participation of top 10 shareholders in lending shares under the refinancing transfer								
Name of shareholder (full name)	Shares held in ordinary accounts and margin accounts at the beginning of the period		Outstanding shares lent through refinancing transfer at the beginning of the period		Shares held in ordinary accounts and margin accounts at the end of the period		Outstanding shares lent under the refinancing transfer at the end of the period	
	Aggregate number	Percentage (%)	Aggregate number	Percentage (%)	Aggregate number	Percentage (%)	Aggregate number	Percentage (%)
Industrial and Commercial Bank of China - SSE 50 Exchange Traded Open-End Index Securities Investment Fund	54,830,209	0.86	0	0	77,571,027	1.22	541,700	0.0085

Changes in top 10 shareholders as compared with the previous period

√Applicable □Not applicable

Unit: Share

Changes in top 10 shareholders as compared with the previous period					
Name of shareholder (full name)	Addition/ Reduction in this reporting period	Number of outstanding shares lent under the refinancing transfer at the end of the period		Number of shares held in shareholders' ordinary accounts and margin accounts and outstanding shares lent under the refinancing transfer at the end of the period	
		Aggregate number	Percentage (%)	Aggregate number	Percentage (%)
China Life Insurance Co., Ltd. - Traditional - General Insurance Products - 005L - CT001 Hu	Addition	0	0	77,620,284	1.22
National Social Security Fund Portfolio 113	Addition	0	0	64,220,974	1.01
Bank of China Limited - E Fund Blue Chip Selected Hybrid Securities Investment Fund	Reduction	0	0	-	-
National Social Security Fund Portfolio 106	Reduction	0	0	47,230,007	0.74

Number of shares held by top ten shareholders subject to trading restrictions and the trading restrictions

√Applicable □Not applicable

Unit: Share

No.	Name of shareholder subject to trading restrictions	Number of shares held subject to trading restrictions	Particulars of shares subject to trading restrictions available for listing and trading		Trading restrictions
			Permissible time for listing and trading	Increase in the number of shares available for listing and trading	
1	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"
2	Hohhot Powdered Sugar Factory Yili Company Shareholder Meeting (呼市糖粉厂伊利公司持股会)	12,403,788			Statutory trading restrictions as stipulated in the "Measures for the Reform and Management of Equity Division of Listed Companies"
3	Pan Gang	10,132,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 September 2019
4	Zhao Chengxia	1,666,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
5	Liu Chunhai	1,666,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
6	Sun Donghong (孙东宏)	666,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
7	Han Yutang (韩玉堂)	516,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
8	Xu Jun (徐军)	250,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
9	Zhang Yujun (张玉军)	233,400			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept
10	Zhang Jianqiu (张剑秋)	200,000			Trading restrictions of incentive equity interests. For details, please refer to the "2019 Restricted Stock Incentive Plan of Inner Mongolia Yili Industrial Group Co., Ltd. (Revised Draft)" published on the Shanghai Stock Exchange by the Company on 7 Sept

(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 non-existence of controlling shareholders in the Company

√Applicable □Not applicable

The Company has no controlling shareholder.

4. Explanation on the changes in control of the Company during the reporting period

□Applicable √Not applicable

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

□Applicable √Not applicable

(II) Actual controllers

1. Legal person

□Applicable √Not applicable

2. Natural person

□Applicable √Not applicable

3. Special explanation on the non-existence of controlling shareholders in the Company

√Applicable □Not applicable

The Company has no controlling shareholder.

4. Explanation on the changes in control of the Company 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. Number of Shares Pledged by the Company's Controlling Shareholder or Largest Shareholder and his/her/its Persons Acting in Concert Exceeding 80% of his/her/its Shareholding in the Company

□Applicable √Not applicable

VI. Other Legal Person Shareholders with Shareholding of over 10%

□Applicable √Not applicable

VII. Explanation on Reduced Shareholding

□Applicable √Not applicable

VIII. Implementation of Share Repurchase during the Reporting Period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of share repurchase programme	The Company's share repurchase programme by way of centralized competitive bidding
Share repurchase programme disclosure date	31 October 2022
Number of shares to be repurchased and ratio to total share capital (%)	21,353,833-42,707,666 0.33-0.67
Amount to be used for repurchase	Not less than RMB 1 billion (inclusive) and not more than RMB2 billion (inclusive)
Proposed repurchase period	Not more than 6 months from the date of approval of the repurchase proposal at the general meeting of the Company (8 December 2022)
Repurchase purpose	Cancellation in full and reduction of the registered capital of the Company in accordance with the law
Number of shares repurchased (shares)	22,796,305
Number of shares repurchased as a percentage of the underlying shares covered by the share incentive scheme (%) (if any)	Not applicable
Progress of a Company's use of centralized bidding transactions to reduce the repurchased shares	Not applicable

Section VIII Information of Preferred Shares

□Applicable √Not applicable

2023 年 3 月 20 日，世界食品创新奖在 IFE 国际食品与饮料展览会上揭晓，伊利集团及旗下控股公司澳优乳业揽获 17 项大奖。

Section IX Particulars of Bonds

2023 年 3 月 30 日，董事长兼总裁潘刚出席我公司与法国罗盖特集团全球战略合作签约仪式。

I. Enterprise Bonds, Corporate Bonds and Debt Financing Instruments for Non-financial Enterprises

√Applicable □Not applicable

(I) Enterprise Bonds

□Applicable √Not applicable

(II) Corporate Bonds

√Applicable □Not applicable

1. Basic information of corporate bonds

Unit: Hundred Million Currency: USD

Name of bonds	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest Rate (%)	Payment method of principal and interest	Trading market	Arrangement for Suitability of investors (if any)	Trading mechanism	Any risk of termination of listing and trading
Senior unsecured fixed-rate bonds	YILI HI B2511	40471	19 November 2020	19 November 2020	19 November 2025	5	1.625	Interest is payable semiannually, with one lump sum payment of principal upon maturity	Hong Kong Stock Exchange	Nil	Bidding	No

The Company's measures to address the risk of termination of listing and trading of the bonds

□Applicable √Not applicable

Overdue bonds

□Applicable √Not applicable

Payment of interest and redemption of bonds during the reporting period

√Applicable □Not applicable

Name of bonds	Explanation on payment of interest and redemption
Senior unsecured fixed-rate bonds	USD4,062,500 of interest was paid on 18 May 2023 and 18 November 2023, respectively.

2. Triggering and implementation of issuer or investor option clause and investor protection clause

□Applicable √Not applicable

3. Intermediaries providing services for bond issuance and business in the duration

Name of intermediary	Office address	Names of signing accountants	Contact person	Contact number
Citigroup Global Markets Inc.	50/F, Champion Tower, 3 Garden Road, Central, Hong Kong	/	Mao Junxiang (茅骏翔)	+852-25012615
HSBC	17/F, HSBC Main Building, 1 Queen's Road Central, Hong Kong	/	Cheng Wenqi (郑文奇)	+852-39410221
ICBC International Securities Limited	37/F ICBC Tower, 3 Garden Road, Central, Hong Kong	/	Zhu Jiming (朱继明)	+852-26833702

Changes to the above intermediaries

□Applicable √Not applicable

4. Use of proceeds as of the end of the reporting period

√Applicable □Not applicable

Unit: Hundred Million Currency: USD

Name of bonds	Total amount of proceeds	Amount utilized	Amount unutilized	Operation of the special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Consistency with the use, utilization plan and other agreements committed in the prospectus
Senior unsecured fixed-rate bonds	5	5	0	Nil	Nil	Yes

Progress and operational efficiency of the proceeds used in construction projects

□Applicable √Not applicable

Explanation on changing the use of the above proceeds from bonds during the reporting period

□Applicable √Not applicable

Other information

□Applicable √Not applicable

5. Adjustment of credit rating results

□Applicable √Not applicable

Other information

□Applicable √Not applicable

6. Implementation and changes of guarantees, repayment schedules and other debt repayment guarantee measures during the reporting period and their impact

□Applicable √Not applicable

7. Explanation on other information on corporate bonds

□Applicable √Not applicable

(III) Debt financing instruments for non-financial enterprises in the inter-bank bond market

√Applicable □Not applicable

1. Basic information on debt financing instruments for non-financial enterprises

Unit: Hundred Million Yuan Currency: RMB

Name of bonds	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest Rate (%)	Payment method of principal and interest	Trading market	Arrangement for Suitability of investors (if any)	Trading mechanism	Any risk of termination of listing and trading
The eighth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP008	012481181	1 April 2024	2 April 2024	21 June 2024	60	2.04	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The ninth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP009	012481180	1 April 2024	2 April 2024	20 June 2024	45	2.04	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The tenth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP010	012481206	7 April 2024	8 April 2024	27 June 2024	35	1.96	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The eleventh tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP011	012481195	2 April 2024	3 April 2024	25 June 2024	55	2.02	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The twelfth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP012	012481196	2 April 2024	3 April 2024	25 June 2024	50	2.02	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The thirteenth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP013	012481201	3 April 2024	7 April 2024	26 June 2024	85	1.98	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No
The fourteenth tranche of ultra-short-term financing bonds of the Company in 2024	24 Yili Industrial SCP014	012481204	3 April 2024	8 April 2024	26 June 2024	70	1.98	One lump sum repayment of principal and interest upon maturity	Inter-bank bond market			No

The Company's measures to address the risk of termination of listing and trading of the bonds

□Applicable √Not applicable

Overdue bonds

□Applicable √Not applicable

Payment of interest and redemption of bonds during the reporting period
√Applicable □Not applicable

Name of bonds	Information on payment of interest and redemption
The first tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 March 2023.
The second tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 March 2023.
The third tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 29 March 2023.
The fourth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 29 March 2023.
The fifth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 30 March 2023.
The sixth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 June 2023.
The seventh tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 June 2023.
The eighth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 29 June 2023.
The ninth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 29 June 2023.
The tenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 30 June 2023.
The eleventh tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 December 2023.
The the twelfth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 September 2023.
The the thirteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 September 2023.
The the fourteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 27 September 2023.
The the fifteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 27 September 2023.
The sixteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 September 2023.
The seventeenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 September 2023.
The eighteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 December 2023.
The nineteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 December 2023.
The twentieth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 26 December 2023.
The twenty-first tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 27 December 2023.
The twenty-second tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 27 December 2023.
The twenty-third tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2023	The payment of principal and interest was completed on 28 December 2023.

2. Triggering and implementation of issuer or investor option clause and investor protection clause

□Applicable √Not applicable

3. Intermediaries providing services for bond issuance and business in the duration

Name of intermediary	Office address	Names of signing accountants	Contact person	Contact number
China Lianhe Credit Rating Co, Ltd.	17th Floor, Building No. 2, No.2 Jianguomen Outer street, Chaoyang District, Bejjing	/	Hua Aijia (华艾嘉)	010-85679696
Tiantai Law Firm	F6/A&B, F7/A&B, F20/A, Huibin Plaza, No.8 Beichen East Road, ChaoYang District, Beijing	/	Xu Xiaoxia (许晓霞)	010-61848314

Changes to the above intermediaries

□Applicable √Not applicable

4. Use of proceeds as of the end of the reporting period

√Applicable □Not applicable

Unit: Hundred Million Yuan Currency: RMB

Name of bonds	Total amount of proceeds	Amount utilized	Amount unutilized	Operation of the special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Consistency with the use, utilization plan and other agreements committed in the prospectus
The eighth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	60	60	0	Nil	Nil	Yes
The ninth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	45	45	0	Nil	Nil	Yes
The tenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	35	35	0	Nil	Nil	Yes
The eleventh tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	55	55	0	Nil	Nil	Yes
The twelfth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	50	50	0	Nil	Nil	Yes
The thirteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	85	85	0	Nil	Nil	Yes
The fourteenth tranche of ultra-short-term financing bonds of Inner Mongolia Yili Industrial Group Co., Ltd in 2024	70	70	0	Nil	Nil	Yes

Progress and operational efficiency of the proceeds used in construction projects

□Applicable √Not applicable

Explanation on changing the use of the above proceeds from bonds during the reporting period

□Applicable √Not applicable

Other information

□Applicable √Not applicable

5. Adjustment of credit rating results

□Applicable √Not applicable

Other information

□Applicable √Not applicable

6. Implementation and changes of guarantees, repayment schedules and other debt repayment guarantee measures during the reporting period and their impact

□Applicable √Not applicable

7. Explanation on other information on debt financing instruments for non-financial enterprises

□Applicable √Not applicable

(IV) Losses of the Company during the reporting period representing more than 10% of net assets as at the end of last year on a consolidated basis

□Applicable √Not applicable

(V) Default on repayment of interest-bearing debts excluding bonds as at the end of the reporting period

□Applicable √Not applicable

(VI) Impact from violations of laws and regulations, the Articles of Association, the management system for information disclosure, and the agreements or undertakings in the bond prospectus on the rights and interests of bond investors during the reporting period

□Applicable √Not applicable

(VII) Accounting data and financial indicators of the Company for the last two years as at the end of the reporting period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Major indicator	2023	2022	Increase/Decrease compared with the same period of last year (%)	Reasons for change
Net profit after deducting non-recurring gains and losses attributable to shareholders of the listed company	10,026,171,076.03	8,585,692,731.44	16.78	
Current ratio	0.90	0.99	-9.09	
Quick ratio	0.74	0.75	-1.33	
Asset to liability ratio (%)	62.19	58.66	6.02	
EBITDA to total debt ratio	0.31	0.38	-18.42	
Interest coverage ratio	6.33	8.58	-26.22	
Cash interest coverage ratio	11.35	12.25	-7.35	
EBITDA interest coverage ratio	8.35	11.48	-27.26	
Loan repayment rate (%)	100.00	100.00		
Interest payment rate (%)	100.00	100.00		

II. Convertible Bonds of the Company

□Applicable √Not applicable

Section X Financial Report

2023 年 8 月 29 日，荷兰合作银行发布“2023 年全球乳业 20 强”榜单，伊利稳居“全球乳业五强”，连续十年蝉联“亚洲乳业第一”，再次成为唯一进入全球五强的中国乳企。

Auditor's Report

D.H.S.Z. [2024]0011002857-EN

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 2023, 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 (“CASs”). and fairly reflect the Group's consolidated and parent financial situation as at 31 December 2023 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 audit evidence as basis of our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identify the following matters as the key audit matters that need to be communicated in the audit report:

1. Revenue recognition;

2. Potential impairment of goodwill and trademark rights.

(I) Revenue recognition

1. Introduction

Please refer to the notes on Revenue in Summary of significant accounting policies and accounting estimates in the Notes to Financial Statements and Operating Income and Operating Costs in the Notes to the consolidated financial statements. In 2023, Yili Group's main business income was RMB 124.461 billion. Revenue is one of the key indicators of the Group and is a significant component of the consolidated income statement, having significant influence on financial statements. Therefore, we considered revenue recognition as the key audit matters.

2. Audit Response

Our key audit procedures for revenue include:

(1) Understood and evaluated the key internal control and the operating effectiveness of processes related to revenue recognition designed by management;

(2) Performed substantive analysis procedures, including comparing the main operating revenue of the current period with that of the last period; analyzed the revenue and gross margin of the current period and the last period on the basis of monthly data; compared the revenue and gross margin of the main products of the current period with that of the last period;

(3) Performed the test of details of revenue, selecting samples to check the supporting documents of revenue recognition, including transaction schedules, sales orders, delivery orders, customer receiving records and other documents;

(4) Conducted the cut-off test of revenue, selecting samples of recorded income transactions around balance sheet date to evaluate whether the revenue is recorded in the appropriate accounting period;

(5) Selected samples to execute the confirmation procedure, confirming the sales amount and balance of payment for goods with the customers, and checking the regular reconciliation between the Group and the customers;

(6) To verify the authenticity of the revenue, checked whether the recognized revenue in the current period has a significant sales return after the period.

Based upon our audit procedures, we confirm that the Group's revenue recognition conforms with the CASs.

(II) Potential impairment of goodwill and trademark rights

1. Item description

Please refer to Impairment of Long-term Assets and Intangible Assets in Summary of significant accounting policies and accounting estimates in the Notes to Financial Statements and Goodwill and Intangible Assets in the Notes to the consolidated financial statements. As of 31 December 2023, the original book value of Yili Group's goodwill was RMB 5.559 billion, the balance of impairment reserves was RMB 399 million, the original book value of trademark rights was RMB 2.108 billion, and the balance of impairment reserves was RMB 126 million. Due to the large amount of goodwill and trademark rights, and the key assumptions adopted in the impairment test involve significant accounting estimates and judgments, we identified the impairment risk assessment of goodwill and trademark rights as a key audit matter.

2. Audit response

Our key audit procedures for goodwill and trademark rights include:

(1) Understood and evaluated the effectiveness of the design and operation of management's key internal controls related to the impairment of goodwill and trademark rights;

(2) Assessed the reasonableness of the identification of the cash generating unit and cash generating units;

(3) Compared the estimate used by the management in calculating the present value of the expected future cash flow in the previous year with the actual situation in this year, evaluated the historical accuracy of the management's forecast results; assessed the rationality of the management's forecast, and considered whether there is management bias in the process and reasonableness;

(4) Evaluated the key assumptions used in the impairment assessment, including estimated revenue growth rate, EBITDA margin,

perpetual annual growth rate and discount rate by considering the historical operating performance, future operation plan and market developments;
(5) Tested the mathematical accuracy of the calculation process of the impairment assessment;
(6) Reviewed whether information related to goodwill impairment and trademark rights has been properly presented and disclosed in the financial statements.
Based upon our audit procedures, we confirm that the Group's goodwill and trademark rights conforms with the CASs.

IV. Other Information

Management of the Group is responsible for the other information. The other information comprises all of the information included in 2023 annual report of the Group other than the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
Based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing these financial statements, the Group's Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing 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 these 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 it 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 judgement and maintain professional skepticism throughout the audit. We also:
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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these 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 matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Da Hua Certified Public Accountants
(Special General Partnership)

Beijing China

China CPA:
(Engagement Partner) Liu Guoqing

China CPA:
Du Chenmuzi

28 April 2024

Consolidated Balance Sheet

As at 31 December 2023

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

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

Assets	Notes V	31 December 2023	31 December 2022
Current assets:			
Cash and cash equivalents	Note 1	43,371,541,992.39	33,853,332,020.30
Financial assets held for trading	Note 2	11,457,348.28	30,150,175.79
Derivative financial assets	Note 3	91,460,984.86	79,076,347.98
Notes receivable	Note 4	220,440,098.54	161,826,363.63
Accounts receivable	Note 5	3,084,668,398.14	3,088,345,121.78
Accounts receivable financing			
Prepayments	Note 6	1,480,054,252.66	1,833,617,517.54
Other receivables	Note 7	194,691,604.87	200,020,169.99
Inventories	Note 8	12,511,775,911.77	14,836,164,803.32
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	Note 9	1,951,769,741.78	2,094,917,608.46
Other current assets	Note 10	6,437,519,616.82	5,285,860,916.08
Total current assets		69,355,379,950.11	61,463,311,044.87
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments	Note 11	4,408,374,246.64	4,562,830,790.50
Investments in other equity instruments	Note 12	2,074,350,649.68	3,421,834,769.69
Other non-current financial assets	Note 13	1,959,665,165.59	1,004,495,650.73
Investment property	Note 14	614,532,791.93	611,689,774.19
Fixed assets	Note 15	35,242,168,110.11	33,735,140,315.80
Construction in progress	Note 16	4,336,835,932.61	3,442,742,449.82
Biological assets	Note 17	1,658,640,597.23	1,775,968,602.36
Oil and gas assets			
Right-of-use assets	Note 18	520,858,931.86	770,495,004.38
Intangible assets	Note 19	4,729,155,819.58	4,648,007,395.89
Development expenditure			
Goodwill	Note 20	5,160,099,488.23	4,953,829,125.44
Long-term deferred expenses	Note 21	147,895,431.71	281,033,357.68
Deferred tax assets	Note 22	1,699,141,666.44	1,573,246,501.56
Other non-current assets	Note 23	19,713,153,876.26	8,720,677,516.31
Total non-current assets		82,264,872,707.87	69,501,991,254.35
Total assets		151,620,252,657.98	130,965,302,299.22

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Consolidated Balance Sheet (Continue)

As at 31 December 2023

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

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

Liabilities and Equity	Notes V	31 December 2023	31 December 2022
Current liabilities:			
Short-term borrowings	Note 25	39,754,855,129.21	26,799,481,240.45
Financial liabilities held for trading			
Derivative financial liabilities	Note 26	780,088.69	56,313,653.68
Notes payable	Note 27	1,040,739,947.37	880,817,234.63
Accounts payable	Note 28	13,798,869,047.01	15,925,801,104.29
Receipts in advance	Note 29	2,647,400,000.00	
Contract liabilities	Note 30	8,695,772,664.08	8,912,550,921.83
Payroll payable	Note 31	4,005,862,451.39	3,642,263,720.39
Taxes payable	Note 32	654,488,845.36	819,428,389.29
Other payables	Note 33	2,756,054,714.07	3,154,230,578.72
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 34	2,434,948,173.82	982,669,875.43
Other current liabilities	Note 35	1,070,030,647.62	995,970,486.64
Total current liabilities		76,859,801,708.62	62,169,527,205.35
Non-current liabilities:			
Long-term borrowings	Note 36	11,705,395,738.36	9,298,211,409.85
Bonds payable	Note 37	3,541,350,000.00	3,482,300,000.00
Including: Preferred Shares			
Perpetual Bonds			
Lease liabilities	Note 38	237,516,842.72	323,975,705.78
Long-term payables	Note 39	34,890,000.00	34,890,000.00
Long-term employee benefits payable	Note 40	10,919,164.49	4,985,711.49
Provisions			
Deferred income	Note 41	858,011,199.14	504,355,565.37
Deferred tax liabilities	Note 22	1,052,010,562.24	1,003,953,501.72
Other non-current liabilities			
Total non-current liabilities		17,440,093,506.95	14,652,671,894.21
Total liabilities		94,299,895,215.57	76,822,199,099.56
Equity:			
Share capital	Note 42	6,366,098,705.00	6,399,345,318.00
Other equity instruments			
Including: Preferred Shares			
Perpetual Bonds			
Capital reserve	Note 43	13,380,335,796.60	14,235,222,819.41
Less: Treasury shares	Note 44	349,855,688.00	1,074,391,877.44
Other comprehensive income	Note 45	-471,845,319.75	-78,995,996.78
Specialised reserve			
Surplus reserve	Note 46	3,200,065,459.00	3,200,065,459.00
Undistributed profits	Note 47	31,414,532,460.31	27,586,638,109.96
Equity attributable to parent company		53,539,331,413.16	50,267,883,832.15
Minority interests		3,781,026,029.25	3,875,219,367.51
Total shareholders' equity		57,320,357,442.41	54,143,103,199.66
Total liabilities and shareholders' equity		151,620,252,657.98	130,965,302,299.22

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

Legal Representative:Pan Gang　　Chief Financial Officer:Zhao Chengxia　　Financial Manager:Zou Ying

Consolidated Income Statement

For the year of 2023

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

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

Items	Notes V	2023	2022
I. Total revenue		126,179,458,590.36	123,171,044,056.27
Operating revenue	Note 48	125,758,168,916.51	122,698,004,080.99
Interest income	Note 49	421,289,673.85	473,039,975.28
II. Total operating costs		113,944,277,809.29	112,678,337,180.61
Including:Operating costs	Note 48	84,788,592,077.34	83,118,546,374.24
Interest expenses			
Taxes and surcharges	Note 50	732,659,573.36	741,784,528.25
Selling expenses	Note 51	22,571,509,868.48	22,908,208,330.35
Administrative expenses	Note 52	5,154,218,306.42	5,342,849,558.31
Research and development expenses	Note 53	850,146,147.17	821,551,260.99
Financial expenses	Note 54	-152,848,163.48	-254,602,871.53
Including: Interest expenses		2,192,827,743.50	1,402,531,643.41
Interest income		2,478,577,541.19	1,760,446,337.19
Add:Other income	Note 55	1,097,851,685.94	964,339,450.59
Investment income (losses are represented by '-')	Note 56	-31,088,785.68	243,960,060.47
Including:Investment income from associates and joint ventures		-59,633,067.90	156,966,407.16
Investment income from derecognition of financial assets at amortised cost			
Gains or losses from net exposure hedging (losses are represented by '-')			
Gains or losses from fair-value changes (losses are represented by '-')	Note 57	278,186,201.65	94,148,860.21
Credit impairment losses (losses are represented by '-')	Note 58	-160,477,312.83	-137,266,964.81
Assets impairment losses (losses are represented by '-')	Note 59	-1,525,699,477.87	-792,471,175.67
Gains or losses on disposal of assets (losses are represented by '-')	Note 60	-20,648,925.84	-5,444,150.45
III. Operating profit (losses are represented by '-')		11,873,304,166.44	10,859,972,956.00
Add:Non-operating income	Note 61	229,839,386.72	60,883,336.91
Less: Non-operating expenses	Note 62	381,955,766.51	290,665,973.24
IV. Profit before tax (total losses are represented by '-')		11,721,187,786.65	10,630,190,319.67
Less: Income tax expenses	Note 63	1,436,881,588.37	1,311,984,452.90
V. Net profit (net losses are represented by '-')		10,284,306,198.28	9,318,205,866.77
Including: Net profit realized by the combined party in a business combination under the same control before mergering			
1. Classified by going concern			
Net pronfit from continuing operations (net losses are represented by '-')		10,284,306,198.28	9,318,205,866.77
Net pronfit from discontinued operations (net losses are represented by '-')			
2. Classified by ownership			
Net profit attributable to shareholders of parent company (net losses are represented by '-')		10,428,540,457.94	9,431,064,679.78
Minority interests (net losses are represented by '-')		-144,234,259.66	-112,858,813.01
VI. Other comprehensive income after tax		-318,043,039.16	-792,811,671.33
Other comprehensive income after tax attributable to shareholders of parent company		-374,768,315.36	-871,947,855.76
1. Items that may not be reclassified subsequently to profit or loss		-578,626,613.13	-487,678,333.85
(1) Changes in remeasurement of defined benefit plans		55,183.96	814,855.62
(2) Other comprehensive income that cannot be converted into profit or loss under the equity method		1,223,235.37	-1,397,643.44
(3) Changes in fair value of investments in other equity instruments		-579,905,032.46	-487,095,546.03
(4)Changes in fair value of the Company's own credit risk			
(5) Other			
2. Items that may be reclassified subsequently to profit or loss		203,858,297.77	-384,269,521.91
(1) Other comprehensive income that can be converted into profit or loss under the equity method		-22,650,754.82	-86,364,014.25
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provisions for credit impairment of other debt investments			
(5) Cash flow hedges		31,043,699.83	3,152,031.55
(6) Exchange differences on translation of foreign currency financial statements		195,465,352.76	-301,057,539.21
(7) Investment income of package disposal subsidiary before the loss of control			
(8) Other assets trasferred to Investment Real Estate of fair value model			
(9) Others			
Other comprehensive income attributable to minorities after tax		56,725,276.20	79,136,184.43
VII. Total comprehensive income		9,966,263,159.12	8,525,394,195.44
Total comprehensive income attributable to shareholders of parent company		10,053,772,142.58	8,559,116,824.02
Total comprehensive income attributable to minorities		-87,508,983.46	-33,722,628.58
VIII. Earnings per share:			
1. Basic earnings per share		1.64	1.48
2. Diluted earnings per share		1.64	1.48

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Consolidated Cash Flow Statement

For the year of 2023

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

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

Items	Notes V	2023	2022
I. Cash flows from operating activities			
Cash received from sale of goods and provision of services		137,239,211,650.99	133,594,145,427.82
Cash received from interest income, charges and commissions		163,043,516.45	138,497,570.87
Cash from tax return		1,432,627,572.18	823,015,023.18
Other cash received relevant to operating activities	Note 64	4,369,829,876.38	3,262,211,426.80
Sub-total of operating cash inflows		143,204,712,616.00	137,817,869,448.67
Cash paid for goods and services		101,912,916,049.12	102,919,611,376.26
Net increase in loans and advances to customers			
Net increase in balance with the central bank and due from banks and other financial institutions			
Cash paid for interest expense, charges and commissions			
Cash paid to and for employees		14,252,055,015.10	13,974,100,667.57
Cash paid for taxes		6,821,262,515.47	6,008,849,257.30
Other cash paid related to operating activities	Note 64	1,928,121,385.75	1,494,987,567.18
Sub-total of operating cash outflows		124,914,354,965.44	124,397,548,868.31
Net cash flows from operating activities		18,290,357,650.56	13,420,320,580.36
II. Cash flows from investing activities			
Cash received from disposal of investments		5,690,370,702.87	728,558,242.98
Cash received from returns on investments		155,263,220.02	61,406,043.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		62,993,498.78	696,426,567.37
Net cash received from disposal of subsidiaries and other business entities			
Other cash received related to investing activities	Note 64	24,268,478.30	
Sub-total of investing cash inflows		5,932,895,899.97	1,486,390,854.21
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		6,955,597,704.25	6,646,107,588.62
Cash paid for acquisition of investments		14,982,088,652.08	7,014,808,033.26
Net cash paid for the acquisition of subsidiaries and other business entities		39,400,521.92	7,143,217,362.72
Other cash paid related to investing activities	Note 64	306,935.55	195,970,287.53
Sub-total of investing cash outflows		21,977,393,813.80	21,000,103,272.13
Net cash flows from investing activities		-16,044,497,913.83	-19,513,712,417.92
III. Cash flows from financing activities			
Cash received from capital contributions		161,865,742.43	166,334,665.39
Including: Cash received from minority shareholders' capital contributions to subsidiaries		161,865,742.43	166,334,665.39
Cash received from borrowings		285,353,864,407.63	245,566,096,240.97
Other cash received relating to financing activities	Note 64	71,721,501.48	
Sub-total of financing cash inflows		285,587,451,651.54	245,732,430,906.36
Cash repayments of borrowings		268,867,919,969.39	228,895,850,615.32
Cash paid for dividends, profits distribution or interest		8,415,894,369.75	7,500,453,086.00
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders		60,007,375.75	181,669,733.86
Other cash paid related to financing activities	Note 64	1,045,156,845.45	554,882,055.06
Sub-total of financing cash outflows		278,328,971,184.59	236,951,185,756.38
Net cash flows from financing activities		7,258,480,466.95	8,781,245,149.98
IV. Effect of foreign exchange rate changes on cash and cash equivalents		119,312,603.03	-579,925,770.51
V. Net increase in cash and cash equivalents		9,623,652,806.71	2,107,927,541.91
Add: Beginning balance of cash and cash equivalents		33,188,427,044.96	31,080,499,503.05
VI. Ending balance of cash and cash equivalents		42,812,079,851.67	33,188,427,044.96

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Consolidated Statement of Changes in Equity

For the year of 2023

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

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

Items	2023											
	Equity attributable to parent company											
		Other equity instruments										
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Ending balance of the prior year	6,399,345,318.00				14,235,222,819.41	1,074,391,877.44	-78,995,996.78		3,200,065,459.00	27,586,638,109.96	3,875,219,367.51	54,143,103,199.66
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	6,399,345,318.00				14,235,222,819.41	1,074,391,877.44	-78,995,996.78		3,200,065,459.00	27,586,638,109.96	3,875,219,367.51	54,143,103,199.66
III. Change for the current year	-33,246,613.00				-854,887,022.81	-724,536,189.44	-392,849,322.97			3,827,894,350.35	-94,193,338.26	3,177,254,242.75
1. Total comprehensive income							-374,768,315.36			10,428,540,457.94	-87,508,983.46	9,966,263,159.12
2. Shareholders' contributions and reduction in captial	-33,246,613.00				-935,025,429.93	-724,536,189.44				2,381,202.00	161,865,742.43	-79,488,909.06
(1) Common stock contributed by shareholders											161,865,742.43	161,865,742.43
(2) Capital contributed by other equity instruments holders												
(3) Share-based payment recognized in shareholders' equity	-778,200.00				32,619,241.30	-421,384,210.00				2,381,202.00		455,606,453.30
(4) Others	-32,468,413.00				-967,644,671.23	-303,151,979.44						-696,961,104.79
3. Profit distribution										-6,621,108,317.20	-60,020,812.87	-6,681,129,130.07
(1) Transfer to surplus reserve												
(2) Distribution to shareholders										-6,621,108,317.20	-60,020,812.87	-6,681,129,130.07
(3) Others												
4. Transfers within shareholders' equity							-18,081,007.61			18,081,007.61		
(1) Capital reserve transferred to share capital												
(2) Surplus reserve transferred to share capital												
(3) Loss offset by surplus reserve												
(4) Changes in remeasurement of defined benefit plans transferred to retained earnings												
(5) Other comprehensive income transferred to retained earnings							-18,081,007.61			18,081,007.61		
(6) Others												
5. Specific reserve												
(1) Appropriated during the current year												
(2) Used during the current year												
6. Others					80,138,407.12						-108,529,284.36	-28,390,877.24
IV. Ending balance of the current year	6,366,098,705.00				13,380,335,796.60	349,855,688.00	-471,845,319.75		3,200,065,459.00	31,414,532,460.31	3,781,026,029.25	57,320,357,442.41

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

Legal Representative:Pan Gang　　Chief Financial Officer:Zhao Chengxia　　Financial Manager:Zou Ying

Consolidated Statement of Changes in Equity

For the year of 2022

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

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

Items	2022											
	Equity attributable to parent company											
		Other equity instruments										
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Ending balance of the prior year	6,400,130,918.00				14,268,565,120.80	1,251,067,332.00	792,951,858.98		3,200,065,459.00	24,297,664,407.46	1,082,707,874.76	48,791,018,307.00
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	6,400,130,918.00				14,268,565,120.80	1,251,067,332.00	792,951,858.98		3,200,065,459.00	24,297,664,407.46	1,082,707,874.76	48,791,018,307.00
III. Change for the current year	-785,600.00				-33,342,301.39	-176,675,454.56	-871,947,855.76			3,288,973,702.50	2,792,511,492.75	5,352,084,892.66
1. Total comprehensive income							-871,947,855.76			9,431,064,679.78		8,525,394,195.44
											-33,722,628.58	
2. Shareholders' contributions and reduction in captial	-785,600.00				-23,751,974.13	-176,675,454.56				2,034,704.00	165,634,665.39	319,807,249.82
(1) Common stock contributed by shareholders											165,634,665.39	165,634,665.39
(2) Capital contributed by other equity instruments holders												
(3) Share-based payment recognized in shareholders' equity	-785,600.00				-23,751,974.13	-479,827,434.00				2,034,704.00		457,324,563.87
(4) Others						303,151,979.44						-303,151,979.44
3. Profit distribution										-6,144,125,681.28		-6,325,795,415.14
											-181,669,733.86	
(1) Transfer to surplus reserve												
(2) Distribution to shareholders										-6,144,125,681.28		-6,325,795,415.14
											-181,669,733.86	
(3) Others												
4. Transfers within shareholders' equity												
(1) Capital reserve transferred to share capital												
(2) Surplus reserve transferred to share capital												
(3) Loss offset by surplus reserve												
(4) Changes in remeasurement of defined benefit plans transferred to retained earnings												
(5) Other comprehensive income transferred to retained earnings												
(6) Others												
5. Specific reserve												
(1) Appropriated during the current year												
(2) Used during the current year												
6. Others					-9,590,327.26						2,842,269,189.80	2,832,678,862.54
IV. Ending balance of the current year	6,399,345,318.00				14,235,222,819.41	1,074,391,877.44	-78,995,996.78		3,200,065,459.00	27,586,638,109.96	3,875,219,367.51	54,143,103,199.66

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Parent Company Balance Sheet

As at 31 December 2023

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

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

Assets	Notes XVII	31 December 2023	31 December 2022
Current assets:			
Cash and cash equivalents		24,010,006,919.26	17,604,539,550.93
Financial assets held for trading			
Derivative financial assets			
Notes receivable		214,320,000.00	120,987,000.00
Accounts receivable	Note 1	1,617,845,205.86	1,605,170,884.28
Accounts receivable financing			
Prepayments		9,513,550,327.78	10,539,467,806.09
Other receivables	Note 2	44,372,825.22	40,628,383.50
Inventories		3,266,484,998.35	3,028,772,169.62
Contract assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		4,865,001,869.44	3,957,699,872.48
Total current assets		43,531,582,145.91	36,897,265,666.90
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments	Note 3	50,772,177,698.74	46,175,068,763.35
Investments in other equity instruments		258,331,988.16	282,954,372.48
Non-current assets due within one year		317,668,379.31	397,995,314.75
Investment property		481,920,995.14	494,764,709.97
Fixed assets		3,668,818,445.52	3,867,552,251.41
Construction in progress		46,273,633.15	61,430,505.65
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		106,222,471.90	122,003,556.43
Intangible assets		888,350,027.66	791,768,940.12
Development expenditure			
Goodwill			
Long-term deferred expenses		126,594,926.39	253,325,291.44
Deferred tax assets		496,996,457.19	397,074,640.16
Other non-current assets		16,818,479,836.39	6,703,637,825.18
Total non-current assets		73,981,834,859.55	59,547,576,170.94
Total assets		117,513,417,005.46	96,444,841,837.84

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Parent Company Balance Sheet(Continue)

As at 31 December 2023

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

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

Liabilities and Equity	Notes XVII	31 December 2023	31 December 2022
Current liabilities:			
Short-term borrowings		6,110,869,166.64	5,560,487,500.01
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		28,014,341,332.01	16,066,476,495.68
Accounts payable		12,960,109,088.53	10,657,351,302.33
Receipts in advance			
Contract liabilities		8,121,149,904.71	7,771,095,631.92
Payroll payable		2,976,813,543.91	2,585,293,136.32
Taxes payable		187,203,805.02	354,937,546.36
Other payables		1,675,396,853.21	2,152,363,421.82
Held-for-sale liabilities			
Non-current liabilities due within one year		1,906,682,705.58	259,923,511.48
Other current liabilities		917,902,069.27	886,791,735.47
Total current liabilities		62,870,468,468.88	46,294,720,281.39
Non-current liabilities:			
Long-term borrowings		11,093,289,000.00	7,965,289,000.00
Bonds payable			
Including: Preferred Shares			
Perpetual Bonds			
Lease liabilities		17,540,768.87	34,826,520.66
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		15,334,844.73	30,475,226.00
Deferred tax liabilities		57,222,549.88	54,733,521.61
Other non-current liabilities			
Total non-current liabilities		11,183,387,163.48	8,085,324,268.27
Total liabilities		74,053,855,632.36	54,380,044,549.66
Equity:			
Share capital		6,366,098,705.00	6,399,345,318.00
Other equity instruments			
Including: Preferred Shares			
Perpetual Bonds			
Capital reserve		12,259,790,027.98	13,217,079,157.91
Less: Treasury shares		349,855,688.00	1,074,391,877.44
Other comprehensive income		117,564,333.00	129,637,216.15
Specialised reserve			
Surplus reserve		3,200,065,459.00	3,200,065,459.00
Undistributed profits		21,865,898,536.12	20,193,062,014.56
Total shareholders' equity		43,459,561,373.10	42,064,797,288.18
Total liabilities and shareholders' equity		117,513,417,005.46	96,444,841,837.84

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Parent Company Income Statement

For the year of 2023

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

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

Items	Notes XVII	2023	2022
I. Operating revenue	Note 4	112,246,660,521.30	110,087,599,626.02
Less: Operating costs	Note 4	83,120,499,609.67	80,978,171,464.87
Taxes and surcharges		356,867,021.25	408,576,102.67
Selling expenses		19,500,528,780.64	19,960,793,392.99
Administrative expenses		2,368,913,302.44	2,650,047,775.73
Research and development expenses		706,565,602.20	646,093,606.80
Financial expenses		-222,334,590.41	-478,395,801.99
Including: Interest expenses		1,546,856,270.89	1,010,722,611.07
Interest income		1,824,749,133.29	1,512,432,181.84
Add: Other income		626,591,827.68	629,466,508.65
Investment income (losses are represented by '-')	Note 5	3,043,906,243.94	3,975,580,255.69
Including:Investment income from associates and joint ventures		-44,316,921.58	-9,784,941.92
Investment income from derecognition of financial assets at amortised cost			
Gains or losses from net exposure hedging (losses are represented by '-')			
Gains or losses from fair-value changes (losses are represented by '-')		-78,070,757.27	200,298,573.49
Credit impairment losses (losses are represented by '-')		-9,342,893.57	-22,354,806.06
Assets impairment losses (losses are represented by '-')		-894,629,302.68	-161,619,482.45
Gains or losses on disposal of assets (losses are represented by '-')		2,037,013.95	138,953.37
II. Operating profit (losses are represented by '-')		9,106,112,927.56	10,543,823,087.64
Add: Non-operating income		23,791,963.26	16,621,739.81
Less: Non-operating expenses		284,099,924.19	224,013,959.98
III. Profit before tax (total losses are represented by '-')		8,845,804,966.63	10,336,430,867.47
Less: Income tax expenses		572,322,337.48	807,423,009.62
VI. Net profit (net losses are represented by '-')		8,273,482,629.15	9,529,007,857.85
1. Net pronfit from continuing operations (net losses are represented by '-')		8,273,482,629.15	9,529,007,857.85
2. Net pronfit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income after tax		6,008,124.46	-66,881,576.62
1. Items that may not be reclassified subsequently to profit or loss		6,008,124.46	-66,881,576.62
(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		6,008,124.46	-66,881,576.62
(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			
(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)Amount of financial assets reclassified into other comprehensive income			
(4) Provisions for credit impairment of other debt investments			
(5) Cash flow hedges			
(6) Exchange differences on translation of foreign currency financial statements			
(7) Investment income of package disposal subsidiary before the loss of control			
(8) Other assets trasferred to Investment Real Estate of fair value model			
(9) Others			
VI. Total comprehensive income		8,279,490,753.61	9,462,126,281.23
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Parent Company Cash Flow Statement

For the year of 2023

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

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

Items	Notes XVII	2023	2022
I. Cash flows from operating activities			
Cash received from sale of goods and provision of services		124,427,140,863.15	120,810,443,408.18
Cash from tax return		133,033,794.74	5,906,862.86
Other cash received relevant to operating activities		2,130,987,350.54	2,083,357,084.25
Sub-total of operating cash inflows		126,691,162,008.43	122,899,707,355.29
Cash paid for goods and services		105,716,391,736.37	79,272,028,992.99
Cash paid to and for employees		7,628,061,882.05	8,002,704,872.20
Cash paid for taxes		3,651,493,193.12	3,493,492,705.21
Other cash paid related to operating activities		1,260,346,114.64	596,860,327.14
Sub-total of operating cash inflows		118,256,292,926.18	91,365,086,897.54
Net cash flows from operating activities		8,434,869,082.25	31,534,620,457.75
II. Cash flows from investing activities			
Cash received from disposal of investments		4,810,958,101.10	4,408,163,957.93
Cash received from returns on investments		3,399,685,750.49	359,501,527.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		104,805,645.59	11,173,369.35
Net cash received from disposal of subsidiaries and other business entities			
Other cash received related to investing activities			
Sub-total of investing cash inflows		8,315,449,497.18	4,778,838,854.71
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		596,760,629.99	364,203,513.16
Cash paid for acquisition of investments		19,855,628,279.65	20,149,571,157.73
Net cash paid for the acquisition of subsidiaries and other business entities		42,000,000.00	
Other cash paid related to investing activities			
Sub-total of investing cash outflows		20,494,388,909.64	20,513,774,670.89
Net cash flows from investing activities		-12,178,939,412.46	-15,734,935,816.18
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		271,331,402,777.79	201,745,095,778.43
Other cash received related to financing activities			
Sub-total of financing cash inflows		271,331,402,777.79	201,745,095,778.43
Cash repayments of borrowings		252,425,000,000.00	217,224,921,478.70
Cash paid for dividends, profits distribution or interest		8,153,947,892.42	7,099,759,746.69
Other cash paid related to financing activities		767,543,388.72	368,635,213.10
Sub-total of financing cash outflows		261,346,491,281.14	224,693,316,438.49
Net cash flows from financing activities		9,984,911,496.65	-22,948,220,660.06
IV.Effect of foreign exchange rate changes on cash and cash equivalents		46,763.91	-50,461.73
V. Net increase in cash and cash equivalents		6,240,887,930.35	-7,148,586,480.22
Add: Beginning balance of cash and cash equivalents		17,272,156,578.17	24,420,743,058.39
VI. Ending balance of cash and cash equivalents		23,513,044,508.52	17,272,156,578.17

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

Legal Representative:Pan Gang　　Chief Financial Officer:Zhao Chengxia　　Financial Manager:Zou Ying

Parent Company Statement of Changes in Equity

For the year of 2023

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

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

Items	2023										
		Other equity instruments									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Ending balance of the prior year	6,399,345,318.00				13,217,079,157.91	1,074,391,877.44	129,637,216.15		3,200,065,459.00	20,193,062,014.56	42,064,797,288.18
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Beginning balance of the current year	6,399,345,318.00				13,217,079,157.91	1,074,391,877.44	129,637,216.15		3,200,065,459.00	20,193,062,014.56	42,064,797,288.18
III. Change for the current year	-33,246,613.00				-957,289,129.93	-724,536,189.44	-12,072,883.15			1,672,836,521.56	1,394,764,084.92
1. Total comprehensive income							6,008,124.46			8,273,482,629.15	8,279,490,753.61
2. Shareholders' contributions and reduction in captial	-33,246,613.00				-935,025,429.93	-724,536,189.44				2,381,202.00	-241,354,651.49
(1) Common stock contributed by shareholders											
(2) Capital contributed by other equity instruments holders											
(3) Share-based payment recognized in shareholders' equity	-778,200.00				32,619,241.30	-421,384,210.00				2,381,202.00	455,606,453.30
(4) Others	-32,468,413.00				-967,644,671.23	-303,151,979.44					-696,961,104.79
3. Profit distribution										-6,621,108,317.20	-6,621,108,317.20
(1) Transfer to surplus reserve											
(2) Distribution to shareholders										-6,621,108,317.20	-6,621,108,317.20
(3) Others											
4. Transfers within shareholders' equity							-18,081,007.61			18,081,007.61	
(1) Capital reserve transferred to share capital											
(2) Surplus reserve transferred to share capital											
(3) Loss offset by surplus reserve											
(4) Changes in remeasurement of defined benefit plans transferred to retained earnings											
(5) Other comprehensive income transferred to retained earnings							-18,081,007.61			18,081,007.61	
(6) Others											
5. Specific reserve											
(1) Appropriated during the current year											
(2) Used during the current year											
6. Others					-22,263,700.00						-22,263,700.00
IV. Ending balance of the current year	6,366,098,705.00				12,259,790,027.98	349,855,688.00	117,564,333.00		3,200,065,459.00	21,865,898,536.12	43,459,561,373.10

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Parent Company Statement of Changes in Equity

For the year of 2022

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

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

Items	2022										
		Other equity instruments									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Ending balance of the prior year	6,400,130,918.00				13,241,155,286.52	1,251,067,332.00	196,518,792.77		3,200,065,459.00	16,806,145,133.99	38,592,948,258.28
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Beginning balance of the current year	6,400,130,918.00				13,241,155,286.52	1,251,067,332.00	196,518,792.77		3,200,065,459.00	16,806,145,133.99	38,592,948,258.28
III. Change for the current year	-785,600.00				-24,076,128.61	-176,675,454.56	-66,881,576.62			3,386,916,880.57	3,471,849,029.90
1. Total comprehensive income							-66,881,576.62			9,529,007,857.85	9,462,126,281.23
2. Shareholders' contributions and reduction in captial	-785,600.00				-23,751,974.13	-176,675,454.56				2,034,704.00	154,172,584.43
(1) Common stock contributed by shareholders											
(2) Capital contributed by other equity instruments holders											
(3) Share-based payment recognized in shareholders' equity	-785,600.00				-23,751,974.13	-479,827,434.00				2,034,704.00	457,324,563.87
(4) Others						303,151,979.44					-303,151,979.44
3. Profit distribution										-6,144,125,681.28	-6,144,125,681.28
(1) Transfer to surplus reserve											
(2) Distribution to shareholders										-6,144,125,681.28	-6,144,125,681.28
(3) Others											
4. Transfers within shareholders' equity											
(1) Capital reserve transferred to share capital											
(2) Surplus reserve transferred to share capital											
(3) Loss offset by surplus reserve											
(4) Changes in remeasurement of defined benefit plans transferred to retained earnings											
(5) Other comprehensive income transferred to retained earnings											
(6) Others											
5. Specific reserve											
(1) Appropriated during the current year											
(2) Used during the current year											
6. Others					-324,154.48						-324,154.48
IV. Ending balance of the current year	6,399,345,318.00				13,217,079,157.91	1,074,391,877.44	129,637,216.15		3,200,065,459.00	20,193,062,014.56	42,064,797,288.18

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

Legal Representative:Pan Gang Chief Financial Officer:Zhao Chengxia Financial Manager:Zou Ying

Inner Mongolia Yili Industrial Group Co., Ltd.
Notes to Financial Statements for the year of 2023

I. Corporate basic information

(I) Registration information and organizational form

Company Registered Address: No.1 Yili Street, Chilechuan Dairy Development Zone, Hohhot, Inner Mongolia; 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 Shareholders in1996 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. There were 64,480 options 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 799,322,750 shares.

In 2011, the Company transferred capital reserve into capital stock at ratio of 10 to 10. After the transfer, the total capital stock was 1,598,645,500 shares.

In 2013, approved by the China Securities Regulatory Commission < Z.J.X.K. [2012] No. 1638>, the Company issued 272,212,500 ordinary shares in non-public offerings in January 2013. The total share capital after non-public issuance was 1,870,858,000 shares. In June and July 2013, the incentive objects exercised 153,963,908 shares and 18,092,114 shares. The two exercises increased 172,056,022 shares and the total share capital after exercise was 2,042,914,022 shares.

In 2014, the Company transferred capital reserve into capital stock at ratio of 10 to 5. After the transfer, the total capital stock was 3,064,371,033 shares.

In 2015, the Company transferred capital reserve into capital stock at ratio of 10 to 10. After the transfer, the total capital stock was 6,128,742,066 shares. In July 2015, the Company disclosed Inner Mongolia Yili Industrial Group Co., Ltd.'s report on repurchasing part of social shares through a centralized bidding transaction. The total number of repurchased shares was 63,941,958 shares, and the total share capital after repurchase was 6,064,800,108 shares.

In 2016, the Company's second extraordinary shareholders general meeting examined and approved the Proposal on Stock Options and Restricted Stock Incentive Plan (Draft) and Abstracts, and granted 45 million stock options and 15 million restricted shares to the incentive objects. In February 2017, the Company issued 14.2 million restricted shares and the total capital stock was 6,079,000,108 shares.

In 2017, the Company's first extraordinary shareholders general meeting reviewed and approved the Proposal on Cancellation of Partial Stock Options and Repurchase and Cancellation of Partial Restricted Stocks by the Company. In November 2017, the Company repurchased and cancelled 507,500 shares of restricted stocks. The total capital stock was changed to 6,078,492,608 shares.

In 2018, the Company's 2017 annual general meeting of shareholders reviewed and approved the Proposal on Cancellation of Partial Stock Options and Repurchase and Cancellation of Partial Restricted Stocks by the Company. In November 2018, the Company repurchased and cancelled 365,000 shares of restricted stocks. The total capital stock was changed to 6,078,127,608 shares.

In 2019, the Company's ninth extraordinary meeting of the board of directors reviewed and approved the Proposal of the Accomplishment of the Exercising or Unlocking Conditions of the First Period for the Stock Options and Restricted Shares for 2016. From April to May 2019, the incentive objects exercised and increased 18,997,500 shares. The total share capital after exercise was 6,097,125,108 shares. The Company's 2018 annual general meeting of shareholders approved the Proposal on Cancellation of Partial Stock Options and Repurchase and Cancellation of Partial Restricted Stocks by the Company, and in December 2019, 746,250 restricted stocks were repurchased and cancelled. The total share capital was then changed to 6,096,378,858 shares.

In 2020, the Company's 2019 first extraordinary general meeting of shareholders reviewed and approved the Proposal on Changing the Use of Repurchased Shares. In March 2020, the Company cancelled 30,492,025 shares. The total capital stock was changed to 6,065,886,833 shares. The Company's ninth extraordinary meeting of the board of directors reviewed and approved the Proposal of the Accomplishment of the Exercising or Unlocking Conditions of the Second Period for the Stock Options and Restricted Shares for 2016. In July 2020, the incentive objects exercised and increased 18,086,250 shares. The total share capital after exercise was 6,083,973,083 shares. The Company's 2019 annual general meeting of shareholders reviewed and approved the Proposal on

Cancellation of Partial Stock Options and Repurchase and Cancellation of Partial Restricted Stocks by the Company and the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019. The Company's 2020 first extraordinary general meeting of shareholders reviewed and approved the Proposal on repurchase and cancellation of some restricted shares for 2019 and 1,348,250 restricted shares were repurchased and cancelled in July, August, and December 2020. The total share capital was then changed to 6,082,624,833 shares.

In 2021, the Company's 2020 annual general meeting reviewed and approved the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019, and repurchased and cancelled 447,200 restricted shares in July 2021, and the total share capital became 6,082,177,633 shares; approved by the Zheng Jian Xu Ke [2021] No. 3196 document of the China Securities Regulatory Commission, the Company will non-publicly issue 317,953,285 shares in November 2021, and the total share capital will become 6,400,130,918 shares.

In 2022, the Company's 2021 annual general meeting reviewed and approved the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019, and repurchased and cancelled 785,600 restricted shares in July 2022, and the total share capital became 6,399,345,318 shares.The First Extraordinary General Meeting of the Company in 2022 considered and passed the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019 and Proposal on the Proposal of Repurchasing the Company's Shares by means of Centralised Auction Trading.

In 2023, the Company repurchased and cancelled 426,600 restricted shares in February, and cancelled all the repurchased shares 32,468,413 shares in May 2023, the total share capital became 6,366,450,305 shares; the Company's 2022 annual shareholders' general meeting considered and approved the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019, and repurchased and cancelled 145,200 restricted shares in July 2023, and the total share capital became 6,366,305,105 shares; the first extraordinary general meeting of 2023 of the Company considered and passed the Proposal on Repurchase and Cancellation of Some Restricted Shares for 2019, and 206,400 restricted shares were repurchased and cancelled in November 2023, and the total share capital became 6,366,098,705 shares.

(II) Main business activities

The Company is mainly engaged in the processing, manufacturing and sales activities of various dairy products and health drinks, with several major product series of liquid milk, milk beverages, milk powder, yogurt, frozen beverages, cheese, cream and packaged drinking water.

(III) Scope of consolidated financial statements

There are 87 first-level subsidiaries included in the consolidation scope in this period. For details, please refer to "(1) Equity in subsidiaries" in Note VIII "Equity in other entities".

(IV) Approval of the financial statements for presentation

The financial statements are approved and published by the Board of Directors of the Company on 28 April 2024.

II. Basis of financial statement preparations

(I) Basis of financial statement preparations

The financial statements of the Company were prepared on the going concern basis according to the transactions and matters actually occurred, in accordance with the Accounting Standards for Business Enterprises - Basic Standard, and the specific accounting standards for business enterprises, application guidelines and interpretations for the accounting standards, and other relevant regulations (hereafter, referred to as “the Accounting Standards for Business Enterprises” or “CAS”). On this basis, the financial statements are prepared in conjunction with the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 General Rules on Financial Reporting (amendment in 2023) issued by the China Securities Regulatory Commission.

(II) Going concern

The Company has evaluated the Company's ability to continue as a going concern for 12 months from the end of the reporting period and has not found any events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

III. Summary of significant accounting policies and accounting estimates

Specific accounting policies and estimates:
The Company determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising inventory(Note III.15), depreciation of fixed assets (Note III. 19) and revenue recognition (Note III. 30).

(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

Operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company operates with 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

(IV) Recording currency

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

(V) Methodology for determining materiality criterion and basis for selection

Item	Materiality criterion
Significant individually bad debt provisioned accounts receivable	The amount of single provision for bad debts ≥ 10% of the original value of accounts receivable at the end of the period
Significant accounts receivable with bad debt provision recovered or reversed	Recovery or reversal of single provision for bad debts ≥10% of the original value of accounts receivable at the end of the period
Significant accounts receivable write-offs	Amount of write-off of individual accounts receivable ≥10% of the original value of accounts receivable at the end of the period
Significant prepayments aged over 1 year	Prepayments with an age of more than 1 year ≥10% of the ending balance of prepayments
Significant construction in progress projects	Budgeted amount of individual construction in progress ≥5% of total assets
Significant accounts payable aged over 1 year	Individual accounts payable aged over 1 year ≥ 10% of the ending balance of accounts payable
Significant contract liabilities aged over 1 year	Contract liabilities with an age of more than 1 year ≥10% of the ending balance of contract liabilities
Significant other payable aged over 1 year	Other payable with an age of more than 1 year ≥ 10% of the ending balance of other payable
Significant cash related to investing activities	Cash inflow (or outflow) from investing activities ≥10% of the subtotal of cash inflow (or outflow) from investing activities.
Significant non-wholly owned subsidiaries	Amount of gross operating income of non-wholly owned subsidiaries ≥ 10% of gross operating income
Significant joint ventures or associates	Carrying value of long-term equity investment in a single joint venture or associate ≥5% of net assets

(VI) 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 meets 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.

2. Business combinations involving entities under common control

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the acquiree in the ultimate controlling party's consolidated financial statements on the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate par value of issued stocks) is adjusted to the share premium of capital reserve. If the share premium of capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings accordingly.

As for the difference between the accrued liabilities or assets and contingent consideration paid, it is adjusted to the share premium or capital premium of capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings accordingly.

For a business combination realized through step-by-step multiple transactions under common control, if those transactions belong to one package deal, they shall be treated as one transaction. For those transactions do not belong to one package deal but under common control, on the combination date, the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration on the combination date shall be adjusted for the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For equity investment held before the date of combination, the other comprehensive income which generated

by the equity method or recognition and measurement financial instruments, it shall not conduct accounting treatment temporarily until disposal of the investment. When this investment is disposed of, accounting treatment is conducted using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities. The changes of equity of invested entity shall not conduct any accounting treatment except for net profit or loss, other comprehensive income and distribution of profits that arise from using equity method and they shall be recognized to profit or loss until disposal.

3. Business combinations involving entities under non-common control

The acquisition date is the date that acquirer obtains control of the acquiree. Generally, it is the date on which the acquirer obtains the acquiree's equity or hold its operating decision right. The control is transferred when the following conditions are met:

(1) The business acquisition contract or agreement has been approved by the internal authority of the Company;

(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 the acquisition-date as consideration transferred, the difference between its fair value and book value shall be recognized in current profit and loss.

The Company shall recognize 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 recognized 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 equity method before acquisition, the same accounting treatment as the invested entity to directly dispose of relevant assets or liabilities shall be adopted when disposal of the investment. If the equity investment held before the acquisition date is measured by the recognition and measurement standards of financial instruments, the sum of the fair value of the equity investment on the acquisition date plus the newly increased investment cost shall be taken as the initial investment cost on the acquisition date. The difference between the fair value of the originally held equity and the book value, as well as the accumulated fair value changes originally included in other comprehensive income, shall all be transferred to the current investment income on the date of acquisition.

4. Costs related to acquisition

Acquisition-related costs, such as audit fee, legal service, assessment and consulting fees, and other directly attributable costs are recorded in current profit or loss when the related services occur. The transaction costs of issuing equity securities for business combination can be deducted from equity if they are directly attributable to equity transactions.

(VII) Control judgement criteria and preparation of consolidated financial statements

1. Control judgement criteria

Control means that the investor has power over the investee, the investor can enjoy a variable return through participating in the investee's related activities, and has the ability to use its power over the investee to affect the amount of its return.

The Company makes judgments about whether to control an investee based on a consideration of all relevant facts and circumstances. The Company re-evaluates its judgement once changes in relevant facts and circumstances result in a change in the relevant elements involved in the definition of control. Relevant facts and circumstances mainly include:

(1) The purpose of the investee's establishment;

(2) The relevant activities of the investee and how decisions are made with respect to the relevant activities;

(3) Whether the investor has rights that give it the current ability to dominate the investee's relevant activities;

(4) Whether the investor enjoys a variable return by participating in the investee's relevant activities;

(5) Whether the investor has the ability to use its power over the investee to affect the amount of its returns;

(6) The investor's relationship with other parties.

2. Consolidation scope

The consolidation scope of financial statements is determined on a control basis. All subsidiaries are included in consolidated financial statements (including every individual entity controlled by the Company).

3. Consolidation procedure

The Company prepares the consolidated financial statements based on financial statements of the parent company and each subsidiary and the other relevant data. The Company treats the entire group as a accounting entity to prepare consolidated financial statements in accordance with the recognition, measurement, and presentation requirements of relevant enterprise accounting standards. According to the unified accounting policies, the consolidated financial statements reflect financial position, operating results and cash flows of the whole group.

In preparing the consolidated financial statements, if the accounting policies and the accounting periods of the parent company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting periods of the parent company.

The impact of internal transactions between the parent company and its subsidiaries and among the subsidiaries is offset by consolidation to reduce their effects on consolidated financial statements. If the recognition of one internal transaction is different from the parent company or the subsidiary when preparing consolidated financial statements, it shall be adjusted in the perspective of consolidated financial statements.

The portion of subsidiaries' equity, net profits and losses and other comprehensive income for the period that is not attributable to parent company shall be recognized as non-controlling interests and presented separately in the consolidated financial statements as minority shareholders' equity, minority interest income and total comprehensive income attributable to minority shareholders. If the losses attributed to minority shareholders exceed it book value in the owners' equities at the beginning of the period, the difference shall be adjusted against the minority shareholders' equity.

For a subsidiary acquired under common control, Adjust the financial statements based on the book value of its assets and liabilities (including the goodwill generated when the subsidiary was acquired by the ultimate holding company)in the ultimate holding company 's financial statements.

For a subsidiary acquired under non-common control, any adjustments 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 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 the 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 ultimate holding company began to control.

If the investee under common control can be controlled due to additional investment or other reasons, It is regarded that the parties involved in the combination have existed in the current state when the ultimate holding company begins to control, and then adjust the consolidated statements. 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 depend 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 earnings 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 recognized 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 recognize 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 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 of subsidiaries in steps

For transactions disposed by several times until the Company loses control of the subsidiaries, the clauses, conditions and economic affect applicable to one or several of 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 to depend 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 item 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 recognized 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 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.

(VIII) 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 evidence (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 recognizes 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.

(IX) Cash and cash equivalents

Cash refers to all cash on hand and deposit held at banks for payment at any time. Cash equivalents refer to short-term, highly liquid investments with maturities of three months or less from initial recognition by the Company that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(X) Foreign currency transactions and translation of financial statements denominated in foreign currency

1. Reporting for foreign currency transactions
At the time of initial recognition of foreign currency transaction, the amount of the foreign currency shall be translated into the amount of RMB at the spot exchange rate of the transaction date.
At the end of each reporting period, foreign currency monetary items are translated by using the closing rate, exchange differences arising on the settlement of monetary items recognize in profit or loss of current period, except that foreign currency borrowings relating to assets of which the acquisition or production satisfies the capitalization conditions is capitalized in accordance with the Accounting Standards for Business Enterprises No. 17 Borrowing Costs. Non-monetary items that are measured on a historical cost basis are translated by using the exchange rate at the date of the transaction and any fluctuation of exchange rate does not affect their amount in functional currency.
Non-monetary items that are measured at fair value in foreign currency are translated by using the exchange rates at the date when the fair value is determined, and the exchange difference between the amount of converted accounting currency and the amount of original accounting currency shall be treated as changes in fair value (including exchange rate changes), and the related exchange differences shall be recognized in profit or loss of current period or in other comprehensive income.
2. Translation of foreign currency financial statements
Assets and liabilities of each statement of financial position presented shall be translated at the closing rate on the balance sheet date; the equity items, except the undistributed profits, shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the average exchange rate. The above exchange differences shall be recognized in other comprehensive income.
For the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss. For the disposals of partial equity interests or other reasons leading to the decrease in shares without losing control of the foreign subsidiaries, the exchange differences relating to the disposal of the foreign operation are attributable to the minority shareholders rather than being transferred to profit or loss. For the disposals of equity interests in the foreign operation of which the form is the associates or the joint ventures, the proportionate share of the accumulated exchange difference arising on the translation of financial statements of foreign operations is reclassified to profit or loss.

(XI) Financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

The effective interest rate method, is the method of calculating the amortized cost of a financial asset or a financial liability and allocating interest income or interest expense into each accounting period.

The effective interest rate, is the rate used to discount the estimated future cash flow of a financial asset or financial liability over the expected lifetime to the book balance of the financial asset or the amortized cost of the financial liability. allocating interest income or interest expense into each accounting period. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contractual terms of financial assets or financial liabilities (such as early repayment, rollovers, call options or other similar options, etc.), but the expected credit losses are not considered.

The amortized cost of a financial asset or financial liability is the initial recognition amount of the financial asset or financial liability 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 amortized 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 recognized at the transaction price.

For financial assets measured at fair value through profit or loss, the relevant transaction costs are recognized in profit or loss. The transaction costs for other financial assets are included in the initially recognized amount.

Subsequent measurement of financial assets depends on their classification, and only if the Company changes its business model for managing financial assets, all affected related financial assets will be reclassified.

(1) Classified as financial assets at amortized cost

The contract terms of financial assets stipulate that the cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding, and the business model for managing such financial assets is to collect the contractual cash flows, and then the Company classifies the financial assets as financial assets measured at amortized cost.

The interest income of such financial assets is recognized using the effective interest method, subsequently measured based on amortized cost. The gains or losses arising from the impairment or termination of recognition and modification are included in the current profit and loss.

1) For the financial assets purchased or originated that have had credit impairment, the Company recognized its interest income based on the amortized cost of the financial asset and the credit-adjusted effective interest rate;

2) For the financial assets purchased or originated without credit impairment, but have credit impairment in the subsequent period, the interest income is recognized according to the amortized cost of the financial asset and the effective interest rate in the subsequent period. If the financial instrument has no credit impairment due to the improvement of its credit risk in the subsequent period, the Company would use the effective interest rate multiplied by the financial asset book balance to calculate and determine the interest income.

(2) Classified as financial assets at fair value through other comprehensive income

The contract terms of financial assets stipulate that the cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding, and the business model for managing such financial assets is to collect contractual cash flows and to sell the financial assets, and then the Company classifies the financial assets as financial assets at fair value through other comprehensive income.

Interest income calculated using the effective interest rate method, Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange profits and losses and interest

income calculated using the effective interest rate method, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

Notes receivable and accounts receivable that are measured at fair value through other comprehensive income are reported as receivable financing, and other such financial assets are reported as other debt investments, other debt investments due within one year from the balance sheet date are reported as current portion of non-current assets, and other debt investments with original maturity dates within one year are reported as other current assets.

(3) Designated as a financial asset measured at fair value through other comprehensive income

At initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income on the basis of individual financial assets.

The changes in the fair value of such financial assets are included in other comprehensive income, and no impairment provision is required. When the financial asset is derecognized, 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 recognized 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 amortized 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 profits 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 amortized 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 recognized in profit or loss; The related transaction costs for other financial liabilities are included in the initially recognized 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 amortized cost, adopts the effective interest rate method for such financial liabilities, performs subsequent measurement based on amortized 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 derecognized, 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 derecognized and a new financial liability will be recognized, 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 derecognized 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 derecognized, and the rights and obligations generated or retained during the transfer are separately recognized 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 recognized;

(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 recognized as assets or liabilities;

2) If the control of the financial asset is retained, the relevant financial assets will be recognized and the relevant liabilities will be recognized 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 derecognized portion of the cumulative amounts 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 recognized 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 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).

If the transfer of financial assets does not satisfy the conditions for termination of confirmation, continue to confirm the financial asset, and the received consideration is recognized as a financial liability.

5. Method for determining the fair value of financial assets and financial liabilities

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to measure fair values, unless the financial asset has a restricted period for the asset itself. Active market quotation refers to an easy and regular

quotation of related assets or liabilities from exchanges, dealers, brokers, industry groups, pricing agencies or regulatory agencies, etc., and it can represent the actual and frequently occurring market transactions on the basis of fair transactions.

Financial assets initially acquired or derived and financial liabilities assumed are based on market transaction prices as the basis for determining their fair value.

If no active market exists for financial assets or financial liabilities, valuation techniques are used to measure fair values. In valuation, the Company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it, and selects input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of relevant assets or liabilities, and gives priority to relevant observable input values. Use of unobservable input values where relevant observable input values cannot be obtained or are not practicable. The input values used by valuation techniques are divided into the following levels and used in order:

(1) The first level of input value is the unadjusted quoted price of the same asset or liability in the active market that can be obtained on the measurement date;

(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 recognizes losses on financial assets classified as amortized 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 recognized 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 is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets that have been purchased or originated from credit impairment, on each balance sheet date, the Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and measures their loss reserves, confirms the expected credit losses and their changes according to the following circumstances:

(1) For financial instruments that have no significant increase in credit risk since the initial recognition, in the first stage, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, and calculates the interest income according to the book balance and the actual interest rate;

(2) If there has been a significant increase in credit risk since the initial recognition of a financial instrument but credit impairment has not occurred, in the second stage, the Company recognized a loss allowance at an amount equal to lifetime expected credit losses, and interest income is calculated based on the book balance and the actual interest rate;

(3) If credit impairment has occurred since the initial recognition of a financial instrument, in the third stage, the Company recognized a loss allowance at an amount equal to lifetime expected credit losses, and calculate interest income at the amortized cost and actual interest rate.

The increase or reversal of the credit loss provisions of financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as fair value and whose changes are included in other

comprehensive income, credit loss provisions are used to offset the book balance of financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the Company recognizes its credit loss provisions in other comprehensive income and does not reduce the book value of the financial asset listed on the balance sheet.

In the previous accounting period, the Company has measured the loss provision according to the amount of expected credit losses for the entire duration of the financial instrument, but on the current balance sheet date, If the financial instrument is no longer in a situation where the credit risk has increased significantly since the initial recognition, the Company measures the loss provision for the financial instrument at the current balance sheet date by the amount equivalent to the expected credit loss in the next 12 months. The reversal amount of the loss provision formed is included in the current profit and loss as an impairment gain.

(1) Credit risk increased significantly

The Company uses the available reasonable and evidence-based forward-looking information, by comparing the risk of financial instruments defaulting on the balance sheet date and the initial confirmation date, to determine whether the credit risk of financial instruments has increased significantly since initial recognition. For financial guarantee contracts, when the Company applies the 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 behavior 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 fulfill its contractual cash flow obligations in the short term is strong, and even if there are unfavorable changes in the economic situation and operating environment over a long period time, however, it may not necessarily reduce the borrower's ability to fulfill 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 aging 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 recognized 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.

(XII) Notes receivable

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

For notes receivable with distinctive individual risk characteristics, expected credit losses are determined on an individual basis for an individual note receivable if there is objective evidence that the creditworthiness of an individual note receivable is impaired. When sufficient evidence of expected credit losses cannot be assessed at a reasonable cost at the individual instrument level, the Company divides the notes receivable into several combinations based on credit risk characteristics by referring to historical credit loss experience, current conditions and judgments of future economic conditions.Calculate the expected credit loss on the basis of the combination.

The basis for determining the combination is as follows:

Combination	Basis of combination	Accruing method
Combination 1: Bank acceptance notes	The Company's notes are settled mainly with bank acceptance notes, which are issued by banks with low credit risk. The credit risk of bank acceptance notes is relatively low. In addition, due to the short term of accounts receivable, they have a strong ability to fulfill their contractual cash flow obligations in the short term.	The Company considers bank acceptance notes as financial instruments with low credit risk. Taking into account the historical default rate is zero, therefore, the company's expected credit loss rate on notes receivable is zero..
Combination 2: Trade acceptance notes	The acceptor has a high credit rating, a low risk of credit loss and a high capacity to meet its contractual cash flow obligations during the acceptance period.	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 of the entire duration.

(XIII) Accounts receivable

The determination and accounting treatment method of the expected credit loss of the Company's accounts receivable. For details, please refer to this Note III (XI) 6 "Impairment of financial instruments".

For accounts receivable with obvious individual risk characteristics, if there is objective evidence that a certain account receivable has undergone credit impairment, the expected credit loss of the account receivable shall be determined by individual items. When the single account receivable cannot evaluate 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 the account receivable 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	Basis of combination	Accruing method
Combination 1: Subsidiaries related receivables	Related subsidiaries within the scope of consolidation	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 of the entire duration.
Combination 2: 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 by compiling a comparison table of the aging of accounts receivable and the expected credit loss rate of the entire duration.

(XIV) Other receivables

The determination and accounting treatment method of the expected credit loss of the Company's other receivables is three-stage method of expected credit loss model. For details, please refer to this Note III (XI) 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.

Categories of combinations for which bad debt provisioning is made based on a combination of credit risk characteristics and the basis for determining them.

Combination	Basis of combination	Accruing method
Combination 1: Interest receivable Combination 2: Dividends receivable Combination 3: Subsidiaries related to other receivables	Characteristics of credit risk Characteristics of credit risk Related subsidiaries within the scope of consolidation	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. 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.

(XV) Inventory

1. The classification of inventory, the measurement of inventories, inventory system, the amortization of low value consumables and packaging materials

(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, packaging materials, low-value consumables, semi-finished products 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) Inventory system

The Company uses perpetual inventory system.

(4) 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.

2. Criteria for recognizing and providing for provision for decline in value of inventories

At the balance sheet date, the inventories are measured at lower of cost and net realizable value. The net realizable value of finished goods, merchandise inventories and materials 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 item 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 book value of the inventory would then be the lower of cost and the revised net realizable value, the reversal of the provision is recognized in profit or loss.

(XVI) Non-current assets or disposal groups held for sale

1. Recognition criteria and accounting treatment of non-current assets or disposal groups classified as held for sale

(1) Recognition criteria for classification as a non-current asset or disposal group held for sale

Non-current assets or disposal groups that meet the following conditions are recognized 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.

(2) Accounting for non-current assets held for sale or disposal groups

The Company does not depreciate the non-current assets or disposal groups held for sale. The Company's carrying amount is higher than the fair value less costs to sale, the impairment loss and allowance for depreciation are recognized, which is included in the current profits and losses.

In the case of a non-current asset or the disposal group which is classified as held for sale, the initial measurement is assumed not to be divided into this category is measured at lower of book value and fair value less costs to sale.

The above principles are applicable to all non-current assets, except for the deferred income tax assets and the financial assets regulated by the relevant accounting standards for financial instruments.

2. Recognition criteria and presentation of discontinued operations

(1) Recognition criteria for discontinued operations

The Company recognizes as a discontinued operation component, that satisfy one of the following conditions and the component has been disposed of or classified as held for sale and can be separately distinguished:

1) The component represents a separate principal business or a separate principal operating area;

2) The component is part of an associated plan for the proposed disposal of a separate principal business or a separate principal operating area;

3) The component is a subsidiary acquired exclusively for resale.

Operating profits and losses, such as impairment losses and reversal amounts for discontinued operations, and profits and losses on disposals are presented in the income statement as profits and losses from discontinued operations.

(2) Presentation of discontinued operations

Non-current assets held for sale or assets in disposal groups held for sale are presented separately from other assets in the balance sheet, and liabilities in disposal groups held for sale are presented separately from other liabilities.

Profits and losses from continuing operations and profits and losses from discontinued operations are presented separately in the income statement. Impairment losses and reversal amounts of non-current assets or disposal groups held for sale that do not meet the definition of discontinued operations, as well as profits and losses on disposal, are presented as profit or loss from continuing operations. Operating profits and losses such as impairment losses and reversal amounts for discontinued operations and profits and losses on disposals are reported as profits and losses from discontinued operations. For discontinued operations reported in the current period, the information that was previously reported as profit or loss from continuing operations is restated as profit or loss from discontinued operations for the comparable accounting period in the current financial statements. If a discontinued operation no longer meets the conditions for classification as held for sale, the information previously reported as profit or loss from discontinued operations is restated in the current financial statements as profit or loss from continuing operations for the comparable accounting period.

(XVII) Long-term equity investment

1. Measurement of investment cost

(1) For long-term equity investment acquired through business combination, please refer to this Note III(VI): Accounting treatment of business combination involving entities under common control and non-common control;

(2) Long-term equity investment obtained through other methods.

For long-term equity investment acquired through cash payment, the actual payment is recognized as the initial cost. The initial costs include costs, taxes and other necessary expenses that are directly related to the acquisition of the long-term equity investments.

For long-term equity investment acquired through issuing equity securities shall be measured at fair value as initial cost. The transaction costs are related to issue or acquisition of the equity instruments shall be deducted from the equity.

For long-term equity acquired through exchange for non-monetary assets shall be recognized initially at the fair value of assets surrendered when the exchange transaction has commercial substance and the fair value of both assets received and asset given up can be reliably measured, unless there is the solid evidence that the fair value of asset received is more reliable. If the transaction has not met above criteria, the value of long-term equity investment is measured on the book value of the assets surrendered plus relevant taxes needed to be paid.

For long-term equity investment acquired through debt restructuring, the fair value of the investment is recognized as initial cost.

2. Subsequent measurement and profit or loss recognition

(1) Cost method

The Company adopts cost method to measure long-term equity investment when the Company has control over the invested organization, which is measured at its initial investment cost. If there are additional investments or disposal, the cost of the long-term equity investment shall be adjusted.

Except that the consideration paid including cash dividends or profits, the cash dividends or profits declared to distribute by the invested entity shall be recognized as investment income and charged to profit or loss for the current period.

(2) Equity method

Long-term equity investment in joint operations and joint ventures shall be measured by equity method. Where some of the equity investments are indirectly achieved through venture capital institutions, mutual fund, trust companies or other similar entities such as 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 organization's identifiable net assets, the difference is recognized in profit or loss.

Under equity method, the Company recognizes the investment income and other comprehensive income according to its share of net profit or loss and other comprehensive income of the invested organization, and the carrying amount of the long-term equity investments shall be adjusted accordingly; the carrying amount of the long-term equity investments shall be adjusted accordingly; the carrying amount of the investment is reduced by the Company's share of the profit distribution or cash dividends declared by an invested organization; for changes in owner's equity of the invested organization other than those arising from its net profit or loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and recorded into the owners' equities.

Under the equity method, the investor's share of the profit or loss of the invested organization shall base on fair value of invested organization's net identifiable assets, measurement shall be made after adjusting invested organization's net income. For the unrealized profits/losses that arise from the transaction between the Company and the joint operations or joint ventures shall be offset, the share attributable to the Company shall be calculated according to the shareholding proportion. The investment income shall be calculated after deducting the unrealized profits/losses that are attributed to the Company.

The Company should allocate the loss from long-term equity investment as following sequence: the book value of long-term equity investment; if the book value is insufficient to absorb the loss, any parts that in substance constitute the investor's net investment in the invested organization are reduced zero as limit. If the Company has assumed additional obligations, the provisions shall be recognized and charged to investment loss for the period.

Where the invested organization makes profits in subsequent periods, above losses shall be reversed after offsetting unrecognized losses, which should set off against in a reverse order that is the book value of the relevant recognized provisions, any parts that in substance consist of the investor's net investment in the invested organization, book value of long-term equity investment. The remaining profits after reversal shall be recognized as investment income.

3. Changes of accounting methods for long-term equity investment

(1) Fair value method changes to equity method

Where the equity investment held has no control, joint control or significant impact on the invested organization and that are accounted according to the financial instrument recognition and measurement criteria can have significant influence or joint control

due to addition of further investment. The initial investment cost after changing accounting method shall be measured at the fair value of equity investment at acquisition date plus additional consideration that need to pay according to the Enterprise Accounting Standard NO.22-Recognition and Measurement of Financial Instrument.

For the equity investment classified as investments in other equity instruments, the difference between its fair value and book value is recognized in the other comprehensive income. The changes of fair value are recognized as retained earnings when change the accounting method.

If the initial investment cost under equity method is lower than the fair value of the updated proportion of ownership interest in the invested organization's net identifiable assets after further investment, the Company will adjust book value of long-term equity investment and the amount will be recorded in non-operating income.

(2) Fair value method or equity method changes to cost method

The equity investment of the invested organization held by the investor with no control, joint control or significant influence records according to the financial instrument recognition and measurement criteria, or the long-term equity investment in joint operation or joint venture that can control the invested organization due to the additional investment, the cost of investment after accounting method adjusted shall be measured at sum of book value of original equity investment and additional consideration paid.

Other comprehensive income recognized before acquisition, it shall be treated the same as invested organization dispose of relevant assets or liabilities when dispose of the long-term investment.

Long-term equity investment measured according to Accounting Standards for Enterprise No.22 Measurement and Recognition of Financial Instrument under equity method before acquisition date, the recognized other comprehensive income due to change in fair value shall be transferred to retained earnings when change to cost method.

(3) Equity method transfer to fair value method

If the Company loses the joint control and significant influence over the invested entity as a result of partial disposal of shareholding, the long-term equity investment shall be accounted in accordance with "Enterprise Accounting Standard NO.22-Recognition and Measurement of Financial Instrument to measure", the difference between fair value and book value shall be recognized as profit or loss for the period.

The other comprehensive income that is recognized under the equity method should be accounted on the same basis as direct disposal of the relevant assets or liabilities by the investment entity when terminate to use equity method.

(4) Cost method transfer to equity method

The Company loses the control over the invested entity as a result of partial disposal of equity investment. When prepare individual financial statements, the Company still has joint control or significant influence over the invested organizations, the equity method shall be adopted and the adjustments are made to remaining equity investment as the equity method is applied from the very beginning.

(5) Cost method transfer to fair value method

The Company loses control over the invested entity as a result of partial disposal of equity investment, when preparing individual financial statements, the residual equity does not have joint control and significant influence over the invested entity, the Company shall follow the standard of "Enterprise Accounting Standard NO.22-Recognition and Measurement of Financial Instrument to measure", the difference between fair value and book value shall record into profit or loss at the date of loss of control.

4. Disposal of long-term equity investment

For disposal of long-term equity investment, the difference between book value and consideration received shall be recognized in profit or loss. For long-term equity investment measured under equity method, the part recognized in other comprehensive income is accounted on pro-rata basis upon disposal in the same way as the relevant assets or liabilities are disposed of directly by the invested organization.

For disposal of equity investment in subsidiaries, if the terms, conditions and economic impact of contract meet following criteria with these transactions fulfill at least one of below conditions, these multiple transactions shall be treated as a package deal:

(1) The design of these transactions is simultaneously dealt with or have considered the mutual effect 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 by itself cannot be treat as economical.

When the Company lost the control over the subsidiary as a result of partial disposal of equity investment which does not belong to

one package deal, the accounting treatment in individual financial statements and consolidated financial statements, as follows:
1) In individual financial statements, the difference between the book value of disposed equity investment and consideration received shall be recognized in profit or loss. If the remaining equity investment has joint control or significant influence over invested organization, equity method shall be adopted and adjustments shall be made as the equity method is applied from the very beginning when the Company acquired the equity investment. If the remaining equity investment has no joint control or significant influence over the invested organization, it shall treat in accordance with Enterprise Accounting Policy Standard 22- The Recognition and Measurement of Financial Instrument, at the date of losing joint control or significant influence, the difference between fair value and book value shall be recognized in profit or loss.
2) In consolidated financial statements, the difference between the consideration received and equity proportion of cumulative net assets in invested organization since acquisition date shall adjust capital reserve (share premium), any excess of amount shall adjust retained earnings. When the Company loses control of a subsidiary, the remaining equity investment shall be remeasured at its fair value. The difference arising from the sum of consideration received from disposal and fair value of the remaining equity investment minus the equity proportion of cumulative net assets attributable to the parent since acquisition date should be recognized in the profit or loss when it loses control, at the same time offset the goodwill. The parent would reclassify the profit or loss previously recognized in other comprehensive income to profit or loss when it loses control of the subsidiary.
If the transactions of disposal belong to one package deal, they should be treated as one transaction, accounting treatments in individual financial statements and consolidated financial statements, as follows:
(1) In individual financial statements, the difference between consideration received and book value arising from disposal of long-term equity investment before the Company loses control shall be recognized as other comprehensive income. When the Company lose control, it shall be reclassified as profit or loss;
(2) In consolidated financial statements, the difference between consideration received and share of net assets attributed to the parent company should be recognized 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 the parties have no rights to net assets of the separate entity, the entity should be treated as joint operation. The Company recognizes 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.

(XVIII) Investment properties

Investment properties refer 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 consists 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 amortizes 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:

Classification	Expected service life (years)	Expected net salvage value rate	Annual depreciation (amortization) rate
Buildings	25-40	5%	4.75%-2.375%

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 derecognized on disposal or withdrawn permanently and no future economic benefits are expected from its disposal. The profit or loss, which shall be included in current profit or loss, arising from the disposal, transfer, retirement or damage of an item 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.

(XIX) Fixed assets

1. Criteria for recognition of Fixed assets

Fixed assets are tangible assets held to produce goods, providing services, leasing or operating management and benefiting the entity during more than one fiscal year. A fixed asset shall be recognized 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 invested in by the investors shall be recognized at the value stipulated in the investment contract or agreement except the value is unfairly stipulated in the contract or agreement. If payment for a fixed asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is treated as an expense over the period of credit, unless it is capitalized during the period of construction in accordance with the revised version of IAS 23 Borrowing costs.

Depreciation of fixed assets is the systematic allocation of the depreciable amount of an asset over its useful life, and the depreciable amount is the cost of an asset or other amount substituted for cost, less its residual value. In the case of fixed assets with provisions for impairment, the depreciable amount should be determined after deducting the impairment provision and which is systematically allocated over its useful life. According to the nature and use of the fixed assets, the Company determines the useful life and estimated the net residual value of fixed assets. At the end of each financial year, the useful life of a fixed asset, the estimated net residual value, and depreciation method are subject to review. If they are different from previous estimates, corresponding adjustments should be made.

Subsequent expenses should be capitalized only if they meet the recognition criteria as an asset. Otherwise, they shall be reflected in current profit or loss.

The carrying amount of a fixed asset should be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The profit and loss, which shall be included in current profit or loss, arising from the disposal, transfer, retirement or damage of an items of fixed assets shall be determined as the difference between the net disposal proceeds and the carrying amount of the Items, taking relevant taxes into consideration.

2. Depreciation

Classification	Depreciation method	Depreciation periods (years)	Net salvage value rate	Annual depreciation rate
Buildings				
Including: framework construction	Straight-line Method	20-45	5%	4.75%-2.11%
Brick construction	Straight-line Method	20-40	5%	4.75%-2.38%
Light steel construction	Straight-line Method	20	5%	4.75%
Ancillary construction	Straight-line Method	8-20	5%	11.88%-4.75%
Machinery equipment	Straight-line Method	10	5%	9.5%
Means of transport				
Including: Large vehicles	Straight-line Method	10	5%	9.5%
Minivans and cars	Straight-line Method	5	5%	19%
Electronic equipment	Straight-line Method	5	5%	19%
Other tools	Straight-line Method	5	5%	19%

(XX) 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 amortized. 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.

(XXI) 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 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) Asset expenditures have occurred, and asset expenditures include expenditures in the form of cash payment, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;

(2) Borrowing costs have already occurred;

(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.

3. 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.

4. 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 amortized during each accounting period and recognized by effective interest rate method.

(XXII) Biological assets

1. Recognition of biological assets

A biological asset is a living animal or plant. Biological assets shall be recognized 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 purchasing 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 reproducing 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 to 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.

The Company's immature productive biological assets are not depreciated, and depreciation of mature biological assets is calculated by using the straight-line method which the salvage value rate is 20% and the depreciation period is 3 to 5 years. 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 book 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 recognized. If the impairment indicators of consumable biological assets disappeared, reversal should be made within original provision for impairment and recognized as profit or loss.

(XXIII) Intangible assets

1. Useful life and the basis for its determination, estimation, amortization methodology or review procedures

(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 book value and fair value is recognized in current profit and loss.

The intangible assets acquired in exchanged for non-monetary assets shall be recognized 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 the sum of the book value of the assets surrendered and relevant taxes need to be paid. No profit or loss would be recognized there.

The cost of an intangible asset acquired by business combination under common control is the book value recognized 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 amortized 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 amortized.

(2) Estimating the useful life of intangible assets with a 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 an 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 book 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 recognized in profit or loss and provisions for impairment of intangible assets should be made.

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

Once impairment loss of an intangible asset is recognized, 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 the recoverable amount for the individual asset cannot be identified.

2. The scope of research and development expenditures and the related accounting treatment

(1) Scope of pooling of research and development expenditures

The Company's research and development expenses are expenses directly related to the Company's research and development activities, including salaries of research and development personnel, depreciation and amortization of assets used for research and development, repair costs, design costs, research costs, testing costs, commissioned external research and development costs, and other expenses.

(2) Specific criteria for dividing the research phase and development phase of the Company's internal research and development projects

Research phase: original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development phase: the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, etc. before it is available for use or sale.

An intangible asset arising from the development phase of an internal project shall be recognized if, and only if, an entity can demonstrate all of the following:

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

2) Having the intention to complete and use or to sell the intangible asset;

3) The way in which the intangible assets generate probable future economic benefits. Among other factors, the entity must be able to demonstrate the existence of a market for the intangible asset's output or for the intangible asset itself; or, if the asset is to be used internally, it must be able to demonstrate the usefulness of the intangible asset;

4) The availability of sufficient technical, financial and other resources to complete the development to use or sell the intangible asset;

5) Its ability to measure reliably the expenditure attributed to the development stage of intangible asset.

Expenditures incurred during the research phase of an internal research and development project are recognized in profit or loss when incurred. If it is not possible to distinguish between research-phase and development-phase expenditures, all research and development expenditures incurred are recognized in profit or loss for the current period.

(XXIV) Impairment of long-term assets

The Company assesses, at each reporting date, whether there is any indication that a long-term asset might be impaired. If impairment indicators exist, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset. The recoverable amount of cash-generating unit (CGU) to which the asset belongs shall be determined.

The recoverable amount is defined as the higher of an asset's fair value less costs of disposal and value in use (the present value of the future cash flows that are expected to be derived from the asset).

When the recoverable amount of a long-term asset is lower than its book value, the carrying amount of the asset shall be its revalued amount, which is equal to its recoverable amount. The impairment loss should be recognized in profit or loss and provisions for impairment of intangible assets should be made. Once the impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

After the impairment loss of a long-term asset is recognized, the amortization should be adjusted prospectively, which is systematically allocated over the remaining useful life after deducting residual value from book value.
The goodwill and intangible assets with indefinite useful life acquired in business combination should be tested annually for impairment no matter whether there is an indication of impairment.
For the purpose of impairment testing, the goodwill acquired in a business combination should be allocated, from the acquisition date, to each of the acquirer's CGUs or groups of CGUs that is expected to benefit from the synergies of the business combination. When an impairment test is performed for CGUs or groups of CGUs with goodwill and the impairment indicators of goodwill within the units or groups exist, the recoverable amount of the unit or group without goodwill should be estimated first so that the impairment loss can be recognized. Then the same steps shall be applied on the unit or group with goodwill. If its recoverable amount is lower than book value, the impairment loss of goodwill should be recognized.

(XXV) Long-term deferred expenses

Long-term deferred expenses are amortized on a straight-line basis over the benefit period, of which:
(1) The prepaid rent for operating lease of fixed assets shall be amortized on the basis of the period stipulated in the lease contract or other reasonable methods;
(2) The improvement expenditure of operating lease of fixed assets shall be amortized over the shorter one of the residual lease periods and remaining useful life.

(XXVI) Contract liabilities

The Company recognizes the part of the obligation to transfer goods to customers for the consideration received or receivable from customers as contract liabilities.

(XXVII) 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 recognizes 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.
All post-employment benefit plans of the Company are defined contribution plans.
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 recognized as liabilities, which shall be reflected in current profit or loss or relevant assets costs.
After the Company regularly pays the above-mentioned funds in accordance with the standards 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 benefits (voluntary termination benefits). The Company recognizes a liability and expense for termination benefits at the earlier one of the following dates: when the entity can no longer withdraw the offer of those benefits; and when the entity recognizes costs for a restructuring that is within the scope of IAS 37 provisions, contingent liabilities and contingent assets and involves the payment of

termination benefits.

The Company provides early retirement benefits (a type of voluntary termination benefits) to employees who accept early retirement arrangements. This is the benefits paid to employees who accept an offer of voluntary redundancy but have not reach the retirement age as stipulated by the government's laws and regulations. The accounting treatment of early retirement benefits should refer to termination benefits when it met the recognition criteria of termination benefits. The remuneration and other benefits need to be paid since employees terminate services until they reach normal retirement age should be recognized to profit or loss of this year. Any differences caused by changes of actuarial assumptions and benefits adjustments are recognized in profit or loss.

4. Accounting for other long-term employee benefits

Other long-term employee benefits refer to all employee benefits other than short-term remuneration, post-employment benefits, and termination benefits.

When other long-term benefits met the criteria of defined contribution plan, a liability and relevant cost or expense should be recognized when services are provided by employees. The obligations arising from the defined contribution plan should be allocated to the period when they incurred at the balance sheet date, while relevant costs should be recognized in profit or loss.

The post-employment welfare defined benefit plans is mainly the well-defined standard overall benefits paid to the retirees, the living expenses paid for the bereaved family members of the deceased employees, etc. For the obligations assumed in the defined benefit plan, actuarial calculation shall be carried out on the balance sheet date, and the welfare obligation arising from the defined benefit plan shall be attributed to the period during which the employee provides services, and shall be included in the current profit and loss or related asset costs, of which: unless other accounting The standard requires or allows the cost of employee benefits to be included in the asset cost, the service cost of the defined benefit plan and the net interest of the net liability or net asset of the defined benefit plan to be included in the current profit and loss in the current period; remeasurement of the net liability or net interest of the defined benefit plan. Changes in assets are included in other comprehensive income in the current period and are not allowed to be reversed to profit or loss in subsequent accounting periods.

(XXVIII) Provisions

1. Criteria for recognition of provisions

The Company shall recognize a provision when all of following conditions are met:

(1) The Company has a present obligation as a result of a past event;

(2) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be reliably estimated.

2. Methods for the measurement of provisions

The Company initially measured provisions at the best estimate of the expenditure required to settle the present obligation at the 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 result in the range are identical, the best estimate is the median of the range.

Where there is no continuous range (or interval) or there is a continuous range of the required expenditure to settle the present obligation, but the possibility of various outcomes is different, the single most likely outcome will be used if there is one Items. If there are severable items involved, every possible result and relevant probability are taken into account for the best estimation.

Where all or part of the expenditures for the provisions of the Company is expected to be reimbursed by a third party, the amount of reimbursement shall be recognized separately as the asset when it is virtually certain will be received. The amount recognized for the reimbursement shall not exceed the carrying amount of the recognized provisions.

(XXIX) Share-based payment

1. The type of share-based payment

The Company's share-based payments are divided into equity-settled share-based payment and cash-settled share-based payment.

2. Methods to determine fair value of equity instruments

For equity instruments such as options that are active in the market, the fair value is determined on the basis of quotes in the active market. When the market prices are not available, a valuation technique such as options pricing model will be adopted to determine the fair value of equity instruments. All options pricing models take into account the following factors: 1) the exercise price of the option; 2) the life of the option; 3) the current price of the underlying shares; 4) the expected volatility of the stock price; 5) the expected dividends of the underlying shares; and 6) the risk-free rate for the life of the option.

Market conditions of vesting conditions and non-vesting conditions are taken into account when determining the grant date which fair value of the equity instruments granted. When the share-based payments have non-vesting conditions, as long as employees satisfy all non-market conditions (e.g., term of service) under vesting conditions, service costs should be recognized.

3. Basis for determining the best estimate for equity instruments with exercisable rights

For each balance sheet date of vesting period, according to the relevant information such as the number of equity instruments expected to vest, the best estimate and the number of equity instruments shall be adjusted. On the vesting date, the final estimate should equal to the number of equity instruments that actually vest.

4. Accounting treatment methods

The equity-settled share-based payment shall be measured at the fair value of equity instruments granted to employees. If the option can vest immediately after the grant, the fair value of equity instruments at the date of grant shall be used to measure the relevant expenses or costs and increase capital reserve prospectively. The equity instruments can only be exercised when service conditions and performance conditions are met during vesting period, at each balance sheet date, the best estimate is adjusted according to the number of employees expected to vest. Service engaged shall be recognize relevant costs or expenses and capital reserves according to its fair value. After vesting period, no further adjustments are made to the relevant costs or expenses as well as the total, amount of the owner's equities which have been recognized.

Cash-settled share-based payments are measured at the fair value of the liabilities which is determined based on the shares or other equity instruments undertaken by the Company. For the cash-settled share-based payments that may be exercised immediately after the grant, the fair value of the liability should be recognized on the date of the grant as well as the relevant costs or expenses. For the cash-settled share-based payments can only be exercised when service conditions and performance conditions are met during vesting period, at each balance sheet date, the best estimate is adjusted to the number of employees expected to vest. recognize relevant costs or expenses as well as liabilities according to its fair value. Prior to settlement of the liabilities, at each balance date and settlement date, the fair value of the liabilities should be re-measured and differences should recognize to profit or loss.

A grant of equity instruments that is cancelled during the vesting period is treated as an acceleration of vesting. The entity should recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. If employees or other parties are able to choose to meet non-vesting conditions but have not met during vesting period, the Company will treat it as cancellation for equity-settled awards.

(XXX) Revenue

The revenue is recognized at the transaction price allocated to the performance obligation when the Company satisfies the performance obligations in the contract, that is, the customers obtain control over relevant goods or services.

Performance obligations refer to the Company's promise to transfer clearly distinguishable goods or services to customers in the contract.

Obtaining control over relevant goods means being able to lead the use of the goods and obtain almost all economic benefits from them.

The Company evaluates the contract on the day of the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is satisfied within a certain period of time or at a certain point in time. When any of the following conditions is satisfied, the obligations are performed within a certain period of time. The Company recognizes revenue based on the progress of the performance within that period of time.

(1) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

(2) The customer can control the asset created or enhanced during the Company's performance;

(3) The goods produced during the performance of the Company have irreplaceable use and the Company has an enforceable right

to payment for performance completed to date. Otherwise, the Company recognizes revenue at a certain point of time when the customer obtains control of relevant goods or services.

For the performance obligations satisfied within a certain period of time, the Company uses the output method or the input method to determine the appropriate performance progress based on the nature of the goods and services. The output method is to determine the progress of the contract based on the value of the goods that have been transferred to the customer. (The input method is to determine the performance progress based on the Company's investment in fulfilling the performance obligations). When the progress of the performance obligation cannot be measured reasonably, revenue should be recognized at the amount of cost incurred if it is predicted that the cost can be compensated till the progress of the obligation fulfillment can be reasonably determined.

If any of the above criteria is not met, the revenue is recognized at the transaction price allocated to the performance obligation at the certain point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators: The Company has a present right to receive payment for the product or service, that is, the customer has a present obligation to payment for the product or service; The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the product; The Company has transferred physical possession of the goods to the customer, that is, the customer already has physical possession of the goods; The Company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the significant risks and rewards of ownership of the goods; The customer has accepted the goods or services; other indicators that the customer has obtained control of the goods.

The Company regards the right to receive consideration for goods or services that have been transferred to the customer (and this right depends on other factors other than the passage of time) as contract assets. Loss provision for contract assets is recognized on the basis of expected credit loss. The Company's unconditional (only depends on the passage of time) right to receive consideration from customers is listed as Accounts receivable. The Company's obligation to transfer goods or services to a customer for consideration received or receivable from the customer is regarded as contract liabilities.

The Company's revenue mainly includes the sales of dairy products and other products, adopting a sales model that combines distribution and direct sales. After the products are delivered in accordance with the contractual agreement, the revenue is recognized when the customer obtains control of the related products. The credit period granted by the Company to customers is consistent with industry practices, and there is no major financing component.

(XXXI) Contract cost

1. Contract performance cost

The cost incurred for the performance of a contract that not within the scope of other accounting standards for business enterprises except the standards of revenue, while meeting all of the following criteria, the Company recognizes the cost as an asset:

(1) The costs relate to an existing contract directly or to a specifically identifiable anticipated contract, including direct labor, direct materials, allocations of overheads (or similar costs), costs that explicitly chargeable to the customer and other costs only incurred due to the contract;

(2) The costs enhance the future resources of the Company for satisfying performance obligations;

(3) The costs are expected to be recovered.

The asset is listed in inventory or other non-current assets based on whether the amortization period exceeds a normal operating cycle at the time of initial recognition.

2. Contract acquisition costs

The Company recognizes the incremental costs of obtaining a contract while it is expected to be recovered as the costs to obtain a contract as assets. Incremental costs of obtaining a contract are those costs that would not be incurred if the contract had not been obtained, such as sales commissions. If the amortization period does not exceed one year, it shall be recognized in profit or loss for the current period when it occurs.

3. Amortization of contract costs

The above-mentioned assets related to contract costs shall be amortized on a systematic basis that is consistent with that of the goods or services relating to the assets. The assets are amortized at a certain point of time when the performance obligation is satisfied or at the progress of the performance obligation, and be recognized in profit or loss for the current period.

4. Contract cost impairment

If the carrying amount of the above-mentioned assets related to contract costs is higher than the difference between remaining amount of consideration that the Company expects to receive in transferring the goods related to the assets and the estimated costs for transferring the related goods, the excess shall be provided for impairment and recognized as asset impairment loss.
After the provision for impairment, if the factors for the provision of impairment in the previous period have changed and the difference between the two above items is higher than the carrying amount of the asset, the original impairment provision for the asset shall be reversed and recognized in profit or loss for the current period. However, the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset under the assumption that no impairment provision is made on the reversal date.

(XXXII) Government grants

Government grants are assistance by government in the form of transfers of monetary assets and non-monetary assets to the Company, but do not include the capital invested by the government as an owner. According to the grant form, the government grants are divided into government grants related to assets and government grants related to income.
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 recognized according to the amount receivable. Otherwise, government grants are recognized 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 recognized as the nominal amount (RMB 1). Government grants measured at nominal value are recognized 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 unamortized deferred credit recognized in respect of the grant. If the repayment exceeds such deferred credit, or if there exists no deferred credit, the repayment shall be recognized 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.

(XXXIII) Deferred tax assets and deferred tax liabilities

Deferred tax assets or deferred tax liabilities are recognized 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 recognizes 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 recognize 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 recognize 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.

(XXXIV) Lease

On the contract inception date, the Company assesses whether the contract is a lease or contains a lease. A contract is or contains a lease if a party to a contract transfers its right to control the use of one or more identified assets for a period of time in exchange for consideration.
1. Separation of lease contracts
When the contract contains multiple separate leases at the same time, the Company will split the contract and conduct accounting treatment for each separate lease.
When the contract contains both lease and non-lease parts, the Company will separate the lease and non-lease parts, the lease part shall be accounted for in accordance with the lease standards, and the non-lease part shall be accounted for in accordance with other applicable enterprise accounting standards.
2. Consolidation of lease contracts
When two or more contracts including leases entered into between the Company and the same transaction party or its related parties at the same or similar time meet one of the following conditions, they are combined into one contract for accounting treatment:
(1) The two or more contracts are concluded based on the overall commercial purpose and constitute a package of transactions, and their overall commercial purpose cannot be understood if they are not considered as a whole;
(2) The amount of consideration for one of the two or more contracts depends on the pricing or performance of the other contracts;
(3) The right to use the assets transferred by the two or more contracts together constitutes a single lease.
3. Accounting treatment of the Company as a lessee
(1) Short-term leases and leases of low-value assets
The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Short-term leases are leases that have a term of less than 12 months as of the lease commencement date and do not include an option to purchase. Low-value asset leases are leases that have a lower value when the individual leased asset is new. The Company recognizes lease payments under short-term leases and leases of low-value assets on a straight-line basis through profit or loss or the cost of the related assets for each period during the lease term.
(2) Right-of-use assets
On the lease commencement date, the Company recognizes right-of-use assets for leases other than short-term leases and low-value leases, and the Company initially measures right-of-use assets at cost, which consists of:
1) The initial measurement amount of the lease liability;
2) The amount of lease payments to be made on or before the commencement date of the lease term, less the relevant amount of lease incentive received if such incentive is available;
3) Initial direct costs incurred;
4) Costs expected to be incurred to dismantle and remove the leased asset, to rehabilitate the site on which the leased asset is located,

or to restore the leased asset to the condition agreed upon in the terms of the lease.
Subsequent to the commencement date of the lease term, the right-of-use asset is subsequently measured using the cost model.
If ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset will be achieved by the end of the lease term, depreciation is provided over the shorter of the lease term or the remaining useful life of the leased asset. For right-of-use assets which provision for impairment has been made, depreciation is provided in future periods on the basis of the carrying amount after deducting the provision for impairment in accordance with the above principles.
The Company determines whether right-of-use assets are impaired in accordance with the principles described in this Note 3 (24) Impairment of Long-Lived Assets and accounts for the impairment loss recognized.
(3) Lease liabilities
At the inception date of a lease, the Company recognizes a lease liability for leases other than short-term leases and low-value leases, and the Company initially measures the lease liability based on the present value of the lease payments outstanding at the inception date of the lease term. When calculating the present value of the lease payments, the interest rate embedded in the lease is used as the discount rate; if the interest rate embedded in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. Lease payments includes:
1) Fixed payments after deducting amounts related to lease incentives and substantive fixed payments;
2) Variable lease payments that depend on an index or rate;
3) Lease payments include the exercise price of the purchase option if it is reasonably certain that the option will be exercised;
4) To the extent that the lease term reflects that the Company will exercise the option to terminate the lease, the lease payment amount includes the payment required to exercise the option to terminate the lease;
5) Payments expected to be made based on the residual value of guarantees provided by the Company.
The Company calculates interest expense on lease liabilities at a constant discount rate for each period during the lease term and recognizes it in profit or loss or in the cost of the related assets.
Variable lease payments that are not included in the measurement of the lease liability should be recognized in the current profit or loss or the cost of the related assets when they are actually incurred.
4. Accounting treatment of the Company as a lessor
(1) Classification of leases
The Company classifies leases into finance leases and operating leases on the lease commencement date. A financial lease is a lease that substantially transfers almost all the risks and rewards associated with the ownership of the leased asset, and its ownership may or may not be transferred eventually. Operating leases refer to leases other than finance leases.
If a lease has one or more of the following circumstances, the Company usually classifies it as a finance lease:
1) At the expiration of the lease term, the ownership of the leased asset is transferred to the lessee;
2) The lessee has the option to purchase the leased asset, and the purchase price entered into is sufficiently low compared with the fair value of the leased asset when the option is expected to be exercised, so it can be reasonably determined that the lessee will exercise the option on the lease commencement date;
3) Although the ownership of the asset is not transferred, the lease term accounts for most of the useful life of the leased asset;
4) On the lease commencement date, the present value of the lease receipts is almost equal to the fair value of the leased asset;
5) The leased assets are of a special nature, and only the lessee can use them if no major transformation is made.
If a lease has one or more of the following signs, the Company may also classify it as a finance lease:
a) If the lessee revokes the lease, the lessee shall bear the loss caused by the revocation of the lease to the lessor;
b) The profit or loss arising from the fluctuation of the fair value of the residual value of the asset is attributed to the lessee;
c) The lessee has the ability to continue the lease to the next period at a rent far below the market level.
(2) Accounting treatment of financial leases
On the commencement date of the lease period, the Company recognizes the finance lease receivables for the finance lease and derecognizes the finance lease assets.
When the finance lease receivables are initially measured, the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the start date of the lease term discounted at the interest rate embedded in the lease is taken as the entry value of the finance lease receivables. Lease receipts include:

1) The fixed payment amount and the actual fixed payment amount after deducting the relevant amount of the lease incentive;
2) Variable lease payments that depend on an index or ratio;
3) When it is reasonably determined that the lessee will exercise the purchase option, the lease payment includes the exercise price of the purchase option;
4) When the lease period reflects that the lessee will exercise the option to terminate the lease, the lease receipts include the amount payable by the lessee for exercising the option to terminate the lease;
5) The residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee, and an independent third party that has the economic ability to perform the guarantee obligation.
The Company calculates and recognizes the interest income in each period of the lease term based on the fixed interest rate implicit in the lease, and the variable lease payments obtained that are not included in the net lease investment measurement are included in the current profit and loss when actually incurred.
(3) Accounting treatment of operating leases
The Company adopts the straight-line method or other systematic and reasonable method during each period of the lease term, and recognizes the lease receipts from operating leases as rental income; the initial direct expenses incurred in relation to operating leases are capitalized and are Rental income is recognized and apportioned on the same basis, and is included in the current profit and loss in stages; the variable lease payments obtained related to operating leases that are not included in the lease receipts are included in the current profit and loss when actually incurred.

(XXXV) Other critical accounting policies and accounting estimates

1. Repurchase share
When the Company repurchases shares, they are all recognized in treasury shares. Corresponding account processing is carried out according to the subsequent use.
2. 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 recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment. Its change in value arises from a particular type of risk and will have an impact on current profit and loss.
The profit or loss from re-measuring the hedging instrument at fair value and the profit or loss on the hedged Items attributable to the hedged risk shall be recognized in profit and loss. The net effect of the two as the invalid part is recognized in current profit and loss.
If the hedge no longer meets the requirements of hedge accounting, adjustment to the carrying amount the hedged items for which the effective interest method is used shall be amortized to profit and loss from termination date to due date. If hedged items would be derecognition, unamortized carrying amount would be recognized in current profit and loss.
(2) Cash flow hedge
Cash flow hedge aims at risk of change in cash flow. The change of cash flow comes from recognized assets or liabilities (such as all or part of future payments on foreign currency debts) and the specific type of risk of probable expected transaction. It has an impact on current profits and losses.

The valid part of profit or loss from the hedging instrument of cash flow hedge at fair value shall be recognized in other comprehensive income and accumulatively transferred into shareholder equity. Invalid part shall be recognized in current profit and loss. The transferred accumulated profit or loss in Shareholders' equity shall be transferred into current profit and loss in the same accounting period.

If the hedging instruments have expired, been sold or no longer been defined as hedging instrument, or hedge relationship no longer meet the requirements of hedge accounting, transferred accumulated profit or loss in Shareholders' equity shall stay the same temporarily. If expected transaction happened, it shall be transferred to current profit and loss in the period of transaction happening. If expected transaction is expected not to happen, it shall be transferred from accumulated gains or losses in Shareholders' equity to current profit and loss.

3. Major accounting judgments and estimates

In the process of applying accounting policies, the Company needs to make judgement, estimates and assumptions about the book value of the report Items which cannot be measured accurately due to the inherent uncertainties of the business activity. These judgments, estimates and assumptions are based on the past experience of the Company's management in consideration of other relevant factors. The uncertainties will result in differences between real outcome and estimation by management.

Previous judgments, estimates and assumptions are periodically reviewed on going concern basis and the changes in the accounting estimates only affect the current period. The affected amount is recognized in profit or loss. When the changes have influence on both current and future period, prospective application method shall be adopted.

On the balance sheet date, the Company's key reporting items need management to make judgments, estimates and assumptions, as follows:

(1) Depreciation and amortization

After considering the residual value of fixed assets and intangible assets, straight-line depreciation and amortization methods are applied to their useful life. The Company periodically reviews assets' useful lives to determine their depreciation/amortization recorded in each period. The useful life of an asset is determined by past experience on similar assets used by entity and the expected process of technology. If previous accounting estimates have changed, depreciation/amortization shall be adjusted in future period.

(2) Provision for impairment of goodwill

The Company conducts an impairment test on goodwill every year. The recoverable amount of cash generating unit and cash generating units including goodwill is the present value of the estimated future cash flow, and accounting estimates are required for its calculation. When estimating the present value of future cash flows, the Company needs to estimate the cash flows generated by future cash generating units or combinations of cash generating units, and at the same time select an appropriate discount rate to determine the present value of future cash flows.

(3) Deferred tax asset

The realization of deferred tax assets depends on the future taxable profits and tax rate applied to temporary difference. When future profits and tax rate are below expectation, the deferred tax assets which have been recognized shall be reversed and recorded in consolidated income statement. Due to the availability of future taxable profits to offset the deductible temporary difference is uncertain, the deferred tax assets may not recognize fully.

(4) Corporate income tax

The Company pays corporate income tax in many regions. In normal business activities, there is uncertainty about the tax treatment of some transactions and matters; Therefore, the Company needs to make a major judgment when it comes to the corporate income tax computation for various regions. If the final result is different from initial estimates, the difference will have an impact on income tax expense and deferred tax assets of final period.

(XXXVI) Changes in accounting policies and accounting estimates

1. Changes in accounting policies

Content of and reasons for changes in accounting policies	Name of statement item materially affected	Amount of impact
As a result of the implementation of Accounting Standard Interpretation No. 16 (Cai Kuai [2022] No. 31) issued by the Ministry of Finance on 30 November 2022, "Accounting for Deferred Income Taxes Related to Assets and Liabilities Arising from Individual Transactions for which the Initial Recognition Exemption Does Not Apply," the relevant contents of the previous accounting policy have been adjusted. The Company will recognize corresponding deferred income tax liabilities and deferred income tax assets for lease transactions in which the Company is the lessee, effective 1 January 2023, respectively.	Deferred income tax assets/liabilities	37,771,946.72

Other instructions:

(1) Impact on relevant items in the consolidated financial statements

Item	31 December 2022	1 January 2023	Adjustments
Deferred income tax assets	1,573,246,501.56	1,611,018,448.28	37,771,946.72
Deferred income tax liabilities	1,003,953,501.72	1,041,725,448.44	37,771,946.72

(2) Impact on relevant items in the parent company's financial statements

Item	31 December 2022	1 January 2023	Adjustments
Deferred income tax assets	397,074,640.16	409,303,755.01	12,229,114.85
Deferred income tax liabilities	54,733,521.61	66,962,636.46	12,229,114.85

2. Changes in accounting estimates

None

IV. Taxation

(I) Primary taxes and tax rates

Type	Tax base	Tax rate
Value-added tax (VAT)	The value-added tax payable is the balance after deducting the deductible input tax from the output tax	Output VAT rate were 13%, 9%, 6%, and zero.
City maintenance and construction tax	VAT payable	5%, 7%
Corporate income tax	The taxable income calculated after making corresponding adjustments to the pre-tax accounting profit for the year according to the tax law	15%, 25%

Disclosure of the existence of different corporate taxpayer income tax rates

Entities	Tax rate (%)
HONGKONG JINGANG TRADE HOLDING CO., LIMITED	16.5
Oceania Dairy Limited	28
Westland Dairy Company Limited	28
PT. Green Asia Food Indonesia	22
PT. Yili Indonesia Dairy	22
THE CHOMTHANA CO., LIMITED	20
Ausnutria Dairy(Dutch) Cooperatief U.A. and its affiliates	25.8

(II) Basis for taxation incentives

1. In accordance with the On the Implementation of the Western Development Strategy (The State Administration of Taxation Announcement No. 12 of 2012) and Announcement on Continuing the Enterprise Income Tax Policy for the Great Western Development(Ministry of Finance, State Administration of Taxation, National Development and Reform Commission No.23 of 2020), 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 2023.
2. In accordance with Article 27 of the Enterprise Income Tax Law of the People's Republic of China and Article 86 of the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the income from the initial processing of agricultural products and the income from raising livestock of the Company and some subsidiaries shall be exempted from the enterprise income tax.
3. In accordance with Article 28 of the Enterprise Income Tax Law of the People's Republic of China and Article 93 of the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, some subsidiaries will apply the preferential corporate income tax rate of 15% for high-tech enterprises in 2023.
4. In accordance with Article 15 of the Provisional Regulations of the People's Republic of China on Value-Added Tax, the income from selling self-produced agricultural products of some subsidiaries shall be exempted from value-added tax.

V. Notes to the consolidated financial statements

(The unit of monetary is Chinese Yuan, 'CNY', unless otherwise indicated, beginning refers to 1 January 2023 and end of prior period refers to 31 December 2022)

Note 1. Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash on hand	123,486.29	111,777.21
Bank deposits	42,300,745,108.66	33,206,197,992.91
Including: Unexpired interest receivable	289,321,527.20	370,232,845.27
Other monetary items	1,070,673,397.44	647,022,250.18
Deposits with finance companies		
Total	43,371,541,992.39	33,853,332,020.30
Including: Total cash and cash equivalent deposit overseas	1,089,122,879.84	1,132,183,536.40

The other monetary items mentioned above detailed as follows:

Item	Ending balance	Beginning balance
Funds in transit	27,606,483.10	75,530,320.58
Third-party platform funds	485,625.17	443,354.01
Deposit investment funds	5,175,330.56	6,494,911.01
Security deposit	67,927,896.94	85,484,775.31
Deposit central bank statutory deposit reserve	969,478,061.67	479,068,889.27
Total	1,070,673,397.44	647,022,250.18

Restricted monetary items are described in this Note 24 Assets with restrictions on ownership or use

Note 2. Financial assets held for trading

Item	Ending balance	Beginning balance	Reasons and basis for designation
Financial assets at fair value through profit or loss for the period	11,457,348.28	30,150,175.79	/
Including:			
Equity instrument investment	11,457,348.28	23,341,743.45	/
Derivative financial assets		6,808,432.34	/
Total	11,457,348.28	30,150,175.79	

Other instructions:
Decrease in financial assets held for trading: due to the decrease in fair value of equity instruments held by subsidiaries during the period.

Note 3. Derivative financial assets

Item	Ending balance	Beginning balance
Forward foreign exchange contract	91,460,984.86	79,076,347.98
Total	91,460,984.86	79,076,347.98

Note 4. Notes receivable

1. The classification of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance notes	214,500,000.00	156,487,000.00
Commercial acceptance notes	5,940,098.54	5,339,363.63
Total	220,440,098.54	161,826,363.63

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

Item	Derecognized amount at the ending balance	Unterminated amount at the ending balance
Bank acceptance notes	159,910,000.00	
Commercial acceptance notes		
Total	159,910,000.00	

4. The Company had no notes transferred to accounts receivable due to the issuer's failure to perform the contract at the end of period

5. Disclosure according to bad debt provision method

Type	Ending Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single Items					
Provision for bad debts by combination	220,440,098.54	100.00			220,440,098.54
Including: bank acceptance notes	214,500,000.00	97.31			214,500,000.00
Commercial acceptance notes	5,940,098.54	2.69			5,940,098.54
Total	220,440,098.54	100.00			220,440,098.54

Continued:

Type	Beginning Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by single Items					
Provision for bad debts by combination	161,826,363.63	100.00			161,826,363.63
Including: bank acceptance notes	156,487,000.00	96.70			156,487,000.00
Commercial acceptance notes	5,339,363.63	3.30			5,339,363.63
Total	161,826,363.63	100.00			161,826,363.63

6. There are no notes receivable actually written off for the year

Other instructions:

The increase in notes receivable was mainly attributable to the increase in payments to dealers settled by bankers' acceptances during the period.

Note 5. Accounts receivable

1. Disclosure of accounts receivable by aging

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	3,134,792,448.20	3,127,474,981.03
1-2 years	28,890,564.44	47,724,840.87
2-3 years	8,307,208.18	2,715,213.10
More than 3 years	12,947,187.60	16,379,500.46
Total	3,184,937,408.42	3,194,294,535.46

2. Disclosure according to bad debt provision method

Item	Ending balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage(%)	Amount	Percentage(%)	
Provision for bad debts by single items	32,865,400.58	1.03	32,865,400.58	100.00	
Provision for bad debts by combination	3,152,072,007.84	98.97	67,403,609.70	2.14	3,084,668,398.14
Including: Combination for second items	3,152,072,007.84	98.97	67,403,609.70	2.14	3,084,668,398.14
Total	3,184,937,408.42	100.00	100,269,010.28		3,084,668,398.14

Continued:

Item	Beginning balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage(%)	Amount	Percentage(%)	
Provision for bad debts by single items	30,410,131.09	0.95	30,410,131.09	100.00	
Provision for bad debts by combination	3,163,884,404.37	99.05	75,539,282.59	2.39	3,088,345,121.78
Including: Combination for second items	3,163,884,404.37	99.05	75,539,282.59	2.39	3,088,345,121.78
Total	3,194,294,535.46	100.00	105,949,413.68		3,088,345,121.78

3. Accounts receivable for bad debts provision by single item

Item	Ending balance			
	Amount	Provision for bad debts	Percentage(%)	Reason for accrual
Single bad debt provision of insignificant accounts receivable	32,865,400.58	32,865,400.58	100.00	The Items is difficult to recover and has a high probability of being bad debts.
Total	32,865,400.58	32,865,400.58	100.00	

4. Accounts receivable for bad debt provision by combination

(1) Combination for second items

Item	Ending balance		
	Account receivables	Provision for bad debts	Percentage(%)
Within 3 months	3,016,045,972.65	50,246,234.21	1.67
4-6 months	67,052,949.28	2,546,749.06	3.80
7-12 months	39,788,401.88	2,164,505.29	5.44
More than 1 year	29,184,684.03	12,446,121.14	42.65
Total	3,152,072,007.84	67,403,609.70	

5. Provision for bad debts within the report period of accrual, recovery or reversal

Type	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Charge off or write off	Other changes	
Provision for bad debts by single items	30,410,131.09	25,260,287.35	16,241,063.70	7,557,248.71	993,294.55	32,865,400.58
Provision for bad debts by combination	75,539,282.59	394,379.23	7,294,605.08		-1,235,447.04	67,403,609.70
Including: Combination for second items	75,539,282.59	394,379.23	7,294,605.08		-1,235,447.04	67,403,609.70
Total	105,949,413.68	25,654,666.58	23,535,668.78	7,557,248.71	-242,152.49	100,269,010.28

Other instructions: Other changes represent translation differences on foreign currency statements.

6. Accounts receivable actually written off in this reporting period

Item	Amount
Accounts receivable actually written off	7,557,248.71

7. Top 5 AR debtors and contract assets in the period stated as follow

Debtors	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total accounts receivable and contract assets ending balance (%)	Provision for bad debts
The first	733,895,932.94		733,895,932.94	23.04	18,588,500.16
The second	248,915,738.70		248,915,738.70	7.82	7,218,433.15
The third	117,847,099.22		117,847,099.22	3.70	
The fourth	102,201,823.66		102,201,823.66	3.21	2,963,240.11
The fifth	67,214,074.52		67,214,074.52	2.11	1,949,208.16
Total	1,270,074,669.04		1,270,074,669.04	39.88	30,719,381.58

8. There is no accounts receivable derecognized due to transfer of financial assets in the report period.

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

Note 6. Prepayments

1. Prepayments presented by aging

Aging	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,461,462,297.25	98.75	1,808,582,280.21	98.63
1-2 years	16,295,093.05	1.10	12,710,738.18	0.69
2-3years	1,359,446.46	0.09	10,921,297.58	0.60
More than 3 years	937,415.90	0.06	1,403,201.57	0.08
Total	1,480,054,252.66	100.00	1,833,617,517.54	100.00

2. There are no significant prepayments aged over one year for the period.

3. The top five prepayment suppliers

Company	Ending balance	Percentage of total prepayments (%)
The first	565,627,794.45	38.22
The second	246,315,416.67	16.64
The third	87,029,050.42	5.88
The fourth	78,140,491.52	5.28
The fifth	21,847,293.33	1.48
Total	998,960,046.39	67.50

Note 7. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	194,691,604.87	200,020,169.99
Total	194,691,604.87	200,020,169.99

(I) Other receivables

1. Disclosed by aging

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	145,381,147.89	170,278,118.20
1-2 years	49,107,363.02	13,974,314.05
2-3 years	4,556,538.67	14,719,835.28
More than 3 years	25,480,729.65	24,072,218.08
Total	224,525,779.23	223,044,485.61

2. Classified by nature

Nature	Ending balance	Beginning balance
Deposits, security deposits and reserve funds	50,985,385.13	88,173,176.17
Advance payment	12,290,806.77	12,486,093.40
Disposal of fixed assets and waste materials	46,503,500.00	28,166,910.93
Current accounts	114,746,087.33	94,218,305.11
Total	224,525,779.23	223,044,485.61

3. Provision for bad debts

Bad debt provision	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss for the entire duration (no credit impairment has occurred)	The third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Balance on 1 January 2023	2,423,903.86		20,600,411.76	23,024,315.62
1 January 2023 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	2,097,008.41		5,860,511.64	7,957,520.05
Reversed in the current period			1,870.50	1,870.50
Charge off in the current period				
Written off in the current period			1,148,645.91	1,148,645.91
Other changes	2,374.17		480.93	2,855.10
Balance on 31 December 2023	4,523,286.44		25,310,887.92	29,834,174.36

For details of the basis of classification of each stage and the percentage of provision for bad debts, please refer to note III (XIV) Other receivables".

4. Allowance of bad debts

Type	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Charge off or write off	Other changes	
Other receivables	23,024,315.62	7,957,520.05	1,870.50	1,148,645.91	2,855.10	29,834,174.36
Total	23,024,315.62	7,957,520.05	1,870.50	1,148,645.91	2,855.10	29,834,174.36

5. Other receivables actually written off in this reporting period

Item	Amount
Other receivables actually written off	1,148,645.91

6. The top five Other Receivables at the end of the period collected by the arrears

Name of entities	Ending balance	Percentage of total ending balance of other receivables (%)	Nature of payment	Aging	Provision for bad debts ending balance
The first	36,258,803.58	16.15	Payables and receivables	Within 1 year	1,087,764.11
The second	35,198,520.01	15.68	Payables and receivables	1-2 years	
The third	31,015,446.51	13.81	Disposal of fixed assets and waste materials	Within 1 year	930,463.40
The fourth	4,333,962.25	1.93	Payables and receivables	More than 3 years	4,333,962.25
The fifth	4,231,647.97	1.88	Advances	More than 3 years	4,231,647.97
Total	111,038,380.32	49.45			10,583,837.73

7. No other receivables are involved in government subsidies during the reporting period.
8. During the reporting period, there is no other receivable derecognized 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 8. Inventories

1. Inventory by categories

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment of inventory and contract performance costs	Book value	Book balance	Provision for impairment of inventory and contract performance costs	Book value
Raw materials	5,843,606,635.43	116,415,494.02	5,727,191,141.41	6,707,846,344.57	55,101,105.58	6,652,745,238.99
Inventory goods	4,219,933,383.35	361,788,910.47	3,858,144,472.88	4,655,213,367.16	286,627,668.41	4,368,585,698.75
Packaging materials	451,870,239.38	12,767,496.56	439,102,742.82	595,415,076.42	6,670,094.03	588,744,982.39
Low value consumables	1,037,234.21		1,037,234.21	1,361,410.68		1,361,410.68
Semi-finished products	3,099,590,748.28	614,127,395.40	2,485,463,352.88	3,408,401,966.74	188,769,298.13	3,219,632,668.61
Consigned processing materials	836,967.57		836,967.57	5,094,803.90		5,094,803.90
Total	13,616,875,208.22	1,105,099,296.45	12,511,775,911.77	15,373,332,969.47	537,168,166.15	14,836,164,803.32

2. Provision for impairment of inventory and contract performance costs

Item	Beginning balance	Increase for the year		Decrease for the year		Ending balance
		Accrued	Other	Reversal or written offs	Other	
Raw materials	55,101,105.58	123,055,464.11	13,425,844.24	75,166,919.91		116,415,494.02
Inventory goods	286,627,668.41	464,822,082.61		371,967,391.18	17,693,449.37	361,788,910.47
Packaging materials	6,670,094.03	10,025,641.79	1,673,860.55	5,602,099.81		12,767,496.56
Semi-finished products	188,769,298.13	677,226,210.79	7,383,620.08	259,251,733.60		614,127,395.40
Total	537,168,166.15	1,275,129,399.30	22,483,324.87	711,988,144.50	17,693,449.37	1,105,099,296.45

Other instructions:
Other changes are translation differences on foreign currency statements.
Reversal or write-off of provision for decline in value of inventories during the period: depletion or sale of inventories such as raw materials and inventories during the period.

Note 9. Non-current assets due within one year

Item	Ending balance	Beginning balance
Medium and long-term micro-loans due within one year	432,419,072.42	701,800,228.21
Medium and long-term factoring due within one year	1,519,350,669.36	1,393,117,380.25
Total	1,951,769,741.78	2,094,917,608.46

Note 10. Other current assets

Item	Ending balance	Beginning balance
Input tax to be deducted	395,079,651.00	764,894,851.13
Prepaid income tax	246,214,370.89	39,390,011.56
VAT refund	116,719,382.11	173,789,184.00
Short-term micro-loans	2,300,267,358.84	1,683,749,653.89
Factoring receivables	2,316,412,201.34	2,155,737,250.95
Subrogation receivables	15,363,339.00	6,580,250.03
Pledge offer repurchase	1,000,579,452.06	400,409,287.67
Carbon emission rights	46,883,861.58	61,310,426.85
Total	6,437,519,616.82	5,285,860,916.08

Other instructions:
(1) The VAT refund is the refundable VAT applied by the subsidiaries located in New Zealand and the Netherlands to the tax bureau.
(2) Short-term micro-loans are short-term micro-loans issued by subsidiaries Inner Mongolia Huishang Internet Microfinance Co., Ltd. and Yili Finance Co., Ltd. to the Company's dealers.
(3) Factoring receivables is formed by the subsidiary HuiShang Commercial Factoring Co., Ltd. to provide accounts receivable factoring business for the Company's dealers and suppliers.
(4) Subrogation receivable is a result of Inner Mongolia Huishang Finance Guarantee Co., Ltd.'s guarantee for the Company's dealers and suppliers.

Note 11. Long-term equity investments

Invested company	Beginning balance	Increase/decrease in current period			
		Increased investment	Decreased investment	Investment income recognized under the equity method	Adjustments of other comprehensive income
Joint ventures					
Nanjing Hexie Qingxin Equity Investment Partnership	33,817,019.96			98,639.44	
Farmel Holding B.V.	106,555,000.00			-18,940,090.98	
Amalthea Group B.V.		173,726,332.09		2,537,345.82	
Other		781,107.12		-780,342.08	
Subtotal	140,372,019.96	174,507,439.21		-17,084,447.80	
Associate enterprise					
China Youran Dairy Group Limited	3,940,592,756.54			6,771,356.85	-21,427,519.45
Hohhot Yixing Dairy Investment Centre	65,173,202.20			-24,874,791.89	
Bioflag International Corporation	104,539,456.72				
Bioflag Nutrtion Corporation Ltd.	83,739,932.12				
Other	228,413,422.96		6,660,000.00	-24,445,185.06	
Subtotal	4,422,458,770.54		6,660,000.00	-42,548,620.10	-21,427,519.45
Total	4,562,830,790.50	174,507,439.21	6,660,000.00	-59,633,067.90	-21,427,519.45

Continued:

Invested company	Increase/decrease in current period				Ending balance	Provision for impairment at end of the year
	Changes in other equities	Declaration of a cash dividends or profits	Provision for impairment	Others		
Joint ventures						
Nanjing Hexie Qingxin Equity Investment Partnership					33,915,659.40	
Farmel Holding B.V.				5,272,006.03	92,886,915.05	
Amalthea Group B.V.		12,623,180.63		4,465,914.79	168,106,412.07	
Other				20.88	785.92	
Subtotal		12,623,180.63		9,737,941.70	294,909,772.44	
Associate enterprise						
China Youran Dairy Group Limited	-13,215,115.15	29,057,613.02			3,883,663,865.77	
Hohhot Yixing Dairy Investment Centre					40,298,410.31	
Bioflag International Corporation				-104,539,456.72		
Bioflag Nutrtion Corporation Ltd.				-83,739,932.12		
Other		340,000.00		-7,466,039.78	189,502,198.12	
Subtotal	-13,215,115.15	29,397,613.02		-195,745,428.62	4,113,464,474.20	
Total	-13,215,115.15	42,020,793.65		-186,007,486.92	4,408,374,246.64	

Note 12. Investments in other equity instruments

1. Investments in other equity instruments

Item	Beginning balance	Increase/decrease in current period					Ending balance
		Additional investments	Decrease in investments	Profit included in other comprehensive income for the period	Loss included in other comprehensive income for the period	Other	
CITIC Industrial Investment Fund	258,098,616.38			233,371.78			258,331,988.16
Bo Yu Haiming Fund	425,618,745.45					-425,618,745.45	
Beijing Chen Yi M&A Fund	387,037,246.73					-387,037,246.73	
PAG ASIA CONSUMER	1,874,142,692.73				151,246,909.28	34,839,500.02	1,757,735,283.47
Hengqin Hexie Dingtai Equity Investment Enterprise	380,798,816.81					-380,798,816.81	
Other	96,138,651.59		10,418,992.39	3,644,243.90	13,129,427.44	-17,951,097.61	58,283,378.05
Total	3,421,834,769.69		10,418,992.39	3,877,615.68	164,376,336.72	-1,176,566,406.58	2,074,350,649.68

Continued:

Item	Dividend income recognized during the period	Profit accumulated in other comprehensive income	Accumulated loss included in other comprehensive income	Reasons for designation as at fair value through other comprehensive income
CITIC Industrial Investment Fund Management	13,396,686.25	296,325,807.84		Obtaining dividend bonus
Bo Yu Haiming Fund				Obtaining dividend bonus
Beijing Chen Yi M&A Fund				Obtaining dividend bonus
PAG ASIA CONSUMER			331,661,216.53	Obtaining dividend bonus
Hengqin Hexie Dingtai Equity Investment Enterprise				Obtaining dividend bonus
Other	30,320.00	85,978,205.97		Obtaining dividend bonus
Total	13,427,006.25	382,304,013.81	331,661,216.53	

2. Explanation of the existence of derecognition during the period

Item	Cumulative profit on transfer to retained earnings due to derecognition	Cumulative loss on transfer to retained earnings due to derecognition	Reasons for derecognition
Hezhongchuangya (Hohhot) Packaging Co.,Ltd.	18,081,007.61		Equity transfers
Total	18,081,007.61		

Note 13. Other non-current financial assets

Item	Ending balance	Beginning balance
Equity instrument investment	1,951,520,060.59	996,486,360.73
Convertible notes	8,145,105.00	8,009,290.00
Total	1,959,665,165.59	1,004,495,650.73

Note 14. Investment property

1. The situation of investment properties

Item	Buildings	Total
Original value		
1. Beginning balance	662,930,799.94	662,930,799.94
2. Increased for the year	20,415,420.21	20,415,420.21
(1) Purchase		
(2) Inventory/Fixed assets/Construction in progress transferred	13,236,085.63	13,236,085.63
(3) Increased in business combinations		
(4) Other increase	7,179,334.58	7,179,334.58
3. Decreased for the year		
(1) Disposal		
(2) Other transfer out		
(3) Other decrease		
4. Ending balance	683,346,220.15	683,346,220.15
Accumulated depreciation (amortization)		
1. Beginning balance	51,241,025.75	51,241,025.75
2. Increased for the year	17,572,402.47	17,572,402.47
(1) Accrual or amortization	17,154,601.41	17,154,601.41
(2) Increased in business combinations		
(3) Other increase	417,801.06	417,801.06
3. Decreased for the year		
(1) Disposal or scrap		
(2) Other transfer out		
(3)Other decrease		
4. Ending balance	68,813,428.22	68,813,428.22
Provision for impairment		
1. Beginning balance		
2. Increased for the year		
(1) Provision		
3. Decreased for the year		
(1) Disposal		
(2) Other transfer out		
4. Ending balance		
Book value		
1. Book value at the ending of the period	614,532,791.93	614,532,791.93
2. Book value at the beginning of the period	611,689,774.19	611,689,774.19

2. There is no investment property that has not completed the property ownership certificate at the end of the period

Note 15. Fixed assets

Item	Ending balance	Beginning balance
Fixed assets	35,242,168,110.11	33,735,140,315.80
Disposal of fixed assets		
Total	35,242,168,110.11	33,735,140,315.80

(I) Fixed assets

1. General Information about fixed assets

Item	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Others	Total
Original value:						
1. Beginning balance	21,436,027,213.29	28,085,902,434.15	556,378,795.62	592,208,533.86	2,812,920,378.05	53,483,437,354.97
2. Increased for the year	2,305,333,462.74	3,238,028,660.26	61,847,964.75	112,312,677.58	480,236,816.50	6,197,759,581.83
(1) Purchase	255,845,163.25	295,539,411.90	20,867,719.99	40,743,128.88	139,839,263.16	752,834,687.18
(2) Transferred from construction in progress	1,905,065,504.90	2,789,741,385.03	37,487,550.16	66,909,664.26	299,196,890.25	5,098,400,994.60
(3) Increased in business combinations	41,015,422.98	48,192,396.03	684,085.30	782,881.95	18,833,109.86	109,507,896.12
(4)Other increase	103,407,371.61	104,555,467.30	2,808,609.30	3,877,002.49	22,367,553.23	237,016,003.93
3. Decreased for the year	297,847,865.65	1,131,310,738.28	59,643,926.18	37,390,020.06	165,624,398.20	1,691,816,948.37
(1) Disposal or scrap	195,976,611.81	1,007,000,856.46	49,105,876.78	36,606,368.17	101,009,722.24	1,389,699,435.46
(2)Other decrease	101,871,253.84	124,309,881.82	10,538,049.40	783,651.89	64,614,675.96	302,117,512.91
4. Ending balance	23,443,512,810.38	30,192,620,356.13	558,582,834.19	667,131,191.38	3,127,532,796.35	57,989,379,988.43
Accumulated depreciation						
1. Beginning balance	4,428,068,895.45	13,035,787,947.69	330,083,836.09	355,052,534.83	1,496,462,765.14	19,645,455,979.20
2. Increased for the year	844,189,683.51	2,468,091,207.94	63,199,943.23	86,746,003.74	342,009,134.20	3,804,235,972.62
(1) Accrual	807,078,061.24	2,387,036,739.51	61,477,514.94	83,418,624.43	330,325,130.72	3,669,336,070.84
(2) Increase in business combinations	11,371,045.92	22,868,203.35	474,518.05	446,168.54	10,175,627.47	45,335,563.33
(3)Other increase	25,740,576.35	58,186,265.08	1,247,910.24	2,881,210.77	1,508,376.01	89,564,338.45
3. Decreased for the year	109,282,350.25	588,661,184.13	40,615,069.90	32,639,866.63	92,002,308.47	863,200,779.38
(1) Disposal or scrap	109,282,350.25	588,661,184.13	40,615,069.90	32,639,866.63	92,002,308.47	863,200,779.38
4. Ending balance	5,162,976,228.71	14,915,217,971.50	352,668,709.42	409,158,671.94	1,746,469,590.87	22,586,491,172.44
Provision for impairment						
1. Beginning balance	23,769,089.79	76,267,213.35	6,350.33	310,937.30	2,487,469.20	102,841,059.97
2. Increased for the year	6,914,313.27	61,012,234.02	70,979.01	336,445.66	1,452,564.26	69,786,536.22
(1) Accrual	6,616,244.96	60,934,204.81	70,979.01	336,212.31	1,452,564.26	69,410,205.35
(2)Other increase	298,068.31	78,029.21		233.35		376,330.87
3. Decreased for the year	1,621,674.04	10,121,865.72	5,548.48	124,718.01	33,084.06	11,906,890.31
(1) Disposal or scrap	1,621,674.04	10,121,865.72	5,548.48	124,718.01	33,084.06	11,906,890.31
4. Ending balance	29,061,729.02	127,157,581.65	71,780.86	522,664.95	3,906,949.40	160,720,705.88
Book value						
1. Book value-ending balance	18,251,474,852.65	15,150,244,802.98	205,842,343.91	257,449,854.49	1,377,156,256.08	35,242,168,110.11
2. Book value -beginning balance	16,984,189,228.05	14,973,847,273.11	226,288,609.20	236,845,061.73	1,313,970,143.71	33,735,140,315.80

Other increases are translation differences on foreign currency statements and other decreases are government grants written off against fixed assets.

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

Item	Original value	Accumulated depreciation	Provision for impairment	Book value	Notes
Buildings	32,681,125.93	13,223,494.07	17,057,243.81	2,400,388.05	
Machinery equipment	193,779,769.11	103,107,278.72	74,446,159.54	16,226,330.85	
Electronic equipment	252,116.76	198,347.61	42,134.52	11,634.63	
Others	3,911,620.15	2,367,590.82	1,348,447.99	195,581.34	
Total	230,624,631.95	118,896,711.22	92,893,985.86	18,833,934.87	

3. No fixed assets were leased out through operating leases for the year

4. Fixed assets without property ownership certificate at the end of the period

Item	Book value	The reason for not completing the certificate of title
Buildings	858,791,482.17	The property right certificates of new CIP projects are being processed.

5. Impairment testing of fixed assets

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key parameters	Basis of determination of key parameters
Idle assets	85,134,297.07	15,724,091.72	69,410,205.35	Consolidated management judgement	Disposal value, market price	Residual value of assets, market enquiry
Total	85,134,297.07	15,724,091.72	69,410,205.35			

Note 16. Construction in progress

Item	Ending balance	Beginning balance
Construction in progress	4,329,489,687.40	3,417,488,989.72
Construction material	7,346,245.21	25,253,460.10
Total	4,336,835,932.61	3,442,742,449.82

(I) Construction in progress

1. General information about construction in progress

Project	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Liquid milk project	341,817,634.94		341,817,634.94	930,103,395.59		930,103,395.59
Milk powder project	2,531,519,214.28		2,531,519,214.28	1,234,605,877.00		1,234,605,877.00
Ice cream project	777,209,311.16		777,209,311.16	204,522,132.97		204,522,132.97
Yogurt project	27,138,437.51		27,138,437.51	63,512,013.51		63,512,013.51
Others	651,805,089.51		651,805,089.51	984,745,570.65		984,745,570.65
Total	4,329,489,687.40		4,329,489,687.40	3,417,488,989.72		3,417,488,989.72

2. Changes in significant construction projects

Project	Beginning balance	Increase for the year	Transferred to fixed assets	Other decrease	Ending balance
Liquid milk project	930,103,395.59	1,447,144,020.00	2,035,429,780.65		341,817,634.94
Milk powder project	1,234,605,877.00	2,017,944,819.80	721,031,482.52		2,531,519,214.28
Ice cream project	204,522,132.97	1,106,866,179.62	534,179,001.43		777,209,311.16
Yogurt project	63,512,013.51	136,858,848.79	173,232,424.79		27,138,437.51
Others	984,745,570.65	1,301,587,824.07	1,634,528,305.21		651,805,089.51
Total	3,417,488,989.72	6,010,401,692.28	5,098,400,994.60		4,329,489,687.40

Continued:

Project	Budget	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of capitalized interest	Including: Amount of capitalized interest for current period	Interest capitalization rate for current period (%)	Source of funds
Liquid milk project	8,536,739,978.38	78.59	78.59%				Owned capital/ Fund raising
Milk powder project	5,981,310,072.15	75.35	75.35%				Owned capital/ Fund raising
Ice cream project	1,869,158,637.37	70.16	70.16%				Wholly-owned capital
Yogurt project	219,578,354.98	91.25	91.25%				Wholly-owned capital
Others	4,254,956,677.46	54.43	54.43%	5,275,976.45	5,275,976.45	2.99	Owned capital/ Fund raising
Total	20,861,743,720.34			5,275,976.45	5,275,976.45		

The above is the classification of construction in progress disclosed by product type as of the end of the reporting period. There are more than 400 construction projects in progress, and there is no significant single construction in progress.

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

(II) Construction materials

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Material	1,791,483.19		1,791,483.19	821,517.51		821,517.51
Equipment	5,433,567.33		5,433,567.33	24,310,747.90		24,310,747.90
Tool	121,194.69		121,194.69	121,194.69		121,194.69
Total	7,346,245.21		7,346,245.21	25,253,460.10		25,253,460.10

Note 17. Biological assets

1. Measurement of cost

Item	Animal husbandry		Total
	Calf and finishing cattle	Adult cow	
Original value			
1. Beginning balance	758,845,667.80	1,282,329,181.06	2,041,174,848.86
2. Increased for the year	747,844,831.37	626,045,057.02	1,373,889,888.39
(1) Purchase	103,826.50		103,826.50
(2) Self-cultivation	747,741,004.87		747,741,004.87
(3) Increased of group transfer		626,045,057.02	626,045,057.02
3. Decreased for the year	712,800,396.78	451,932,435.07	1,164,732,831.85
(1) Disposal	86,755,339.76	451,932,435.07	538,687,774.83
(2) Decreased of group transfers	626,045,057.02		626,045,057.02
(3) Others			
4. Ending balance	793,890,102.39	1,456,441,803.01	2,250,331,905.40
Accumulated depreciation			
1. Beginning balance		265,206,246.50	265,206,246.50
2. Increased for the year		213,804,425.17	213,804,425.17
(1) Accrual		213,804,425.17	213,804,425.17
3. Decreased for the year		121,614,455.24	121,614,455.24
(1) Disposal		121,614,455.24	121,614,455.24
(2) Others			
4. Ending balance		357,396,216.43	357,396,216.43
Impairment provision			
1. Beginning balance			
2. Increased for the year	31,197,890.43	203,097,201.31	234,295,091.74
(1) Provision	31,197,890.43	203,097,201.31	234,295,091.74
3. Decreased for the year			
(1) Disposal			
(2) Others			
4. Ending balance	31,197,890.43	203,097,201.31	234,295,091.74
Book value			
1. Book value at the end for the year	762,692,211.96	895,948,385.27	1,658,640,597.23
2. Book value at the beginning for the year	758,845,667.80	1,017,122,934.56	1,775,968,602.36

2. Impairment testing of productive biological assets using the cost measurement model
Recoverable amount is determined as the present value of the expected future cash flows

Item	Book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period	Key parameters for the stabilisation period	Basis for determining key parameters for the stabilisation period
Cows	1,892,935,688.97	1,658,640,597.23	234,295,091.74	6 periods	Projected revenues, projected costs, discount rate	/	/
Total	1,892,935,688.97	1,658,640,597.23	234,295,091.74				

Note 18. Right-of use assets

Item	Buildings	Electronic equipment	Machinery equipment	Transportation equipment	Land	Others	Total
Original value:							
1. Beginning balance	346,480,825.29	5,094,746.37	529,346,299.10	48,225,956.33	405,077,401.98	5,696,352.64	1,339,921,581.71
2. Increased for the year	43,725,473.53	249,304.33	24,072,134.45	10,318,911.89	356,649.55		78,722,473.75
(1) Lease	39,245,809.89	152,967.15	15,664,140.80	9,002,035.92	356,649.55		64,421,603.31
(2) Increased in business combinations	1,378,388.12						1,378,388.12
(3)Other increase	3,101,275.52	96,337.18	8,407,993.65	1,316,875.97			12,922,482.32
3. Decreased for the year	60,382,336.91	1,845,560.13	258,891,111.47	12,797,124.70		4,364,675.17	338,280,808.38
(1) Disposal	60,382,336.91	1,845,560.13	30,963,075.01	12,797,124.70			105,988,096.75
(2) Other decrease			227,928,036.46			4,364,675.17	232,292,711.63
4. Ending balance	329,823,961.91	3,498,490.57	294,527,322.08	45,747,743.52	405,434,051.53	1,331,677.47	1,080,363,247.08
Accumulated depreciation							
1. Beginning balance	184,288,745.66	3,631,104.84	186,119,560.44	21,320,345.25	173,047,346.47	964,133.47	569,371,236.13
2. Increased for the year	52,994,959.46	1,232,731.65	40,460,924.05	16,967,039.34	44,593,890.70	295,891.49	156,545,436.69
(1) Accrual	51,520,515.53	1,163,830.43	37,712,870.20	16,294,489.75	44,593,890.70	295,891.49	151,581,488.10
(2) Increased in business combinations	430,325.72						430,325.72
(3)Other increase	1,044,118.21	68,901.22	2,748,053.85	672,549.59			4,533,622.87
3. Decreased for the year	55,229,981.10	1,794,152.58	96,436,705.29	12,468,037.48		538,822.35	166,467,698.80
(1) Disposal	55,229,981.10	1,794,152.58	15,395,624.34	12,468,037.48			84,887,795.50
(2) Other decrease			81,041,080.95			538,822.35	81,579,903.30
4. Ending balance	182,053,724.02	3,069,683.91	130,143,779.20	25,819,347.11	217,641,237.17	721,202.61	559,448,974.02
Provision for impairment							
1. Beginning balance						55,341.20	55,341.20
2. Increased for the year							
(1) Accrual							
3. Decreased for the year							
(1) Disposal							
4. Ending balance						55,341.20	55,341.20
Book value							
1. Book value-ending balance	147,770,237.89	428,806.66	164,383,542.88	19,928,396.41	187,792,814.36	555,133.66	520,858,931.86
2. Book value -beginning balance	162,192,079.63	1,463,641.53	343,226,738.66	26,905,611.08	232,030,055.51	4,676,877.97	770,495,004.38

Other instructions: The decrease in right-of-use assets was mainly attributable to depreciation and the conversion of leased assets to fixed assets during the period.

Note 19. Intangible assets

1. General information about intangible assets

Item	Land-use right	Patent rights	Non-patented technology	Software information and development	Trademark rights	Licensing rights	Mining right	Customer relations	Milk collection right	Total
Original value										
1. Beginning balance	1,393,067,714.29	7,981,998.70	136,597,989.88	1,504,145,699.38	2,102,966,786.94	9,604,558.93	153,818,027.85	34,728,502.90	276,523,307.96	5,619,434,586.83
2. Increased for the year	69,392,738.80	18,920,435.16	11,816,129.35	260,000,416.02	4,730,661.96	2,115,226.57		835,314.38	6,038,951.65	373,849,873.89
(1) Purchase	39,882,619.70		8,078,714.50	253,942,573.37		1,863,534.62				303,767,442.19
(2) Internal R&D										
(3) Increased in business combinations	29,510,119.10	18,920,435.16		1,590,904.39						50,021,458.65
(4)Other increase			3,737,414.85	4,466,938.26	4,730,661.96	251,691.95		835,314.38	6,038,951.65	20,060,973.05
3. Decreased for the year	38,906,606.30	363,889.35		31,688,334.31						70,958,829.96
(1) Disposal or scrap	2,856,606.30			31,688,334.31						34,544,940.61
(2) Other decrease	36,050,000.00	363,889.35								36,413,889.35
4. Ending balance	1,423,553,846.79	26,538,544.51	148,414,119.23	1,732,457,781.09	2,107,697,448.90	11,719,785.50	153,818,027.85	35,563,817.28	282,562,259.61	5,922,325,630.76
Accumulated amortization										
1. Beginning balance	254,242,552.16	2,013,477.12	44,320,257.65	433,115,313.64		1,288,743.08	29,775,000.14	14,678,496.50	42,619,188.92	822,053,029.21
2. Increased for the year	37,849,131.00	5,148,945.22	6,076,552.45	158,818,087.33		386,989.96	9,098,202.01	4,337,812.39	28,494,776.76	250,210,497.12
(1) Accrual	31,165,281.64	4,889,664.80	5,131,320.15	154,342,656.21		349,411.04	9,098,202.01	3,811,862.76	26,413,858.53	235,202,257.14
(2) Other increase	6,683,849.36	259,280.42		399,964.09						7,343,093.87
(3)Other increase			945,232.30	4,075,467.03		37,578.92		525,949.63	2,080,918.23	7,665,146.11
3. Decreased for the year	2,322,155.09	253,266.15		28,248,178.69						30,823,599.93
(1) Disposal or scrap	2,322,155.09			28,248,178.69						30,570,333.78
(2) Other decreased		253,266.15								253,266.15
4. Ending balance	289,769,528.07	6,909,156.19	50,396,810.10	563,685,222.28		1,675,733.04	38,873,202.15	19,016,308.89	71,113,965.68	1,041,439,926.40
Provisions for impairment										
1. Beginning balance			17,565,953.96	8,513,092.81	123,295,114.96					149,374,161.73
2. Increased for the year			501,586.31	150,270.27	2,314,470.60					2,966,327.18
(1) Accrual										
(2)Other increase			501,586.31	150,270.27	2,314,470.60					2,966,327.18
3. Decreased for the year				610,604.13						610,604.13
(1) Disposal or scrap				610,604.13						610,604.13
4. Ending balance			18,067,540.27	8,052,758.95	125,609,585.56					151,729,884.78
Book value										
1.Book value-ending balance	1,133,784,318.72	19,629,388.32	79,949,768.86	1,160,719,799.86	1,982,087,863.34	10,044,052.46	114,944,825.70	16,547,508.39	211,448,293.93	4,729,155,819.58
2.Book value -beginning balance	1,138,825,162.13	5,968,521.58	74,711,778.27	1,062,517,292.93	1,979,671,671.98	8,315,815.85	124,043,027.71	20,050,006.40	233,904,119.04	4,648,007,395.89

Other instructions:

The proportion of intangible assets formed through in-house research and development to the balance of intangible assets at the end of the period is 0.

2. There are no land-use right without property ownership certificate at the end of the period

Note 20. Goodwill

1. Original value of goodwill

Investee or event of goodwill forming	Beginning balance	Increase for the year		Decrease for the year	Ending balance
		Formed by the corporate acquisition	Exchange rate changes	Disposal	
Oceania Dairy Limited	10,678,610.25				10,678,610.25
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
THE CHOMTHANA COMPANY LIMITED	302,289,519.53		5,125,978.51		307,415,498.04
Ausnutria Dairy Co., Ltd.	4,773,819,279.12	84,703,418.14	80,282,750.67		4,938,805,447.93
Canary Enterprises Limited	41,544,149.29		779,858.24		42,324,007.53
Inner Mongolia Kangyijia Biotechnology Co.,Ltd.		38,156,347.81			38,156,347.81
Total	5,349,588,674.83	122,859,765.95	86,188,587.42		5,558,637,028.20

Note: The goodwill of RMB 84,703,418.14 formed in the business combination of Ausnutria Dairy Corporation Ltd. during the period arose from the acquisition of Bioflag Nutrition Corporation Ltd.

2. Provision for impairment of goodwill.

Investee or event of goodwill forming	Beginning balance	Increase for the year		Decrease for the year	Ending balance
		Accrual	Others	Disposal	
Oceania Dairy Limited	10,678,610.25				10,678,610.25
THE CHOMTHANA COMPANY LIMITED	163,823,822.50		2,777,990.58		166,601,813.08
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	395,759,549.39		2,777,990.58		398,537,539.97

3. Relevant information for a cash generating unit or a combination of cash generating units about goodwill

Name	Composition and basis of the asset group or portfolio to which it belongs	Operating segment and basis	Consistency with previous years
THE CHOMTHANA COMPANY LIMITED	Long-term assets, including fixed assets, intangible assets, construction in progress, and right-of-use assets.	Ice cream	Yes
Ausnutria Dairy Co., Ltd.	Long-term assets, including fixed assets, intangible assets, construction in progress, and right-of-use assets.	Milk powder and milk products	Yes
Canary Enterprises Limited	Long-term assets, including fixed assets, construction in progress, and intangible assets.	Milk powder and milk products	Yes
Inner Mongolia Kangyijia Biotechnology Co.,Ltd.	Long-term assets, including fixed assets, intangible assets, construction in progress, and right-of-use assets.	Others	Yes

4. Specific determination of recoverable amount

Recoverable amount is determined as the present value of the expected future cash flows

Unit: ten thousand RMB

Item	Book value	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters for the forecast period (growth rate, profitability, etc.)	Basis of determination of parameters in the forecast period	Key parameters for the stabilisation period (growth rate, profit margin, discount rate, etc.)	Basis of determination of key parameters in the stabilisation period
THE CHOMTHANA COMPANY LIMITED	49,344.83	55,955.41		2024-2033	Growth rate 3.5%-25.35%, gross margin 42.00%-47.50%, discount rate 15.06%	Management Profit Forecasts Considering Historical Experience and Future Market Developments	Growth rate of 2%, gross margin of 47.50%, discount rate of 15.06%	Stabilisation revenue growth rate is the growth rate applied after the forecast period, with gross margins and discount rates consistent with those of the final year of the forecast period
Ausnutria Dairy Co., Ltd.	1,444,580.40	1,545,000.00		2024-2028	Growth rate 14.98% - 16.83%, gross margin 41.94% - 44.49%, discount rate 11.91	Management Profit Forecasts Considering Historical Experience and Future Market Developments	Growth rate 2.2%, gross margin 44.49%, discount rate 11.91%	Stabilisation revenue growth rate is the growth rate applied after the forecast period, with gross margins and discount rates consistent with those of the final year of the forecast period
Canary Enterprises Limited	7,293.99	18,971.40		2024-2028	Growth rate 7.80%-14.40%, gross margin 18.23%-20.44%, discount rate 12.85	Management Profit Forecasts Considering Historical Experience and Future Market Developments	Growth rate of 2%, gross margin 20.44%, discount rate 12.85	Stabilisation revenue growth rate is the growth rate applied after the forecast period, with gross margins and discount rates consistent with those of the final year of the forecast period
Inner Mongolia Kangyijia Biotechnology Co.,Ltd.	3,883.45	6,322.89		2024-2028	Growth rate 15.00% - 557.54%, gross margin 38.47% - 47.50%, discount rate 12.21%	Management Profit Forecasts Considering Historical Experience and Future Market Developments	Growth rate 2.2%, gross margin 47.50%, discount rate 12.21%	Stabilisation revenue growth rate is the growth rate applied after the forecast period, with gross margins and discount rates consistent with those of the final year of the forecast period
Total	1,505,102.67	1,626,249.70						

Note 21. Long-term deferred expenses

Item	Beginning balance	Increase for the year	Current amortization amount	Other reduction	Ending balance
Leasehold improvement and installation costs	7,307,895.59	1,983,322.45	7,217,741.76		2,073,476.28
Agency transfer fees	21,558,654.48		7,186,218.24		14,372,436.24
Advertising and marketing fees	252,012,241.93	4,641,509.42	129,704,232.16		126,949,519.19
Others	154,565.68	4,500,000.00	154,565.68		4,500,000.00
Total	281,033,357.68	11,124,831.87	144,262,757.84		147,895,431.71

Other instructions:

The main reason for the decrease in long-term deferred expenses: the amortization of advertising and marketing expenses in the current period.

Note 22. Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets before offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	1,487,178,387.59	264,560,632.83	816,162,089.03	150,812,985.19
Unrealized profits of internal transactions	428,514,141.53	93,899,622.61	417,074,893.90	94,949,689.64
Deductible loss	2,250,914,692.65	469,033,401.60	1,200,126,938.95	246,401,068.34
Employee payroll payable	1,996,275,149.38	310,029,322.97	1,392,784,562.40	223,599,935.94
Equity incentive	333,745,948.00	50,061,892.20	923,610,576.00	138,541,586.40
Government subsidy	1,960,532,984.42	410,526,985.24	1,920,006,667.56	406,729,407.13
Assets depreciation and amortization	302,750,913.05	54,805,136.38	349,994,604.76	62,695,043.47
Contract liabilities	6,245,676.90	1,561,419.22	918,645,232.18	229,246,679.42
Expenses cannot be claimed temporarily before tax	47,330,389.76	12,498,574.25	59,020,021.85	12,787,828.05
Others	207,557,483.66	32,164,679.14	30,531,868.12	7,482,277.98
Total	9,021,045,766.94	1,699,141,666.44	8,027,957,454.75	1,573,246,501.56

2. Deferred income tax liabilities before offset

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
The appraised added value of business combinations under different control	2,624,202,293.72	627,204,214.23	2,646,405,956.13	651,784,161.10
Changes in fair value of other equity instrument investments	138,372,932.80	20,755,939.92	522,081,154.14	112,147,833.84
Changes in fair value of financial assets held for trading	734,109,813.14	110,919,994.41	187,939,011.20	28,669,632.80
Changes in fair value of derivative financial assets	72,441,977.93	20,283,753.82	36,308,580.09	10,021,261.34
Withholding tax	988,184,918.59	49,409,245.93	739,552,099.96	36,977,605.00
Assets depreciation and amortization	1,085,782,766.22	223,437,413.93	760,944,342.07	164,010,066.64
Other			1,428,908.25	342,941.00
Total	5,643,094,702.40	1,052,010,562.24	4,894,660,051.84	1,003,953,501.72

3. Unrecognized deferred income tax assets

Item	Ending balance	Beginning balance
Deductible temporary differences:		
Deductible loss	2,094,335,663.54	2,422,451,907.09
Provision for impairment of assets	337,792,723.81	209,825,246.90
Total	2,432,128,387.35	2,632,277,153.99

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

Item	Ending balance	Beginning balance	Notes
2023		280,779,012.30	
2024	208,107,101.86	317,031,413.12	
2025	252,195,799.02	180,267,507.61	
2026	168,005,523.23	220,916,032.26	
2027	134,281,269.49	172,623,767.59	
2028	130,665,927.22		
No specific compensation period	1,201,080,042.72	1,250,834,174.21	
Total	2,094,335,663.54	2,422,451,907.09	

Note 23. Other non-current assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid for equipment and project	920,936,938.95		920,936,938.95	1,238,516,347.80		1,238,516,347.80
Medium and long-term micro-loans	287,037,051.45	13,912,167.97	273,124,883.48	476,426,575.37	14,205,936.89	462,220,638.48
Factoring receivables	954,159,583.32	65,215,875.57	888,943,707.75	820,641,580.48	36,559,906.00	784,081,674.48
Certificate of deposit	17,630,148,346.08		17,630,148,346.08	6,235,858,855.55		6,235,858,855.55
Total	19,792,281,919.80	79,128,043.54	19,713,153,876.26	8,771,443,359.20	50,765,842.89	8,720,677,516.31

Other instructions:

The increase in other non-current assets was mainly due to the purchase of large certificates of deposit with a maturity of more than one year in the current period.

Note 24. Assets with restrictions on ownership or use

Item	Ending balance				Beginning balance			
	Book balance	Book value	Type	Restricted situation	Book balance	Book value	Type	Restricted situation
Non-drawable time deposits until maturity					2,301,265.52	2,301,265.52	Other	
Reserve for legal deposits with the Central Bank	969,478,061.67	969,478,061.67	Other	Refer to “Other instructions (1)”	479,068,889.27	479,068,889.27	Other	
Guarantee deposits	67,927,896.94	67,927,896.94	Other	Refer to “Other instructions (2)”	85,484,775.31	85,484,775.31	Other	
Futures margin					2,568,478.30	2,568,478.30	Other	
Pledged bank deposits and other restricted funds	12,734,654.91	12,734,654.91	Other		125,248,721.67	125,248,721.67	Other	
Inventories					1,141,230,907.92	986,976,417.64	Collateral	
Fixed assets					1,358,361,045.56	910,834,781.87	Collateral	
Intangible assets					26,497,000.00	26,497,000.00	Collateral	
Investment properties					122,142,777.33	116,925,064.22	Collateral	
Accounts receivable					89,236,827.66	89,236,827.66	Pledge	
Total	1,050,140,613.52	1,050,140,613.52			3,432,140,688.54	2,825,142,221.46		

Other instructions:
(1) The reserve for legal deposits with the Central Bank was the reserve for legal deposits with the Central Bank by the subsidiary, Yili Finance Company Limited.
(2) Guarantee deposits were mainly deposits placed with banks by the subsidiary Inner Mongolia Huishang Financing Guarantee Co. Ltd. to guarantee bank loans for the Company's customers and suppliers.

Note 25. Short-term borrowings

1. Classification of short-term borrowings

Item	Ending balance	Beginning balance
Mortgage loan	1,129,650,318.43	1,619,951,425.94
Credit loan	13,885,204,810.78	13,979,529,814.51
Bill discount loan	24,740,000,000.00	11,200,000,000.00
Total	39,754,855,129.21	26,799,481,240.45

Instructions of the classification of short-term borrowing:
(1) Secured borrowings: Borrowings from banks by Westland Dairy Company Limited, a subsidiary, using all its assets as collateral, with a borrowing amount equivalent to RMB1,130 million.
(2) Borrowings on discounted bills: Borrowings obtained from banks by discounting bank acceptance bills issued between enterprises within the scope of the Company's consolidated financial statements.
2. No overdue short-term loans in the reporting period

Note 26. Derivative financial liabilities

Item	Ending balance	Beginning balance
Contract of forward foreign exchange	780,088.69	55,101,782.16
Contract of interest rate swap		1,211,871.52
Total	780,088.69	56,313,653.68

Other instructions:
The reason for the decrease in derivative financial liabilities: The increase in fair value of forward foreign exchange contracts held by subsidiaries during the period.

Note 27. Notes payable

Classification	Ending balance	Beginning balance
Trade acceptance notes		
Bank acceptance notes	1,040,739,947.37	880,817,234.63
Total	1,040,739,947.37	880,817,234.63

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

Note 28. Accounts payable

1. List of accounts payable

Item	Ending balance	Beginning balance
Payments for raw materials and other materials	7,654,630,022.43	8,784,240,105.43
Marketing and transportation costs	3,080,315,176.01	4,069,034,375.07
Engineering and equipment funds	1,757,715,697.73	1,850,139,355.34
Others	1,306,208,150.84	1,222,387,268.45
Total	13,798,869,047.01	15,925,801,104.29

2. There were no significant accounts payable aged over one year at the end of the period.

Note 29. Receipts in advance

Item	Ending balance	Beginning balance
Equity transfer payments	2,647,400,000.00	
Total	2,647,400,000.00	

Other instructions:

Increase in receipts in advance due to advance receipts from equity transfers during the period.

Note 30. Contract liabilities

1. General information about contract liabilities

Item	Ending balance	Beginning balance
Contract liabilities for goods	8,695,772,664.08	8,912,550,921.83
Total	8,695,772,664.08	8,912,550,921.83

Note 31. Payroll payable

1. List of payroll payable

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Short-term employee benefits	3,609,657,069.70	13,062,247,997.68	12,707,216,708.02	3,964,688,359.36
Post-employment benefits - defined contribution plan	32,234,823.69	1,240,430,303.19	1,232,181,522.86	40,483,604.02
Termination benefits	371,827.00	165,892,656.83	165,573,995.82	690,488.01
Other benefits due within one year				
Total	3,642,263,720.39	14,468,570,957.70	14,104,972,226.70	4,005,862,451.39

2. List of short-term employee benefits

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Wages, bonuses, allowances and subsidies	3,116,823,634.52	11,075,570,815.94	10,716,230,706.85	3,476,163,743.61
Employee welfare		415,421,382.84	415,421,382.84	
Social insurance	18,385,428.16	639,834,474.95	642,702,587.57	15,517,315.54
Including: Medical insurance	13,783,694.76	589,561,875.57	588,802,040.28	14,543,530.05
Work injury insurance	519,010.37	34,796,650.24	34,717,573.46	598,087.15
Maternity insurance	363,834.47	6,673,300.88	6,662,688.05	374,447.30
Children's insurance		29,006.80	29,006.80	
Disability protection fund	3,718,888.56	8,773,641.46	12,491,278.98	1,251.04
Housing fund	24,254,565.22	558,636,268.48	580,126,632.64	2,764,201.06
Labor union fund and staff education fund	449,559,050.98	164,529,861.19	144,236,221.22	469,852,690.95
Short-term paid absence				
Short-term profit-sharing plan				
Labor dispatch	174,316.09	206,860,105.35	206,921,687.44	112,734.00
Others	460,074.73	1,395,088.93	1,577,489.46	277,674.20
Total	3,609,657,069.70	13,062,247,997.68	12,707,216,708.02	3,964,688,359.36

3. List of defined contribution plan

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Basic endowment insurance	28,363,128.35	1,198,764,786.68	1,190,547,185.15	36,580,729.88
Unemployment insurance	3,871,695.34	41,665,516.51	41,634,337.71	3,902,874.14
Enterprise annuity payment				
Total	32,234,823.69	1,240,430,303.19	1,232,181,522.86	40,483,604.02

Note 32. Taxes payable

Item	Ending balance	Beginning balance
Value added tax	217,639,613.43	237,955,490.00
Corporate income tax	299,704,625.32	438,317,650.22
Personal income tax	49,749,783.48	50,498,046.03
Urban maintenance and construction tax	6,926,529.74	15,867,928.01
Stamp duty	26,639,494.38	29,972,926.75
Land use tax	6,903,641.72	5,844,785.51
Property tax	14,063,324.44	12,755,818.18
Education surcharge	5,457,973.05	11,917,917.13
Water conservancy construction fund	1,237,371.40	2,580,459.18
Others	26,166,488.40	13,717,368.28
Total	654,488,845.36	819,428,389.29

Note 33. Other payables

Item	Ending balance	Beginning balance
Interest payable		
Dividend payable	227,260,608.38	194,558,987.42
Other payable	2,528,794,105.69	2,959,671,591.30
Total	2,756,054,714.07	3,154,230,578.72

(I) Dividends payable

Item	Ending balance	Beginning balance
Common stock dividends	226,886,637.69	194,198,453.85
Dividends payable to minority shareholders	373,970.69	360,533.57
Total	227,260,608.38	194,558,987.42

Other instructions:
Significant dividends payable outstanding for more than one year were due to the shareholders with sales restrictions have not completed the withdrawal procedures.
(II) Other payables
1. Other payables displayed by nature

Item	Ending balance	Beginning balance
Deposit and guarantee	1,278,658,074.62	1,295,895,986.97
Costs advanced by staff	6,162,468.13	6,427,853.15
Withholding costs		3,902,295.43
Restricted stock repurchases obligations	349,855,688.00	771,239,898.00
Financial company deposits	704,452,778.26	632,731,276.78
Others	189,665,096.68	249,474,280.97
Total	2,528,794,105.69	2,959,671,591.30

2. Other important payables with aging over 1 year

Item	Ending balance	Reasons for unpaid or not carried forward
Restricted stock repurchases obligations	349,855,688.00	The unlock period has not expired
Total	349,855,688.00	

Note 34. Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowing due within one year	2,287,658,034.10	722,002,053.59
Bonds payable due within one year	6,553,956.76	6,444,673.25
Long-term payable due within one year		48,553,000.00
Lease liabilities due within one year	140,736,182.96	205,670,148.59
Total	2,434,948,173.82	982,669,875.43

Other instructions:
The increase in non-current liabilities due within one year was mainly attributable to the increase in long-term borrowings due within one year.

Note 35. Other current liabilities

Item	Ending balance	Beginning balance
Unsettled liability reserve unmatured statutory reserve	16,411,899.86	32,199,399.58
Guarantee of compensation reserve	68,988,675.58	53,856,990.66
Output tax to be transferred	984,630,072.18	909,914,096.40
Total	1,070,030,647.62	995,970,486.64

Other instructions:
The unexpired liability reserve is the reserve made by the subsidiary Inner Mongolia Huishang Financing Guarantee Co., Ltd. based on 50% of the guarantee income, which will be transferred back when the guarantee expires and the liability is discharged.
The reserve for guarantee compensation is the reserve accrued by the subsidiary Inner Mongolia Huishang Financing Guarantee Co., Ltd.

Note 36. Long-term borrowings

1. Classification of Long-term borrowing

Type of loan	Ending balance	Beginning balance
Mortgage loan		885,602,206.72
Credit Loan	11,705,395,738.36	8,412,609,203.13
Total	11,705,395,738.36	9,298,211,409.85

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Note 37. Bonds payable

1. Classification of Bond payable

Item	Ending balance	Beginning balance
Senior unsecured fixed rate bonds	3,541,350,000.00	3,482,300,000.00
Total	3,541,350,000.00	3,482,300,000.00

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

Bond name	Book value	Interest(%)	Issue date	Bond duration	Issue amount	Beginning balance	Issued for the year
Senior unsecured fixed rate bonds	USD 100.00	1.625	19 November 2020	5 years	3,482,300,000.00	3,482,300,000.00	
Total					3,482,300,000.00	3,482,300,000.00	

Continued:

Bond name	Accrued interest at par value	Premium amortization	Repayment for the year	Impact of exchange rate changes	Ending balance	Default or non-default
Senior unsecured fixed rate bonds	57,288,460.94		57,288,460.94	59,050,000.00	3,541,350,000.00	No
Total	57,288,460.94		57,288,460.94	59,050,000.00	3,541,350,000.00	

Note 38. Lease liabilities

Item	Ending balance	Beginning balance
Lease payable	378,253,025.68	529,645,854.37
Lease liabilities due within one year	-140,736,182.96	-205,670,148.59
Total	237,516,842.72	323,975,705.78

Note 39. Long-term payables

Item	Ending balance	Beginning balance
Long-term account payable	34,890,000.00	34,890,000.00
Special funds for account payables		
Total	34,890,000.00	34,890,000.00

(I) Long-term payable

1. Classifications of long-term payable

Nature of payment	Ending balance	Beginning balance
Other borrowings	34,890,000.00	83,443,000.00
Long-term payables due within one year		-48,553,000.00
Total	34,890,000.00	34,890,000.00

Note 40. Long-term payroll payable

1. Long-term payroll payable

Nature of payment	Ending balance	Beginning balance
Post-employment benefits - defined benefit plan net liabilities	1,823,334.40	1,952,222.70
Termination benefits		
Other long-term benefits	9,095,830.09	3,033,488.79
Total	10,919,164.49	4,985,711.49

2. Changes in defined benefit plans

The present value of defined benefit plan obligations:

Item	Current period	Last period
I.Beginning balance	23,025,835.80	
II.The defined benefit cost included in the current profit and loss	872,147.03	390,601.75
1. Current service cost		
2. Past Service Costs		
3. Settlement profit (loss is represented by “-”)		
4. Net interest	872,147.03	390,601.75
III.Set income cost included in other comprehensive income	1,346,472.60	-11,192,515.60
1. Actuarial gains (losses are represented by “-”)	1,346,472.60	-11,192,515.60
IV.Other changes	832,370.17	33,827,749.65
1. Consideration paid at settlement		
2. Benefits Paid	-566,130.53	-610,759.10
3. Increase in business combinations		33,099,090.10
4. Exchange rate changes	1,398,500.70	1,339,418.65
V.Ending balance	26,076,825.60	23,025,835.80

Planning assets:

Item	Current period	Last period
I.Beginning balance	21,073,613.10	
II.The defined benefit cost included in the current profit and loss	803,293.31	-170,444.40
1. Net interest	833,894.96	
2. Current service cost	-30,601.65	-170,444.40
III.Set income cost included in other comprehensive income	1,438,277.54	-9,821,858.55
1. Return on planned assets (except those included in net interest)		710,185.00
2. Changes in the impact of the asset cap (except those included in net interest)		
3. Actuarial gains (losses are represented by "-")	1,438,277.54	-10,532,043.55
IV.Other changes	938,307.25	31,065,916.05
1. Benefits paid		-610,759.10
2. Addition		312,481.40
3. Increase in business combinations		30,139,923.20
4. Exchange rate changes	938,307.25	1,224,270.55
V.Ending balance	24,253,491.20	21,073,613.10

Net liabilities (net assets) of defined benefit plans:

Item	Current period	Last period
I.Beginning balance	1,952,222.70	
II.The defined benefit cost included in the current profit and loss	68,853.72	561,046.15
III.Set income cost included in other comprehensive income	-91,804.94	-1,370,657.05
IV.Other changes	-105,937.08	2,761,833.60
V.Ending balance	1,823,334.40	1,952,222.70

Other instructions:

The reason for the increase in long-term payable employee salaries: due to the increase in accruals for employee long service payments by subsidiaries during the period.

Note 41. Deferred income

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance	The cause of the formation
Government subsidies	504,355,565.37	558,898,095.02	205,242,461.25	858,011,199.14	Mainly the funds for scientific research projects given by the government.
Total	504,355,565.37	558,898,095.02	205,242,461.25	858,011,199.14	

Other instructions:

The reason for the increase in deferred income:The increase was due to the increase in funds received from the Government for research projects during the period.

Note 42. Share capital

Item	Beginning balance	Changes					Ending balance
		New issue	Bonus issue	Transferred from capital reserve	Others	Subtotal	
Total number of shares	6,399,345,318.00				-33,246,613.00	-33,246,613.00	6,366,098,705.00

Other instructions:
On 8 December 2022, the First Extraordinary General Meeting of the Company in 2022 considered and passed theProposal on the Repurchase and Cancellation of Some 2019 Restricted Stocks, Proposal on the Proposal of the Repurchase of the Company's Shares by means of Concentrated Bidding Transactions, and 426,600 restricted shares were repurchased and cancelled on 17 February 2023, and all the repurchased shares were cancelled on 29 May 2023 32,468,413 shares, and the total share capital became RMB 6,366,450,305.
On 18 May 2023,the Company held the 2021 Annual General Meeting of Shareholders, considered and passed the Proposal on the Repurchase and Cancellation of Some 2019 Restricted Stocks, and on 31 July 2023, 145,200 restricted shares were repurchased and cancelled, and the total share capital became RMB 6,366,305,105.
On 15 August 2023, the First Extraordinary General Meeting of the Company in 2023 considered and passed the Proposal on the Repurchase and Cancellation of Some 2019 Restricted Stocks, and on 17 November 2023, 206,400 restricted shares were repurchased and cancelled, and the total share capital became RMB 6,366,098,705.

Note 43. Capital reserve

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Capital premium (stock premium)	12,655,573,426.34	298,545,204.04	1,001,161,143.23	11,952,957,487.15
Other capital reserve	1,579,649,393.07	167,064,823.12	319,335,906.74	1,427,378,309.45
Total	14,235,222,819.41	465,610,027.16	1,320,497,049.97	13,380,335,796.60

Other explanations, including changes in current period and reasons for changes:
The increase in the current period is mainly due to: (1) The increase in share of net assets of subsidiaries as a result of capital increase of the minority shareholders of the Factor and share repurchase by subsidiaries; (2) The recognition of equity incentive expenses during the period.
The decrease for the year is mainly due to: (1) The Company's cancellation of repurchased shares and partial cancellation of restricted shares of certain equity incentive recipients reduced the capital premium; (2) The release of restricted shares from the fourth tranche of the 2019 Restricted Stock Incentive Plan resulted in the other capital surplus from share-based payment is transferred to capital premium; (3) The decrease in other equity instruments of China Youran Dairy Group Limited, an associate, resulted in the Company's interest in its net assets; (4) The decrease in capital surplus as a result of acquisition of minority interests by a subsidiary.

Note 44. Treasury shares

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Restricted treasury stock	771,239,898.00		421,384,210.00	349,855,688.00
Repurchase treasury stock	303,151,979.44	696,961,104.79	1,000,113,084.23	
Total	1,074,391,877.44	696,961,104.79	1,421,497,294.23	349,855,688.00

Other explanations, including the increase and decrease in the current period, and reasons for the changes:
The reason for the increase for the year: the Company repurchased shares.
Reasons for the decrease in the current period: (1) The Company cancelled and repurchased shares during the period; (2) the cancellation of certain non-unlock-able restricted shares for equity incentive recipients reduced treasury shares; and (3) the release of restricted shares under the fourth tranche of the 2019 Restricted Stock Incentive Plan and the distribution of dividends to equity incentive recipients reduced treasury shares.

Note 45. Other comprehensive income

Item	Beginning balance	Changes for the year						Ending balance
		Amount incurred before income tax of current period	Subtract: amount recognized into other comprehensive income in previous period and transferred to the current profit and loss	Subtract: amount recognized into other comprehensive income in previous period and transferred to retained earnings	Subtract: income tax expense	Amount attributable to parent company after tax	Amount attributable to minority shareholders after tax	
I. Other comprehensive income cannot be reclassified to profit or loss	415,310,492.48	-665,376,351.48		18,081,007.61	-86,786,359.33	-596,707,620.74	36,620.98	-181,397,128.26
1.Changes in re-measurement of defined benefit plans	814,855.62	91,804.94				55,183.96	36,620.98	870,039.58
2. Other comprehensive income that cannot be transferred into the profit or loss under the equity method	1,602,357.04	1,223,235.37				1,223,235.37		2,825,592.41
3. Changes in fair value of other equity instrument investments	412,893,279.82	-666,691,391.79		18,081,007.61	-86,786,359.33	-597,986,040.07		-185,092,760.25
4. Changes in the fair value of the Company's own credit risk								
II. Other comprehensive income to be reclassified into profit or loss	-494,306,489.26	293,596,725.79	21,545,336.62		11,504,436.18	203,858,297.77	56,688,655.22	-290,448,191.49
1. Other comprehensive income can be reclassified to profit or loss under the equity method	-54,414,794.77	-22,650,754.82				-22,650,754.82		-77,065,549.59
2. Changes in fair value of other debt investments								
3. The amount of financial assets reclassified into other comprehensive income								
4.Credit impairment reserves of other debt investment								
5. Cash flow hedge reserve	59,547,735.97	64,093,472.63	21,545,336.62		11,504,436.18	31,043,699.83		90,591,435.80
6. Converted difference in foreign currency statements	-499,439,430.46	252,154,007.98				195,465,352.76	56,688,655.22	-303,974,077.70
Other comprehensive income in total	-78,995,996.78	-371,779,625.69	21,545,336.62	18,081,007.61	-75,281,923.15	-392,849,322.97	56,725,276.20	-471,845,319.75

Note 46. Surplus reserve

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Statutory surplus reserve	3,200,065,459.00			3,200,065,459.00
Total	3,200,065,459.00			3,200,065,459.00

Note 47. Undistributed profits

Item	Current period	Last period
Undistributed profits from the end of the last period before adjustment	27,586,638,109.96	24,297,664,407.46
Adjustment of total undistributed profits at the beginning of the period (Adjustment up "+", down "-")		
Undistributed profits from the beginning of the period after adjustment	27,586,638,109.96	24,297,664,407.46
Add: Net profit attributable to parent company owners for current period	10,428,540,457.94	9,431,064,679.78
Subtract: Statutory surplus reserve		
Discretionary surplus reserve		
General risk preparation		
Common stock dividends payable	6,621,108,317.20	6,144,125,681.28
Common stock dividends from the convertible bonds that have been transferred to share capital		
Others	-20,462,209.61	-2,034,704.00
Undistributed profits at the end of the period	31,414,532,460.31	27,586,638,109.96

Note 48. Operating revenue and operating costs

1. The situation of operating income and operating costs

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Main business	124,460,933,210.39	83,735,286,090.68	121,148,598,078.45	81,873,428,822.22
Other business	1,297,235,706.12	1,053,305,986.66	1,549,406,002.54	1,245,117,552.02
Total	125,758,168,916.51	84,788,592,077.34	122,698,004,080.99	83,118,546,374.24

2. Information on the breakdown of operating revenue and operating costs

Classification of contracts	Total	
	Revenue	Cost
1. Product Types		
Liquid milk	85,540,329,892.56	59,566,363,428.50
Milk powder and milk products	27,598,008,319.91	17,071,779,631.36
Ice cream	10,688,201,107.08	6,578,854,622.49
Others	634,393,890.84	518,288,408.33
2. Classified by business area		
Northern region	33,940,294,709.09	23,867,233,643.99
Southern region	31,539,248,658.59	20,557,269,416.33
Central region	24,536,371,610.24	15,365,798,757.23
Eastern region	19,311,009,892.60	12,924,079,976.04
Others	15,134,008,339.87	11,020,904,297.09
3. Classified by sales channel		
Distribution sales	120,747,355,008.27	81,326,472,225.87
Directly sales	3,713,578,202.12	2,408,813,864.81
Total	124,460,933,210.39	83,735,286,090.68

Description of the revenue generated by the contract:

The revenue generated by the above-mentioned contract is the Company's main business revenue. The Company's main business is the sale of dairy products and other commodities. After fulfilling the performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant commodities.

Note 49. Interest income

Item	Current period	Last period
Interest income	421,289,673.85	473,039,975.28

Note 50. Taxes and surcharges

Item	Current period	Last period
Urban maintenance and construction tax	217,969,364.08	214,733,968.91
Extra charges of education funds	166,442,863.11	176,535,084.37
Resource tax	2,048,433.88	3,623,723.53
Real estate tax	135,612,708.37	117,516,198.32
Land use tax	57,009,238.65	53,011,672.71
Vehicle usage tax	401,481.70	474,598.76
Stamp duty	114,463,999.85	124,138,350.36
Water conservancy construction fund	22,854,593.57	37,648,170.26
Others	15,856,890.15	14,102,761.03
Total	732,659,573.36	741,784,528.25

Note 51. Selling expenses

Item	Current period	Last period
Salary	6,841,828,603.05	6,654,435,523.38
Depreciation and maintenance expenses	414,860,499.78	358,744,998.00
Travel expenses	470,462,452.07	388,726,854.61
Labor insurance and material consumption	35,978,012.99	38,036,469.92
Office expense	117,581,856.22	129,572,090.52
Advertising expense	13,990,996,958.13	14,796,234,207.75
Storage expense	485,207,238.60	389,523,004.14
Others	214,594,247.64	152,935,182.03
Total	22,571,509,868.48	22,908,208,330.35

Note 52. General administrative expenses

Item	Current period	Last period
Salary	3,238,364,678.91	3,528,239,430.47
Depreciation and maintenance expenses	509,819,815.44	393,205,889.01
Travel expenses	211,628,287.03	135,096,497.08
Labor insurance and material consumption	71,679,189.36	75,009,628.68
Office expense	118,195,316.46	145,681,289.37
Consulting and auditing expense	178,694,574.08	196,159,108.80
Amortization of intangible assets	211,552,695.20	187,369,136.78
Others	614,283,749.94	682,088,578.12
Total	5,154,218,306.42	5,342,849,558.31

Note 53. Research and development expenses

Item	Current period	Last period
Salary	270,682,458.81	253,500,268.19
Depreciation and maintenance expenses	71,425,690.52	60,763,018.82
Research and experiment design fee	447,659,910.76	463,281,787.37
Others	60,378,087.08	44,006,186.61
Total	850,146,147.17	821,551,260.99

Note 54. Financial expenses

Item	Current period	Last period
Interest expense	2,192,827,743.50	1,402,531,643.41
Interest income	-2,478,577,541.19	-1,760,446,337.19
Net losses of exchanges	68,512,773.38	66,933,091.67
Bank charges	64,388,860.83	36,378,730.58
Total	-152,848,163.48	-254,602,871.53

Other instructions:
The reason for the increase of financial expenses: due to the increase in interest expense in the current period.

Note 55. Other income

Item	Current period	Last period
Government subsidies	1,097,851,685.94	964,339,450.59
Total	1,097,851,685.94	964,339,450.59

Note 56. Investment income

Item	Current period	Last period
Profits on long-term equity investment accounted by equity method	-59,633,067.90	156,966,407.16
Profits on disposing long-term equity investment	305,590.00	44,053,674.03
Investment income from trading financial assets during the period in which they are held	14,811,685.97	
Dividend income from other equity instrument investments	13,427,006.25	42,939,979.28
Total	-31,088,785.68	243,960,060.47

Other instructions:
The main reason for the decrease in investment income: the decrease in investment income from associates in the current period.

Note 57. Gains or losses from fair-value changes

Gains or losses from	Current period	Last period
Financial assets held for trading	278,186,201.65	94,148,860.21
Including: gains from changes in fair value of derivative financial instruments	-5,568,308.60	10,112,218.90
Financial liabilities held for trading		
Total	278,186,201.65	94,148,860.21

Note 58. Credit impairment losses

Item	Current period	Last period
Bad debt losses of accounts receivable	-2,118,997.80	-20,939,127.31
Bad debt loss of other receivables	-7,955,649.55	-1,868,596.95
Impairment losses related to financial guarantees	-15,131,684.92	-28,647,938.72
Others	-135,270,980.56	-85,811,301.83
Total	-160,477,312.83	-137,266,964.81

Other instructions:
Other includes provision for losses on small loans, provision for factoring risks, and bad debt provision for subrogation recoveries on guarantee receivables.

Note 59. Assets impairment losses

Item	Current period	Last period
Inventory impairment loss and Impairment loss of contract performance cost	-1,221,994,180.78	-592,317,574.45
Fixed assets impairment loss	-69,410,205.35	-13,758,156.20
Impairment losses on productive biological assets	-234,295,091.74	
Intangible assets impairment loss		-11,893,012.27
Goodwill impairment loss		-174,502,432.75
Total	-1,525,699,477.87	-792,471,175.67

Other instructions:
The main reason for the increase in asset impairment loss: The increase in the provision for loss on decline in value of inventories and impairment loss on productive biological assets during the period.

Note 60. Gains or losses on disposal of assets

Item	Current period	Last period
Gain from fixed assets disposal	-20,660,833.17	-5,238,444.25
Gain from intangible assets disposal	17,883.63	-272,479.83
Gain from right-of-use assets disposal	-5,976.30	66,773.63
Total	-20,648,925.84	-5,444,150.45

Other instructions:
The main reason for the decrease of gain of assets disposal: due to an increase in losses arising from the disposal of machinery and equipment during the period.

Note 61. Non-operating income

Item	Current period	Last period	Amount included in non-recurring profits and losses of the current period
Income from the disposal of non-current assets	201,423.87	102,622.01	201,423.87
Including: Disposal of fixed assets	201,423.87	102,622.01	201,423.87
Government subsidies	264,000.00	1,669,896.00	264,000.00
Liquidated damages income	199,194,631.57	39,058,023.87	199,194,631.57
Approved unable paid account payable	17,439,616.75	9,645,908.09	17,439,616.75
Others	12,739,714.53	10,406,886.94	12,739,714.53
Total	229,839,386.72	60,883,336.91	229,839,386.72

Other instructions:
The main reason for the increase of non-operating income: due to an increase in the collection of liquidated damages from vendors during the period.

Note 62. Non-operating expenses

Item	Current period	Last period	Amount included in non-recurring profits and losses of the current period
Loss from the disposal of non-current assets	23,616,547.51	17,909,203.48	23,616,547.51
Including: Disposal of fixed assets	23,616,547.51	17,909,203.48	23,616,547.51
Donations	282,657,289.65	226,309,585.17	282,657,289.65
Liquidated damages	37,317,687.62	11,499,368.73	37,317,687.62
Others	38,364,241.73	34,947,815.86	2,548,996.91
Total	381,955,766.51	290,665,973.24	346,140,521.69

Other instructions:
The main reason for the increase in non-operating expenses: due to the increase in external donations in the current period.

Note 63. Corporate income tax expenses

1. Corporate income tax expenses

Item	Current period	Last period
Current income tax expense	1,521,063,761.73	1,532,444,908.44
Deferred income tax expense	-84,182,173.36	-220,460,455.54
Total	1,436,881,588.37	1,311,984,452.90

2. Adjustment process for accounting profit and income tax expenses

Item	Current period
Profit before tax	11,721,187,786.65
Income tax expense at legal/applicable tax rate	1,758,178,168.00
The influences of subsidiaries applied different tax rates	398,659,787.80
Adjust the impact of income tax of previous periods	52,631,833.81
Impact of non-taxable income	-11,548,047.98
Impact of non-deductible costs, expenses and losses	92,496,835.61
Impact of deductible loss of unrecognized deferred income tax assets in the previous period	-113,916,620.18
Impact of deductible temporary differences or deductible losses of deferred income tax assets that have not been recognized in the current period	91,008,721.95
Impact of tax reduction and tax exemption	-830,629,090.64
Corporate Income tax	1,436,881,588.37

Note 64. Cash flow statement

1. Cash flows from operating activities

(1) Other cash received relevant to operating activities

Item	Current period	Last period
Guarantee deposit, cash deposit	180,209,427.90	136,300,453.78
Interest income	2,110,620,045.74	1,560,442,203.20
Government subsidies	1,836,739,169.04	1,437,365,916.06
Others	242,261,233.70	128,102,853.76
Total	4,369,829,876.38	3,262,211,426.80

(2) Other cash paid related to operating activities

Item	Current period	Last period
Guarantee deposit, cash deposit	159,735,794.15	214,341,750.74
Travel expenses	625,370,637.00	384,555,383.00
Greening and cleaning, fire safety fee	131,054,618.70	103,292,892.95
Consulting and auditing fee	269,096,625.69	234,213,580.18
Commission	51,364,549.49	30,292,896.69
Donations	280,702,032.67	216,637,666.64
Others	410,797,128.05	311,653,396.98
Total	1,928,121,385.75	1,494,987,567.18

2. Cash flows from investing activities

(1) Significant cash received related to investing activities

Item	Current period	Last period
Receipt in advance for equity disposal	2,647,400,000.00	
Recovery of factoring amount from customers upstream of the industry chain	2,875,125,132.25	
Total	5,522,525,132.25	

(2) Significant cash paid related to investing activities

Item	Current period	Last period
Purchase of large certificates of deposit	11,196,360,747.68	6,230,739,666.67
Payment for factoring of customers in the upstream of the industrial chain	3,060,189,200.00	
Payment for acquisition of equity interest in subsidiaries		7,143,217,362.72
Total	14,256,549,947.68	13,373,957,029.39

(3) Other cash received related to investing activities

Item	Current period	Last period
Commodity futures contract margin	2,568,478.30	
Net cash received from acquisition of subsidiaries	21,700,000.00	
Total	24,268,478.30	

(4) Other cash paid related to investing activities

Item	Current period	Last period
Commodity futures contract margin		105,113.71
Loss on commodity futures contracts	306,935.55	1,585,562.15
Net cash paid for disposal of subsidiaries		194,279,611.67
Total	306,935.55	195,970,287.53

3. Cash flows from financing activities

(1) Other cash received relating to financing activities

Item	Current period	Last period
Deposit taking of funds of financial company	71,721,501.48	
Total	71,721,501.48	

(2) Other cash paid related to financing activities

Item	Current period	Last period
Purchase of minority interests in subsidiaries	78,896,000.00	
Share repurchase	696,961,104.79	303,151,979.44
Bond issue fee	1,443,291.43	3,082,703.59
Lease liability	258,206,679.23	157,917,291.12
Restricted stock repurchases	9,649,770.00	9,469,746.00
Deposit taking of funds of financial company		81,260,334.91
Total	1,045,156,845.45	554,882,055.06

(3) Changes in liabilities arising from financing activities

Item	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	26,799,481,240.45	130,853,843,608.15	1,083,056,524.53	118,981,525,888.92	355.00	39,754,855,129.21
Short-term bonds payable		144,991,402,777.79	671,819,611.61	145,663,222,389.40		
Long-term borrowings and long-term borrowings due within one year	10,020,213,463.44	9,508,618,021.69	357,330,628.10	5,884,797,090.77	8,311,250.00	13,993,053,772.46
Bonds payable and bonds payable due within one year	3,488,744,673.25		116,447,744.45	57,288,460.94		3,547,903,956.76
Long-term payable	83,443,000.00			48,553,000.00		34,890,000.00
Lease liabilities	529,645,854.37		114,292,367.44	258,206,679.23	7,478,516.90	378,253,025.68
Total	40,921,528,231.51	285,353,864,407.63	2,342,946,876.13	270,893,593,509.26	15,790,121.90	57,708,955,884.11

Note 65. Supplementary information for cash flow statement

1. Supplementary information for cash flow statement

Item	Current period	Last period
1.Reconciliation of net profit to cash flows from operating activities		
Net profit	10,284,306,198.28	9,318,205,866.77
Add: Provision for asset impairment	1,525,699,477.87	792,471,175.67
Credit impairment losses	160,477,312.83	137,266,964.81
Depreciation of fixed assets, oil and gas assets, biological assets	3,900,295,097.42	3,547,821,653.54
Amortization of right-of-use assets	151,581,488.10	180,523,965.04
Amortization of intangible assets	235,202,257.14	204,496,237.15
Amortization of Long-term deferred expenses	144,262,757.84	134,725,608.99
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets (Income filled as “-”)	61,496,104.10	81,407,183.05
Losses on fixed asset scrapping (Income filled as “-”)	23,415,123.64	17,806,581.47
Losses from changes in fair value (Income filled as “-”)	-278,186,201.65	-94,148,860.21
Financial expenses (Income filled as “-”)	2,224,989,299.63	1,376,851,775.44
Losses on investments (Income filled as “-”)	31,088,785.68	-243,960,060.47
Decrease in deferred income tax assets (Increase as “-”)	-208,817,859.08	-233,021,102.33
Increase in deferred income tax liabilities (decrease as “-”)	124,635,685.72	12,560,646.79
Decrease in inventories (increase as “-”)	1,789,456,605.89	-3,889,301,728.93
Decrease in operating account receivables (increase as “-”)	-260,526,292.91	-906,875,140.05
Increase in operating account payable (decrease as “-”)	-1,751,369,897.44	2,783,042,178.18
Others	132,351,707.50	200,447,635.45
Net cash flows from operating activities	18,290,357,650.56	13,420,320,580.36
2.Major investment and financing activities that do not involve cash receipts and payments		
Debt to capital		
Reclassification of convertible bonds expiring within one year		
Fixed assets acquired under finance leases		
3.Net changes in cash and cash equivalents		
Ending balance of cash	41,812,079,851.67	32,788,427,044.96
Subtract: Beginning balance of cash	32,788,427,044.96	31,080,499,503.05
Add: Ending balance of cash equivalents	1,000,000,000.00	400,000,000.00
Subtract: Beginning balance of cash equivalents	400,000,000.00	
Net increase in cash and cash equivalents	9,623,652,806.71	2,107,927,541.91

2. Net cash paid to acquire subsidiaries in the current period

Item	Current period
Cash or cash equivalents paid in the current period for business combinations that occurred in the current period	42,000,000.00
Subtract: Cash and cash equivalents held by the Company at the date of purchase	2,599,478.08
Add: Cash or cash equivalents paid in the current period for business combinations that occurred in previous periods	
Net cash paid to acquire subsidiaries	39,400,521.92

3. Composition of cash and cash equivalent

Item	Ending balance	Beginning balance
1. Cash	41,812,079,851.67	32,788,427,044.96
Including: Cash on hand	123,486.29	111,777.21
Bank deposit available for payment at anytime	33,727,256,877.52	22,252,086,070.64
Other monetary funds available for payment at anytime	33,267,438.83	79,900,107.30
Deposit in central bank for payment		
Inter-bank deposits	8,051,432,049.03	10,456,329,089.81
Inter-bank loans		
2. Cash Equivalents	1,000,000,000.00	400,000,000.00
Including: Bond investment mature within 3 months		
3. Ending balance of cash and cash equivalents	42,812,079,851.67	33,188,427,044.96
Including: Restricted cash and cash equivalents used by the parent company or the group's subsidiaries		

4. Restricted use but still presented as cash and cash equivalents

Item	Current period amount	Reason
Pledged quote repurchase	1,000,000,000.00	Maturity of less than three months, low risk of value changes, easily convertible to known cash.
Total	1,000,000,000.00	

5. Cash funds not classified as cash and cash equivalents

Item	Ending balance	Beginning balance	Reason
Large certificates of deposit and interest receivable	509,321,527.20	370,232,845.27	Not withdraw-able at any time
Reserve for legal deposits with the central bank	969,478,061.67	479,068,889.27	Not withdraw-able at any time
Non-drawable time deposits until maturity		2,301,265.52	Not withdraw-able at any time
Guarantee deposits	67,927,896.94	85,484,775.31	Not withdraw-able at any time
Futures margin		2,568,478.30	Not withdraw-able at any time
Pledged bank deposits and other restricted funds	12,734,654.91	125,248,721.67	Not withdraw-able at any time
Total	1,559,462,140.72	1,064,904,975.34	

Note 66. Foreign currencies monetary items

1. Foreign currencies monetary items

Item	Foreign currency ending balance	Exchange rate	Balance of converted RMB at the end of the period
Cash and cash equivalents			
Of which: USD	31,478,547.07	7.0827000	222,953,105.31
EUR	24,304,138.32	7.8592000	191,011,083.92
HKD	51,824,246.61	0.9062200	46,964,168.76
NZD	24,633,609.18	4.4991000	110,829,071.07
IDR	260,065,220,859.11	0.0004588	119,305,960.33
MYR	5,586,641.69	1.5415446	8,612,057.49
THP	215,107,088.89	0.2073613	44,604,891.40
GBP	200,169.59	9.0411000	1,809,753.30
VND	13,018,605,952.78	0.0002968	3,863,518.67
AUD	6,533,635.48	4.8484000	31,677,678.26
TWD	60,401,383.00	0.2312834	13,969,836.74
BUK	2,958,083,777.63	0.0033727	9,976,770.57
Bill receivable			
Of which: TWD	25,683,204.00	0.2312834	5,940,098.54
Accounts receivable			
Of which: USD	78,848,598.65	7.0827000	558,460,969.65
EUR	45,581,597.89	7.8592000	358,234,894.16
HKD	20,995,792.66	0.9062200	19,026,807.22
NZD	41,775,460.99	4.4991000	187,951,976.52
THP	141,131,026.62	0.2073613	29,265,116.96
SGD	501,085.28	5.3772000	2,694,435.78
GBP	260,194.69	9.0411000	2,352,446.21
AUD	6,021,636.44	4.8484000	29,195,302.12
IDR	23,979,435,165.69	0.0004588	11,000,661.80
TWD	13,679,489.00	0.2312834	3,163,838.62
BUK	342,913,600.15	0.0033727	1,156,549.50
MYR	1,346,084.55	1.5415446	2,075,049.40
Other receivables			
Of which: EUR	28,104,598.32	7.8592000	220,879,659.10
HKD	3,195,582.61	0.9062200	2,895,900.88
NZD	359,030.61	4.4991000	1,615,314.62
IDR	6,636,083,260.31	0.0004588	3,044,329.74
AUD	220,551.17	4.8484000	1,069,320.29

Item	Foreign currency ending balance	Exchange rate	Balance of converted RMB at the end of the period
Accounts payable			
Of which: USD	4,068,841.67	7.0827000	28,818,384.93
EUR	54,021,725.24	7.8592000	424,567,542.97
HKD	6,248,449.65	0.9062200	5,662,470.04
NZD	163,572,702.71	4.4991000	735,929,946.78
IDR	147,355,570,741.62	0.0004588	67,599,957.50
THP	226,328,245.62	0.2073613	46,931,725.35
GBP	605,072.63	9.0411000	5,470,522.16
AUD	979,461.81	4.8484000	4,748,822.65
TWD	5,869,003.00	0.2312834	1,357,402.92
Other payables			
Of which: EUR	12,827,757.39	7.8592000	100,815,910.85
NZD	1,712,001.36	4.4991000	7,702,465.30
IDR	4,282,955,679.95	0.0004588	1,964,823.05
AUD	406,884.52	4.8484000	1,972,738.91
THP	90,485,396.92	0.2073613	18,763,171.98
Short-term loan			
Of which: USD	458,147,235.29	7.0827000	3,244,919,423.39
EUR	264,425,649.71	7.8592000	2,078,174,066.20
NZD	251,083,620.82	4.4991000	1,129,650,318.43
HKD	110,328,145.13	0.9062200	99,981,571.68
Long-term loans due within one year			
Of which: EUR	25,400,000.00	7.8592000	199,623,680.00
Bonds payable			
Of which: USD	500,000,000.00	7.0827000	3,541,350,000.00
Bonds payable due within one year			
Of which: USD	925,347.22	7.082700	6,553,956.76

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 subsidiaries, Oceania Dairy Limited and Westland Dairy Company Limited, operate in New Zealand and their local currency is New Zealand dollars. The subsidiary, THE CHOMTHANA COMPANY LIMITED, operates in Thailand and its local currency is Thailand Baht. The subsidiaries, PT. Green Asia Food Indonesia and PT. Yili Indonesia Dairy, operate in Indonesia and are denominated in Indonesian Rupiah. Ausnutria Dairy (Dutch) Cooperatief U.A. and its subsidiaries mainly operate in the Netherlands and are denominated in Euro. The local currency of the accounts is determined on the basis of the prevailing economic environment of the foreign operating entities and has not changed during the year.

Note 67. Leases

1. Disclosure as a lessee

Lease costs for short-term leases or low-value assets with simplified treatment

Item	Current period
Lease payments for short-term leases or low-value assets	95,681,417.25
Total	95,681,417.25

The total cash outflow related to the lease is 353,888,096.48.

2. Disclosure as lessor

(1) Information relating to operating leases

Revenue related to operating leases is shown below:

Item	Lease income	Of which: Income related to variable lease payments not included in lease receipts
Lease income	63,342,353.19	
Total	63,342,353.19	

VI. Research and development expenditure

1. Presentation by nature of costs

Item	Current period	Last period
Employee remuneration	270,682,458.81	253,500,268.19
Depreciation and repair costs	71,425,690.52	60,763,018.82
Research, testing and design costs	447,659,910.76	463,281,787.37
Others	60,378,087.08	44,006,186.61
Total	850,146,147.17	821,551,260.99
Of which: Expensed research and development expenditure	850,146,147.17	821,551,260.99
Capitalised research and development expenditure		

VII. Changes in consolidation scope

(I) Business combinations not under the common control

1. Business combinations not under common control that occurred in the current period

Unit: ten thousand RMB

Company name	Time of equity acquisition	Cost of equity acquisition	Shareholding ratio (%)	Way of equity obtain
Inner Mongolia Kangyijia Biotechnology Co.,Ltd.	28 April 2023	4,200.00	100.00	Acquisition
Bioflag Nutrition Corporation Ltd.	3 January 2023	18,858.50	61.09	Acquisition

Continue:

Company name	Purchase date	Basis for determining the date of purchase	Income of the acquiree from the date of purchase to the end of the period	Net profit of the acquiree from the date of purchase to the end of the period	Cash flows of the purchased at the end of the period from the date of purchase
Inner Mongolia Kangyijia Biotechnology Co.,Ltd.	28 April 2023	Took control	349.81	-1,658.12	436.51
Bioflag Nutrition Corporation Ltd.	3 January 2023	Took control	16,597.18	923.82	252.28

2. Combination costs and goodwill

Unit: ten thousand RMB

Combination cost	Inner Mongolia Kangyijia Biotechnology Co.,Ltd.	Bioflag Nutrition Corporation Ltd.
Cash	4,200.00	
Fair value of non-cash assets		
Fair value of debt issued or assumed		
Fair value of equity securities issued		
Fair value of contingent consideration		
The fair value of the equity held before the purchase date on the purchase date		18,858.50
Other		
Total combination cost	4,200.00	18,858.50
Subtract: Fair value share of identifiable net assets acquired	384.37	10,388.16
The amount of goodwill/combination cost less than the fair value share of identifiable net assets acquired	3,815.63	8,470.34

The determination method of the fair value of the combination cost, the description of the contingent consideration and its changes:
The fair value of the consolidated cost of Inner Mongolia Kangyijia Biotechnology Co., Ltd. and Bioflag Nutrition Corporation Ltd. was determined through an asset valuation.

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

Unit: ten thousand RMB

Item	Inner Mongolia Kangyijia Biotechnology Co.,Ltd.		Bioflag Nutrition Corporation Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets:	1,001.93	995.70	22,767.08	21,114.50
Cash and cash equivalents	259.95	259.95	2,170.00	2,170.00
Accounts receivable	8.03	8.03	1,646.20	1,646.20
Inventories	57.68	57.68	3,242.20	3,242.20
Fixed assets	134.89	131.28	6,282.35	7,579.35
Intangible assets	104.82	102.20	4,163.02	1,213.32
Other assets	436.56	436.56	5,263.31	5,263.43
Liabilities:	617.56	617.56	5,654.90	5,407.00
Loan			1,990.00	1,990.00
Accounts payable	502.01	502.01	2,512.90	2,512.90
Other liabilities	115.55	115.55	1,152.00	904.10
Net assets	384.37	378.14	17,112.18	15,707.50
Subtract: Minority interests			107.50	107.50
Net assets acquired	384.37	378.14	17,004.68	15,600.00

Method of determining the fair value of identifiable assets and liabilities:
The fair value of identifiable assets and liabilities of the acquired company is determined on the basis of appraisal value.

(II) Business combination under the common control

None

(III) Counter purchase

None

(IV) Disposal of subsidiaries

None

(V) Changes in the scope of the consolidation for other reasons

1. The list of subsidiaries of current period included in the consolidated scope

Company name	Reason
Inner Mongolia Yili Cultural Tourism Development Co.,Ltd.	Investment establishment

VIII. Equities in other entities

(I) Equities in subsidiaries

1. Composition of the enterprises Group

Subsidiary name	Principal business operation location	Registered capitals (ten thousand RMB)	Registration location	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Baotou Yili Dairy Co., Ltd.	Baotou	12,000.00	Baotou Xitu High-tech Zone	Dairy production and sales	100.00		Investment establishment
Duerbote Yili Dairy Co., Ltd.	Daqing	28,920.00	Daqing	Milk powder production and sales	91.34		Investment establishment
Langfang Yili Dairy Products Co., Ltd.	Langfang	4,500.00	Langfang	Dairy production and sales	75.00		Investment establishment
Inner Mongolia Lingxian Food Co., Ltd.	Hohhot	488.00	Hohhot	Processing and sales of agricultural and side line products	100.00		Investment establishment
Inner Mongolia Qingshan Dairy Co., Ltd.	Hohhot	822.00	Hohhot	Milk powder sales	100.00		Investment establishment
Tianjin Yili Kangye Industry Frozen Food Co., Ltd.	Tianjin	8,200.00	Jinnan Economic Development Zone	Frozen drinks production and sales	55.00		Investment establishment
Inner Mongolia Yili Fubeier Dairy Products Co., Ltd.	Hohhot	3,600,000.00(DM)	Hohhot	Milk powder Production	74.51		Investment establishment
Zhaodong Yili Dairy Co., Ltd.	Zhaodong, Heilongjiang	13,000.00	Zhaodong	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Yili Enterprise Development Co., Ltd.	Hohhot	500.00	Hohhot	Consulting Services	100.00		Investment establishment
Xi'an Yili Taipuke Drink Co., Ltd.	Xi'an	14,260.00	Xi'an	Dairy production and sales	100.00		Investment establishment
Lindian Yili Dairy Co., Ltd.	Lindian County, Heilongjiang	4,000.00	Lindian County	Dairy production and sales	100.00		Investment establishment
Qiqihar Yili Dairy Co., Ltd.	Qiqihar	1,500.00	Qiqihar	Dairy production and sales	100.00		Investment establishment
Chifeng Yili Dairy Co., Ltd.	Chifeng	3,000.00	Chifeng	Dairy production and sales	100.00		Investment establishment
Dingzhou Yili Dairy Co., Ltd.	Dingzhou	20,500.00	Dingzhou	Dairy production and sales	100.00		Investment establishment
Yili Suzhou Dairy Co., Ltd.	Suzhou	32,000.00	Suzhou Industrial Park	Dairy production and sales	100.00		Investment establishment
Jinan Yili Dairy Co., Ltd.	Jinan	69,000.00	Pingyin County	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Jinchuan Yili Dairy Co., Ltd.	Hohhot	1,475.00	Hohhot	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Jinshan Dairy Co., Ltd.	Hohhot	10,100.00	Hohhot	Dairy production and sales	100.00		Investment establishment
Foshan Yili Dairy Co., Ltd.	Foshan	8,000.00	Foshan	Frozen drinks production and sales	100.00		Investment establishment
Hefei Yili Dairy Co., Ltd.	Hefei	110,000.00	Hefei	Dairy production and sales	100.00		Investment establishment
Liaoning Yili Dairy Co., Ltd.	Shenyang	10,000.00	Shenyang	Dairy production and sales	70.00		Investment establishment
Hubei Huanggang Yili Dairy Co., Ltd.	Huanggang	79,700.00	Huanggang	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Shengtai Venture Capital Co.,Ltd	Hohhot	106,420.00	Hohhot	Investment	100.00		Investment establishment
Chengdu Yili Dairy Co., Ltd.	Chengdu	13,000.00	Chengdu Qionglai	Dairy production and sales	100.00		Investment establishment
Urumqi Yili Food Co., Ltd.	Urumqi	9,000.00	Urumqi	Dairy production and sales	100.00		Investment establishment
Henan Yili Dairy Co., Ltd.	Pingdingshan	12,740.00	Pingdingshan	Dairy production and sales	100.00		Investment establishment
Fuxin Yili Dairy Co., Ltd.	Fuxin, Liaoning	1,221.00	Fuxin	Dairy production and sales	100.00		Investment establishment
Duolun Yili Dairy Co., Ltd.	Duolun County,Inner Mongolia	1,700.00	Duolun County	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Jinhai Yili Dairy Co., Ltd.	Hohhot	12,000.00	Hohhot	Dairy production and sales	100.00		Investment establishment
Xilin Hot Yili Dairy Products Co., Ltd.	Xilin Hot	5,000.00	Xilin Gol Economic and technological Development zone	Dairy production and sales	100.00		Investment establishment
Luanzhou Yili Dairy Co., Ltd.	Luan County, Hebei	37,000.00	Luan County,Hebei Province	Dairy production and sales	100.00		Investment establishment
Lanzhou Yili Dairy Co., Ltd.	Lanzhou	19,000.00	Lanzhou	Dairy production and sales	100.00		Investment establishment
YILI INTERNATIONAL DEVELOPMENT CO., LIMITED	Hong Kong	160,140,000.00(USD)	Hong Kong	Trade	100.00		Investment establishment
Tianjin Yili Dairy Co., Ltd.	Tianjin	10,000.00	Tianjin	Milk powder production and sales	100.00		Investment establishment

Subsidiary name	Principal business operation location	Registered capitals (ten thousand RMB)	Registration location	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Shaanxi Yili Dairy Co., Ltd.	Lantian County,Shaanxi	17,000.00	Lantian County	Frozen drinks production and sales	100.00		Investment establishment
Bayannur Yili Dairy Co., Ltd.	Bayannur	1,500.00	Bayannur	Dairy production and sales	100.00		Investment establishment
Zhejiang Yili Dairy Co., Ltd.	Jinhua,Zhejiang	10,000.00	Jinhua	Frozen drinks production and sales	100.00		Investment establishment
Tianjin Yili Dairy Products Co., Ltd.	Tianjin	27,000.00	Wuqing Development Zone	Dairy production and sales	98.15	1.85	Investment establishment
Fuxin Yili Dairy Products Co., Ltd.	Fuxin,Liaoning	48,000.00	Fuxin	Dairy production and sales	100.00		Investment establishment
Weifang Yili Dairy Co., Ltd.	Weifang	48,000.00	Linqu County	Dairy production and sales	100.00		Investment establishment
Ningxia Yili Dairy Co., Ltd.	Wu Zhong,Ningxia	81,088.00	Wuzhong	Dairy production and sales	100.00		Investment establishment
Heilongjiang Yili Dairy Co., Ltd.	Daqing	36,500.00	Durbert County	Dairy production and sales	100.00		Investment establishment
Zhangbei Yili Dairy Co., Ltd.	Zhangbei, Hebei	13,000.00	Zhangbei Town, Zhangbei County	Dairy production and sales	100.00		Investment establishment
Guangdong Yili Dairy Co., Ltd.	Huizhou	73,000.00	Huize Avenue, Huizhou City	Dairy production and sales	100.00		Investment establishment
Xianyang Yili Dairy Co., Ltd.	Xianyang	90,000.00	Sanyuan County, Shaanxi Province	Dairy production and sales	100.00		Investment establishment
HONGKONG JINGANG TRADE HOLDING CO., LIMITED	Hong Kong	2,061,830,000.00(USD)	Hong Kong	Business Trade	100.00		Investment establishment
Jiyuan Yili Dairy Co., Ltd.	Jiyuan,Henan	40,000.00	Jiyuan, Henan Province	Dairy production and sales	100.00		Investment establishment
Guangxi Yili Frozen Food Co., Ltd.	Nanning	21,200.00	Nanning	Frozen drinks production and sales	100.00		Investment establishment
Yunnan Yili Dairy Co., Ltd.	Kunming	27,000.00	Kunming	Dairy production and sales	100.00		Investment establishment
Meizhou Yili Frozen Food Co., Ltd.	Meizhou, Guangdong	46,000.00	Shejiang Town, Mei County, Guangdong	Frozen products production and sales	100.00		Investment establishment
Changchun Yili Frozen Food Co., Ltd.	Changchun	41,000.00	Changchun Jiutai Economic Development Zone	Frozen products production and sales	100.00		Investment establishment
Longyou Yili Dairy Co., Ltd.	Longyou, Zhejiang	42,300.00	Longyou Industrial Park,Zhejiang	Dairy production and sales	100.00		Investment establishment
Jinzhong Yili Dairy Co., Ltd.	Qi County, Shanxi	42,500.00	Qi County, Shanxi	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Technology Research Institute Co., Ltd.	Hohhot	82,507.00	Hohhot Jinshan Development Zone	Dairy technology	100.00		Investment establishment
Yili Finance Co., Ltd.	Hohhot	100,000.00	Hohhot	Finance	100.00		Investment establishment
Inner Mongolia Huishang Finance Guarantee Co., Ltd.	Hohhot	50,000.00	Hohhot	Guarantee	100.00		Investment establishment
Huishang Commercial Factoring Co., Ltd.	Hohhot	200,000.00	Shenzhen	Guaranteed agency	100.00		Investment establishment
Lizhimei (Shanghai) Investment Co., Ltd.	Shanghai	55,000.00	Shanghai Free Trade Pilot Zone	Industrial investment, Food circulation	100.00		Investment establishment
Shenyang Yili Co., Ltd.	Shenyang	56,000.00	Shenbei New District, Shenyang	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Yili Management Consulting Co., Ltd.	Hohhot	100.00	Hohhot	Consulting services	100.00		Investment establishment
Inner Mongolia HuiShang Internet micro-loan Co., Ltd.	Hohhot	150,000.00	Hohhot	Micro-loans	100.00		Investment establishment
Daqing Yili Dairy Products Co., Ltd.	Daqing, Heilongjiang	159,734.00	Lindian County, Daqing	Dairy production and sales	100.00		Investment establishment

Subsidiary name	Principal business operation location	Registered capitals (ten thousand RMB)	Registration location	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Wuwei Yili Dairy Co., Ltd.	Gansu province	60,000.00	Wuwei	Dairy production and sales	100.00		Investment establishment
Antu Yili Changbai Mountain Natural Mineral Drink Co., Ltd.	Jilin Province	55,000.00	Antu County, Yanbian Prefecture	Mineral water manufacturing and sales	100.00		Investment establishment
Yili Innovation Investment Management (Zhuhai) Co., Ltd.	Zhuhai	2,000.00	Zhuhai	Investment consulting, Investment management	100.00		Investment establishment
Yili Venture Capital (Suzhou) Co., Ltd.	Suzhou	15,000.00	Suzhou	Venture Capital	100.00		Investment establishment
Arxan Yili Natural Mineral Drink Co., Ltd.	Arxan	21,000.00	Arxan	Mineral water manufacturing and sales	100.00		Acquisition
Hulunbeier Yili Dairy Co., Ltd.	Hulunbeier	82,516.00	Hulunbeier	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Jinze Yili Dairy Co., Ltd.	Hohhot	215,000.00	Hohhot	Dairy production and sales	100.00		Investment establishment
Zhuhai Jianling Venture Capital Fund Partnership (Limited Partnership)	Zhuhai	67,000.00	Zhuhai	Equity investment, Venture capital	74.63	25.37	Investment establishment
Inner Mongolia Jinhao Yili Dairy Co., Ltd.	Hohhot	362,000.00	Hohhot	Dairy production and sales	100.00		Investment establishment
Wuhan Yili Dairy Co., Ltd.	Wuhan	10,000.00	Wuhan	Dairy production and sales	100.00		Investment establishment
Inner Mongolia Xing'an Yili Dairy Co., Ltd.	Xing'an League	107,292.00	Xing'an League	Dairy production and sales	100.00		Investment establishment
Zhumadian Yili Dairy Co., Ltd.	Zhumadian, Henan	2,000.00	Zhumadian	Dairy production and sales	100.00		Investment establishment
Jianling (Zhuhai) Fund-of-Fund Partnership (Limited Partnership)	Zhuhai	200,000.00	Zhuhai	Investment	99.50	0.50	Investment establishment
Inner Mongolia Yizhiniu Animal Husbandry Co., Ltd.	Hohhot	7,000.00	Hohhot	Meat processing, Sales	100.00		Investment establishment
China Youran Dairy Holding Limited	Cayman Islands	2.59	Cayman Islands	Investment	100.00		Capital reduction by other shareholders
Inner Mongolia Sansentian Enterprise Management Co., Ltd.	Hohhot	3,000.00	Hohhot	Consulting services and planning	100.00		Investment establishment
Inner Mongolia Yijiahao Cheese Co., Ltd.	Hohhot	11,880.00	Hohhot	Dairy production and sales	50.51		Investment establishment
Inner Mongolia National Dairy Technology Innovation Center Co., Ltd.	Hohhot	1,000.00	Hohhot	Dairy technology	7.00	79.00	Investment establishment
Shenzhen Jianling Innovation Seed Private Equity Investment Fund	Shenzhen	35,000.00	Shenzhen	Equity investment, Investment management, Asset management	99.00	1.00	Investment establishment
Hubei Yili Food Co., Ltd.	Huanggang	80,000.00	Huanggang	Food production, Food sales	100.00		Investment establishment
Liaoning Jinhong Yili Dairy Co., Ltd.	Shenyang	182,200.00	Shenyang	Dairy production and sales	100.00		Acquisition
Inner Mongolia Yili Technology Co., Ltd.	Hohhot	10,000.00	Hohhot	Technology development, technology consultancy	73.00	17.00	Investment establishment
Inner Mongolia Yili Cultural Tourism Development Co., Ltd.	Hohhot	1,000.00	Hohhot	Tourism, food sales	100.00		Investment establishment
Inner Mongolia Kangyijia Biotechnology Co., Ltd.	Hohhot	9,000.00	Hohhot	Pet food production and sales	100.00		Acquisition
Sijiu (Shanghai) Trading Co., Ltd.	Shanghai	10,000.00	Shanghai	Food Sales	100.00		Investment establishment

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Jianling (Zhuhai) Fund of Funds Partnership (Limited Partnership) (referred to as "Jianling Fund of Funds"), a subsidiary of the Company, holds more than 50% of Nanjing Hexie Qingxin Equity Investment Partnership (Limited Partnership) (referred to as "Hexie Qingxin") shareholding but not control. According to the partnership agreement, Jianling Fund of Funds is a limited partner, and the Hexie Qingxin Investment Committee consists of 2 members, including 1 person appointed by the limited partner and 1 person appointed by the general partner. Resolutions must be unanimously agreed by members of the investment committee. Therefore, although the Jianling Fund of Funds holds more than half of the shares in Hexie Qingxin, it does not have control over it.

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

None

(III) Equities in joint ventures or associated enterprises

1. Important joint ventures or associated enterprises

Name of joint venture or associates	Principal business operation location	Registration location	Business nature	Shareholding ratio (%)		Accounting treatment for investment in joint ventures or associated corporations
				Direct	Indirect	
China Youran Dairy Group Limited	China	Cayman Islands	Animal and accessory products sales		34.80	Equity method

2. Major financial information of important associated enterprises

Unit:ten thousand RMB

Item	Ending balance/current period	Beginning balance/ last period
	China Youran Dairy Group Limited	China Youran Dairy Group Limited
Current asset	1,149,528.73	1,164,595.40
Non-current assets	3,424,433.23	2,986,192.04
Total assets	4,573,961.96	4,150,787.44
Current liabilities	2,087,901.96	1,867,747.79
Non-current liabilities	1,239,807.28	1,013,193.51
Total liabilities	3,327,709.24	2,880,941.30
Minority shareholder's interest	130,257.36	137,491.90
Attributable to parent company shareholders' equity	1,115,995.36	1,132,354.24
Share of net assets (calculated by shareholding ratio)	388,366.39	394,059.28
Adjusting items		
—Goodwill		
—Unrealized profit of internal transactions		
—Others		
Book value of equity investment in associated enterprises	388,366.39	394,059.28
Fair value of equity investment in associated enterprises with public offering	175,949.50	254,843.50
Operating revenue	1,982,637.58	1,915,934.31
Net profit	1,945.79	40,758.70
Net profit of termination operation		
Other comprehensive income	-6,157.33	-25,218.87
Total comprehensive income	-4,211.54	15,539.83
Dividend received from associated enterprises for the year	2,905.76	

3. Financial information of unimportant joint ventures or associated corporations

Unit:ten thousand RMB

Item	Ending balance / current period	Beginning balance / last period
Joint venture:		
Total investment book value	29,490.98	14,037.20
The following items are calculated on a shareholding basis		
Net income	-1,708.44	2,114.42
Other comprehensive income		
Total comprehensive income	-1,708.44	2,114.42
Associates:		
Total investment book value	22,980.06	48,186.60
The following items are calculated on a shareholding basis		
Net income	-4,932.00	-601.81
Other comprehensive income		-1,132.71
Total comprehensive income	-4,932.00	-1,734.52

IX. Government subsidies

(I) Liability items involving government subsidies

Accounting item	Beginning balance	Amount of new subsidies during the period	Amount included in non-operating income for the period	Amount included in other income for the period	Add: Other changes	Ending balance	Asset-related/ revenue-related
Deferred income	371,798,200.00	226,094,892.60		42,940,528.27	-85,552,914.33	469,399,650.00	Asset-related
Deferred income	132,557,365.37	332,803,202.42		44,414,018.65	-32,335,000.00	388,611,549.14	Revenue-related
Total	504,355,565.37	558,898,095.02		87,354,546.92	-117,887,914.33	858,011,199.14	

Other changes mainly relate to appropriations to third parties and the offsetting of deferred income against assets as they reach their intended use.

(II) Government subsidies recognized in the current period's profit or loss

Type	Current period	Last period
Asset-related	42,940,528.27	
Revenue-related	1,055,175,157.67	982,838,254.03
Total	1,098,115,685.94	982,838,254.03

X. The Risks Related to Financial Instruments

(I) Financial instruments risk

During the operation, the Company will face various financial risks: credit risk, liquidity risk and market risk (mainly foreign currency risk 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.

1. Credit risk

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

The Company's cash and cash equivalents mainly are deposits at the central bank, commercial bank and other financial institutions. The management believe that the central bank or commercial banks have high credibility and positive asset status and there is no significant credit risk of incurring any material loss due to default of the counterparty.. The Company also makes deposits in different commercial banks to spread risk.

For notes receivable, accounts receivable, other receivables, etc, the Company sets policies to control exposure to credit risk. 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 written reminder, shortening credit period or cancelling credit period to ensure the Company's overall credit risk is within the controllable range.

On 31 December 2023, the book balance of the relevant assets and expected credit impairment losses are as follows:

Item	Book balance	Provision for impairment
Notes receivable	220,440,098.54	
Accounts receivable	3,184,937,408.42	100,269,010.28
Other receivables	224,525,779.23	29,834,174.36
Other current assets	4,784,739,268.22	152,696,369.04
Non-current assets due within one year	2,068,805,492.98	117,035,751.20
Other non-current assets	1,241,196,634.77	79,128,043.54
Total	11,724,644,682.16	478,963,348.42

On 31 December 2023, the Company's top five customers' accounts receivable accounted for 39.88% of the Company's total accounts receivable. (End of 2022: 36.54%).

The maximum exposure to credit risk for the Company is each financial asset book value in balance sheet. Except the financial guarantee made by the Company in Note XIV "(II) Contingencies", there are no other guarantees given that would expose the Company to credit risk.

2. 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 payment obligations.

The Company continuously monitors its short and long term funding requirements to ensure that it maintains adequate cash reserves and also continuously monitors compliance with the provisions of the loan agreements to obtain commitments from major financial institutions to provide sufficient standby funds to meet short and long term funding requirements..

On 31 December 2023, the Company's financial liabilities based on the contractual undiscounted payments are presented by due date as follow:

Item	31 December 2023				
	Total undiscounted contract value	Within 1 year	1-2 years	2-5 years	More than 5 years
Short-term borrowings	39,936,757,442.42	39,936,757,442.42			
Derivative financial liabilities	780,088.69	780,088.69			
Notes payable	1,040,739,947.37	1,040,739,947.37			
Accounts payable	13,798,869,047.01	13,798,869,047.01			
Other payables	2,528,794,105.69	2,528,794,105.69			
Non-current liabilities due within one year	2,785,325,375.22	2,785,325,375.22			
Long-term borrowings	11,981,197,496.98		6,655,510,699.21	5,325,138,516.37	548,281.40
Bonds payable	3,592,275,098.12		3,592,275,098.12		
Long-term payables	36,283,688.22		36,283,688.22		
Lease liabilities	267,611,248.98		87,226,527.24	133,958,467.61	46,426,254.13
Subtotal	75,968,633,538.70	60,091,266,006.40	10,371,296,012.79	5,459,096,983.98	46,974,535.53

Continued:

Item	31 December 2022				
	Total undiscounted contract value	Within 1 year	1-2 years	2-5 years	More than 5 years
Short-term borrowings	26,799,481,240.45	26,799,481,240.45			
Derivative financial liabilities	56,313,653.68	56,313,653.68			
Notes payable	880,817,234.63	880,817,234.63			
Accounts payable	15,925,801,104.29	15,925,801,104.29			
Other payables	2,959,671,591.30	2,959,671,591.30			
Non-current liabilities due within one year	982,669,875.43	982,669,875.43			
Long-term borrowings	9,298,211,409.85		1,641,620,000.00	7,656,056,092.45	535,317.40
Bonds payable	3,482,300,000.00			3,482,300,000.00	
Long-term payables	34,890,000.00			34,890,000.00	
Lease liabilities	323,975,705.78		111,185,945.25	171,002,456.26	41,787,304.28
Subtotal	60,744,131,815.41	47,604,754,699.78	1,752,805,945.25	11,344,248,548.71	42,322,621.68

3. Market risk

(1) Foreign currency risk

The Company is mainly engaged in business activities in China, and the main business is settled in RMB. However, the Company's confirmed foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated in US dollars, euros, New Zealand dollars, Australian dollars and Hong Kong dollars, etc.) still have foreign currency risks. The financial department of the Company is responsible for monitoring the Company's foreign currency transactions and the scale of foreign currency assets and liabilities, so as to minimize the foreign currency risk it faces.

1) The Company signed the forward foreign exchange contract as follows: the subsidiary Westland Dairy Company Limited used the forward foreign exchange contract to reduce the risk of cash flow changes caused by the exchange rate fluctuations of sales and purchases settled in foreign currencies. For details, please refer to the "(II) Hedging";

2) As of 31 December 2023, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Company converted into RMB is listed in Note V "Note 66 Foreign Currency Monetary Items";

3) Sensitivity analysis.

The foreign currency assets and liabilities held by the Company are mainly monetary items. 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 and bonds. Financial liabilities with fixed interest rates causes the Company to face the risk of fair value of interest rate. The Company's financial department is continuously monitoring 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 2023, the percentage of interest-bearing liabilities accounted for 38.06 % of total assets;

3) Sensitivity analysis

On 31 December 2023, 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 288,543,334.42 RMB, resulting in the annual total profit reduction or increase of 288,543,334.42 RMB. The sensitivity analysis above assumes that interest rate changes have taken place on the balance sheet date.

(II) Hedge

1. Corporate hedging for risk management

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information on hedged risks	Economic relationships between hedged items and related hedging instruments	The effective achievement of the expected risk management objectives	The impact of the corresponding hedging activity on the risk exposure
Commodity futures and commodity options	In order to avoid the risk of price fluctuation of raw materials and finished products, control the procurement cost and lock the sales profit.	There is a risk of market price fluctuation of raw materials required for production.	Raw materials required for production, such as sugar, palm oil, plastics and raw milk, are bought in corresponding futures or option varieties to mitigate raw material purchase price risks.	Carrying out commodity futures hedging business can avoid and reduce the unfavourable risks brought by the fluctuation of raw material prices to the Company's operation.	Buying corresponding futures contracts to hedge the price exposure risk existing on the spot side.
Foreign exchange derivatives	To cope with the risk of exchange rate fluctuations through the use of financial derivatives such as foreign exchange forwards to reduce the impact of exchange rate fluctuations on operating profit and loss and cash flow.	There is a risk of exchange rate fluctuations in the business of receiving and paying funds in foreign currencies. Hedging of forecasted foreign currency cash flow risk exposure is executed within the overall forecast period and forecast amount.	Sales operations of overseas subsidiaries are settled in foreign currencies such as USD, AUD, GBP, etc., and the impact of exchange rate fluctuations is mitigated through the use of foreign exchange contract instruments such as forwards.	Carrying out foreign exchange derivatives transactions can improve the Company's ability to cope with the risk of foreign exchange fluctuations, avoid and prevent the risk of fluctuations in foreign exchange rates and interest rates, and enhance the Company's financial soundness.	The purchase of corresponding forward foreign exchange contracts hedges the risk of exchange rate fluctuations in the receipt and payment of funds in foreign currencies.

2. Company conducts eligible hedging operations and applies hedge accounting

Item	Carrying value related to hedged items and hedging instruments	Cumulative fair value hedge adjustments for hedged items included in the carrying value of the hedged item recognized	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting related to the Company's financial statements
Type of hedging risk				
Exchange rate risk	90,680,896.17	Inapplicable	The relevance of the hedged item to the hedging instrument.	Impact on total profit for the period of RMB 23,011,500
Type of hedging				
Cash flow hedging	90,680,896.17	Inapplicable	The relevance of the hedged item to the hedging instrument.	Impact on total profit for the period of RMB 23,011,500

(III) Financial assets

1. Classification of transfer modalities

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for judgement of derecognition
Endorsement	Notes receivable	159,910,000.00	Yes	As the credit risk and deferred payment risk of bank acceptances in notes receivable are minimal and the interest rate risk associated with the notes has been transferred to the bank, it can be judged that the major risks and rewards of ownership of the notes have been transferred and therefore derecognized.
Equity transfer	Investments in other equity instruments	10,418,992.39	Yes	Equity transfer.
Total		170,328,992.39		

2. Financial assets derecognized as a result of a transfer

Item	Ways of transferring financial assets	Amount of financial assets derecognized	Profit or loss related to derecognition
Notes receivable	Endorsement	159,910,000.00	
Investments in other equity instruments	Equity transfer	10,418,992.39	18,081,007.61
Total		170,328,992.39	18,081,007.61

XI. 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 balance sheet date 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: Unadjusted quotes for the same asset or liability in an active market at the measurement date;

Level 2: Inputs that are directly or indirectly observable for related assets or liabilities, except for Level 1 inputs;

The input value of the second level included: 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 curves, implied volatility, and credit spreads that can be observed at normal quote intervals; 4) The input value of market verification.

Level 3: Unobservable inputs of related assets or liabilities.

Item	Fair value at the end of the period			
	First level of fair value measurement	Second level of fair value measurement	Third level fair value measurement	Total
I. Continuous fair value measurement				
(I) Financial assets held for trading	11,457,348.28			11,457,348.28
Subtotal of financial assets measured at fair value through the income statement	11,457,348.28			11,457,348.28
Debt instrument investment				
Equity instrument investment	11,457,348.28			11,457,348.28
Derivative financial assets				
Subtotal of designated financial assets at fair value through profit or loss for the period				
Debt instrument investment				
Equity instrument investment				
(II) Derivative financial assets		91,460,984.86		91,460,984.86
(III) Other debt investment				
(IV) Investment in other equity instruments			2,074,350,649.68	2,074,350,649.68
(V) Subtotal of investment properties				
Leased land-use rights				
Rental buildings				
Land-use held for capital appreciation				
(VI) Subtotal of biological assets				
Consumptive biological assets				
Productive biological assets				
(VII) Other non-current financial assets	202,837,007.70		1,756,828,157.89	1,959,665,165.59
Total assets continuously measured at fair value	214,294,355.98	91,460,984.86	3,831,178,807.57	4,136,934,148.41
(VIII) Financial liabilities held for trading				
Subtotal of financial liabilities measured at fair value through the income statement				
Issued trading bonds				
Derivative financial liabilities				
Others				
Designated financial liabilities at fair value through profit or loss for the period				
(IX) Derivative financial liabilities		780,088.69		780,088.69
Total liabilities continuously measured at fair value		780,088.69		780,088.69
II. Non-continuous fair value measurement				
(I) Holding assets for sale				
Total assets not measured continuously at fair value				
Total liabilities not measured continuously at fair value				

(II) The basis for determining the market value of the first level of continuous and non-continuous fair value measurement items

The fair value of investment in equity instruments with an open market is determined by the closing price of the stock exchange on the balance sheet date.

(III) The valuation techniques, and qualitative and quantitative information of important parameters are used for the items with continuous and non-continuous level 2 fair value measurement

The continuing and non-continued level 2 fair value measurement items include investments in foreign exchange derivatives, the fair value of which is determined using quoted prices provided by banks and other financial institutions at the balance sheet date.

(IV) The valuation techniques, and qualitative and quantitative information of important parameters are used for the items with continuous and non-continuous level 3 fair value measurement

The continuing and non-continued level 3 fair value measurement items include investments in unlisted equity instruments, the fair value of which is determined either by valuation in the most recent round of financing, using the market approach, or by the carrying equity value of the equity instrument at the balance sheet date.

(V) Adjustment information between the opening and ending book value and sensitivity analysis of unobservable parameters for items with continuous and non-continuous level 3

None

(VI) Conversion between various levels occurs during the period, the conversions reason and determining the point of conversion policy for items with continuous fair value measurement

None

(VII) Valuation technique changes incurred in the current period and the reasons for such changes

None

(VIII) Fair value of financial assets and liabilities which are not measured at fair value

Financial assets and liabilities not measured at fair value mainly consist of accounts receivable, notes receivable, short-term loans, accounts payable, notes payable, long-term loans and so on. The carrying amounts of financial assets and liabilities not measured at fair value are not materially different from their fair values.

XII. Related parties and related transactions

(I) The parent companies of the Company

None

(II) The subsidiaries of the Company

Details of subsidiaries, please refer to Note VIII (1) "Equity in subsidiaries":

(III) The information of joint ventures and associated enterprises

For details of important joint ventures or associated enterprises, please refer to Note VIII (III) "Equities in joint ventures or associated enterprises".

Other joint ventures or associates that had related party transactions with the Company during the current period, or had balances arising from related party transactions with the Company in previous periods, were as follows:

Company name	Relationship with the Company
China Youran Dairy Group Limited	Associated enterprises
Zhongli (Xing'an League) Animal Husbandry Co., Ltd.	Associated enterprises
Hohhot Yixing Dairy Investment Center	Associated enterprises
Ningxia Liken Animal Husbandry Co., Ltd.	Associated enterprises
Bella Bell (Hainan) Import and Export Trading Co., Ltd.	Associated enterprises
CCIC Europe Food Test B.V	Associated enterprises
Farmel Holding B.V.	Joint venture
Amalthea Group	Joint venture
Dairy Protein Cooperation Food B.V.	Joint venture

(IV) Related transactions

1. Subsidiaries in which control relationships exist and which are included in the scope of the Company's consolidated financial statements have been eliminated for intercompany and parent-subsidiary transactions.

2. Related transactions of purchasing commodities and acceptance of services

Unit:ten thousand RMB

Related party	Related transactions	Current period	Last period
China Youran Dairy Group Limited	Purchasing raw materials	1,263,329.30	1,061,776.79
China Youran Dairy Group Limited	Purchasing Services	429.37	644.45
Zhongli (Xing'an League) Animal Husbandry Co., Ltd.	Purchasing raw materials	21,726.13	26,204.87
Ningxia Liken Animal Husbandry Co., Ltd.	Purchasing raw materials	38,349.28	19,878.31
CCIC Europe Food Test B.V	Accepting labor	5,179.83	6,115.54
Amalthea Group	Purchasing goods	7,476.59	
Dairy Protein Cooperation Food B.V.	Purchasing goods	16,803.35	11,197.14
Farmel Holding B.V.	Purchasing goods	10,735.35	9,440.64
Total		1,364,029.20	1,135,257.74

3. Related transactions of providing commodities and services

Unit:ten thousand RMB

Related party	Related transactions	Current period	Last period
China Youran Dairy Group Limited	Selling goods	4,512.79	5,379.87
China Youran Dairy Group Limited	Provision of services	1,466.35	1,328.05
Amalthea Group	Selling goods	15,897.90	
Dairy Protein Cooperation Food B.V.	Selling goods	17,702.97	13,709.26
Bella Bell (Hainan) Import and Export Trading Co., Ltd.	Selling goods	6,166.06	3,243.37
Farmel Holding B.V.	Selling goods	10,326.03	8,967.23
Total		56,072.10	32,627.78

4. Status of related guarantees

Unit:ten thousand RMB

Guaranteed party	Guaranteed amount	Guarantee start date	Guarantee expiry date	Guarantee has been fulfilled or not
Hohhot Yixing Dairy Investment Management Co., Ltd.	4,000.00	27 August 2021	25 August 2023	Yes
Hohhot Yixing Dairy Investment Management Co., Ltd.	4,300.00	25 August 2023	25 August 2028	No

5. Remuneration of key management staff

Unit:ten thousand RMB

Item	Current period	Last period
Remuneration of key management staff	4,565.86	6,439.24

6. Other Related transactions

Unit:ten thousand RMB

Related party	Related transactions	Current period	Last period
China Youran Dairy Group Limited	Interest expense on deposits	602.62	666.96
Bella Bell (Hainan) Import and Export Trading Co., Ltd.	Interest income	8.27	
Farmel Holding B.V.	Interest income	368.88	

(V) Accounts receivable and accounts payable with related parties

1. Accounts receivable from related parties

Unit:ten thousand RMB

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	China Youran Dairy Group Limited	7,927.68	96.06	4,733.84	90.48
Accounts receivable	Dairy Protein Cooperation Food B.V.	1,535.08		1,657.38	
Accounts receivable	Farmel Holding B.V.	9,157.95		13,553.34	
Accounts receivable	Amalthea Group	2,145.05			
Accounts receivable	China Youran Dairy Group Limited	2,264.23			
Other receivables	Bella Bell (Hainan) Import and Export Trading Co., Ltd.	8.30			

2. Accounts payable to related parties

Unit:ten thousand RMB

Item	Related party	Ending balance of book value	Beginning balance of book value
Accounts payable	China Youran Dairy Group Limited	109,197.51	91,404.62
Accounts payable	Zhongli (Xing'an League) Animal Husbandry Co., Ltd.	55.61	2,724.15
Accounts payable	Ningxia Liken Animal Husbandry Co., Ltd.	5,250.32	2,491.32
Accounts payable	CCIC Europe Food Test B.V	375.96	452.47
Accounts payable	Amalthea Group	975.75	
Accounts payable	Dairy Protein Cooperation Food B.V.	929.92	174.53
Accounts payable	Farmel Holding B.V.	1,655.92	1,934.51
Accounts payable	Bella Bell (Hainan) Import and Export Trading Co., Ltd.	154.42	
Contract liabilities	China Youran Dairy Group Limited	1.33	1.80
Other payables	Farmel Holding B.V.	397.93	
Other payables	Bella Bell (Hainan) Import and Export Trading Co., Ltd.	500.00	
Other payables - deposits from finance companies	China Youran Dairy Group Limited	55,235.90	51,589.50

XIII. Share-based payment

(I) Overall situation of share-based payment

1. Equity instruments

Category of grant recipients	Current grant		Exercise		Unlocked		Lapse	
	Quantities	Amount	Quantities	Amount	Quantities	Amount	Quantities	Amount
Directors, senior management and core staff					29,573,600	349,855,688.00	299,600	3,544,268.00
Total					29,573,600	349,855,688.00	299,600	3,544,268.00

2. Stock options or other equity instruments issued and outstanding at the end of the period

Category of grant recipients	Stock options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining contractual term	Range of exercise prices	Remaining contractual term
Directors, senior management and core staff			The grant price was RMB 15.46 per share and the repurchase price was RMB 11.83 per share.	There are nine months remaining until the fifth unlocking period.

(II) Equity-settled share-based payment

The method of determining the fair value of the equity instrument at granting date	The fair value of per restricted stock for non-directors of the board and non-senior management in the 2019 equity incentive plan＝The stock price on the grant date－ granted share price＝RMB 13.06. The fair value of per restricted stock for directors and senior management＝stock price on the grant date－ Granted share price－ Fair value of put options＝RMB 4.27.
Important parameters for the fair value of equity instruments at the grant date	Granted date stock price, grant price, risk-free interest rate, historical volatility, dividend yield.
The basis for determining the number of equity instruments for which options are exercisable	On each balance sheet date of the waiting period, it is based on the latest information on the number of vesting rights and the completion of performance indicators for estimation.
The reasons for significant difference between the current estimate and the previous estimate	None
Cumulative number of shares paid in equity to be accrued into capital reserve	1,488,370,254.68

Other instructions:

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 Repurchase and Cancellation of Some Restricted Shares for 2019 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:

Unlock schedule	Unlock time	Unlock percentage
The first unlock period	From the first trading day after12 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 after60 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 performance indicators of the previous year to meet the Company's financial performance evaluation target as one of the current

conditions for lifting the sales restriction. The restricted stock awarded in this plan are divided into five periods, the base period is 2018, and the performance conditions for each period of lifted restrictions are as follows:

Unlock period	Performance evaluation objectives
The first unlock period	Based on 2018 net profit, the growth rate of 2019 net profit is not less than 8%; the ROE is not less than 20%; cash dividend ratio is not less than 70%.
The second unlock period	Based on 2018 net profit, the growth rate of 2020 net profit is not less than 18%; the ROE is not less than 20%; cash dividend ratio is not less than 70%.
The third unlock period	Based on 2018 net profit, the growth rate of 2021 net profit is not less than 28%; the ROE is not less than 20%; cash dividend ratio is not less than 70%.
The fourth unlock period	Based on 2018 net profit, the growth rate of 2022 net profit is not less than 38%; the ROE is not less than 20%; cash dividend ratio is not less than 70%.
The fifth unlock period	Based on 2018 net profit, the growth rate of 2023 net profit is not less than 48%; the ROE is not less than 20%; cash dividend ratio is not less than 70%.

Note: 1. The above indicators are based on the audited annual consolidated financial data; 2. The net profit involved in 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 profits and losses ;and excluding the effect of this and other incentive plan share-based payment fees as the calculation basis; 3. Annual cash dividend ratio =the total amount of annual accumulated cash dividend/the net profit attributable to shareholders of the parent company that year×100%; 4. Within the validity period of the incentive plan, if the Company issue 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 in net assets for the current year and the coming year.

Individual performance conditions to be satisfied upon release of restricted stock:

According to "Inner Mongolia Yili Industrial Group Co., Ltd. 2019 Measures for the Administration of the Implementation of the Restricted Stock Incentive Plan (Revised draft)" (referred to as "assessment measures ").After the end of each fiscal year, the Remuneration and Appraisal Committee of the Board of Directors shall organize a comprehensive performance assessment of the incentive objects based on work performance, work attitude, safety and compliance, etc., then evaluate and appraise the evaluation results, and classify the evaluation results by different levels. If the incentive object's annual performance comprehensive assessment results correspond to a grade of "pass" and above, then the incentive object may release the restricted shares for the current period from restriction. If the incentive object's comprehensive assessment result is "failed", 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.

On 9 October 2020, the Company's tenth extraordinary meeting of the board of directors and the tenth extraordinary meeting of the board of supervisors reviewed and approved the Proposal of the Accomplishment of the Exercising or Unlocking Conditions of the first Period for the restricted stock incentive plan for 2019. The restricted stocks of 468 incentive objects were unlocked, and the corresponding restricted stocks unlocked were 30,239,200 shares.

On 8 October 2021, the Company's tenth extraordinary meeting of the board of directors and the tenth extraordinary meeting of the board of supervisors reviewed and approved the Proposal of the Accomplishment of the Exercising or Unlocking Conditions of the second Period for the restricted stock incentive plan for 2019. The restricted stocks of 458 incentive objects were unlocked, and the corresponding restricted stocks unlocked were 30,049,200 shares.

On 10 October 2022, the interim meeting of the tenth session of the board of directors and the interim meeting of the tenth session of the board of supervisors reviewed and approved the Proposal on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the 2019 Restricted Stock Incentive Plan. The restricted stocks of 447 incentive objects are unlocked, and the corresponding unlocked restricted stocks are 29,749,400 shares.

On 9 October 2023, the interim meeting of the eleventh session of the board of directors and the interim meeting of the eleventh session of the board of supervisors reviewed and approved the Proposal on the Achievement of the Unlocking Conditions for the Forth Unlocking Period of the 2019 Restricted Stock Incentive Plan. The restricted stocks of 441 incentive objects are unlocked, and the corresponding unlocked restricted stocks are 29,573,600 shares.

(III) Cash-settled share-based payment

None

(IV) Share-based payment expenses for the period

Category of grant recipients	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Directors, senior management and core staff	100,440,051.65	
Total	100,440,051.65	

Other instructions:

For the 2019 Grant Restricted Stock Incentive Plan, equity-settled share-based payment expense of RMB 158,662,401.29, RMB 558,333,130.44, RMB 311,682,642.07, RMB 181,116,850.88, and RMB 100,440,051.65 was recognized for each of the years from 2019 to 2023.

(V) Modification and termination of share-based payment

None

XIV. Commitments and contingencies

(I) Significant commitments

None

(II) Contingencies

1. Contingencies existing at the balance sheet date

External guarantees

Inner Mongolia Huishang Financing Guarantee Co., Ltd., a wholly-owned subsidiary of the Company, accumulated a total external guarantee of RMB 3,643,322,200 during the reporting period. As of the end of the reporting period, the balance of guarantee liabilities was RMB 1,531,621,200, and the number of insured customers for external guarantees was 874. The top five guaranteed parties with balances of external guarantee liabilities are as follows:

No.	Relationship between guaranteed party and company	Balance of guarantee liability (ten thousand RMB)	Guarantee period	Guarantee method	Guarantee matters	Financing purpose	Credit status of the guaranteed party	Implement counter-guarantee or not
The first	Upstream supplier	3,636.11	12 months	Joint liability guarantee	Working capital loans	Purchase silage	Good	Yes
The second	Upstream supplier	2,333.33	12 months	Joint liability guarantee	Working capital loans	Purchase silage	Good	Yes
The third	Upstream supplier	2,250.00	12 months	Joint liability guarantee	Working capital loans	Purchase silage	Good	Yes
The fourth	Upstream supplier	1,954.60	60 months	Joint liability guarantee	Fixed asset loans, Working capital loans	Purchase of cows, equipment, silage; ranch construction	Good	Yes
The fifth	Upstream supplier	1,922.00	12 months	Joint liability guarantee	Working capital loans	Purchase silage	Good	Yes

The Company's guarantees for associates refer to Note XII (IV)Related transactions 4. Related guarantees.

XV. Events after the balance sheet date

(I) Important non-adjustment events

Unit:100 million RMB

Item	Contents	Impact on financial status and operating results	Reasons for being unable to estimate the impact
Issuance of stocks and bonds	From 1 January 2024 to the financial report approval date, 14 ultra-short-term financing bonds were successfully issued, total financing fund is RMB 80 billion. RMB 40 billion has been redeemed, and the remaining RMB 40 billion has not been redeemed.	400.00	
Disposal of subsidiaries	Disposal of subsidiaries In January 2024, a wholly-owned subsidiary, Inner Mongolia Shengtai Venture Capital Co.,Ltd., transferred its 95% equity interest in subsidiaries for a consideration of RMB 2,647.4 million.	25.62	

(II) Profit distribution

Profit or dividend to be allocated	7,639,318,446.00
Profit or dividend declared to be distributed after consideration of approval	

The Company intends to distribute a cash dividend of RMB 12.00 (including tax) to all shareholders for every 10 shares. As of 31 March 2024, the Company's total share capital is 6,366,098,705 shares. The total amount is RMB 7,639,318,446.00. If the Company's total share capital changes between the date of disclosure of the profit distribution proposal and the date of registration of shareholdings for the implementation of the equity distribution, it is planned to maintain the distribution ratio per share and adjust the total distribution accordingly.

(III) Sales returns

No significant sales returns occurred after the balance sheet date.

(IV) Description of other post-balance sheet events

Except for the above-mentioned subsequent events, as of the date when the financial report was approved for issuance, the Company had no other major undisclosed subsequent events that should be disclosed.

XVI. 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 amount of segment profit or loss of the segment is 10% or more of the greater of the profit of all profitable segments combined or the absolute amount of the loss of all loss-making segments combined.

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) The operating segment is consolidated as a reportable segment with one or more other operating segments that have similar economic characteristics and meet the conditions for consolidation of operating segments.

Assets and related costs that are in common use with the segments are allocated among the different segments in proportion to their revenues..

2. Financial information of reporting segments

Item	Ending balance/Current period					
	Liquid milk	Milk powder and dairy products	Ice cream	Other	Offset between segments	Total
Revenue from main business	85,540,329,892.56	27,598,008,319.91	10,688,201,107.08	634,393,890.84		124,460,933,210.39
Revenue from other business	1,044,263,758.71	156,006,706.09	53,286,972.75	43,678,268.57		1,297,235,706.12
Cost of main business	59,566,363,428.50	17,071,779,631.36	6,578,854,622.49	518,288,408.33		83,735,286,090.68
Cost of other business	867,842,460.57	149,150,796.66	33,867,680.57	2,445,048.86		1,053,305,986.66
Total assets	71,432,133,580.23	29,362,861,557.70	11,023,064,097.35	124,006,116,274.42	84,203,922,851.72	151,620,252,657.98
Total liabilities	42,959,865,021.99	13,483,005,091.14	6,693,530,283.04	79,794,368,101.12	48,630,873,281.72	94,299,895,215.57

(II) Others

None

XVII. Notes to major items on financial statements of parent company

Note 1. Accounts receivable

1. Disclosure of accounts receivable by aging

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	1,697,215,222.54	1,660,003,508.79
1-2 years	7,712,341.58	28,353,696.51
2-3 years	5,561,974.96	4,914,747.35
More than 3 years	101,500,366.74	96,820,565.39
Total	1,811,989,905.82	1,790,092,518.04

2. Disclosure according to bad debt provision method

Type	Ending balance				
	Book balance		Provision for bad debts		Book value
	Amount	Accrual ratio(%)	Amount	Accrual ratio (%)	
Provision for bad debts by single items	144,108,250.22	7.95	144,108,250.22	100.00	
Provision for bad debts by combination	1,667,881,655.60	92.05	50,036,449.74	3.00	1,617,845,205.86
Including: Combination 2	1,667,881,655.60	92.05	50,036,449.74	3.00	1,617,845,205.86
Total	1,811,989,905.82	100.00	194,144,699.96		1,617,845,205.86

Continued:

Type	Beginning balance				
	Book balance		Provision for bad debts		Book value
	Amount	Accrual ratio(%)	Amount	Percentage (%)	
Provision for bad debts by single items	135,277,390.84	7.56	135,277,390.84	100.00	
Provision for bad debts by combination	1,654,815,127.20	92.44	49,644,242.92	3.00	1,605,170,884.28
Including: Combination 2	1,654,815,127.20	92.44	49,644,242.92	3.00	1,605,170,884.28
Total	1,790,092,518.04	100.00	184,921,633.76		1,605,170,884.28

3. Accounts receivable for bad debts provision by single Items

Item	Ending balance			
	Book balance	Provision for bad debts	Accrual ratio(%)	Reason for accrual
Individually immaterial but separately provided for bad debts	144,108,250.22	144,108,250.22	100.00	The items are difficult to recover and has a high probability of being bad debts.
Total	144,108,250.22	144,108,250.22	100.00	

4. Accounts receivable for bad debt provision by combination

(1) Combination 2

Item	Ending balance		
	Account receivables	Provision for bad debts	Accrual ratio(%)
Within 3 months	1,656,137,297.88	48,072,062.00	2.90
4-6 months	9,061,938.60	634,898.07	7.01
7-12 months	1,985,917.18	632,987.73	31.87
More than 1 year	696,501.94	696,501.94	100.00
Total	1,667,881,655.60	50,036,449.74	

5. Provision for bad debts within the report period of accrual, recovery or reversal

Type	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Charge off or write off	Other changes	
Provision for bad debts by single items	135,277,390.84	24,395,739.90	15,564,880.52			144,108,250.22
Provision for bad debts by combination	49,644,242.92	392,206.82				50,036,449.74
Including: Combination 2	49,644,242.92	392,206.82				50,036,449.74
Total	184,921,633.76	24,787,946.72	15,564,880.52			194,144,699.96

6. No accounts receivable actually written off in this reporting period
7. Top five accounts receivable and contract assets by party owed at end of period

Debtors	Ending balance of accounts receivable	Ending balance of contract assets	Total	Percentage of combined accounts receivable and contract assets ending balance (%)	Provision for bad debts
The first	637,727,670.61		637,727,670.61	35.19	18,494,102.45
The second	248,902,191.97		248,902,191.97	13.74	7,218,163.57
The third	114,827,565.39		114,827,565.39	6.34	114,827,565.39
The fourth	102,134,485.18		102,134,485.18	5.64	2,961,900.07
The fifth	67,214,074.52		67,214,074.52	3.71	1,949,208.16
Total	1,170,805,987.67		1,170,805,987.67	64.62	145,450,939.64

8. During the reporting period, there is no accounts receivable derecognized due to transfer of financial assets.
9. There is no assets and liabilities caused by continuous involvement because of the transfer of accounts receivable in the report period.

Note 2. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Others receivable	44,372,825.22	40,628,383.50
Total	44,372,825.22	40,628,383.50

(I) Other receivables
1. Disclosed by aging

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	39,429,050.97	34,047,647.19
1-2 years	1,269,486.10	4,212,558.65
2-3 years	2,759,153.11	1,270,098.54
More than 3 years	18,921,425.86	18,988,542.57
Total	62,379,116.04	58,518,846.95

2. Classified by nature

Nature	Ending balance	Beginning balance
Deposits, security deposits and reserve funds	25,200,888.66	29,148,256.04
Disbursement	12,137,021.70	12,137,021.70
Disposal of fixed assets and waste materials receivable	3,726,629.09	14,134,410.38
Trader receivables	21,314,576.59	3,099,158.83
Total	62,379,116.04	58,518,846.95

3. Provision for bad debts

Bad debt provision	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss for the entire duration (no credit impairment occurred)	The third stage Expected credit loss for the entire duration (credit impairment had occurred)	Total
Beginning Balance on 1 January 2023	1,286,547.93		16,603,915.52	17,890,463.45
1 January 2023 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	85,827.37		34,000.00	119,827.37
Reversed in the current period				
Charge off in the current period				
Written off in the current period			4,000.00	4,000.00
Other changes				
Ending Balance on 31 December 2023	1,372,375.30		16,633,915.52	18,006,290.82

4. Allowance of bad debts

Type	Beginning balance	Accrual	Changes in the current period			Ending balance
			Recovery or reversal	Charge off or write off	Other changes	
Other receivables	17,890,463.45	119,827.37		4,000.00		18,006,290.82
Total	17,890,463.45	119,827.37		4,000.00		18,006,290.82

5. Other receivables actually written off during the reporting period

Item	Written off account
Other receivables actually written off	4,000.00

6. Top five other accounts receivable with ending balances, by party owed

Name	Ending balance	Percentage of ending balance of other receivables (%)	Nature	Aging	Provision for bad debts ending balance
The first	20,957,762.91	33.60	Payables and receivables	Within 1 year	628,732.89
The second	4,231,647.97	6.78	Disbursement	More than 3 years	4,231,647.97
The third	3,698,758.35	5.93	Deposits, security deposits and reserve funds	Within 1 year	110,962.75
The fourth	3,043,496.00	4.88	Disbursement	More than 3 years	3,043,496.00
The fifth	2,232,400.00	3.58	Disbursement	More than 3 years	2,232,400.00
Total	34,164,065.23	54.77			10,247,239.61

7. No other receivables are involved in government subsidies during the reporting period.
8. During the reporting period, there is no other receivable derecognized due to transfer of financial assets.
9. There are no assets and liabilities caused by continuous involvement because of the transfer of other receivables in the report period.

Note 3. Long-term equity investments

Nature	Ending balance			Beginning balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Invest in subsidiaries	50,684,723,513.43	65,848,484.34	50,618,875,029.09	46,043,297,656.46	65,848,484.34	45,977,449,172.12
Invest in associated enterprises and joint ventures	153,302,669.65		153,302,669.65	197,619,591.23		197,619,591.23
Total	50,838,026,183.08	65,848,484.34	50,772,177,698.74	46,240,917,247.69	65,848,484.34	46,175,068,763.35

1. Investment in subsidiaries

Name of investee	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Amount of impairment for' the year	Ending balance of provisions of impairment
Baotou Yili Dairy Co., Ltd.	126,878,802.93			126,878,802.93		
Duerbote Yili Dairy Co., Ltd.	268,397,331.92			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.	689,999,805.07			689,999,805.07		
Inner Mongolia Jinchuan Yili Dairy Co., Ltd.	10,368,832.01			10,368,832.01		
Inner Mongolia Jinshan Dairy Co., Ltd.	101,698,311.45			101,698,311.45		
Foshan Yili Dairy Co., Ltd.	79,916,647.37			79,916,647.37		
Hefei Yili Dairy Co., Ltd.	1,100,943,098.69			1,100,943,098.69		
Liaoning Yili Dairy Co., Ltd.	70,000,000.00			70,000,000.00		
Hubei Huanggang Yili Dairy Co., Ltd.	797,000,000.00			797,000,000.00		
Inner Mongolia Shengtai Venture Capital Co.,Ltd.	900,000,000.00	164,201,922.93		1,064,201,922.93		
Chengdu Yili Dairy Co., Ltd.	130,000,000.00			130,000,000.00		
Urumqi Yili Food Co., Ltd.	90,000,000.00			90,000,000.00		
Henan Yili Dairy Co., Ltd.	130,550,000.00			130,550,000.00		
Fuxin Yili Dairy Co., Ltd.	5,038,596.00			5,038,596.00		
Duolun Yili Dairy Co., Ltd.	17,000,000.00			17,000,000.00		

Name of investee	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Amount of impairment for' the year	Ending balance of provisions of impairment
Inner Mongolia Jinhai Yili Dairy Co., Ltd.	120,000,000.00			120,000,000.00		
Xilin Hot Yili Dairy Products Co., Ltd.	50,000,000.00			50,000,000.00		
Luanzhou Yili Dairy Co., Ltd.	370,000,000.00			370,000,000.00		
Lanzhou Yili Dairy Co., Ltd.	190,000,000.00			190,000,000.00		
YILI INTERNATIONAL DEVELOPMENT CO., LIMITED	1,134,263,891.33			1,134,263,891.33		
Tianjin Yili Dairy Co., Ltd.	100,000,000.00			100,000,000.00		
Shaanxi Yili Dairy Co., Ltd.	170,000,000.00			170,000,000.00		
Bayannur Yili Dairy Co., Ltd.	15,000,000.00			15,000,000.00		
Zhejiang Yili Dairy Co., Ltd.	100,000,000.00			100,000,000.00		
Tianjin Yili Dairy Products Co., Ltd.	265,000,000.00			265,000,000.00		
Fuxin Yili Dairy Products Co., Ltd.	480,000,000.00			480,000,000.00		
Weifang Yili Dairy Co., Ltd.	480,000,000.00			480,000,000.00		
Ningxia Yili Dairy Co., Ltd.	810,878,092.09			810,878,092.09		
Heilongjiang Yili Dairy Co., Ltd.	365,000,000.00			365,000,000.00		
Zhangbei Yili Dairy Co., Ltd.	130,000,000.00			130,000,000.00		
Guangdong Yili Dairy Co., Ltd.	730,000,000.00			730,000,000.00		
Xianyang Yili Dairy Co., Ltd.	900,000,000.00			900,000,000.00		
HONGKONG JINGANG TRADE HOLDING CO., LIMITED	10,530,511,286.47	3,537,672,831.04		14,068,184,117.51		
Jiyuan Yili Dairy Co., Ltd.	400,000,000.00			400,000,000.00		
Guangxi Yili Frozen Food Co., Ltd.	212,000,000.00			212,000,000.00		
Yunnan Yili Dairy Co., Ltd.	270,000,000.00			270,000,000.00		
Meizhou Yili Frozen Food Co., Ltd.	460,000,000.00			460,000,000.00		
Changchun Yili Frozen Food Co., Ltd.	410,000,000.00			410,000,000.00		
Longyou Yili Dairy Co., Ltd.	423,000,000.00			423,000,000.00		
Jinzhong Yili Dairy Co., Ltd.	425,000,000.00			425,000,000.00		
Inner Mongolia Technology Research Institute Co., Ltd.	825,073,920.39			825,073,920.39		
Yili Finance Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Inner Mongolia Huishang Finance Guarantee Co., Ltd.	500,000,000.00			500,000,000.00		
Huishang Commercial Factoring Co., Ltd.	2,000,000,000.00			2,000,000,000.00		
Lizhimei (Shanghai) Investment Co., Ltd.	350,000,000.00		350,000,000.00			
Shenyang Yili Co., Ltd.	560,000,000.00			560,000,000.00		
Inner Mongolia Yili Management Consulting Co., Ltd.	1,000,000.00			1,000,000.00		
Inner Mongolia HuiShang Internet Micro-Loan Co., Ltd.	1,500,000,000.00			1,500,000,000.00		
Daqing Yili Dairy Products Co., Ltd.	1,597,341,823.55			1,597,341,823.55		
Antu Yili Changbai Mountain Natural Mineral Drink Co., Ltd.	537,370,924.14			537,370,924.14		
Wuwei Yili Dairy Co., Ltd.	600,000,000.00			600,000,000.00		
Yili Innovation Investment Management (Zhuhai) Co., Ltd.	20,000,000.00			20,000,000.00		
Yili Venture Capital (Suzhou) Co., Ltd.	150,000,000.00			150,000,000.00		
Zhuhai Jianling Venture Capital Fund Partnership (Limited Partnership)	200,000,000.00			200,000,000.00		
Aershan Yili Natural Mineral Drink Co., Ltd.	313,336,000.00			313,336,000.00		55,264,276.17
Hulunbuir Yili Dairy Co., Ltd.	825,162,044.18			825,162,044.18		
Inner Mongolia Jinze Yili Dairy Co., Ltd.	2,150,000,000.00			2,150,000,000.00		
Inner Mongolia Jinhao Yili Dairy Co., Ltd.	3,620,000,000.00			3,620,000,000.00		

Name of investee	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Amount of impairment for' the year	Ending balance of provisions of impairment
Wuhan Yili Dairy Co., Ltd.	100,000,000.00			100,000,000.00		
China Youran Dairy Holding Limited	1,897,640,414.66			1,897,640,414.66		
Inner Mongolia Xing'an Yili Dairy Co., Ltd.	1,072,915,231.32			1,072,915,231.32		
Zhumadian Yili Dairy Co., Ltd.	35,000.00			35,000.00		
Jianling (Zhuhai) Fund-of-Fund Partnership (Limited Partnership)	723,992,900.00			723,992,900.00		
Inner Mongolia Yizhiniu Animal Husbandry Co., Ltd.	40,000,000.00	30,000,000.00		70,000,000.00		
Inner Mongolia Sansentian Enterprise Management Co., Ltd.	21,000,000.00	1,500,000.00		22,500,000.00		
Inner Mongolia Yijiahao Cheese Co., Ltd.	307,200,000.00			307,200,000.00		
Inner Mongolia National Dairy Technology Innovation Center Co., Ltd.	700,000.00			700,000.00		
Shenzhen Jianling Innovation Seed Private Equity Investment Fund	39,600,000.00			39,600,000.00		
Liaoning Jinhong Yili Dairy Co., Ltd.		390,551,103.00		390,551,103.00		
Hubei Yili Food Co., Ltd.	4,500,000.00	795,500,000.00		800,000,000.00		
Inner Mongolia Yiqi Technology Co., Ltd.	36,500,000.00			36,500,000.00		
Inner Mongolia Yili Cultural Tourism Development Co., Ltd.		5,000,000.00		5,000,000.00		
Inner Mongolia Kangyijia Biotechnology Co., Ltd.		67,000,000.00		67,000,000.00		
Total	46,043,297,656.46	4,991,425,856.97	350,000,000.00	50,684,723,513.43		65,848,484.34

2. Investment in associated enterprises and joint ventures

Name of investee	Beginning balance	Increase/decrease of the period			
		Increased investment	Decreased investment	Investment income under equity method	Other comprehensive income adjustment
I. Joint venture					
II. Associated enterprises					
Hohhot Yixing Dairy Investment Center	65,173,202.20			-24,874,791.89	
Others	132,446,389.03			-19,442,129.69	
Subtotal	197,619,591.23			-44,316,921.58	
Total	197,619,591.23			-44,316,921.58	

Continued:

Name of investee	Increase/decrease of the period				Ending balance	Ending balance of provisions of impairment
	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Others		
I. Joint venture						
II. Associated enterprises						
Hohhot Yixing Dairy Investment Center					40,298,410.31	
Others					113,004,259.34	
Subtotal					153,302,669.65	
Total					153,302,669.65	

Note 4. Operating revenue and operating costs

1. Operating revenue and operating costs

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Main business	111,024,883,534.90	82,114,172,067.76	109,142,642,736.77	80,227,584,610.82
Other business	1,221,776,986.40	1,006,327,541.91	944,956,889.25	750,586,854.05
Total	112,246,660,521.30	83,120,499,609.67	110,087,599,626.02	80,978,171,464.87

Note 5. Investment income

Item	Current period	Last period
Investment income from long-term equity investment measured under cost method	3,264,419,315.16	3,964,917,804.90
Investment income from long-term equity investment measured under equity method	-44,316,921.58	-9,784,941.92
Investment income from disposal of long-term equity investment	-185,798,077.07	
Dividend income from other equity instrument investments	9,601,927.43	20,447,392.71
Total	3,043,906,243.94	3,975,580,255.69

XVIII. Supplementary information

(I) Non-recurring profits and losses

1. Schedule of non-recurring profits and losses for the period

Item	Amount	Description
Profits or losses from disposal of non-current assets, includes elimination of provision for impairment of assets.	-20,343,335.84	
Government subsidies recognized in the current period's profits or losses, except for government subsidies that are closely related to the Company's normal business operations, in accordance with national policy and be enjoyed in accordance with the established criteria, and in accordance with defined criteria, and that have a sustainable impact on the Company's profits or losses.	432,167,386.50	
Profits and losses from changes in fair value of financial assets and liabilities held by non-financial enterprises and profits and losses on disposal of financial assets and liabilities, except for effective hedging business related to the normal operating business of the same company.	278,186,201.65	
Capital occupancy fees charged to non-financial enterprises included in current profits or losses.		
Profits and losses on entrusted investment or asset management.		
Profits and losses on entrusted external loans.		
Losses on assets due to force majeure factors, such as natural disasters.		
Reversal of provision for impairment of receivables individually tested for impairment.	16,242,934.20	
Profits arising from the excess of the cost of investments in subsidiaries, associates and joint ventures over the fair value of the identifiable net assets of the investee at the time of investment acquisition.		
Net profit or loss of subsidiaries for the period from the beginning of the period to the date of consolidation arising from a business combination under the same control.		
Profits or losses on exchange of non-monetary assets.		
Profits or losses on debt restructuring.		
One-off costs incurred by an enterprise because the relevant operating activities are no longer continuing, such as expenses for relocating employees.	-34,771,625.93	
One-off impact on current profits or losses due to adjustments in tax, accounting and other laws and regulations.		
One-time recognition of share-based payment expenses due to cancellation or modification of equity incentive plans.		
For cash-settled share-based payments, profits and losses arising from changes in the fair value of employee compensation payable after the date of exercisability.		
Profits or losses arising from changes in the fair value of investment properties that are subsequently measured using the fair value model.		
Profits or losses arising from transactions at prices that are significantly less than the fair value of the transactions.		
Profits and losses arising from contingencies unrelated to the Company's normal business operations.		
Custodian fee income from entrusted operations.		
Other non-operating income and expenses other than those mentioned above.	-116,565,134.97	
Other items of profits and losses that meet the definition of non-recurring profits and losses.		
Subtract: Income tax effect.	131,789,332.31	
Impact of minority shareholders' equity (after tax).	20,757,711.39	
Total	402,369,381.91	

The impact of the implementation of "Interpretative Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities - Non-recurring profits and losses (Revised in 2023)" on the non-recurring profits and losses for the year 2022:
Among the government grants reported as non-recurring profit and loss of the Company for the year 2022, the amount of government grants that are closely related to the Company's normal business operations, in line with national policies, enjoyed in accordance with the determined standards and have a continuous impact on the Company's profit and loss is RMB 780,627,269.71, resulting in a decrease in the sub-total of non-recurring profit and loss of the Company for the year 2022 by RMB 780,627,269.71, the amount of government grants that are closely related to the normal business operations of the Company, in line with national policies, enjoyed in accordance with determined standards and have a continuous impact on the Company's profit and loss of After deducting the effect of income tax and the effect of minority interest, the total non-recurring profit and loss for the year 2022 is reduced by RMB 645,062,877.01.

(II) Return on equity and earnings per share (ROE&EPS)

Profit during the report period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	20.20	1.64	1.64
Net profit attributable to ordinary shareholders of the Company after extraordinary gains and losses	19.36	1.57	1.57

Inner Mongolia Yili Industrial Group Co., Ltd.

28 April 2024

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茯苓粉
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茶叶茶氨酸
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*欧睿信息咨询(上海)有限公司，按2022年1月至12月伊利欣活品牌于中国大陆地区零售渠道销量(吨)加总计算。高端中老年配方奶粉产品是指以鲜牛奶为主要原料，面向45岁以上人群，且零售定价为每千克人民币200元及以上的冲调营养品。于2023年4月完成调研。

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