



Interim Report
2024



Nourishing Life & Growth

AUSNUTRIA DAIRY CORPORATION LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)



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Mission

Nourishing Life & Growth.

Vision

To become the most trustworthy milk formula, nutrition and healthcare enterprise in the world.



Sustainability Vision

We strive to nourish life and growth by providing quality nutritional options to all on a global level. We are committed to creating value in a sustainable manner, and help build a world in which everyone is empowered to live a healthy and prosperous life.



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ren Zhijian (*Chief Executive Officer*)
Mr. Bartle van der Meer
Mr. Zhang Zhi

Non-executive Directors

Mr. Zhang Zhanqiang (*Chairman*)
Mr. Sun Donghong (*Vice-Chairman*)
Ms. Yan Junrong

Independent Non-executive Directors

Mr. Ma Ji
Mr. Aidan Maurice Coleman
Mr. Song Kungang
(*resigned on 30 July 2024*)

COMPANY SECRETARY

Ms. Wong Pui Kiu Ingrid

AUTHORISED REPRESENTATIVES

Mr. Zhang Zhanqiang
Ms. Wong Pui Kiu Ingrid

AUDIT COMMITTEE

Mr. Ma Ji (*Chairman*)
Mr. Aidan Maurice Coleman
Mr. Song Kungang
(*resigned on 30 July 2024*)

NOMINATION COMMITTEE

Mr. Zhang Zhanqiang (*Chairman*)
Mr. Sun Donghong
Mr. Ma Ji
Mr. Aidan Maurice Coleman
Mr. Song Kungang
(*resigned on 30 July 2024*)

REMUNERATION COMMITTEE

Mr. Zhang Zhanqiang
Mr. Ren Zhijian
Mr. Ma Ji
Mr. Aidan Maurice Coleman
Mr. Song Kungang (*Chairman*)
(*resigned on 30 July 2024*)

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISER

As to Hong Kong law
Skadden, Arps, Slate, Meagher & Flom
and affiliates

FINANCIAL ADVISER ON RETAINER BASIS

Asian Capital Limited

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PRINCIPAL PLACES OF BUSINESS

In Hong Kong
Unit 16, 36/F.,
China Merchants Tower
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Hong Kong

In Mainland China

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Wangcheng District, Changsha City
Hunan Province, the PRC

In the Netherlands

Dokter van Deenweg 150
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In Australia

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company
(Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Rabobank
China Construction Bank
Bank of China
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

1717

INVESTORS' CONTACT

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COMPANY'S WEBSITE

www.ausnutria.com.hk



The board (the “Board”) of directors (the “Directors”) of Ausnutria Dairy Corporation Ltd (the “Company” or “Ausnutria”) hereby presents the interim report of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “2024 Interim Period” or “1H 2024”), together with the comparative figures for the corresponding period in 2023 (the “2023 Interim Period”).

BUSINESS REVIEW

In 1H 2024, due to the falling birth rate in the People’s Republic of China (the “PRC”, the Group’s principal market) in recent years, the infant milk formula (“IMF”) industry continued to face relatively strong headwinds. Nonetheless, with the gradual roll out of products under the new national standards (the “New GB”), the overall business environment of the PRC IMF industry has been improving with continuous industry consolidation and steadily rising retail prices. According to NielsenIQ, sales realised by the PRC IMF industry in 1H 2024 sustained a mid-single-digit year-on-year (“YoY”) dip, which narrowed significantly as compared to the double-digit YoY drop for the whole year of 2023.

After two years of adjustments and optimisation, the Group resumes revenue growth. For 1H 2024, the Group recorded revenue of RMB3,681.1 million, representing an increase of RMB169.2 million or 4.8% when compared to RMB3,511.9 million for the corresponding period of 2023. In particular, the revenue of the Group’s core business, own-branded goat milk formulas (“Own-branded Goat Milk Formula(s)”), in the PRC increased by 15.7% YoY, significantly out-performing the market during the 2024 Interim Period. The overseas operations of the Own-branded Goat Milk Formulas, being the Group’s second growth engine, also delivered the goods with a 50.7% YoY growth. The success of this business segment was, on the one hand, attributable to the continuously improving sales performance of the existing operation in the Middle East given rising market acceptance and penetration of goat milk powder; on the other hand, after Kabrita (the Own-branded Goat Milk Formulas of the Group) Stage 1 IMF successfully entered the market of the United States (the “US”), the sales team in the US drew on the successful experience in the PRC and other overseas markets and proactively promoted precise marketing strategies for online sales channels while expanding the coverage across offline channels. With respect to costs and expenses, while striving to enhance its performance in 1H 2024, the Group optimised its operations and implemented a number of cost control measures, such as constantly increasing the efficiency of its supply chain, lowering its overall inventory level in order to improve the freshness of its products, and gradually reaping the benefits of the cost control measures put in place in the previous periods. For the 2024 Interim Period, the Group recorded profit attributable to the equity holders of the Company of RMB145.4 million, demonstrating a rebound as compared with the second half of 2023.

Own-branded Goat Milk Formulas

Sales of the Own-branded Goat Milk Formulas for 1H 2024 amounted to RMB1,808.4 million (2023 Interim Period: RMB1,504.2 million), representing a YoY increase of RMB304.2 million, or 20.2%, and accounted for 49.1% (2023 Interim Period: 42.8%) of the Group’s total revenue.

The Group’s products continued to maintain their leadership positions in the goat milk formula market. Both NielsenIQ and Frost & Sullivan recently affirmed that the market share of Kabrita in the imported infant and toddlers’ goat milk powder market in the PRC exceeded 60% for six consecutive years and that Kabrita continued to be the number one of the global goat milk powder market in terms of both sales volume and sales amount.



In the PRC market, this business unit (“BU(s)”) focused on four aspects during the reporting period: products, supply chain, channels and brands. In terms of products, the Group has been revamping its product portfolio since 2023. On the one hand, it optimised the product lines by clearing all inventories of the old label Youzhuang (悠裝) last year; on the other hand, it continued to innovate in 1H 2024 to cater for the niche feeding needs of the consumers. In May, three Own-branded Goat Milk Formulas, namely Kabrita Glossom (晶綻), Kabrita Jingcuiyuebai (晶萃悅白) and Kabrita Yueqi (悅啟), were majestically launched at the 2024 Distributor Conference held in Sanya City, Hainan Province, the PRC, thereby completely solving this BU’s historical weakness of not having enough product lines. With the small molecules and duo organic lactoferrins of organic goat milk, Glossom (晶綻) will set the standards in the “Ultra Premium+” IMF market with a completely organic formula that strengthens both absorption and protection”. Jingcuiyuebai (晶萃悅白) provides infants with comprehensive and leading double protection with “Duo Lactoferrin + 10x Human Milk Oligosaccharides (“HMO”)-like nutrients”. Yueqi (悅啟) leads the market by developing intelligence in 10 key aspects with 20 major active nutrients for the brain as well as the most extensive formula of DHAs. As for new toddler milk powders, Kabrita Beibeigao (貝貝高), a new goat milk powder that focuses on nutrients for kids’ bones, was rolled out in February. Furthermore, the Group has planned to launch two more new products in the second half of this year to further stretch its leadership position. In respect of the supply chain, building upon the past efforts of optimisation and upgrade, the overall capability of the factories in the Netherlands as the major production base of the Own-branded Goat Milk Formulas has been further enhanced. The speed of producing and delivering products under the New GB has been increased to support frontline sales activities. With respect to channels, Kabrita continued to refine its value chain, thereby steadily improving retail prices as well as the confidence of the retail channels. In terms of channel penetration into lower-tier markets, the “Thousands Counties and Townships (千縣萬鎮)” campaign was pressed on to develop markets in model counties, villages and townships. As for brand-building, Kabrita conducted multifaceted marketing campaigns according to the media preferences of its target consumers to reinforce its image of “easier absorption and better nutrients”. On the online front, this BU leveraged popular TV dramas that resonate with consumers; on the offline front, this BU strategically placed advertisements in real-world settings that are closely aligned with consumers’ daily lives, work and activities. According to the 2024 White Paper on Infant Formula Feeding among the New Generation of Mothers (《2024新生代媽媽奶粉餵養白皮書》) published by Babytree.com (a leading vertical maternal community), Kabrita ranked first in terms of brand awareness among goat milk powders and 99% of the mothers that chose Kabrita were willing to recommend Kabrita to their friends. These accolades fully demonstrated that the new generation of mothers has confidence in and shows their support for Kabrita, and proved that Kabrita is their top choice of goat milk powders.

Sales of Kabrita in overseas markets (including Europe, the US, the Middle East, the Commonwealth of Independent States (the “CIS”), Mexico, South Korea and Vietnam, etc.) for 1H 2024 exceeded expectations and amounted to RMB291.7 million, representing a YoY increase of RMB98.1 million or 50.7%, also representing a further increase to 16.1% of the total revenue of the Own-branded Goat Milk Formula business. Such significant increase in revenue was mainly attributable to the facts that (i) Kabrita Stage 1 IMF officially passed the inspection of the US Food and Drug Administration (the “FDA”) in July 2023 and was officially launched in the US and Canadian markets in January 2024. Drawing on the successful experience in the PRC and other overseas markets, the sales team for the US market proactively promoted precise marketing strategies for online sales channels while expanding the coverage across offline channels during 1H 2024. The team has also been awarded “Goat Milk Baby Formula Product of The Year” by 2024 Baby Innovation Award in the US as a recognition of Kabrita’s outstanding performance; (ii) stable YoY growth was recorded during 1H 2024 in the United Arab Emirates, which is the principal market of the Group’s overseas Own-branded Goat Milk Formula business. In addition, the rising market acceptance and penetration of goat milk formulas in Saudi Arabia also contributed to the sales performance in the region; and (iii) high double-digit growth was recorded in the CIS, and such growth has further driven the sales of other products in Kabrita’s portfolio, such as snacks, cereals and pureed foods.

While Kabrita has embarked on its overseas expansion journey, more overseas markets remain to be explored. The Group has listed India and several other markets as the next key development targets for investment in order to seize the markets with the most newborns in the world. As such, Kabrita has completed the formulation of strategic plans for the top three markets across the globe and consolidated its leadership position as the number one goat milk brand in the world.



In respect of the future development goals of this BU, the Group entered into an agreement to acquire the remaining 50% shares in Amalthea Group B.V. and its subsidiaries (the “Amalthea Group”, a goat cheese company in the Netherlands) in July with the aim of building a reliable moat around the goat milk industry chain. Since then, the Amalthea Group officially became wholly-owned subsidiaries of Ausnutria. Established in the Netherlands in 1990, the Amalthea Group is principally engaged in the processing of goat milk and the production of cheese around the world. Not only does it have a wholly-owned cheese production factory, but it also has a wholly-owned industry chain spanning from dairy farm production and processing to retail outlets. It is capable of offering the market a comprehensive series of soft and hard cheeses, which are popular in 35 countries and regions worldwide. The production volume of its semi-hard goat cheese ranks the first in the Netherlands, the “Kingdom of Cheese”. It has also won the gold medal for its goat cheese in the Netherlands several times during the past years. Upon completion of this acquisition, the Amalthea Group will support the Group to achieve self-sufficiency for Kabrita in terms of the core ingredients of its goat milk formula products and reinforce its absolute competitive strength in the goat milk industry chain. The acquisition will also help to reinforce the Group’s leadership position in the goat milk industry while supplementing the Group’s product portfolio with cheese products.

Own-branded Cow Milk Formulas

In 1H 2024, revenue from the Group’s own-branded cow milk formulas (the “Own-branded Cow Milk Formula(s)”) amounted to RMB1,130.1 million, representing a YoY decrease of RMB131.5 million or 10.4%, and accounted for 30.7% of the Group’s total revenue (2023 Interim Period: 36.0%). The drop in sales was mainly due to the fact that the overall market shrank as the whole IMF industry in the PRC was affected by the falling birth rate and demand. The performance of the Own-branded Cow Milk Formula BU also fell short of expectations because the approval of certain of its products under the New GB were behind schedule and sales was partially negatively affected by the transition of products from the old national standards (the “Old GB”) to the New GB.

In 1H 2024, in respect of channels, to cope with the challenges in the industry, brands and channels have teamed up to build in-depth “systematic competitiveness” and this became an effective measure to realise win-win results and provide better service to consumers. As such, Hyproca 1897 (the Group’s core brand of the Own-branded Cow Milk Formulas) established the Hyproca 1897 Honour-win Maternal and Infant Alliance (荷天下母嬰聯盟) last year and convened the Hyproca Honour-win Maternal and Infant Alliance Summit (海普諾凱荷天下母嬰聯盟峰會) in Dunhuang, Gansu Province, the PRC in June to build a strong strategic consensus with channel partners and enhance the loyalty of key customers. To stabilise the prices of major products, the Own-branded Cow Milk Formula BU has implemented multi-dimensional measures, such as redesigning the value chain and optimising the cost input model. As a result, the actual prices of cow milk formulas realised at the retail outlets grew steadily during 1H 2024. Furthermore, this BU introduced a number of customised products for key regional maternal retail chains across the nation to solve pain points throughout the selling process and empower the channels.

With respect to brand building, the Group continued to join forces with a number of major video and television platforms to accurately maximise its engagement with target platform users through trending dramas (such as Joy of Life S2 (《慶餘年2》) and The Legend of Shen Li (《與鳳行》)) and revitalise its brand building effort during the 2024 Interim Period. In March, this BU invited experienced professional channel experts across the country to the Honour-win Scientific Study Tour (荷天下「科考團」) and held the Comprehensive Premium Nutrients and Proven Scientific Feeding – A Seminar on Comprehensive Infant and Toddler Nutritional Science (全面高階營養，實證科學餵養—嬰幼兒全面營養技術研討會) in Beijing, the PRC to verify its product quality and technological strength.

In terms of product development, this BU rolled out five new products in 1H 2024, namely Hyproca Huanzhi (歡致), Hyproca Hypure (荷淳), Hyproca Neolac (悠藍), Hyproca Hyeaze (喜致) and the Jade version of Hyproca Hollory (荷致翡翠). Among these new products, Huanzhi (歡致) broke into the autoimmunity market and drove new growth with its “Breastmilk Osteopontin (OPN) + Lactoferrin” protection; Hyproca Hypure (荷淳) focuses on and excels at digestion and absorption by adding 20 times of probiotics and 5 HMOs; Neolac (悠藍) was redesigned with Suzhou embroidery, an intangible cultural heritage with 1,000 years of history, to compete for the high-end organic market; Hyeaze (喜致), on the other hand, leads the market by being a high-end A2 protein* milk powder that boosts absorption and bolsters autoimmunity with a premium formula of “7 Major Absorption-Boosting + 7x Lactoferrin” nutrients. The Jade version of Hyproca Hollory (荷致翡翠), being the first imported organic A2 protein* milk powder from the Netherlands, has obtained certifications for both pure organic milk sources and scarce A2 protein* milk sources. It also includes six premium natural autoimmunity nutrients to provide a relatively comprehensive, scientific and cutting-edge feeding solution for the new generation of parents.



Nutrition Business

The Group's nutrition business (the "Nutrition Business") recorded a revenue of RMB145.3 million (2023 Interim Period: RMB148.8 million), representing a slight YoY decrease of RMB3.5 million or 2.4%. The downstream retail operation, namely the new Aunulife, of this business has achieved rapid growth in 1H 2024 after quickly completing the internal merger of the operations of two major brands (Aunulife and Nutrition Care (NC)). Meanwhile, facing intensified industry competition that has led to pressure on the upstream processing operation, Bioflag Nutrition Corporation Ltd. ("Bioflag", together with its subsidiaries, the "Bioflag Group") proactively optimised its strategy and stepped up its research and development ("R&D") investment in, and the production of, its own bacterial strains to maintain quality and sustainability. Therefore, the gross profit margin of the Bioflag Group continued to grow during 1H 2024 despite the pressure on revenue. Given the recently developed new customers of the upstream operation and the increased sales to existing customers through channel empowerment, the Group is confident that this BU will resume rapid growth and continue to contribute profits to the Group in the second half of the year.

With rising public awareness of health, the general healthcare industry is going to usher in a golden development era. In particular, probiotics and related nutrition and dietary supplements that are natural, effective and convenient to take are experiencing exponential growth. Being the main vehicle of Ausnutria to break into the probiotics market and develop the general healthcare business, the Bioflag Group focused on the upstream production segment. Adhering to the philosophy of "Using infant and toddler standards to produce better probiotics", it has devised a star product strategy that develops quality new dosage forms of probiotic products, such as chewing tablets, fast-dissolving powders and micro-effervescent tablets, in four major segments, namely health food, probiotics, postbiotics and functional Lactobacillales drinks, in collaboration with downstream brands. For example, the Little Orange Box of Aunulife ShouHu (愛益森首護), a toddler probiotic product rolled out jointly with the Group's brand, Aunulife, was well received by many consumers and ranked first in terms of positive feedbacks in the baby probiotics category on Tmall's platforms. NC Seasonal Biotic Synbiotic Mix (NC舒鼻益生菌) launched in collaboration with NC, became an iconic allergy relieving probiotics on Tmall. The Bioflag Group also developed a probiotic powder under the Changweixiao brand (常維効牌) with its comprehensive industry chain including own strains, certification and factory. Being a health food with national certification, this probiotic powder can improve the immune system and gut flora. It is currently sold in a number of top 100 pharmacy chains in the PRC, such as LBX, Yifeng, SYPM and Da Shen Lin to protect the gut health of the public.

With respect to downstream retail operation, the internal management merger of Aunulife (a probiotics brand targeting infants and toddlers) and NC (an Australian professional gut nutrition brand with over 40 years of history and experience targeting adults) was successfully completed to further consolidate resources and enhance operating efficiency in 1H 2024. Following such internal merger, both brands extended their targets to each other's customers and channels, established an all-channel "Comprehensive Family Nutrition and Health" network, and realised a YoY growth of 34.7% in term of downstream sales. All core products, such as NC Seasonal Biotic Synbiotic Mix (NC舒鼻益生菌), Gut Relief, ShouHu (首護) probiotics and Aunulife Daily Supplements, achieved rapid growth. In terms of marketing, Aunulife had an in-depth co-operation with CCTV Animation (央視動漫) and ran powerful advertisements for the brand on a leading media in 2024 by appearing on one of CCTV's core channels through the IP of Journey to the West (《西遊記》). In addition, Aunulife developed a series of merchandise with the IP of Journey to the West (《西遊記》), such as Journey to the Xiyou Parties (嘻遊派對) and Journey to the Xiyou ShouHu Season (嘻遊首護季) at its retail outlets. These campaigns were well received by the consumers and deeply embedded the brand slogan of "Listen to the Monkey King, choose Aunulife's probiotics (聽猴哥的, 益生菌就選愛益森)" in the mind of the users. Moreover, both NC and Aunulife continued to utilise new media platforms such as Xiaohongshu and Douyin. NC and Aunulife used high-quality and useful contents that resonate with many people to engage with users and fight for exposure, and successfully emerged as one of the top 10 searched brands on these new media platforms. They also accurately engaged with target populations and increased search engine visibility with high exposure and favourable comments, thereby facilitating channel conversion.



Private Label and Others

For 1H 2024, the Group's sales of formula milk powder products on an original equipment manufacturing basis (the "Private Label") amounted to RMB113.2 million (2023 Interim Period: RMB103.2 million), representing a YoY increase of 9.7%. The increase in the sales of the Private Label was mainly attributable to the increase in sales in South America and Europe and the expansion of distribution regions in the Middle East. This BU will introduce new products in the fourth quarter of 2024 to further diversify its product portfolio and improve its sales performance.

SCIENTIFIC RESEARCH ACHIEVEMENTS

Ausnutria has always attached great importance to scientific research, especially nutritional health studies. The Group attained impressive results from several scientific research projects in 1H 2024. It participated in various projects including "Innovation and Demonstration of Large-Scale Manufacturing Technology of Innovative Key Ingredients for Infant Formulas (嬰配乳品新型核心配料規模化製備技術創新及示範)" (a key project that marked the inception of the key national R&D plan named "Technological Support for Food Manufacturing and Agricultural Product Logistics (食品製造與農產品物流科技支撐)"), "Research and Demonstration of Manufacturing Technology for New Generation of Infant Formula Based on Chinese Breast Milk Research Outcome (基於中國母乳研究的新一代嬰配乳粉製造技術研究及示範)" (a key project under "Technological Support for Food Manufacturing and Agricultural Product Logistics (食品製造與農產品物流科技支撐)") and "Design of Formulated Foods for Special Medical Purpose for People with Specific Disease Conditions (特定疾病狀態人群特殊醫學用途配方食品創製)" (a key project under "R&D of Key Technologies for Food Nutrition and Safety (食品營養與安全關鍵技術研發)") in the 14th Five-Year Plan. The Group also participated in the "Demineralsed Whey Product Supply Capacity Improvement Task Unveiling Project (脫鹽乳清產品供給能力提升任務揭榜專案)" which was approved and established by the Ministry of Industry and Information Technology. The Group also obtained a number of accolades during 1H 2024. In particular, the Group's "Basic Life & Nutrition Science Research Center" was recognised as a "Civilised Women's Organisation (巾幗文明崗)" in Hunan Province, the PRC. The "Pro59 Comprehensive Nutrition Formula (Pro59全面營養配方)" was invented by the Group with its production technologies for HMO and human milk fat as well as the double hydrolysis reaction of protein. With this formula, the all-round nutrition formula milk powder products of Hollory (荷致) have been affirmed as meeting advanced international standards in terms of formula and technique after being assessed by authoritative industry experts organised by the Chinese Institute of Food Science and Technology.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Being sustainable and creating shared value with different stakeholders have always been a commitment of the Group. The Group has been implementing strategic plans to streamline its operations and resources across different regions whilst being mindful of integrating sustainability into the Group's business. The Group is committed to continue to stand by its sustainability vision and the relevant United Nations Sustainable Development Goals.

During the 2024 Interim Period, Ausnutria has received multiple recognitions from the government of Wangcheng District, Hunan Province, the PRC including Local Development Contribution Award (發展貢獻二等獎), Tax Contribution Efficiency Award (畝均效益一等獎), Outstanding R&D Innovation Contribution Award (科技突出貢獻獎), Attracting Top Talent Award (卓越引才企業獎) and Advance Environmental Protection Enterprise Award (環境保護先進單位). Ausnutria also received various awards for its sustainability and public welfare contributions from different enterprises including the "2023 Special Philanthropic Contribution Award" from The 13th Philanthropy Festival held in Beijing, the PRC in January 2024.

Moreover, in January 2024, Kabrita Stage 1 IMF (0-12 months) was officially launched in the market of the US which was regulated by the US FDA. In June, Kabrita became the first and only goat milk-based IMF to achieve Clean Label Project's three strict certifications in the US.

Apart from the above recognitions, the Group completed two gasless blend factories in Heerenveen, the Netherlands in 2017 which are targeted to reduce the impact on the environment through energy conservation. The Group has also been constructing a wet blend factory which is also gasless and will be completed by end of this year. The drying process of this wet blend factory will only use electricity which, at this size, is unique in the world. As a result, all the factories in Heerenveen, the Netherlands will have no greenhouse gas emissions, therefore contributing to a better environment. The Group is confident that its impact on the environment (including carbon emissions) will continue to decrease.



The Group will continue to develop different sustainability strategies and targets based on its sustainability pillars of Better Nutrition, Better Life and Better Environment to achieve its sustainability vision. In addition, in view of global climate change, the Group will focus on reducing its carbon emissions, saving energy and building a sustainable green supply chain. The Group will keep upholding its commitment to corporate social responsibilities and support different communities from time to time.

OUTLOOK

In the second half of the year, as the macro environment remains uncertain, the downward trend in the IMF industry will continue and the competition in the nutritional products industry will further intensify. However, Ausnutria's confidence in the market and the future development of the Group remains resolute, and the Company has formulated a five-year strategic plan, which clearly sets out the direction of its future development: Ausnutria will stay strategically focused and adhere to its consumer-oriented approach, enhance its operational efficiency and execution ability, and uphold the principles of "value-based operation" and "healthy operation" to realise the Group's sustainability targets of Better Nutrition, Better Life and Better Environment.

2024 will continue to be a critical year for Ausnutria's business refinement and healthy operational reform. The Group is devoted to the following key strategic tasks:

1. focus on the Own-branded Goat Milk Formulas and premium cow milk formula businesses, keep up its investment in brand-building activities, consolidate its strength as the world's number one goat milk formula brand and a premium imported cow milk formula brand, foster sustainable business development and maintain healthy growth momentum;
2. capitalise on the development of the industry, optimise its product portfolio, establish a comprehensive operating system and gradually cement its core competitive edge with respect to the Nutrition Business;
3. expedite the development of the layout of the overseas markets, focus on gaining share in core markets and extend the lead over its competitors in respect of the Own-branded Goat Milk Formula business;
4. enhance the quality control, operational efficiency, cost competitiveness and reaction speed of its global supply chains;
5. establish a comprehensive digital operating system to improve operational efficiency, customer service and corporate management;
6. support existing businesses and pave the way for future success by establishing a R&D and innovation ecosystem to fully utilise global R&D resources; and
7. continue to strengthen its corporate governance and internal controls.



FINANCIAL REVIEW

Analysis on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

	Notes	Six months ended 30 June		Change %	Proportion to total revenue Six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)		2024 %	2023 %
Own-branded formula milk powder products:						
Cow milk (in the PRC)	(i)	1,130.1	1,261.6	(10.4)	30.7	36.0
Goat milk (in the PRC)	(i)	1,516.7	1,310.6	15.7	41.2	37.3
Goat milk (elsewhere)	(i)	291.7	193.6	50.7	7.9	5.5
		1,808.4	1,504.2	20.2	49.1	42.8
		2,938.5	2,765.8	6.2	79.8	78.8
Private Label and others:						
Private Label	(ii)	113.2	103.2	9.7	3.1	2.9
Others	(iii)	484.1	494.1	(2.0)	13.2	14.1
		597.3	597.3	0.0	16.2	17.0
Dairy and related products		3,535.8	3,363.1	5.1	96.1	95.8
Nutrition products	(iv)	145.3	148.8	(2.4)	3.9	4.2
Total		3,681.1	3,511.9	4.8	100.0	100.0

Notes:

- (i) Representing the sales of own-branded cow milk formula products in the PRC and Kabrita in the PRC, Europe, the CIS, the US, Canada, the Middle East countries, South Korea, South Africa, Mexico, etc.
- (ii) Representing the sales of formula milk powder products (including IMF) under the customers' own brands.
- (iii) Representing mainly the sales of milk, milk powder, cream and other milk derived ingredients such as whey protein powder, etc.
- (iv) Representing the sales of nutrition products in the PRC and Australia.



The Group recorded revenue of RMB3,681.1 million for the 2024 Interim Period, representing an increase of 4.8% from the 2023 Interim Period. The increase in revenue was mainly due to the significant surge in the performance of Kabrita overseas and recovery of Kabrita in the PRC.

Own-branded Goat Milk Formulas

For the 2024 Interim Period, revenue of the Group's Own-branded Goat Milk Formulas amounted to RMB1,808.4 million, representing a YoY increase of 20.2%. The increase in revenue was mainly attributable to (i) discount has been decreased in the PRC through continuous optimisation of the value chain to ensure long-term healthy development of Kabrita, along with increased sales contributed by new products launched during 1H 2024; and (ii) revenue from other regions increased by 50.7% YoY, which was mainly driven by strong momentum in the Middle East, North America, the CIS, and other expanding markets. The significant surge in performance in Kabrita overseas was mainly attributed to the growing acceptance of goat milk formula in those regions and sustained efforts in maintaining Kabrita leadership through omni channel.

Own-branded Cow Milk Formulas

For the 2024 Interim Period, revenue of the Group's Own-branded Cow Milk Formulas amounted to RMB1,130.1 million, representing a YoY decrease of 10.4%. The decrease was mainly resulted from (i) the overall slowdown being faced by the entire IMF industry in Mainland China; (ii) the increase in discounts for the clearance of the Old GB products during new products launch; and (iii) to boost its competitive strength and optimise its resources allocation, after the Group consolidated two major cow milk formula BUs (namely, Hyproca Bio-Science and Allnutria) in 2023, the sales team consolidation temporarily negatively affected the sales of the Own-branded Cow Milk Formulas in the short run, but it result in increase of profitability, and further build competitive strength in the long run.

Private Label and Others

The Group has the Private Label and other businesses, including sales of dairy related products such as milk, milk powder, cream and other milk derived ingredients such as whey protein powder. The total revenue contributed by these businesses remained comparable with the prior period.

Gross profit and gross profit margin

	Six months ended 30 June		Six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)	2024 % (Unaudited)	2023 % (Unaudited)
Own-branded formula milk powder products:				
Cow milk	600.5	673.0	53.1	53.3
Goat milk	1,011.2	730.7	55.9	48.6
	1,611.7	1,403.7	54.8	50.8
Private Label and others	(19.8)	25.4	(3.3)	4.3
Dairy and related products	1,591.9	1,429.1	45.0	42.5
Nutrition products	65.6	65.5	45.1	44.0
	1,657.5	1,494.6	45.0	42.6
Less: provision for inventories	(59.8)	(21.2)		
Total	1,597.7	1,473.4	43.4	42.0



The Group's gross profit for the 2024 Interim Period was RMB1,597.7 million, representing an increase of RMB124.3 million, or 8.4%, when compared with the 2023 Interim Period. The increase in the gross profit margin of the Group from 42.0% for the 2023 Interim Period to 43.4% for the 2024 Interim Period was primarily due to the aggregate effect of the (i) ongoing optimisation of the value chain and decrease of sale discount for the Group's own-branded IMF powder products, following the favourable product mix towards higher revenue contribution from high-margin products mix, leading to the profitability improved; and (ii) offset by increase in discount and rebates granted to distributors for the Group's own-branded Old GB infant formula cow milk powder products after New GB product launches and optimise product portfolio.

Selling and distribution expenses

Selling and distribution expenses, which mainly comprised advertising and promotion expenses, exhibition and trade show expenses, salaries and travelling costs of the sales and marketing staff and delivery costs, represented 29.9% of the revenue for the 2024 Interim Period (2023 Interim Period: 27.4%). The increase in the selling and distribution expenses to revenue ratio was mainly due to further investment of advertising activities were carried out for the period to advertise and promote the New GB products of the Group to maintain long-term developments.

Administrative expenses

Administrative expenses mainly comprised staff costs, travelling expenses, office expenses, auditor's remuneration, professional fees and depreciation. The decrease in administrative expenses was mainly contributed by the cost-saving plan implemented by the Group.

Other income, other gains – net

The amount mainly represented (i) subsidies from the PRC government of RMB17.9 million (2023 Interim Period: RMB47.6 million); (ii) the interest income derived from the bank deposits of RMB21.0 million (2023 Interim Period: RMB16.8 million); and (iii) foreign exchange losses mainly generated from RMB against EUR amounted to RMB18.2 million (2023 Interim Period: RMB4.6 million).

Finance costs – net

The finance costs of the Group for the 2024 Interim Period amounted to RMB31.1 million (2023 Interim Period: RMB19.4 million), representing mainly the interest on bank loans and other borrowings raised principally for the financing of the upstream capital expenditures of the Group, particularly in the Netherlands.

The increase in finance costs was mainly due to the increase in bank loans balance for the financing of the building of a new IMF base powder facility (the "New IFBP Facility") in the Netherlands. As at 30 June 2024, approximately 92.4% (31 December 2023: 95.8%) of the Group's bank loans and borrowings are denominated in EUR.

Share of profits/(losses) of investments accounted for using the equity method

The amount mainly represented share of profits of the Amalthea Group of RMB1.3 million for the 2024 Interim Period (2023 Interim Period: RMB2.3 million) and share of losses of Farmel Holding B.V. and its subsidiaries (the "Farmel Group") of RMB5.9 million (2023 Interim Period: share of profits amounted to RMB13.7 million). The Amalthea Group is principally engaged in the exploitation of cheese factory and the trading of goat cheese and related products. The Farmel Group is principally engaged in the collection and trading of milk and dairy related commodities in Europe, the purpose for the investment in the Farmel Group is to secure the long-term milk supply for the Group's operations in the Netherlands.

Income tax expenses

The Group's effective tax rate of 12.7% for the 2024 Interim Period decreased by 11.0 percentage points as compared with the 2023 Interim Period of 23.7%. The decrease in the effective tax rate was mainly due to the utilisation of previously years' tax losses due to certain business divisions successfully turning from a loss position to a profitable position during the period.



Profit attributable to equity holders of the Company

The Group's profit attributable to equity holders of the Company for the 2024 Interim Period amounted to RMB145.4 million, representing a decrease of RMB39.2 million, or 21.2% when compared with the 2023 Interim Period.

Such decline in the Group's reported net profit is primarily attributable to the unfavourable impact from: (i) the decline of the own-branded cow milk infant formulas sales due to the continuous intensive competition; and (ii) less receipt of subsidies from the government.

Analysis on Condensed Consolidated Statement of Financial Position

As at 30 June 2024, the total assets and net asset value of the Group amounted to RMB10,190.6 million (31 December 2023: RMB10,033.8 million) and RMB5,810.7 million (31 December 2023: RMB5,749.2 million), respectively.

The increase in total assets of the Group as at 30 June 2024 was mainly attributable to the net effects of:

- (i) The trade and bill receivables balance from customers increased by RMB305.9 million as a result of the increase revenue in overseas market, the credit terms granted to overseas customers is normally 90 days to 120 days; and
- (ii) The decrease in inventories by RMB170.3 million mainly driven by improvement in production planning and logistic lead time in the global supply chain.

The increase in net assets of the Group as at 30 June 2024 by RMB61.5 million was mainly resulted from the net effects of (i) the net profit attributable to equity holders of the Company generated for the 2024 Interim Period of RMB145.4 million (2023 Interim Period: RMB184.6 million); and (ii) the payment of final 2023 dividend of RMB80.9 million during the 2024 Interim Period.

Working Capital Cycle

As at 30 June 2024, the current assets to current liabilities ratio of the Group was 1.28 times (31 December 2023: 1.24 times).

An analysis of key working capital cycle is as follows:

	Six months ended 30 June		
	2024 Number of days	2023 Number of days	Change Number of day
Inventories turnover days	175	208	(33)
Debtors' turnover days	37	33	4
Creditors' turnover days	49	52	(3)

The decrease in Group's inventories turnover days mainly due to: (i) accelerate the clearance of Old GB IMF stocks; and (ii) the continuous improvement in production planning and logistics lead time in the global supply chain.

The increase in turnover days of the Group's trade receivables was mainly due to the proportionate increase in sales from the Group's overseas markets which have comparatively longer credit terms than those in the PRC.



MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS

Bioflag Acquisition and Bioflag Subscription

On 19 January 2024, the Company (through its wholly-owned subsidiary, as the purchaser), Yuanta Asia Growth Investment L.P. and Yuanta Venture Capital Co., Ltd. (as the vendors) entered into share purchase agreements in relation to the acquisition of approximately 7.70% of the then issued shares of Bioflag at a total consideration of US\$4,007,690.40 in cash (the “**Bioflag Acquisition**”). On the same date, Bioflag and Hongkong Jingang Trade Holding Co., Limited (“**Jingang Trade**”) (a wholly and beneficially owned company of Inner Mongolia Yili Industrial Group Co., Ltd. (“**Yili Industrial**”)) entered into a share subscription agreement, pursuant to which Jingang Trade conditionally agreed to subscribe for, and Bioflag has conditionally agreed to allot and issue, 1,796,326 new shares of Bioflag at the consideration of US\$1,904,105.56 (i.e. an issue price of US\$1.06 per share) (the “**Bioflag Subscription**”). Upon completion of the Bioflag Subscription and the Bioflag Acquisition, the equity interest of the Group in Bioflag will be reduced from approximately 89.74% to approximately 86.57%. Further details of the Bioflag Subscription and the Bioflag Acquisition are set out in the announcement of the Company dated 19 January 2024.

On 29 April 2024, the Bioflag Subscription was completed. Subsequent to the reporting period, on 26 July 2024, the Bioflag Acquisition was completed.

Acquisition in the Amalthea Group

Subsequent to the reporting period, on 4 July 2024, Ausnutria B.V., a wholly-owned subsidiary of the Company (as the purchaser), and Dairy Goat Holding B.V. (“**DGH**”, the legal successor of Dairy Goat Holland B.V., as the vendor) entered into an implementation agreement, pursuant to which the exercise of the put option shall be implemented according to the shareholder’s agreement between Ausnutria B.V. and the Amalthea Group dated 21 October 2022, and the purchaser will purchase the remaining shares in the Amalthea Group held by DGH (the “**Remaining Shares**”) at the put option purchase price of approximately EUR22.1 million. The Remaining Shares represent 50.0% of the issued share capital of the Amalthea Group held by DGH.

The Amalthea Group is principally engaged in the exploitation of cheese factory and the trading of goat cheese and related products. Upon completion of this acquisition, the Amalthea Group will become a wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group. Further details regarding the acquisition are set out in the announcements of the Company dated 21 October 2022 and 4 July 2024.

Save as disclosed above and elsewhere in this report, the Company did not make or hold any significant investments (including any investment in an investee company representing 5% or more of the Company’s total assets as at 30 June 2024) during the 2024 Interim Period and there were no other material acquisitions or disposals of subsidiaries, joint ventures or associated companies during the 2024 Interim Period and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as otherwise disclosed in this report, the Company did not have other plans for material investments or purchase of capital assets.

TREASURY POLICY

The Group has adopted a prudent treasury policy in respect of investments in financial products. Any surplus funds of the Group will only be invested in time deposits or low risk financial instruments from reputable commercial banks that can be redeemed within a short notice period, including primary bank-sponsored wealth management products, money market funds and interbank deposits.



FINANCIAL RESOURCES AND LIQUIDITY

The Group adopts conservative financial management policies. A summary of liquidity and financial resources is set out below:

	Notes	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Interest-bearing bank loans and other borrowings		(2,451.7)	(2,378.0)
Lease liabilities		(30.2)	(37.6)
Less: Restricted cash	(i)	9.0	5.7
Long-term time deposits	(ii)	62.7	40.9
Cash and cash equivalents	(ii)	2,185.3	2,037.6
		(224.9)	(331.4)
Total assets		10,190.6	10,033.8
Shareholders' equity		5,740.3	5,693.5
Gearing ratio	(iii)	2.2%	3.3%
Solvency ratio	(iv)	56.3%	56.7%

Notes:

(i) An analysis of restricted cash by currency is set out below:

Currency	30 June 2024		31 December 2023	
	RMB'M (Unaudited)	% (Unaudited)	RMB'M (Audited)	% (Audited)
RMB	8.7	96.7	3.9	68.4
Others	0.3	3.3	1.8	31.6
Total	9.0	100.0	5.7	100.0

(ii) An analysis of cash and cash equivalents and long-term time deposits by currency is set out below:

Currency	30 June 2024		31 December 2023	
	RMB'M (Unaudited)	% (Unaudited)	RMB'M (Audited)	% (Audited)
RMB	1,978.7	88.0	1,670.0	80.3
EUR	45.7	2.0	181.6	8.7
AUD	47.2	2.1	48.7	2.3
HK\$	64.2	2.9	46.3	2.2
US\$	91.1	4.1	16.8	0.8
Others	21.1	0.9	115.1	5.7
Total	2,248.0	100.0	2,078.5	100.0

(iii) Calculated as a percentage of net bank loans and other borrowings over total assets.

(iv) Calculated as a percentage of shareholders' equity over total assets.



The Group is dedicated to maintain its overall liquidity by maximising the cashflows generated from operating activities, particularly on the control of the inventory level, and increasing the facilities with banks to reserve sufficient funding to support its business development, in particular to meet the Group's strategy of building of the New IFBP Facility and other related facilities in the Netherlands and the expansion into the nutrition business.

Following the continued corporate guarantee executed by the ultimate shareholder (namely, Yili Industrial), the Group has renewed the facilities from main cooperating banks with more favourable terms during the 2024 Interim Period. As at 30 June 2024, the Group had outstanding borrowings of RMB2,451.7 million (31 December 2023: RMB2,378.0 million), all of which was due within one year (31 December 2023: same).

An analysis of the Group's outstanding borrowings by currency is set out below:

Currency	30 June 2024		31 December 2023	
	RMB'M (Unaudited)	% (Unaudited)	RMB'M (Audited)	% (Audited)
EUR	2,265.6	92.4	2,277.9	95.8
Others	186.1	7.6	100.0	4.2
Total	2,451.7	100.0	2,378.0	100.0

As at 30 June 2024, the major outstanding borrowings of RMB2,451.7 million were guaranteed by the ultimate shareholder (namely, Yili Industrial) and the Group did not have any collateral on its assets.

FOREIGN EXCHANGE RISK

The operations of the Group are mainly carried out in the PRC, the Netherlands and Australia. During the 2024 Interim Period, revenue, cost of sales and operating expenses of the Group are mainly denominated in Renminbi ("RMB"), Hong Kong dollars ("HK\$"), Euro ("EUR"), United States dollars ("US\$") or Australian dollars ("AUD") and RMB is the Group's presentation currency. Besides, most of the bank deposits and bank loans of the Group are denominated in RMB and EUR, respectively. The Group is exposed to potential foreign exchange risk as a result of fluctuation of HK\$, EUR, US\$ or AUD against RMB.

The Group adopts a hedging policy to actively manage its currency risk exposure concerning non-RMB denominated indebtedness. Depending on the market circumstances, trend of currency rates and the cost of hedging, the Group will consider and enter into a hedging arrangement to mitigate the impact of RMB fluctuation against other operating currencies if necessary.

The management monitors closely on its foreign currency exposure to ensure appropriate measures are taken promptly against any significant potential adverse impact.



INTEREST RATE RISK

The Group has exposure to the risk of change in market interest rate in relation to its interest-bearing bank loans and other borrowings with a floating interest rate. As at 30 June 2024, the Group did not have any outstanding interest rate swap contract and will consider and enter into interest rate swap or cap contract to mitigate the risk of floating interest rate if necessary.

CREDIT RISK

The Group seeks to maintain strict control over its outstanding receivables and closely monitors the collection to minimise credit risk. As the Group's exposure spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

The carrying amounts of cash and cash equivalents, trade and bills receivables, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to the Group's other financial assets.

COMMITMENTS

As at 30 June 2024, the Group had contracted, but not provided for, capital commitments mainly in respect of acquisition of dairy related assets, purchase of land and buildings, plant and machineries of a total of RMB333.0 million (31 December 2023: RMB198.8 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

HUMAN RESOURCES

Number of full-time employees	Mainland China	Hong Kong	The Netherlands	Australia	Others	Total
30 June 2024	2,523	8	701	87	155	3,474
31 December 2023	2,631	10	761	83	135	3,620

For the 2024 Interim Period, total employee costs, including Directors' emoluments, amounted to RMB673.8 million (2023 Interim Period: RMB714.7 million). The Group determined the remuneration packages of all employees with reference to individual performance and current market salary scale.

The Group provides a defined contribution mandatory provident fund for retirement benefits of its employees in Hong Kong and various plans in either defined benefit or defined contribution arrangements for the retirement benefits of its employees in the Netherlands and Australia. The Group also provides various welfare schemes as required by the applicable local laws and regulations to its employees in the PRC and other countries.



USE OF PROCEEDS FROM THE YILI SUBSCRIPTION

Yili Industrial, through its wholly and beneficially owned company, the Subscriber, subscribed for an aggregate of 90,000,000 new Shares at a subscription price of HK\$10.06 per subscription share (the "Yili Subscription").

The gross and net proceeds raised from the Yili Subscription which was completed on 28 January 2022 amounted to approximately HK\$905.4 million and HK\$905.0 million, respectively. As at 30 June 2024, the utilisation of the net proceeds from the Yili Subscription, which is expected to be fully utilised by end of 2024, is set out below:

	Net proceeds from the Yili Subscription HK\$'M	Utilised since the date of the Yili Subscription to 30 June 2024 HK\$'M	Unutilised balance as at 30 June 2024 HK\$'M
Expansion of the Company's upstream production facilities	271.5	(271.5)	–
Acquisition of nutrition-related business	271.5	(271.5)	–
Enhance the Group's processing and logistics capabilities in the PRC	181.0	(174.8)	6.2
Investment in the Group's brand building related activities	90.5	(90.5)	–
General working capital:			
(a) Repayment of bank loans and bank borrowings in Hong Kong and the Netherlands	45.2	(45.2)	–
(b) Working capital	45.3	(45.3)	–
General working capital total	90.5	(90.5)	–
Total	905.0	(898.8)	6.2



CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance within the Group at all times and believes that such practices help safeguard the interests of the Shareholders, enhance corporate value and accountability, and improve its performance.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance practices. The Board also strives to implement the best practices embodied in the CG Code whenever feasible and as far as practicable.

Save for the deviations for reasons set out below, in the opinion of the Board, the Company has complied with the respective code provisions of the CG Code during the 2024 Interim Period and up to the date of this report. The Company will continue to review its corporate governance practices from time to time to ensure they comply with the CG Code and align with the latest developments.

Mr. Song Kungang (“Mr. Song”) has resigned as an independent non-executive Director (“INED”), the chairman and member of the remuneration committee (the “Remuneration Committee”), member of the audit committee (the “Audit Committee”) and member of the nomination committee (the “Nomination Committee”) of the Company with effect from 30 July 2024 to devote more time to his other business engagements. According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three INEDs and the number of INEDs should represent at least one-third of the Board. Following the resignation of Mr. Song, the Company has only two INEDs, thus the number of INEDs falls below the minimum number required under Rule 3.10(1) and Rule 3.10A of the Listing Rules.

As a result of the insufficient number of INEDs, the Company has also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules in relation to the minimum number of members and composition of the Audit Committee, and the current composition of the Remuneration Committee and the Nomination Committee has also failed to meet the requirements under Rule 3.25 and Rule 3.27A of the Listing Rules.

The Board is in the process of identifying suitable candidate(s) to fill the vacancy of the position of INED and the vacancies of the member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee and will use its best endeavour to appoint suitable candidate(s) as soon as practicable. The Company will make further announcement(s) in relation to such appointment(s) as soon as practicable in accordance with requirements under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix C3 to the Listing Rules as the standards for the Directors’ dealings in the securities of the Company. Having made specific enquiries with all Directors by the Company, the Directors confirmed that they have complied with the required standard set out in the Model Code during the 2024 Interim Period.

The Group has a written guideline “Employees’ Code of Dealing the Securities of the Company” for its senior management and employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code and the Guidelines on Disclosure of Inside Information of the Securities and Futures Ordinance (the “SFO”). Such guideline provides a general guide and standards for the Company’s senior management, officers and relevant employees in dealing in the securities of the Company.



REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee was established with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duties of the Audit Committee are to provide the Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management of the Group, oversee the audit process and perform other duties and responsibilities stated in the written terms of reference.

The Audit Committee had reviewed this report including the unaudited condensed consolidated interim financial statements of the Group for the 2024 Interim Period.

SHARE OPTION SCHEME

Summary of Terms

A new share option scheme was conditionally approved and adopted by all Shareholders on 26 May 2022 (the “**New Share Option Scheme**”) whereby the Board was authorised, at their discretion, to invite, among other eligible participants, employees of the Group (including proposed employees, whether full-time or part-time and including any executive Director), non-executive Directors (including INEDs), advisers and consultants, to take up options to subscribe for the shares of the Company (the “**Shares**”). The purpose of the New Share Option Scheme is to enable the Company to grant options to the selected participants as incentives or rewards for their contribution to the Group. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the New Share Option Scheme is approved (i.e. valid till 25 May 2032). In respect of any particular option, the period within which the option may be exercised by the grantee shall be a period to be determined by the Board at its discretion and notified by the Board to each grantee, and such period shall not be more than 10 years from the date on which such option is granted. Further details of the New Share Option Scheme are set out in the circular of the Company dated 22 April 2022.

The total number of the Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of approval of the New Share Option Scheme (i.e. 180,854,584 Shares), which represents approximately 10.16% of the issued Shares as at 30 June 2024. As at 1 January 2024 and 30 June 2024, 180,854,584 shares were available for grant under the New Share Option Scheme.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon the exercise of the share options granted to each eligible person (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

As at 30 June 2024, no option had been granted or agreed to be granted under the New Share Option Scheme.

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:



Long positions in ordinary shares of the Company:

Name of Director	Number of Shares held, capacity and nature of interest			Approximate percentage of issued share capital ⁽²⁾
	Beneficial Owner	Interest of a controlled corporation	Total	
Mr. Bartle van der Meer	1,509,000	93,205,230 ⁽¹⁾	94,714,230 ⁽¹⁾	5.32% ⁽¹⁾

Long positions in ordinary shares of associated corporations:

Name of Director	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of shares		Approximate percentage of interest in such corporation ⁽³⁾
			interested	Total	
Mr. Ren Zhijian	Yili Industrial	Beneficial owner	280,000	280,000	0.00%
Mr. Zhang Zhi	Yili Industrial	Beneficial owner	138,400	138,400	0.00%
Mr. Zhang Zhanqiang	Yili Industrial	Beneficial owner	108,500	208,500	0.00%
	Yili Industrial	Person having a security interest in shares	100,000		
Mr. Sun Donghong	Yili Industrial	Beneficial owner	25,739,613	26,405,613	0.41%
	Yili Industrial	Person having a security interest in shares	666,000		
Ms. Yan Junrong	Yili Industrial	Beneficial owner	546,000	629,400	0.01%
	Yili Industrial	Person having a security interest in shares	83,400		

Notes:

(1) The Shares are held by Dutch Dairy Investments HK Limited ("DDIHK"), which is in turn wholly-owned by Dutch Dairy Investments B.V. ("DDI"). DDI is wholly-owned by Fan Deming B.V., which is wholly-owned by Mr. Bartle van der Meer. Mr. Bartle van der Meer is therefore deemed to be interested in 93,205,230 Shares held by DDIHK and is interested in 94,714,230 Shares in aggregate under the SFO. Subsequent to the reporting period, DDIHK bought 459,000 Shares and Mr. Bartle van der Meer is deemed to be interested in 95,173,230 Shares in aggregate which represents approximately 5.35% of the issued Shares.

(2) As at 30 June 2024, the total number of the issued Shares was 1,780,111,841.

(3) As at 30 June 2024, the total number of issued A shares of Yili Industrial was 6,366,098,705.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as was known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares and underlying interests of 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company:

Name	Notes	Number of Shares	Nature of interest	Approximate percentage of issued share capital ⁽⁴⁾
Inner Mongolia Yili Industrial Group Co, Ltd.	1	1,070,113,149	Interest of controlled corporation	60.11%
Center Laboratories, Inc.		146,918,271	Beneficial owner	8.25%
Dutch Dairy Investments HK Limited	2	93,205,230	Beneficial owner	5.24%
Dutch Dairy Investments B.V.	2	93,205,230	Interest of a controlled corporation	5.24%
Fan Deming B.V.	2	93,205,230	Interest of a controlled corporation	5.24%
Citagri Easter Ltd.	3	92,400,738	Beneficial owner	5.19%
Changsha Kunxin Xin'Ao Investment LP	3	92,400,738	Interest of controlled corporation	5.19%
Chengtong CITIC Agriculture Investment Fund	3	92,400,738	Interest of controlled corporation	5.19%
China Structural Reform Fund Co., Ltd* (中國國有企業結構調整基金股份有限公司)	3	92,400,738	Interest of controlled corporation	5.19%
Citagri Nutrition Investment Co., Limited	3	92,400,738	Interest of controlled corporation	5.19%
CITIC Agri Fund Management Co., Ltd.	3	92,400,738	Interest of controlled corporation	5.19%
CITIC Agriculture Technology Co., Ltd.	3	92,400,738	Interest of controlled corporation	5.19%
CITIC Limited	3	92,400,738	Interest of controlled corporation	5.19%
CITIC Group Corporation	3	92,400,738	Interest of controlled corporation	5.19%



Notes:

1. Yili Industrial is beneficially interested in 1,070,113,149 Shares through its wholly-owned subsidiary, Jingang Trade.
2. DDIHK is wholly-owned by DDI. DDI is wholly-owned by Fan Deming B.V., which is in turn wholly-owned by Mr. Bartle van der Meer. Each of DDI, Fan Deming B.V. and Mr. Bartle van der Meer is therefore deemed to be interested in the Shares held by DDIHK under the SFO. Subsequent to the reporting period, DDIHK bought 459,000 Shares and as at the reporting date, DDIHK is interested in 93,664,230 Shares which is approximately 5.26% of the issued Shares.
3. Citagri Easter Ltd. is owned as to approximately 53.14% by Changsha Kunxin Xin' Ao Investment LP* (長沙鯤信信澳股權投資合夥企業(有限合夥)) ("Kunxin Xin' Ao"), 30.40% by Easter Fund II LP and 16.46% by Easter Fund LP. Kunxin Xin' Ao is owned as to 91.17% by Chengtong CITIC Agriculture Investment Fund as a limited partner, which in turn is owned as to 34.69% by China Structural Reform Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司) and owned as to 36.90% by CITIC Agriculture Technology Co. Ltd (中信農業科技股份有限公司). Citagri Nutrition Investment Co., Limited, the general partner of Easter Fund LP and Easter Fund II LP, is indirect wholly-owned subsidiary of CITIC Agri Fund Management Co., Ltd. CITIC Agri Fund Management Co., Ltd. is the general partner of Kunxin Xin' Ao and its largest shareholder is CITIC Agriculture Technology Co., Ltd., which owns 40.41% of the equity interest in CITIC Agri Fund Management Co., Ltd. CITIC Agriculture Technology Co., Ltd. is an indirect wholly-owned subsidiary of CITIC Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 267), and CITIC Limited is indirectly owned as to 58.13% by CITIC Group Corporation.
4. As at 30 June 2024, the total number of the issued Shares was 1,780,111,841.

* For identification purpose only

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person, other than the Directors, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Shares (including sale of treasury shares, as defined under the Listing Rules) during the 2024 Interim Period. As at 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

DIVIDEND DISTRIBUTION

The Board does not recommend a payment of an interim dividend for the 2024 Interim Period (2023 Interim Period: Nil).

CHANGES IN INFORMATION OF DIRECTORS

Mr. Song has resigned as an INED, the chairman and member of the Remuneration Committee and member of the Nomination Committee and Audit Committee of the Company with effect from 30 July 2024.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the annual report for the year ended 31 December 2023 and up to the date of this report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in this report, there are no significant events affecting the Group after the 2024 Interim Period and up to the date of this report.



Condensed Consolidated Interim Statement of Profit or Loss

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For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

	Notes	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Revenue	5, 6	3,681,063	3,511,917
Cost of sales	7	(2,083,374)	(2,038,471)
Gross profit		1,597,689	1,473,446
Selling and distribution expenses	7	(1,099,080)	(963,533)
Administrative expenses	7	(260,445)	(275,701)
Research and development expenses	7	(52,767)	(56,178)
Net impairment (losses)/gains on financial assets		(144)	1,871
Other income, other gains – net	8	21,508	61,221
Operating profit		206,761	241,126
Finance costs – net		(31,105)	(19,426)
Share of (losses)/profits of investments accounted for using the equity method		(4,577)	9,234
Profit before income tax		171,079	230,934
Income tax expense	9	(21,811)	(54,807)
Profit for the period		149,268	176,127
Attributable to:			
The equity holders of the Company		145,392	184,600
Non-controlling interests		3,876	(8,473)
		149,268	176,127
Earnings per share attributable to the equity holders of the Company			
Basic earnings per share (RMB cents)	11	8.17	10.25
Diluted earnings per share (RMB cents)	11	8.17	10.25

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2024

(All amount in RMB unless otherwise stated)

	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Profit for the period	149,268	176,127
Other comprehensive (loss)/income: <i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(20,337)	170,245
Total other comprehensive (loss)/income for the period	(20,337)	170,245
Total comprehensive income for the period	128,931	346,372
Attributable to:		
The equity holders of the Company	127,715	354,315
Non-controlling interests	1,216	(7,943)
	128,931	346,372

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement of Financial Position

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As at 30 June 2024

(All amount in RMB unless otherwise stated)

	Notes	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,089,467	3,139,682
Investment property	12	136,860	132,612
Right-of-use assets	12	128,617	140,563
Goodwill	12	189,698	192,225
Other intangible assets	12	472,949	508,366
Investments accounted for using the equity method		307,183	318,793
Financial assets at fair value through profit or loss		8,196	28,145
Prepayments, deposits and other assets		81,957	85,518
Long-term time deposits		62,667	40,871
Deferred tax assets		368,496	366,119
Total non-current assets		4,846,090	4,952,894
Current assets			
Inventories	13	1,919,119	2,089,409
Trade and bills receivables	14	896,758	590,861
Prepayments, other receivables and other assets		247,669	256,088
Income tax recoverable		86,790	101,192
Restricted cash		8,956	5,712
Cash and cash equivalents		2,185,267	2,037,602
Total current assets		5,344,559	5,080,864
Total assets		10,190,649	10,033,758
LIABILITIES			
Non-current liabilities			
Lease liabilities		18,683	21,025
Defined benefit plan		1,778	1,823
Deferred revenue		80,178	81,020
Deferred tax liabilities		92,713	81,339
Other liabilities		8,015	9,096
Total non-current liabilities		201,367	194,303



28 Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2024

(All amount in RMB unless otherwise stated)

	Notes	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Current liabilities			
Trade and bills payables	15	605,225	516,960
Other payables and accruals		768,366	716,229
Contract liabilities		332,930	451,316
Interest-bearing bank loans and other borrowings		2,451,717	2,377,952
Lease liabilities		11,523	16,623
Income tax payable		8,792	11,179
Total current liabilities		4,178,553	4,090,259
Total liabilities		4,379,920	4,284,562
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	16	154,226	154,226
Reserves		5,586,027	5,539,242
		5,740,253	5,693,468
Non-controlling interests		70,476	55,728
Total equity		5,810,729	5,749,196
Total equity and liabilities		10,190,649	10,033,758

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 25 to 50 were approved by the board of directors on 27 August 2024 and were signed on its behalf by:

Mr. Ren Zhijian
Director

Mr. Zhang Zhi
Director



Condensed Consolidated Interim Statement of Changes in Equity

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For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

	Attributable to the equity holders of the Company									
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2023 (audited)	154,226	2,993,283	(1,973,634)	52,989	181,093	(73,166)	4,358,677	5,693,468	55,728	5,749,196
Profit for the period	-	-	-	-	-	-	145,392	145,392	3,876	149,268
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(17,677)	-	(17,677)	(2,660)	(20,337)
Total comprehensive income for the period	-	-	-	-	-	(17,677)	145,392	127,715	1,216	128,931
Final 2023 dividend paid	-	(80,930)	-	-	-	-	-	(80,930)	-	(80,930)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	13,532	13,532
As at 30 June 2024 (unaudited)	154,226	2,912,353	(1,973,634)	52,989	181,093	(90,843)	4,504,069	5,740,253	70,476	5,810,729

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.

	Attributable to the equity holders of the Company									
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2022 (audited)	156,061	3,089,922	(1,835,772)	52,989	176,946	(181,920)	4,188,345	5,646,571	(81,515)	5,565,056
Profit for the period	-	-	-	-	-	-	184,600	184,600	(8,473)	176,127
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	169,715	-	169,715	530	170,245
Total comprehensive income for the period	-	-	-	-	-	169,715	184,600	354,315	(7,943)	346,372
Disposal of a subsidiary	-	-	(72,179)	-	-	-	-	(72,179)	85,254	13,075
Final 2022 dividend paid	-	(98,474)	-	-	-	-	-	(98,474)	-	(98,474)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(4,000)	(4,000)
Acquisition of non-controlling interest in subsidiaries	-	-	(24,412)	-	-	-	-	(24,412)	24,412	-
Increase in non-controlling interests from acquisition of a subsidiary	-	-	-	-	-	-	-	-	67,241	67,241
Transfer from retained profits	-	-	-	-	3,951	-	(3,951)	-	-	-
As at 30 June 2023 (unaudited)	156,061	2,991,448	(1,932,363)	52,989	180,897	(12,205)	4,368,994	5,805,821	83,449	5,889,270

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2024

(All amount in RMB unless otherwise stated)

	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Notes		
Cash flows from operating activities		
Cash generated from/(used in) operations	237,208	(348,450)
Interest received	20,991	13,311
Interest paid	(31,012)	(13,046)
Income tax paid	(20,262)	(44,282)
	206,925	(392,467)
Cash flows from investing activities		
Payments for property, plant and equipment	(124,501)	(298,500)
Payments for other intangible assets	(20,229)	(32,344)
Payments for acquisition of investments accounted for using the equity method	–	(165,943)
Purchases of financial assets at fair value through profit and loss	(8,175)	(846,000)
Proceeds from disposal of financial assets at fair value through profit and loss	28,177	836,959
Increase in long-term time deposits	(20,000)	–
Proceeds from disposal of a subsidiary – net	–	111,021
Dividends received	–	12,462
Proceeds from disposal of property, plant and equipment	16,024	471
Proceeds from acquisition of a subsidiary – net	–	21,190
	(128,704)	(360,684)
Cash flows from financing activities		
New bank loans and other borrowings	263,620	2,181,547
Repayments of bank loans	(135,869)	(1,168,664)
Principal portion of lease payments	(5,105)	(8,206)
Dividends paid to the equity holders of the Company	(80,935)	(98,373)
Dividends paid to non-controlling shareholders	–	(4,000)
Contributions from non-controlling interests	13,532	–
(Increase)/Decrease in restricted cash	(3,243)	22,245
	52,000	924,549
Net increase in cash and cash equivalents	130,221	171,398
Cash and cash equivalents at beginning of the period	2,037,602	1,861,860
Effect of foreign exchange rate changes, net	17,444	20,252
	2,185,267	2,053,510

The notes on pages 31 to 50 are an integral part of these condensed consolidated interim financial statements.



Notes to the Condensed Consolidated Interim Financial Statements

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For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

1 CORPORATE INFORMATION

Ausnutria Dairy Corporation Ltd (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 8 June 2009. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal offices of the Group are located at (i) Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong; (ii) Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the People’s Republic of China (the “PRC”); (iii) Dokter van Deenweg 150, 8025 BM Zwolle, the Netherlands; and (iv) 25-27 Keysborough Avenue, Keysborough VIC 3173, Australia.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 October 2009. The Company and its subsidiaries are hereinafter collectively referred to as the “Group”.

The Company acts as an investment holding company of the Group. During the six months ended 30 June 2024, the Group is principally engaged in the research and development, production, marketing and distribution of dairy and related products and nutrition products to its worldwide customers, particularly in the PRC.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Hongkong Jingang Trade Holding Co., Limited (“Jingang Trade”) and Inner Mongolia Yili Industrial Group Co., Ltd. (“Yili Industrial”), respectively.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023. The condensed consolidated interim financial statements are presented in Renminbi (“RMB”) and all values are rounded to nearest thousand (RMB’000), except when otherwise indicated.

2.2 Change in accounting policies

(a) New and amended standards adopted by the Group

The following amended standards and interpretations have been adopted by the Group for the first time to the financial reporting periods commencing on or after 1 January 2024:

		Effective for accounting periods beginning on or after
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 January 2024

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”



For the six months ended 30 June 2024
 (All amount in RMB unless otherwise stated)

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.2 Change in accounting policies (continued)

(a) *New and amended standards adopted by the Group (continued)*

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards.

(b) *New and amended standards not yet adopted by the Group*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the reporting period beginning on 1 January 2024 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

		Effective for accounting periods beginning on or after
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025 (early adoption is available)

3 ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023.

There have been no changes in the major risk management policies since the period end.



For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2024					
(unaudited)					
Lease liabilities	3,088	9,264	12,238	6,936	31,526
Interest-bearing bank loans and other borrowings	25,913	2,525,793	–	–	2,551,706
Trade and bills payables	604,012	1,213	–	–	605,225
Financial liabilities included in other payables and accruals	424,340	174,543	–	–	598,883
Total	1,057,353	2,710,813	12,238	6,936	3,787,340
As at 31 December 2023					
(audited)					
Lease liabilities	2,979	13,838	13,483	8,527	38,827
Interest-bearing bank loans and other borrowings	27,419	2,409,804	–	–	2,437,223
Trade and bills payables	513,138	3,822	–	–	516,960
Financial liabilities included in other payables and accruals	299,070	155,342	–	–	454,412
Total	842,606	2,582,806	13,483	8,527	3,447,422

Interest payments on borrowings are calculated based on borrowings held as at the balance sheet dates without taking into account of future issues. Floating-rate interest is estimated using the current interest rate as at the balance sheet dates.



For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Fair value estimation of financial instruments

(a) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2024 and 31 December 2023.

As at 30 June 2024 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-current				
Financial assets at fair value through profit or loss ("FVPL")	–	–	8,196	8,196

As at 31 December 2023 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-current				
Financial assets at FVPL	–	–	28,145	28,145

During the six months ended 30 June 2024, there were no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.



For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Fair value estimation of financial instruments (continued)

(b) *Fair value measurements using significant unobservable inputs (Level 3)*

The following table presents the changes in level 3 items for the period ended 30 June 2024.

	Equity investments at fair value through profit or loss RMB'000
Opening balance as at 1 January 2024 (audited)	28,145
Disposals	(20,000)
Exchange realignment	51
Closing balance as at 30 June 2024 (unaudited)	8,196

(c) *Fair value of financial assets and liabilities measured at amortised cost*

The fair value of the following financial assets and liabilities approximate their carrying amount as at the balance sheet date:

- Trade and bills receivables
- Other receivables
- Cash and bank balances
- Trade and bills payables
- Financial liabilities included in other payables and accruals
- Interest-bearing bank loans and other borrowings
- Lease liabilities

5 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and had two reportable operating segments in the six months ended 30 June 2024 as follows:

- (a) The dairy and related products segment, comprises the manufacturing and sale of dairy and related products, particularly on formula milk powder products, to its worldwide customers; and
- (b) The nutrition products segment, comprises the manufacturing and sale of nutrition products (mainly including probiotic related products and gut relief products) to its customers principally in Mainland China and Australia.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment profit which is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, restricted cash and long-term time deposits as these assets are managed on a group basis.



36 Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (continued)

Segment liabilities exclude interest-bearing bank loans and other borrowings as these liabilities are managed on a group basis.

	Six months ended 30 June 2024 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Segment revenue (Note 6)			
Sales to external customers	3,535,723	145,340	3,681,063
Revenue from operation			3,681,063
Rental income (Note 8)	2,044	–	2,044
Segment results	192,520	(8,695)	183,825
Reconciliation:			
Interest income (Note 8)			20,991
Finance costs (other than interest on lease liabilities)			(30,530)
Corporate and other unallocated expenses			(5,251)
Profit before tax			171,079
Other segment information			
Impairment recognised in profit or loss	56,243	3,701	59,944
Share of losses/(profits) of investments accounted for using the equity method	4,597	(20)	4,577
Depreciation and amortisation	115,097	10,150	125,247
Capital expenditure*	129,932	3,309	133,241

	As at 30 June 2024 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Segment assets	7,928,749	464,826	8,393,575
Reconciliation:			
Elimination of intersegment receivables			(459,816)
Corporate and other unallocated assets			2,256,890
Total assets			10,190,649
Segment liabilities	1,880,905	507,114	2,388,019
Reconciliation:			
Elimination of intersegment payables			(459,816)
Corporate and other unallocated liabilities			2,451,717
Total liabilities			4,379,920
Other segment information			
Investments accounted for using the equity method	306,139	1,044	307,183



38 Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (continued)

(a) Non-current assets

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
The PRC	1,220,820	1,255,851
The Netherlands	3,047,963	3,088,252
Australia and New Zealand	208,811	242,672
	4,477,594	4,586,775

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

(b) Information about major customers

During the six months ended 30 June 2024, there was no revenue from a single external customer accounting for 10% or more of the Group's total revenue (six months ended 30 June 2023: Nil).

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Revenue from contracts with customers	3,681,063	3,511,917



For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Six months ended 30 June 2024 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	3,532,835	145,340	3,678,175
Rendering services	2,888	–	2,888
Total revenue from contracts with customers	3,535,723	145,340	3,681,063
Geographical markets			
The PRC	2,740,620	143,589	2,884,209
European Union	426,650	–	426,650
Middle East	197,967	–	197,967
North and South America	109,222	–	109,222
Southeast Asia	47,292	–	47,292
Australia	11,695	1,751	13,446
New Zealand	1,092	–	1,092
Others	1,185	–	1,185
Total revenue from contracts with customers	3,535,723	145,340	3,681,063
Timing of revenue recognition			
At a point in time	3,532,835	145,340	3,678,175
Over time	2,888	–	2,888
Total revenue from contracts with customers	3,535,723	145,340	3,681,063



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For the six months ended 30 June 2024
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6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(a) Disaggregated revenue information (continued)

	For the six months ended 30 June 2023 (unaudited)		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	3,361,774	148,819	3,510,593
Rendering services	1,324	–	1,324
Total revenue from contracts with customers	3,363,098	148,819	3,511,917
Geographical markets			
The PRC	2,664,239	144,522	2,808,761
European Union	387,720	–	387,720
Middle East	151,874	–	151,874
North and South America	82,383	–	82,383
Southeast Asia	53,274	–	53,274
Australia	15,560	4,297	19,857
New Zealand	1,369	–	1,369
Others	6,679	–	6,679
Total revenue from contracts with customers	3,363,098	148,819	3,511,917
Timing of revenue recognition			
At a point in time	3,361,774	148,819	3,510,593
Over time	1,324	–	1,324
Total revenue from contracts with customers	3,363,098	148,819	3,511,917



For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

7 EXPENSES BY NATURE

	Notes	Six months ended 30 June	
		2024	2023
		Unaudited RMB'000	Unaudited RMB'000
Raw materials, packaging materials, consumables and purchased commodity used		1,580,822	1,627,933
Changes in inventories of finished goods		21,564	(33,373)
Promotion and advertising expenses		673,898	521,569
Employee benefit expenses, including directors' emoluments	(i)	673,779	714,737
Depreciation of property, plant and equipment	12	74,571	76,570
Office expenses		71,712	41,153
Write-downs of inventories to net realisable value		59,800	21,235
Transportation expenses		57,833	62,671
Consulting expenses		42,589	31,846
Amortisation of other intangible assets	12	42,447	31,321
Laboratory expenses		38,328	40,031
Repair and maintenance expenses		33,772	30,266
Travel and entertainment expenses		33,557	51,394
Short-term rental expenses		29,061	30,592
Sampling expenses		15,251	20,811
Depreciation of right-of-use assets	12	5,761	19,857
Depreciation of investment property	12	2,468	2,450
Others		38,453	42,820
		3,495,666	3,333,883

(i) Employee benefit expenses (including directors' remuneration)

	Six months ended 30 June	
	2024	2023
	Unaudited RMB'000	Unaudited RMB'000
Wages, salaries and staff expenses	526,912	542,958
Temporary staff costs	100,499	95,613
Pension scheme contributions*	34,245	28,604
Other employee related expenses	12,123	47,562
Total employee benefit expenses	673,779	714,737

* As at 30 June 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 December 2023: Nil).



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For the six months ended 30 June 2024
(All amount in RMB unless otherwise stated)

8 OTHER INCOME, OTHER GAINS – NET

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Other income		
Government grants	17,883	47,580
Interest income	20,991	16,832
Rental income	2,044	1,998
	40,918	66,410
Other gains/(losses) – net		
Foreign exchange losses, net	(18,243)	(4,588)
Charitable donations	(883)	(4,465)
Others	(284)	3,864
	(19,410)	(5,189)
Total other income, other gains – net	21,508	61,221

9 INCOME TAX

Taxes on assessable profits of the Company's subsidiaries have been calculated at the rates of tax prevailing in the jurisdictions in which the subsidiary operates.

Under Mainland China income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25%. Ausnutria Dairy (China) Co., Ltd., Bioflag Co., Ltd. and Bioflag (Anhui) Co., Ltd. were designated as High-tech Enterprises and were granted a preferential CIT rate of 15% up to the six months ended 30 June 2024.

Under the Netherlands income tax laws, enterprises are subject to the Netherlands CIT rate of 19% (six months ended 30 June 2023: 19%) for the first EUR200,000 (six months ended 30 June 2023: EUR200,000) taxable profits and 25.8% (six months ended 30 June 2023: 25.8%) for taxable profits exceeding EUR200,000 (six months ended 30 June 2023: EUR200,000). Ausnutria B.V. and its subsidiaries (the "Ausnutria B.V. Group") have been granted a preferential tax benefit in April 2021 for the assessable profits generated in the Netherlands which covers the period from 2018 to 2024 for the recognition of Ausnutria B.V. Group's contribution on research and development in the past years. The preferential tax rates are 7% and 9% for the periods from 2018 to 2020 and from 2021 to 2024, respectively, on earnings that were or are to be generated by qualifying intellectual property.

Under Hong Kong tax laws, profits tax has been provided at the rate of 16.5% on the assessable profits arising in Hong Kong during the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).



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9 INCOME TAX (continued)

The Group has operations mainly in Mainland China, Hong Kong, Taiwan, the Netherlands, United Arab Emirates, United States of America, Australia, Cayman Islands and British Virgin Islands. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in jurisdictions including Mainland China, Taiwan, United States of America, Cayman Islands and British Virgin Islands. Hong Kong and Australia have announced the implementation regarding Pillar Two model rules which have not come into effect. The Pillar Two model rules have entered into force in the Netherlands on 31 December 2023 and come into effect from 1 January 2024.

The Group, except its subsidiaries in the Netherlands, applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two Global Anti-Base Erosion Proposal (“GloBE”) Rules. The assessment is based on the most recently available financial information and financial performance. The Group has estimated that the potential exposure for the reporting period ended 30 June 2024 is immaterial.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its financial performance in the financial year 2024 and beyond.

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Current income tax		
Mainland China current CIT	22,544	5,407
Overseas current CIT	(246)	758
	22,298	6,165
Deferred income tax	(487)	48,642
Total tax charge for the period	21,811	54,807

10 INTERIM DIVIDEND

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).



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11 EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,780,111,841 (six months ended 30 June 2023: 1,800,111,841) in issue during the period.

Earnings

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	145,392	184,600

Shares

	Six months ended 30 June	
	2024 Unaudited number of shares	2023 Unaudited number of shares
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	1,780,111,841	1,800,111,841
Effect of dilution – weighted average number of ordinary shares: share options	–	–
	1,780,111,841	1,800,111,841
Basic		
– For profit for the period (RMB cents)	8.17	10.25
Diluted		
– For profit for the period (RMB cents)	8.17	10.25



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(All amount in RMB unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES, GOODWILL AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Six months ended 30 June 2024					
Opening net book amount as at 1 January 2024 (audited)	3,139,682	140,563	132,612	192,225	508,366
Additions	114,529	811	-	-	16,465
Transfers	(9,709)	-	9,709	-	-
Disposals	(14,209)	(3,587)	-	-	(140)
Exchange realignment	(66,255)	(3,409)	(2,993)	(2,527)	(9,295)
Depreciation and amortisation	(74,571)	(5,761)	(2,468)	-	(42,447)
Closing net book amount as at 30 June 2024 (unaudited)	3,089,467	128,617	136,860	189,698	472,949

13 INVENTORIES

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Raw materials	405,367	425,346
Finished goods	1,257,808	1,369,079
Semi-finished goods	222,330	245,385
Others	33,614	49,599
	1,919,119	2,089,409



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14 TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Trade receivables from third parties	670,698	447,529
Trade receivables from related parties (Note 18(b))	236,726	153,414
	907,424	600,943
Bills receivables	5,266	6,120
	(15,932)	(16,202)
Less: Provision for impairment of trade receivables		
	896,758	590,861

The Group normally allows a credit period from 1 to 6 months (six months ended 30 June 2023: from 1 to 6 months) to certain customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management and followed closely by operation teams. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Within 3 months	757,163	502,257
3 to 6 months	73,123	42,240
6 months to 1 year	27,460	24,290
Over 1 year	49,678	32,156
	907,424	600,943

The Group applies the simplified approach to provide for expected credit loss which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9.



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15 TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Within 12 months	605,225	510,993
Over 12 months	–	5,967
	605,225	516,960

Trade payables are interest-free and are normally to be settled within 12 months.

16 SHARE CAPITAL

	As at 30 June 2024 Unaudited HK\$'000	As at 31 December 2023 Audited HK\$'000
Issued and fully paid: 1,780,111,841 (2023: 1,780,111,841) ordinary shares of HK\$0.10 each	178,011	178,011

A summary of balance of the Company's share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
As at 1 January 2024 (audited) and 30 June 2024 (unaudited)	1,780,112	154,226



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17 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Contracted, but not provided for:		
Land and buildings	12,566	12,013
Plant and machinery	149,091	184,578
Intangible assets	2,222	2,198
Acquisition of dairy related assets	169,147	–
	333,026	198,789

18 RELATED PARTY TRANSACTIONS

The ultimate holding company of the Group is Yili Industrial. The directors of the Company are of the view that the subsidiaries of Yili Industrial, the joint ventures and associates of the Group are regarded as related parties.

- (a) In addition to the transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2024:

		Six months ended 30 June	
	Notes	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Sales and purchases of goods and services			
Purchases of products from the associates	(i)	–	26,463
Purchases of products from the joint ventures	(i)	139,013	199,375
Purchases of products from the subsidiaries of Yili Industrial	(ii)	25,085	–
Services received from the associates	(i)	29,795	–
Services received from the subsidiaries of Yili Industrial	(ii)	1,703	–
Interest charged from joint ventures and associates	(i)	1,580	–
Sales of products to the associates	(i)	5	46,186
Sales of products to the joint ventures	(i)	160,980	226,083
Sales of products to the subsidiaries of Yili Industrial	(ii)	5,448	3,865
Provision of services to the subsidiaries of Yili Industrial	(ii)	2,888	1,324

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) The above sales of raw materials, purchase of raw materials, finished goods and services and provision of processing services are carried out in accordance with the terms of the underlying agreements with Yili Industrial.



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18 RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) Due from related parties

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
<i>Trade and bills receivables (Note 14)</i>		
Amount due from associates and joint ventures of the Group	236,689	151,023
Amount due from the subsidiaries of Yili Industrial	37	2,391
	236,726	153,414
<i>Prepayments, other receivables and other assets</i>		
Amount due from associates and joint ventures of the Group	166	83
Amount due from the subsidiaries of Yili Industrial	241	12,208
	407	12,291
<i>Cash and cash equivalents</i>		
Short-term deposits in a subsidiary of Yili Industrial	191,535	5,175

(ii) Due to related parties

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
<i>Trade and bills payables</i>		
Amount due to associates and joint ventures of the Group	121,885	40,920
Amount due to the subsidiaries of Yili Industrial	18,090	4,857
	139,975	45,777
<i>Other payables and accruals</i>		
Amount due to associates and joint ventures of the Group	8,879	8,979



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18 RELATED PARTY TRANSACTIONS (continued)

(c) **Guarantee given from a related party**

As at 30 June 2024, bank loans of RMB2,451,673,000 (31 December 2023: RMB2,377,906,000) were guaranteed by a corporate guarantee executed by Yili Industrial.

(d) **Compensation of key management personnel of the Group:**

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Salaries, allowances and benefits in kind	7,557	18,094
Retirement benefit contributions	396	787
Total compensation paid to key management personnel	7,953	18,881

19 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 4 July 2024, Ausnutria B.V., a wholly-owned subsidiary of the Company (as the purchaser), and Dairy Goat Holding B.V. ("DGH", the legal successor of Dairy Goat Holland B.V., as the vendor) entered into an implementation agreement, pursuant to which the exercise of the put option shall be implemented according to the signed shareholder's agreement between Ausnutria B.V. and Amalthea Group dated 21 October 2022, and the purchaser will purchase the remaining shares in the Amalthea Group held by DGH (the "Remaining Shares") at the put option purchase price of approximately EUR22,100,000 (equivalent to approximately RMB169,147,000). The Remaining Shares represent 50.0% of the issued share capital of the Amalthea Group held by DGH.

The Amalthea Group is principally engaged in the exploitation of cheese factory and the trading of goat cheese and related products. Upon completion of this acquisition, the Amalthea Group will become a wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group. Further details regarding the acquisition are set out in the announcements of the Company dated 21 October 2022 and 4 July 2024.

