

High-Efficiency
Fertilisers in China

中國高效肥

ANNUAL REPORT 2018 年報



China XLX Fertiliser Ltd.
中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)

(於新加坡註冊成立之有限公司)

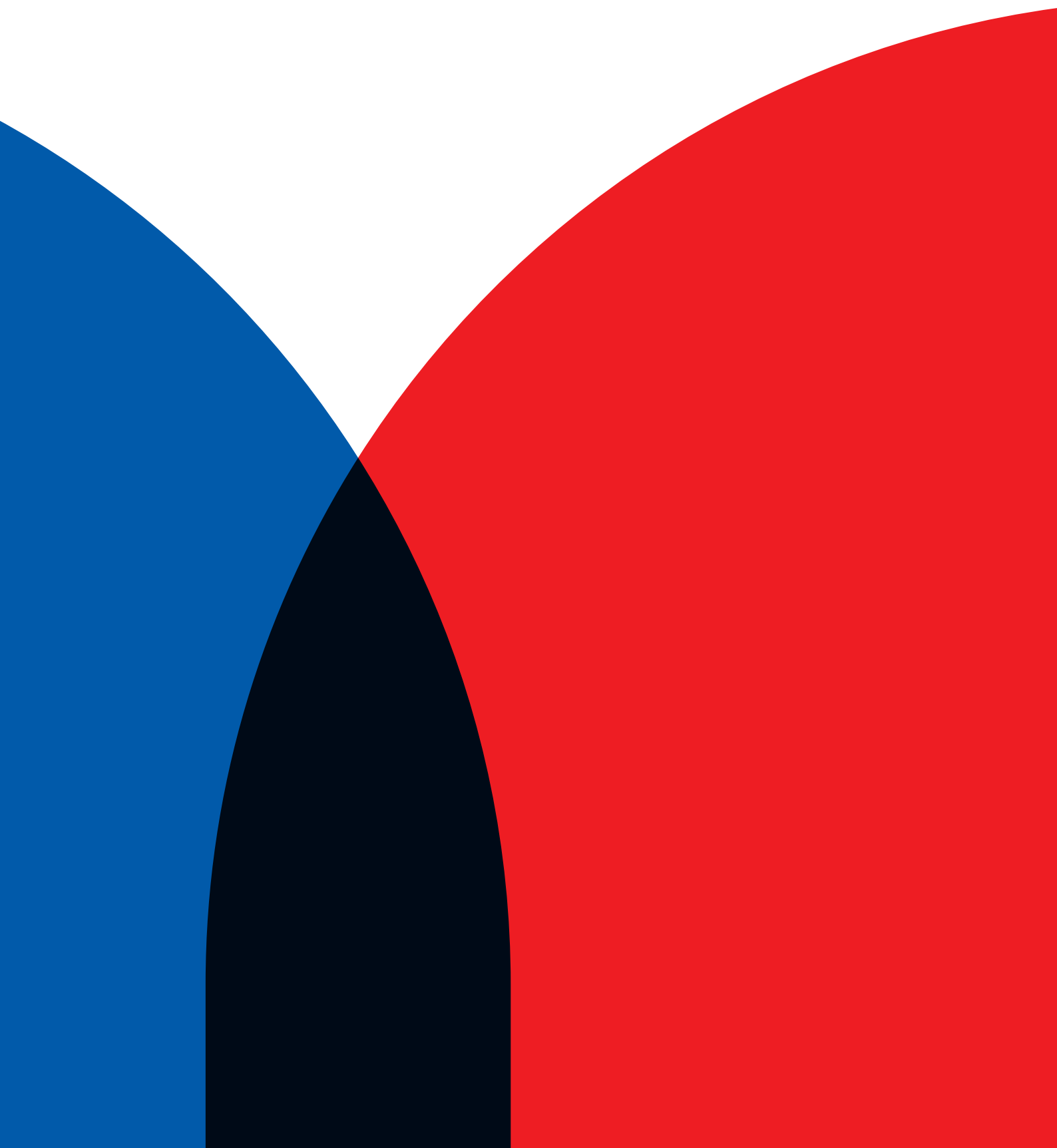
Stock Code 股份代號：1866

* For identification purpose only 僅供識別

CHINA XLX CULTURE 中國心連心文化

We attribute our achievements and breakthroughs to our dedicated team at China XLX. The team is committed to uphold the vision with integrity, discipline and strong commitment.

我們所有的成績與突破，都歸功於誠信為本、紀律嚴明、專注投入、放眼未來和充滿快樂的中國心連心團隊。



CHINA XLX DEVELOPMENT STRATEGY:

Adhere to the enhanced development direction of cleaner chemical process of coal, and maintain the privileges and leading status in the chemical fertiliser industry. Meanwhile appropriately develop new energy and new chemical material, establishing the 'Fertiliser as base, fertiliser and chemical side by side' development plan.

中國心連心發展戰略：

堅持聚焦潔淨煤化工升級發展方向，確保化肥主業的優勢和行業領先地位。同時適度發展新能源、新材料化工品，總體形成「以肥為主，肥化並舉」的產業發展格局。

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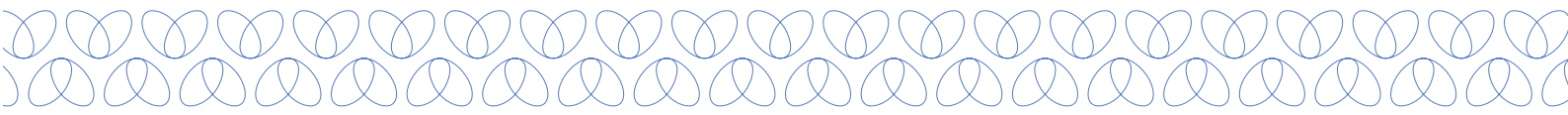
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Company Profile

公司概況

- Chinese high-efficiency fertilizer advocator
- Environmental Protection Standard Enterprise established by the Ministry of Environmental Protection and China National Nitrogen Fertilizer Industry Association
- Awarded "Standard Enterprise for Synthetic Ammonia Efficiency Leaders" by the China Petroleum and Chemical Industry Federation for seven consecutive years
- New/High Tech Enterprise in the PRC (enjoying preferential income tax rate of 15%)
- First state-level nitrogen fertiliser research center and largest agriculture service center in the PRC
- First producer mastering the controlled release urea production patented technology in the PRC
- 中國高效肥倡導者
- 國家環保部、中國氮肥工業協會樹立的環保標準企業
- 連續七年獲中國石油和化學工業聯合會頒發「合成氨能效領跑者標杆企業」
- 中國高新技術企業(享受15%的優惠所得稅率)
- 首個國家級氮肥研發中心和全國性農化服務中心
- 中國第一家掌握控失尿素生產專利技術的生產企業





China XLX was incorporated with limited liability on 17 July 2006 in Singapore under the Companies Act, with the Group's registered office at 80 Robinson Road, #02-00, Singapore 068898. The Group's headquarters and principal place of business is located in Xinxiang Economic Development Zone, Henan Province, and Taxihe Industrial Park, Baojiadian Town, Manas County, Changji Prefecture, Xinjiang Province, the PRC. The Group is principally engaged in developing, manufacturing, and selling of urea, compound fertiliser, methanol, dimethyl ether, melamine, furfuryl alcohol and related differentiated products, among which the annual production capacity of urea, compound fertiliser, methanol, dimethyl ether, melamine and furfuryl alcohol are 2,300,000 tons, 2,600,000 tons, 500,000 tons, 400,000 tons, 120,000 tons, and 50,000 tons, respectively. China XLX has been listed on the Main Board of the SEHK since 8 December 2009 with stock code "1866".

中國心連心是於二零零六年七月十七日根據公司法在新加坡註冊成立之有限公司，本集團的註冊辦事處位於80 Robinson Road, #02-00, Singapore 068898。本集團總部和主要營業地點位於中國河南新鄉經濟開發區和新疆昌吉州瑪納斯縣包家店鎮塔西河工業園區。本集團主要從事尿素、複合肥、甲醇、二甲醚、三聚氰胺、糠醇等相關差異化產品的研發、生產與銷售，其中尿素年產能230萬噸、複合肥260萬噸、甲醇50萬噸、二甲醚40萬噸、三聚氰胺12萬噸、糠醇5萬噸。中國心連心自二零零九年十二月八日起在聯交所主板掛牌上市，股份代號「1866」。

Corporate Information

公司資料

BOARD

EXECUTIVE DIRECTORS

LIU Xingxu (*Chairman of the Board*)
ZHANG Qingjin
YAN Yunhua

NON-EXECUTIVE DIRECTOR

ZHENG Jiaqi

INDEPENDENT NON-EXECUTIVE DIRECTORS

ONG Kian Guan
LI Shengxiao
ONG Wei Jin
LI Hongxing

BOARD COMMITTEES

AUDIT COMMITTEE

ONG Kian Guan (*Chairman*)
LI Shengxiao
ONG Wei Jin
LI Hongxing

REMUNERATION COMMITTEE

ONG Wei Jin (*Chairman*)
ONG Kian Guan
LI Shengxiao
LI Hongxing

NOMINATION COMMITTEE

LI Shengxiao (*Chairman*)
LIU Xingxu
ONG Kian Guan
ONG Wei Jin
LI Hongxing

董事會

執行董事

劉興旭 (*董事會主席*)
張慶金
閔蘊華

非執行董事

鄭嘉齊

獨立非執行董事

王建源
李生校
王為仁
李紅星

董事會委員會

審核委員會

王建源 (*主席*)
李生校
王為仁
李紅星

薪酬委員會

王為仁 (*主席*)
王建源
李生校
李紅星

提名委員會

李生校 (*主席*)
劉興旭
王建源
王為仁
李紅星

CHIEF EXECUTIVE OFFICER

MA Tongsheng

CHIEF FINANCIAL OFFICER

WONG Wing Wang Paul

AUTHORISED REPRESENTATIVES UNDER LISTING RULES

YAN Yunhua
SO Yee Kwan

JOINT COMPANY SECRETARIES

SO Yee Kwan
CHEOK Hui Yee

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore, 048583
Partner-in-charge: LEE Lai Hiang

LEGAL ADVISORS

Reed Smith Richards Butler (Hong Kong)
Hiways Law Firm (China)
Shook Lin & Bok LLP (Singapore)

PRINCIPAL BANKERS

The Export-Import Bank of China
China Construction Bank
Bank of China
Industrial & Commercial Bank of China
Bank of Communications
China CITIC Bank
HSBC

REGISTERED OFFICE

80 Robinson Road
#02-00, Singapore 068898

首席執行官

馬通生

首席財務官

王永宏

上市規則下的授權代表

閔蘊華
蘇漪筠

聯席公司秘書

蘇漪筠
石慧儀

核數師

安永會計師事務所
One Raffles Quay
North Tower, Level 18
Singapore, 048583
項目合夥人：李來香

法律顧問

禮德齊伯禮律師行(香港)
海華永泰律師事務所(中國)
旭齡及穆律師事務所(新加坡)

主要往來銀行

中國進出口銀行
中國建設銀行
中國銀行
工商銀行
交通銀行
中信銀行
滙豐銀行

註冊辦事處

80 Robinson Road
#02-00, Singapore 068898



Corporate Information

公司資料

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

Xinxiang Economic Development Zone
Henan Province
PRC 453731

STOCK CODE

Hong Kong Stock Code: 1866

CORPORATE WEBSITE

www.chinaxlx.com.hk

總辦事處暨中國主要營業地點

中國河南省
新鄉經濟開發區
郵編：453731

股份代號

香港股份代號：1866

公司網址

www.chinaxlx.com.hk

Financial Highlights

財務概要

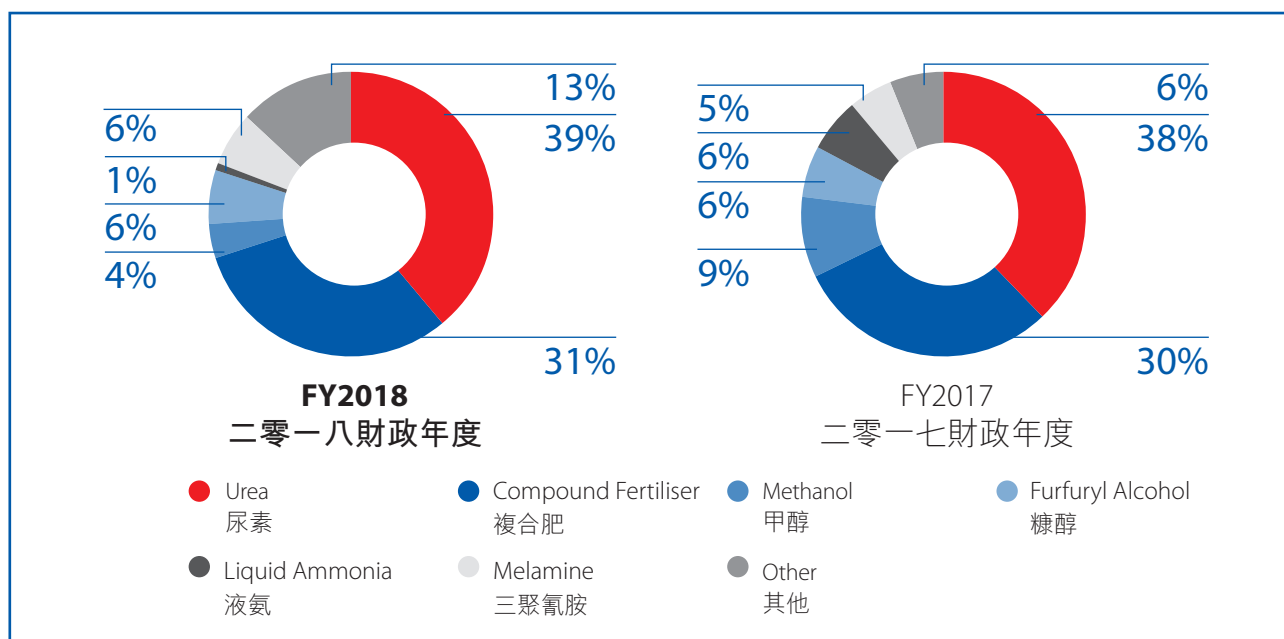
RESULTS PERFORMANCE

業績表現

(RMB million)	(人民幣百萬元)	2017 二零一七年	2018 二零一八年
Revenue	收入	7,562	9,195
Cost of sales	銷售成本	(5,975)	(6,955)
Gross profit	毛利	1,587	2,240
Profit before tax	除稅前盈利	485	777
Income tax expense	所得稅開支	(61)	(122)
Net profit	純利	424	655
Basic and diluted earnings per share (RMB cents)	每股基本及攤薄盈利 (人民幣分)	33.95	53.34
Dividend per share (RMB cents)	每股派息 (人民幣分)	8.49	10

REVENUE BREAKDOWN BY SEGMENT

分類產品收入



Major Events in 2018

二零一八年度大事記



1



2



3



4



5



6.1



6.2

1月 JANUARY

XLX won the award "2017 Golden Hong Kong Stocks Most Valuable Energy and Resources Company" 中國心連心化肥榮獲"2017年金港股最具價值能源與資源股公司"大獎 **1**

2月 FEBRUARY

XLX won the title of "Xinxiang Five-star Industrial Enterprise" 心連心公司榮獲"新鄉市五星級工業企業"稱號 **2**

3月 MARCH

Great attention! XLX 2018 Central China Market Summer Marketing Summit was coming! 萬眾矚目! 心連心2018中原市場夏季行銷峰會重磅來襲! **3**

4月 APRIL

Installation and commissioning of the first mining surface of Tianxin Coal Mine was completed 天欣煤礦首採工作面安裝調試完成 **4**

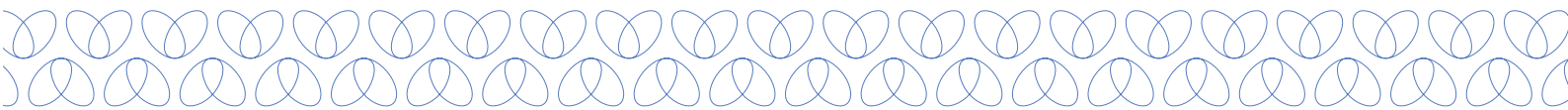
5月 MAY

Observation group of Henan Province's "Three Transformations" came to XLX company to investigate green transformation 河南省"三大改造"觀摩團蒞臨心連心公司調研綠色化改造工作 **5**

6月 JUNE

Liu Xingxu, Chairman of XLX, was honored as "the Most Beautiful Environmentalist in Henan" 心連心公司董事長劉興旭榮獲"河南最美環保人物" **6**

Adhere to the green development path - Xinjiang XLX won the title "Autonomous Region Green Factory" 堅持走綠色發展道路-新疆心連心公司榮獲"自治區綠色工廠"稱號 **6.2**



7



8.1



8.2



8.3



9



10



11



12.1

12.2

7月 JULY

XLX Jiujiang Base Compound Fertilizer Tower Production Line was put into operation successfully
心連心九江基地複合肥高塔生產線一次開車成功 **7**

8月 AUGUST

Congratulations on the success operation of the XLX Hao Fei You project.
熱烈祝賀心連心好肥友項目一次開車成功 **8.1**

Seven consecutive championships! XLX re-elected as "double leader in synthetic ammonia energy & efficiency"! 七連冠! 心連心公司蟬聯“合成氨能效雙領跑”! **8.2**

XLX won "Top 500 Chinese Private Enterprises in Manufacturing Industry"
心連心公司獲得“中國民營企業製造業500強” **8.3**

9月 SEPTEMBER

XLX won the honor of "Leading Enterprises"
心連心公司獲得領跑企業榮譽 **9**

10月 OCTOBER

Zhang Qingjin, the General Manager, was awarded the title "Outstanding Socialist Career Builder with Chinese Characteristics of non-public economic in Xinxiang"
總經理張慶金榮獲“新鄉市非公有制經濟人士優秀中國特色社會主義事業建設者”稱號 **10**

11月 NOVEMBER

MIIT awarded XLX the award National "Green Factory"
工信部授予心連心公司國家級“綠色工廠”殊榮 **11**

12月 DECEMBER

Liu Xingxu, the Chairman, won the honorary title of "Henan Outstanding Entrepreneur of the 40th Year of Reform and Opening up"
劉興旭董事長榮獲“改革開放40年河南卓越貢獻企業家”光榮稱號 **12.1**

2018 China Agricultural Chemicals List was announced, XLX won three awards: Zhang Qingjin, the General Manager of XLX, won the "Agriculturalization Entrepreneur of 2018"; Xinlian won the "Agriculturalization Enterprise of 2018"; XLX Heliwan Yellow Humic Acid Fertilizer, Wujin 999 mineral source potassium humate won the award "2018 annual star fertilizer products!"

2018中國農化風雲榜揭曉，心連心榮獲三大獎項：心連心公司總經理張慶金榮獲“2018年度農化企業家”、心連心公司榮獲“2018年度農化企業”、心連心黑力旺黃腐酸肥料、烏金999礦源黃腐酸鉀榮獲“2018年度明星肥料產品”殊榮！ **12.2**

Chairman's Statement

主席報告

Dear Shareholders,

I would like to express my gratitude to you for supporting and having confidence in China XLX Fertiliser Ltd.. On behalf of the Board, I am pleased to present the audited consolidated financial statements of the Group for the fiscal year as of 31 December 2018, while introducing the vision and planning of the Group for the following year.

各位股東：

感謝大家一直以來對中國心連心化肥有限公司的支持和信任，本人謹代表本公司董事會，欣然提呈本集團截至二零一八年十二月三十一日止財政年度的經審核財務報表，同時介紹本集團在新的一年裡的願景和規劃。

In 2018, facing with the complex and ever-changing external environment, the Group continued to promote transformation and upgrading in depth, and stood out in the industry consolidation according to the development idea of "Fertiliser as base, fertiliser and chemical side by side". Under the background of the national supply-side reform, the backward production capacity of urea has continued to withdraw, the environmental protection is normalized, and supply and demand are tightly balanced. The Group has always adhered to the market demand-oriented, timely adapts to the development and changes of the industry, and achieves new breakthroughs in business performance.

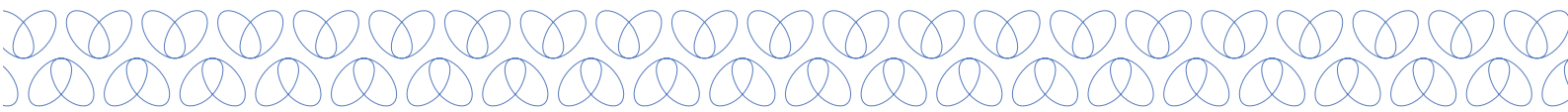
- Extend the industrial chain to offset the fluctuations in profits caused by fluctuations in raw material prices.
- Create a multi-tail flexible production model to give full play to the advantages of syngas manufacturing.
- Adhere to the differentiation strategy and focus on the application of new technologies and the development of new products.

In 2018, the Group won a strategic investment of RMB600 million by shareholders such as Haitong Innovation Securities Investment Co., Ltd. and NingboYuannian Alloy Investment Partnership (Limited Partnership)

二零一八年，面對複雜多變的外部環境，本集團繼續深入推進轉型升級，按照「以肥為主，肥化並舉」的發展思路，在行業整合中脫穎而出。在國家供給側改革的大背景下，尿素落後產能持續退出，環保常態化、供需緊平衡。本集團始終堅持以市場需求為導向，及時適應行業的發展變化，實現了經營業績的新突破。

- 延伸產業鏈，抵消原材料價格波動帶來的利潤波動。
- 打造一頭多尾的柔性生產模式，充分發揮合成氣製造優勢。
- 堅持差異化戰略，致力於新技術的應用和新產品的開發。

二零一八年，本集團獲海通創新證券投資有限公司及寧波元年合金投資合夥企業(有限合夥)等股東戰略性投資共6億元人民



LIU Xingxu 劉興旭

Chairman of the Board 董事會主席



further optimizing the Company's financial structure and supporting the Company's rapid development. At the same time, the Group strategically increased its capital injection to Henan Xinlianxin Shenleng Energy Co., Ltd., becoming its largest shareholder, establishing an industry synergistic development relationship and further extending the Company's upstream and downstream development channels.

RESULT HIGHLIGHTS

- Realized revenue of approximately RMB9,195 million, an increase of 22% year-on-year.
- Profit attributable to owners of parent company was approximately RMB625 million, representing a significant increase of 57% year-on-year.
- Overall gross profit margin increased by 3 percentage points year-on-year to approximately 24%, mainly due to the increase in the gross profit margin of urea, and the flexibility of the Group to optimize its product mix after the operation of melamine and dimethyl ether production lines.
- The Board of Directors recommended a final dividend of RMB10 cents per share and a total dividend of RMB10 cents per share for the year.

幣，進一步優化公司財務結構，支撐公司快速發展。同時本集團戰略增資河南心連心深冷能源股份有限公司，成為其第一大股東，建立了產業協同發展關係，進一步延伸公司上下游發展通道。

業績亮點

- 實現收入約人民幣91.95億元，同比增加22%。
- 母公司擁有人應佔溢利約人民幣6.25億元，同比大幅增加57%。
- 整體毛利率同比上升3個百分點至約24%，主要由於尿素的毛利率提升，以及於三聚氰胺及二甲醚生產線投產後集團能靈活優化產品組合。
- 董事會建議派發末期息每股人民幣10分，全年合共派發股息每股人民幣10分。



Chairman's Statement

主席報告

BUSINESS REVIEW

The Company implements the “customer-oriented” concept, and in accordance with the deployment of the “integration” strategy, the main value chain is more closely linked. While insisting on the main business of fertilizer, the flexible production mode of “one head and multi-tails-ep”, and in accordance with the deployment of the “integration” strategy, the main value chain is more closely linked. While insisting on the main business of fertilizer, the flexible produously enhanced. The “one chess” pattern in the three major bases was initially formed, and the operating structure was more reasonable. There are innovations in development and breakthroughs in innovation, thus achieving record-breaking business performance.

CORPORATE GOVERNANCE

With its mission to serve the best interests of the Shareholders, the Board has consistently strived to enhance the standard of corporate governance and to develop a standardised, highly effective and scientific corporate governance mechanism. The Group held eight Board meetings in the year 2018 to review and approve matters including the quarterly results, interim report, annual report, dividend payout ratio, connected transactions and development strategies of the Group. The AC, the RC and the NC have exercised and performed the rights and duties conferred on them by the Board with a view of raising the standards of the Company's risk management and internal control and perfecting the Company's governance structure. For internal audit: internal audit was mainly conducted by the internal audit team of the Company in 2018, focusing on enhancing internal risk control over logistics management, procurement management, capital management, sales management and other key processes, and thereby enhancing operational efficiency.

INVESTOR RELATIONS

The Group highly values its relationship with its investors and communicates with them through a number of channels. It aims to provide the latest information on the Group's operations and business development to its investors, so that they can obtain all necessary information on a timely manner to make informed investment decisions. Please refer to the “Investor relations” section of this annual report for more details.

業務回顧

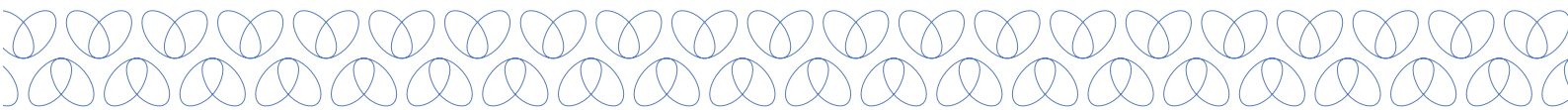
公司落實「以客戶為中心」的理念，按照「一體化」戰略的部署，主價值鏈的銜接更加緊密。堅持做好化肥主業的同時，「一頭多尾」的柔性生產模式更加完善，根據市場需求和盈利能力，靈活調節產品結構，盈利水平得到保障，抗市場風險的能力不斷增強。三大基地「一盤棋」的格局初步形成，經營結構更加合理。在發展中有創新，在創新中有突破，經營業績創歷史新高。

企業管治

董事會以實現股東的最大利益為目標，始終不斷提升企業管治水平，建立規範、高效、科學化的公司治理機制。本集團在二零一八年度召開了八次董事會會議，對本集團的季度業績、中期報告、年報、派息比例、關連交易及發展戰略等議題進行了審議和批准。審核委員會、薪酬委員會及提名委員會在本公司風險管理及內部監控水平的提高和本公司治理結構的完善等方面，都履行了董事會賦予的權利和責任。內控審計方面：二零一八年主要由本公司內審團隊進行內控審計，重點對公司物流管理、採購管理、資金管理、銷售管理等關鍵流程的內部風險控制，提升運營效率。

投資者關係

本集團高度重視投資者關係維護，通過多種渠道與投資者進行溝通，旨在為投資者提供有關本集團的運營和業務發展的最新信息，讓其及時了解所需資料並作出相應的投資決定。具體內容可以參見本年報「投資者關係」一節。



PROSPECTS

After two consecutive years of capacity structure adjustment, the overcapacity situation in the urea industry has been alleviated, which forming certain support to the urea price. The background of the domestic security and environmental protection situation remains unchanged. It is expected that more backward production capacity will be eliminated in the future, and the industrial concentration of the urea industry will be further increased. The Group will optimize the production lines according to the established low-cost and product differentiation strategy, enhance the product flexibility adjustment capability, and strengthen the risk control capability.

With the successful operation of the Group's Xinjiang base melamine Phase II and coal mines, our production costs are more competitive, and the output, quality, price and export sales of our products will increase. Furthermore, with the successful operation of the Group's Jiangxi base compound fertilizer project, the Group initially achieved a national layout, which laying a solid foundation for our business development to a new level.

STRATEGIC OBJECTIVES

For the next three years, we will proactively respond to demand of society and industrial upgrading and development, focus on "technical innovation, product innovation, marketing innovation, service innovation", enhance marketing service professional standards, highlighting the sound brand position of "Pioneer of High-Efficiency Fertiliser in China" and "Leader of Chemical Industry".

Working for a better tomorrow is also our corporate's mission, and is the strong corporate dream that all XLX people always strive for. In accordance with the overall development strategy of the Group, we adhere to the competitive strategy of "combination of low cost and differentiation"; achieve industry-leading cost consumption, industry-leading technology level, market-leading brand marketing and industry-leading safety and environmental protection in the name of "Pioneer of High-Efficiency Fertiliser in China" in leading the industry; and supporting the continuous exploration of high-efficiency chemical fertilisers and agricultural science, rewarding farmers and serving the community, with higher standards in the industry. We will proactively shoulder more corporate responsibility in leading the industry, and strive to become "the most respected enterprise in the chemical fertiliser industry in China".

前景展望

經過連續兩年的產能結構調整，尿素行業產能過剩情況已有所緩解，並對尿素價格形成一定支撐。國內安全、環保形勢嚴峻的大背景依然沒有改變，預計未來還會有更多的落後產能被淘汰，尿素行業的產業集中度將進一步提升。本集團將按既定的低成本和產品差異化戰略，優化生產線，提升產品柔性調節能力，強化風險控制能力。

隨著本集團新疆基地三聚氰胺二期和煤礦的順利投產，我們的生產成本更具競爭優勢，產品產量、質量、售價和出口銷售均將有所提高，而隨著本集團江西基地複合肥項目的成功投產，使本集團初步實現全國佈局，為我們的業務發展再邁上新台階奠定堅實的基礎。

戰略目標

未來三年，我們將積極響應社會、行業升級發展的要求，重點做好「技術創新、產品創新、營銷創新、服務創新」，著力提升營銷服務專業化水平，突出「中國高效肥倡導者」、「化工行業領先」的強勢品牌定位。

為了明天更美好亦是我們的企業使命，更是全體心連心不懈追求的強企之夢，根據本集團發展總戰略，堅持「低成本+差異化」的競爭策略；實現成本消耗行業領先，技術水平行業領先，品牌營銷市場領先，安全環保行業領先，以「中國高效肥倡導者」身份引領行業；並以更高標準引領行業，支持行業對高效能化肥和科技農業的持續探索，且回報農民，服務社會；主動擔負企業的更大責任，努力成為「中國最受尊重的化肥企業集團」。

Chairman's Statement

主席報告

APPRECIATION

Looking back, we are full of confidence; looking to the future, there is still a long journey. Faced with the opportunities and challenges of deep transformation and upgrading of the industry, no matter how the external environment changes, we must unwaveringly adhere to ourselves and build our own core competitiveness based on the entire value chain.

Lastly, on behalf of the Board, I would like to take this opportunity to extend my heartfelt gratitude to all Shareholders, the Company's management team, all the staff, customers and friends who have been caring for and supporting us. In 2019, the Group's senior management and staff will continue working cohesively and work together under the leadership of the Board to endeavour to achieve better performance and investment returns for the Shareholders, and the future of XLX will be more brilliant!



LIU Xingxu

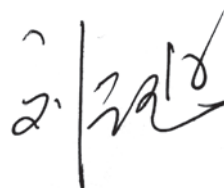
Chairman of the Board

25 March 2019

致謝

回顧過去，我們信心滿滿；展望未來，依然征途漫漫。面對著行業深度轉型升級的機遇和挑戰，不管外部環境如何風雲變幻，我們都要毫不動搖地堅持做好自己，打造我們自己基於整條價值鏈的核心競爭力。

最後，藉此機會，本人謹代表董事會向各位股東，公司管理層、全體員工、所有客戶和關心支持本集團發展的各界朋友們，致以衷心的感謝！二零一九年，本集團的高級管理層和全體員工，將在董事會指導下，上下齊心，共同奮進，努力為各位股東贏得更佳的業績回報，心連心的明天也一定會更加光輝燦爛！



董事會主席

劉興旭

二零一九年三月二十五日

Management Discussion and Analysis

管理層討論與分析

(I) BUSINESS REVIEW

COAL AND ELECTRICITY CONSUMPTION

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Fixed bed technology coal consumption (tons)	固定床技術 煤消耗(噸)	Urea per ton 每噸尿素	Urea per ton 每噸尿素
Raw coal	原料煤	0.609	0.608
Fuel coal	燃料煤	0.142	0.153
Total coal consumption	總煤耗量	0.751	0.761
		2018 二零一八年	2017 二零一七年
Coal water slurry technology coal consumption (tons)	水煤漿技術 煤消耗(噸)	Urea per ton 每噸尿素	Urea per ton 每噸尿素
Raw coal	原料煤	0.779	0.783
Fuel coal	燃料煤	0.186	0.267
Total coal consumption	總煤耗量	0.965	1.050
		2018 二零一八年	2017 二零一七年
Electricity consumption (KWh)	電耗量(千瓦時)	Urea per ton 每噸尿素	Urea per ton 每噸尿素
Urea (Fixed bed technology)	尿素(固定床技術)	781	785
Urea (Coal water slurry technology)	尿素(水煤漿技術)	299	312

(I) 業務回顧

煤和電耗情況

Management Discussion and Analysis

管理層討論與分析

SALES OF THE GROUP IN 2018

As at the end of 2018, the Group's sales volume of urea was approximately 1,999,000 tons, decreased by approximately 16,000 tons compared to 2017. The decrease in sales volume of urea was mainly due to the fact that the Group flexibly decided to produce and sell melamine with higher profitability. In 2018, the Group's sales volume of melamine was 82,000 tons. In addition, as the Group has been enhancing the sales network and the production capacity of compound fertiliser, the sales volume of compound fertiliser in 2018 reached 1,396,000 tons. The Group's sales volume of dimethyl ether, methanol and furfuryl alcohol in 2018 was 314,000 tons, 149,000 tons and 39,000 tons respectively.

SALES VOLUME

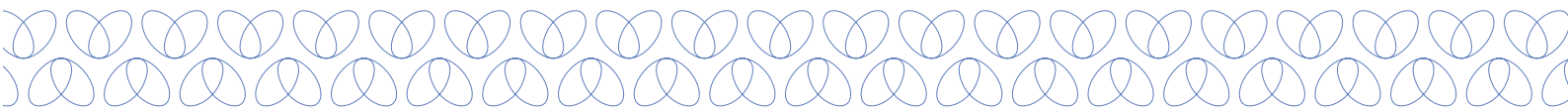
本集團二零一八年銷售情況

截至二零一八年末，本集團尿素銷量約1,999千噸，比二零一七年減少約16千噸。尿素銷量減少的主要原因是由於二零一八年本集團根據產品之間的盈利能力靈活調節，選擇生產和銷售盈利能力更強的三聚氰胺。二零一八年本集團三聚氰胺銷量為82千噸。另外，隨著本集團不斷擴展銷售網絡和提高複合肥產能，二零一八年本集團複合肥產品銷量達到1,396千噸。二零一八年本集團二甲醚、甲醇及糠醇銷量分別為314千噸、149千噸及39千噸。

銷量情況

Year ended 31 December
截至十二月三十一日止年度

		2018 二零一八年 Thousand tons 千噸	2017 二零一七年 Thousand tons 千噸
Urea	尿素	1,999	2,015
Compound fertiliser	複合肥	1,396	1,244
Methanol	甲醇	149	327
Melamine	三聚氰胺	82	63
Furfuryl alcohol	糠醇	39	32
Liquid ammonia	液氨	50	223
Dimethyl ether	二甲醚	314	70



REVENUE

Revenue increased by approximately RMB1,633 million or 22% from approximately RMB7,562 million in the FY2017 to approximately RMB9,195 million in the FY2018. The increase of revenue was mainly due to the increase of sales volume of compound fertiliser, dimethyl ether (DME) and melamine, and higher average selling prices of urea, compound fertiliser and melamine.

UREA

Revenue derived from the sales of urea increased by approximately RMB697 million or approximately 24% from approximately RMB2,852 million in FY2017 to approximately RMB3,549 million in FY2018. The increase was mainly due to the increase in average selling prices of urea by approximately 26% as a result of the increased sales of high efficiency urea, and the tightening supply through industry consolidation and the growing environment pressure in China.

COMPOUND FERTILISER

Revenue derived from the sales of compound fertiliser increased by approximately RMB535 million or approximately 24% from approximately RMB2,272 million in FY2017 to approximately RMB2,807 million in FY2018. Such increase was mainly due to the increase in sales volume of compound fertiliser by approximately 12% from approximately 1,244,000 tons in FY2017 to approximately 1,396,000 tons in FY2018 as a result of the expansion of sales network and increase in production capacity and the increase in average selling prices by approximately 10%.

收入

收入由二零一七財政年度的約人民幣7,562,000,000元增加約人民幣1,633,000,000元或22%至二零一八財政年度的約人民幣9,195,000,000元。收入增加主要由於複合肥、二甲醚(DME)及三聚氰胺的銷量增加，以及尿素、複合肥及三聚氰胺的平均售價上漲所致。

尿素

尿素的銷售收入由二零一七財政年度的約人民幣2,852,000,000元增加約人民幣697,000,000元或約24%至二零一八財政年度的約人民幣3,549,000,000元。該增加主要由於尿素的平均售價上漲約26%所致，而售價上漲乃由於高效尿素銷售增加、透過行業整合收縮供應及中國日益增加的環境壓力所致。

複合肥

複合肥的銷售收入由二零一七財政年度的約人民幣2,272,000,000元增加約人民幣535,000,000元或約24%至二零一八財政年度的約人民幣2,807,000,000元。該增加主要由於複合肥的銷量由二零一七財政年度的約1,244,000噸增加約12%至二零一八財政年度的約1,396,000噸所致和複合肥平均銷售價格上漲約10%所致，銷量增加乃由於銷售網絡擴張、產能提升所致。

Management Discussion and Analysis

管理層討論與分析

METHANOL

Revenue derived from the sales of methanol decreased by approximately RMB328 million or approximately 48% from approximately RMB685 million in FY2017 to approximately RMB357 million in FY2018. The decrease was mainly due to the decrease in sales volume by approximately 55% from approximately 327,000 tons in FY2017 to approximately 149,000 tons in FY2018. The reduction in sales volume of methanol was due to the increase of internal consumption by the Group as feedstock for production of dimethyl ether (DME). The decrease was offset by the increase in average selling price of methanol by approximately 15%.

DIMETHYL ETHER (DME)

Revenue derived from the sales of DME increased by approximately RMB874 million or approximately 326% from approximately RMB268 million in FY2017 to approximately RMB1,142 million in FY2018. The increase was mainly due to the increase in sales volume by approximately 349% from approximately 70,000 tons in FY2017 to approximately 314,000 tons in FY2018. In June 2018, the Group's DME Project phase II in Henan has successfully commenced operation. The Group's DME annual production capacity increased from 200,000 tons to 400,000 tons in FY2018. The increase in the Group's annual DME production capacity will further enhance the flexibility of adjustment between production lines according to the profitability of different products.

MELAMINE

Revenue derived from the sales of melamine increased by approximately RMB178 million or approximately 47% from approximately RMB383 million in FY2017 to approximately RMB561 million in FY2018. The increase was mainly due to the increase in sales volume by approximately 30% from approximately 63,000 tons in FY2017 to approximately 82,000 tons in FY2018. In July 2018, the Group's melamine project Phase II in Xinjiang has successfully commenced operation, and the Group's annual melamine production capacity increased from 60,000 tons to 120,000 tons.

甲醇

甲醇的銷售收入由二零一七財政年度的約人民幣685,000,000元減少約人民幣328,000,000元或約48%至二零一八財政年度的約人民幣357,000,000元。該減少主要由於銷量由二零一七財政年度的約327,000噸減少約55%至二零一八財政年度的約149,000噸所致。甲醇的銷量減少乃由於本集團將甲醇作為原料用於生產二甲醚(DME)而造成內部消耗增加所致。該減少被甲醇平均售價上漲約15%所抵銷。

二甲醚(DME)

二甲醚的銷售收入由二零一七財政年度的約人民幣268,000,000元增加約人民幣874,000,000元或約326%至二零一八財政年度的約人民幣1,142,000,000元。該增加主要由於銷量由二零一七財政年度的約70,000噸增加約349%至二零一八財政年度的約314,000噸所致。於二零一八年六月，本集團於河南的二甲醚二期項目已成功開始營運。本集團的二甲醚年產能由200,000噸提升至二零一八財政年度的400,000噸。本集團的二甲醚產能提升將進一步增加根據不同產品的盈利能力調整生產線的靈活性。

三聚氰胺

三聚氰胺的銷售收入由二零一七財政年度的約人民幣383,000,000元增加約人民幣178,000,000元或約47%至二零一八財政年度的約人民幣561,000,000元。該增加主要由於銷量由二零一七財政年度的約63,000噸增加約30%至二零一八財政年度的約82,000噸。於二零一八年七月，本集團於新疆的三聚氰胺二期項目已成功開始營運，且本集團的三聚氰胺年產能由60,000噸提升至120,000噸。

FURFURYL ALCOHOL

Revenue derived from the sales of furfuryl alcohol increased by approximately RMB60 million or 13% from approximately RMB462 million in FY2017 to approximately RMB522 million in FY2018. The increase was mainly due to the increase in sales volume by approximately 7,000 tons from approximately 32,000 tons in FY2017 to approximately 39,000 tons in FY2018. The increase was offset by the reduction in the average selling price of furfuryl alcohol by approximately 7%.

PROFITABILITY

Overall gross profit margin increased from approximately 21% in FY2017 to approximately 24% in FY2018 mainly due to the increase in the gross profit margin for urea and the improvement of products mix in a flexible manner after the commencement of production of melamine and DME products.

UREA

Gross profit margin for urea sales increased from approximately 23% in FY2017 to approximately 31% in FY2018. This was mainly due to the increase in average selling price of urea by approximately 26% on the account of the tightening supply due to growing environmental protection pressure in China and industry consolidation as well as the increased sales of high-efficiency urea and vehicle urea. In the FY2018, the sale volume of vehicle urea was approximately 242,000 tons, which was approximately 59% higher than the sales volume of approximately 152,000 tons in FY2017. The gross profit margin for vehicle urea was approximately 40% in FY2018. The increase was partially offset by the increase in average cost of sales by approximately 13% due to the higher average coal purchased price.

COMPOUND FERTILISER

Gross profit margin for compound fertiliser is approximately 15% in FY2018, which remained stable as compared to FY2017. Due to the sales team's effort, the Group continued to record an increase in sales volume of compound fertiliser in the increasingly competitive market condition.

糠醇

糠醇的銷售收入由二零一七財政年度的約人民幣462,000,000元增加約人民幣60,000,000元或13%至二零一八財政年度的約人民幣522,000,000元。該增加主要由於銷量由二零一七財政年度的約32,000噸增加約7,000噸至二零一八財政年度的約39,000噸所致。該增加被糠醇的平均售價下降約7%所抵銷。

盈利能力

整體毛利率由二零一七財政年度的約21%提升至二零一八財政年度的約24%，主要由於尿素的毛利率提升，以及於三聚氰胺及二甲醚產品投產後靈活優化產品組合所致。

尿素

尿素銷售的毛利率由二零一七財政年度的約23%提升至二零一八財政年度的約31%。這主要由於受中國日益增加的環保壓力及行業整合導致供應收緊影響以及高效尿素和車用尿素銷量增加，尿素的平均售價增加約26%所致。二零一八財政年度，車用尿素銷量約242,000噸，比二零一七財政年度的銷量約152,000噸增長約59%。二零一八財政年度的車用尿素的毛利率約為40%。該增加被平均銷售成本增加約13%所部分抵銷，而平均銷售成本增加乃由於煤炭平均採購價增加所致。

複合肥

複合肥的毛利率於二零一八財政年度為約15%，與二零一七財政年度相比維持穩定。由於銷售團隊的努力，本集團在日益競爭的市況下繼續錄得複合肥的銷量增加。

Management Discussion and Analysis

管理層討論與分析

METHANOL

Gross profit margin for methanol decreased from approximately 19% in FY2017 to approximately 15% in FY2018. This was mainly due to the increase in average cost of sales by approximately 20% as compared to FY2017. The increase in average cost of sales was mainly resulted from the higher coal purchased prices in FY2018, which was partially offset by the increase in average selling prices by approximately 15% as compared to FY2017.

DIMETHYL ETHER (DME)

Gross profit margin from DME decreased from approximately 31% in FY2017 to approximately 24% in FY2018. This was mainly due to the decrease in average selling prices of DME by approximately 5% and the increase in average cost of sales by approximately 6%. The average cost of sales increased mainly because the Group had not only consumed the methanol product internally, but also purchased methanol from external third parties so as to maximise the utilisation of DME's production capacity.

MELAMINE

Gross profit margin for melamine decreased from approximately 56% in FY2017 to approximately 52% in FY2018. This was mainly due to the increase in average cost of sales by approximately 24% due to higher raw material prices and the ramp-up of melamine production line Phase II. However, the Group's melamine products still managed to achieve an attractive margin of above 50% mainly because of the cost competitive advantage of the Group's urea production cost in Xinjiang and the advanced melamine production technology, which enable the product outputs with higher grade quality and can sell for better price premium and have more export sales.

FURFURYL ALCOHOL

Gross profit margin for furfuryl alcohol decreased from 9% in FY2017 to approximately 8% in FY2018. This was mainly due to the decrease in average selling price of furfuryl alcohol by approximately 7%. The decrease in average selling price of furfuryl alcohol was offset by the decrease in average cost of sales by approximately 6% as compared to FY2017.

甲醇

甲醇的毛利率由二零一七財政年度的約19%下降至二零一八財政年度的約15%。這主要由於平均銷售成本較二零一七財政年度上漲約20%所致。平均銷售成本的上漲乃主要由於二零一八財政年度煤炭平均採購價增加，惟被平均售價較二零一七財政年度增加約15%所部分抵銷。

二甲醚 (DME)

二甲醚的毛利率由二零一七財政年度的約31%下降至二零一八財政年度的約24%。這主要由於二甲醚的平均售價下降約5%，而平均銷售成本上漲約6%所致。平均銷售成本的上漲主要由於本集團不僅內部消耗甲醇產品，亦從外部第三方採購甲醇，以最大化二甲醚的產能利用。

三聚氰胺

三聚氰胺的毛利率由二零一七財政年度的約56%下降至二零一八財政年度的約52%。這主要由於原材料價格上漲及三聚氰胺二期生產線提升，導致平均銷售成本增加約24%所致。然而，本集團的三聚氰胺產品仍然能夠取得高於50%的亮麗邊際利潤，主要由於本集團在新疆的尿素生產具成本競爭優勢及三聚氰胺先進的生產技術，使產品產量與質量提高、銷售價格上升及出口銷售增加。

糠醇

糠醇的毛利率由二零一七財政年度的9%下降至二零一八財政年度的約8%。這主要由於糠醇的平均售價下降約7%所致。糠醇的平均售價下降被平均銷售成本較二零一七財政年度下降約6%所抵銷。

OTHER INCOME AND GAINS

Other income and gains increased by approximately RMB25 million from approximately RMB88 million in FY2017 to approximately RMB113 million in FY2018. The increase was mainly due to the increase in net income on sale of water and electricity and gain from fair value change of derivative financial instrument by approximately RMB32 million and RMB18 million respectively. The increase was partially offset by the decrease of subsidy income, exchange gains and net income from sales of by-products of approximately 12 million, 7 million and 9 million respectively.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB25 million from approximately RMB483 million in FY2017 to approximately RMB508 million in FY2018. Such increase was mainly due to the increase of transportation charges and promotion costs of approximately RMB41 million and RMB9 million respectively. The increase in transportation charges and promotion costs are resulted from the rapid expansion of the Group's sales networks and the growth in sales volumes of compound fertiliser in FY2018. The increase was partially offset by the decrease in advertisement expenses, travelling expenses and office expenses by approximately RMB10 million, RMB8 million and RMB3 million respectively.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by approximately RMB82 million from approximately RMB415 million in FY2017 to approximately RMB497 million in FY2018. The increase was mainly due to the increase in depreciation and amortisation costs, salaries, consultation fees, staff welfare, education fee and rental expense by approximately RMB23 million, RMB26 million, RMB16 million, RMB14 million, RMB9 million and RMB9 million respectively. The increase was partially offset by the decrease in transaction fees in relation to bank loans of approximately RMB13 million.

其他收入及收益

其他收入及收益由二零一七財政年度的約人民幣88,000,000元增加約人民幣25,000,000元至二零一八財政年度的約人民幣113,000,000元。該增加主要由於銷售水電的淨收入及衍生金融工具的公平值變動收益分別增加約人民幣32,000,000元及人民幣18,000,000元所致。該增加被補助收入、匯兌收益及銷售副產品的淨收入分別減少約人民幣12,000,000元、人民幣7,000,000元及人民幣9,000,000元所部分抵銷。

銷售及分銷開支

銷售及分銷開支由二零一七財政年度的約人民幣483,000,000元增加約人民幣25,000,000元至二零一八財政年度的約人民幣508,000,000元。該增加主要由於運輸費及促銷費用分別增加約人民幣41,000,000元及人民幣9,000,000元所致。運輸費及促銷費用的增加乃因本集團銷售網絡快速擴張及於二零一八財政年度複合肥銷量上升而引致。該增加被廣告開支、差旅費及辦公費用分別減少約人民幣10,000,000元、人民幣8,000,000元及人民幣3,000,000元所抵銷。

一般及行政開支

一般及行政開支由二零一七財政年度的約人民幣415,000,000元增加約人民幣82,000,000元至二零一八財政年度的約人民幣497,000,000元。該增加主要由於折舊及攤銷成本、薪金、諮詢費用、員工福利、教育費及租金支出分別增加約人民幣23,000,000元、人民幣26,000,000元、人民幣16,000,000元、人民幣14,000,000元、人民幣9,000,000元及人民幣9,000,000元所致。該增加被銀行貸款相關交易費減少約人民幣13,000,000元部分抵銷。

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OTHER EXPENSES

Other expenses increased by approximately RMB240 million from approximately RMB6 million in FY2017 to approximately RMB246 million in FY2018 mainly due to the increase in impairment loss, exchange losses and loss on disposal of items of property, plant and equipment by approximately RMB207 million, RMB27 million and RMB4 million respectively. The increase in impairment loss was mainly related to the closure of the Group's first urea production line in Henan.

FINANCE COSTS

Finance costs increased by approximately RMB39 million from approximately RMB286 million in FY2017 to approximately RMB325 million in FY2018, mainly due to the increase in amount of interest bearing borrowings and loans.

INCOME TAX EXPENSE

Income tax expense increased by approximately RMB61 million from approximately RMB61 million in FY2017 to approximately RMB122 million in FY2018 due to higher taxable profits generated by the Group.

PROFIT FOR THE YEAR

The profit for the year increased by approximately RMB231 million or 54% from approximately RMB424 million in FY2017 to approximately RMB655 million in FY2018. This was mainly due to the increase in gross profit and other income and gains by approximately RMB652 million and RMB25 million respectively. The increase was partially offset by the increase in selling and distribution expenses, general and administrative expenses, finance costs and income tax expenses by approximately RMB25 million, RMB82 million, RMB39 million and RMB61 million respectively.

其他開支

其他開支由二零一七財政年度的約人民幣6,000,000元增加約人民幣240,000,000元至二零一八財政年度的約人民幣246,000,000元，主要由於減值虧損、匯兌虧損及出售物業、廠房及設備項目的虧損分別增加約人民幣207,000,000元、人民幣27,000,000元及人民幣4,000,000元所致。減值虧損的增加主要與本集團關閉在河南的首條尿素生產線有關。

財務成本

財務成本由二零一七財政年度的約人民幣286,000,000元增加約人民幣39,000,000元至二零一八財政年度的約人民幣325,000,000元，主要由於計息借款及貸款增加所致。

所得稅開支

所得稅開支由二零一七財政年度的約人民幣61,000,000元增加約人民幣61,000,000元至二零一八財政年度的約人民幣122,000,000元，乃由於本集團產生的應課稅溢利增加所致。

年內溢利

年內溢利由二零一七財政年度的約人民幣424,000,000元增加約人民幣231,000,000元或54%至二零一八財政年度的約人民幣655,000,000元。這主要由於毛利及其他收入及收益分別增加約人民幣652,000,000元及人民幣25,000,000元所致。該增加被銷售及分銷開支、一般及行政開支、財務成本及所得稅開支分別增加約人民幣25,000,000元、人民幣82,000,000元、人民幣39,000,000元及人民幣61,000,000元所部分抵銷。

(II) FINANCIAL REVIEW

GEARING

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of total capital and net debt. The Group's policy is to keep the gearing ratio below 90%.

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables	貿易應付款項	282,825	246,701
Bills payable	應付票據	280,105	423,915
Contract liabilities	合約負債	689,951	795,448
Accruals and other payables	應計費用及其他應付款項	1,185,463	834,858
Amounts due to related companies	應付關連公司款項	21,052	45
Loan from a non-controlling interest	非控股權益之貸款	75,500	75,250
Interest-bearing bank and other borrowings	計息銀行及其他借款	5,342,891	4,611,127
Bonds payable	應付債券	692,833	1,100,000
Less: Cash and cash equivalents	減：現金及現金等價物	(346,151)	(341,270)
Less: Pledged time deposits	減：已抵押定期存款	(258,839)	(181,077)
Net debt	負債淨額	7,965,630	7,564,997
Equity attributable to owners of the parent	母公司擁有人應佔權益	3,921,814	3,366,675
Less: Statutory reserve fund	減：法定儲備金	(45,753)	(327,793)
Total capital	總資本	3,876,061	3,038,882
Capital and net debt	資本和負債淨額	11,841,691	10,603,879
Gearing ratio	資本負債比率	67.27%	71.34%

Net debt includes interest-bearing bank and other borrowings, loan from a non-controlling interest, bonds payable, trade and bills payables, amounts due to related companies, accruals and other payables, contract liabilities, less cash and cash equivalents and pledged time deposits. Capital includes equity attributable to the owners of the parent less the above-mentioned statutory reserve fund.

(II) 財務狀況回顧

資產負債

本集團使用資產負債比率(負債淨額除以總資本加負債淨額總和)來監控資本。本集團的政策是將資產負債比率維持在90%以下。

負債淨額包括計息銀行及其他貸款、非控制權益之貸款、應付債券、貿易應付款項及應付票據、應付關連公司款項、應計費用及其他應付款項、合約負債、減現金及現金等價物以及已抵押定期存款。資本包括母公司擁有人應佔權益減上述法定儲備金。

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LOANS

AMOUNTS PAYABLE IN ONE YEAR OR LESS, OR ON DEMAND

		As at 31 December 2018 於二零一八年十二月三十一日		As at 31 December 2017 於二零一七年十二月三十一日	
		Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元	Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元
Bank loans	銀行貸款	200,428	2,481,797	-	1,646,112
RMB bond	人民幣債券	-	-	-	600,000
Finance lease payables	應付融資租賃	92,227	-	-	-
		292,655	2,481,797	-	2,246,112

貸款

於一年內應付或按要求償還的款項

AMOUNTS PAYABLE AFTER ONE YEAR

		As at 31 December 2018 於二零一八年十二月三十一日		As at 31 December 2017 於二零一七年十二月三十一日	
		Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元	Secured 有抵押 RMB'000 人民幣千元	Unsecured 無抵押 RMB'000 人民幣千元
Bank loans	銀行貸款	-	2,422,331	176,000	2,786,288
Loan from government	政府貸款	-	1,818	-	2,727
RMB bond	人民幣債券	-	692,833	-	500,000
Finance lease payables	應付融資租賃	144,290	-	-	-
		144,290	3,116,982	176,000	3,289,015

於一年後應付的款項

DETAILS OF COLLATERAL

As at 31 December 2018, the Group had a short-term loan of approximately RMB97 million secured by pledged fixed deposits and the short-term loans of approximately RMB79 million secured by pledged bills receivable (2017: Nil).

抵押品詳情

於二零一八年十二月三十一日，本集團短期貸款約人民幣97,000,000元由已抵押存款作抵押及短期貸款約人民幣79,000,000元由已抵押應收票據作抵押(二零一七年：無)。

(III) PROSPECTS

Despite that the grain price continued to remain at a low level and the demand for urea declined for three consecutive years as a result of the reduction of corn planting areas, the consolidation and integration in the urea industry has accelerated due to the increasing pressure of environmental protection policies in the PRC. Those enterprises with obsolete technologies and high costs and unable to comply with the relevant environmental protection standard are being squeezed out of the market, leading to a subtle balance in the supply and demand of urea in the PRC and creating support for the urea price. At present, half of the production capacity of coal-based urea in China is still using the traditional process of fixed-facility. With the continuous implementation of domestic environmental protection measures, we expect that more obsolete production capacity will be driven out in the future, and the industrial concentration of the urea industry will be further enhanced.

The Group will continue to promote the implementation of low-cost and product differentiation strategies, so as to continue the increase in the Group's sales of high efficiency fertilisers, thereby enhancing the profitability and market competitiveness of the fertiliser products of the Group. The newly-commissioned melamine Phase II production line and coal mine in Xinjiang can further enhance the profitability and risk resistance of the Xinjiang base of the Group. With the smooth operation of the Group's Jiangxi Phase I compound fertilizer project, the Group has established a nationwide layout at an initial stage, which provides a solid foundation for the Company to strengthen and expand going forward.

In order to promote the development of the furfuryl alcohol business, in the fourth quarter of 2018, the Group established a separate unit for Qingli Energy, whose main business includes the production and sale of furfuryl alcohol and dimethyl furan etc. Meanwhile, Heli Energy has been acquired through capital injection, and its main business includes furfural and biomass power generation. Following completion of such acquisition, the Group established a vertically-integrated value chain for furfural, furfuryl alcohol and biomass power generation, which creates competitiveness for the Group in the new markets. In November 2018, the Group's subsidiary, Henan Xinlianxin Fertiliser Co., Ltd., raised RMB600 million through equity fund raising, and brought in strategic shareholders such as Haitong Innovation Securities Investment Co., Ltd. and NingboYuannian Alloy Investment Partnership (Limited Partnership). This improved the capital structure and reduced the financial risks of the Group.

(III) 前景

雖然糧食價格持續低迷以及調減玉米種植面積而導致尿素需求連續三年下滑，但是隨著國內環保政策壓力提升使尿素行業整合加速。其中技術落後，成本高，環保不達標的企業逐步被淘汰，使國內尿素供需依然保持緊平衡，並對尿素價格形成支撐。目前國內還有一半的煤頭尿素產能為固定床傳統工藝。隨著國內環保政策的不斷落地，我們預計未來還會有更多落後產能被淘汰，尿素行業的產業集中度會進一步提升。

本集團將繼續推動低成本和產品差異化戰略的實施，使本集團高效肥的銷售佔比持續提高，從而提升本集團化肥產品的盈利能力和市場競爭力。新投產的新疆三聚氰胺二期生產線和煤礦，使本集團新疆基地的盈利能力和抗風險能力進一步提升。而隨著本集團江西基地一期複合肥項目的順利投產運行，使本集團初步實現全國佈局，為公司進一步做強做大打下堅實的基礎。

為促進糠醇業務的發展，於2018年四季度本集團單獨設立氫力能源，主要經營範圍包括為生產和銷售糠醇和二甲基呋喃等產品。同時增資收購了禾力能源，主營業務包括糠醛和生物質發電等。有關收購完成後，本集團實現了糠醛、糠醇和生物質發電的產業鏈運營，使本集團在新的領域形成市場競爭力。2018年11月，本集團附屬公司，河南心連心化肥有限公司股權融資人民幣6億，引進海通創新證券投資有限公司和寧波元年合金投資合夥企業（有限合夥）等戰略股東。此舉優化了本集團的資本結構，降低了財務風險。

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(IV) PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10 cents per share for the year ended 31 December 2018 (the “**Proposed Final Dividend**”) (2017: RMB8.49 cents per share), subject to the shareholders’ approval at the forthcoming AGM. The final dividend, if approved, is expected to be paid on 25 July 2019.

The translation of RMB into HKD for the purpose of dividend payment in HKD is made at the rate of approximately RMB1.00 = HKD1.1556, which is the official exchange rate of HKD against RMB as quoted on 25 March 2019 by The Hongkong and Shanghai Banking Corporation Limited. Therefore, based on the above translation of the exchange rate, the dividend to be paid in HKD will be HKD0.11556 per ordinary share.

(V) CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 11 June 2019 to 13 June 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates are lodged with the Company’s Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 10 June 2019.

(IV) 建議末期股息

董事會建議派發截至二零一八年十二月三十一日止年度末期股息每股人民幣10分(「**建議末期股息**」)(二零一七年：每股人民幣8.49分)，須經股東於本公司即將舉行的股東週年大會上批准。末期股息(如批准)預計將於二零一九年七月二十五日支付。

將人民幣兌換為港元以用作以港元支付股息，乃按人民幣1.00元兌1.1556港元的匯率計算，這是港元兌人民幣的官方匯率，為二零一九年三月二十五日香港上海匯豐銀行有限公司的報價。因此，根據上述匯率換算，以港元支付的股息將為每股普通股0.11556港元。

(V) 股東名冊暫停登記

為釐定有權享有建議末期股息，本公司股東名冊將於二零一九年六月十一日至二零一九年六月十三日(包括首尾兩天)暫停登記，在此期間不會登記股份轉讓。為符合建議末期股息的資格，本公司股份的未登記持有人應確保所有已填妥的股份轉讓表格連同相關股票已提交本公司的香港股份轉讓代理及股份過戶登記分處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓，不遲於二零一九年六月十日下午4時30分。

(VI) SUPPLEMENTARY INFORMATION

1. OPERATIONAL AND FINANCIAL RISKS

(I) MARKET RISK

The major market risks of the Group include changes in the average selling prices of key products, changes in the costs of raw materials (mainly coal) and fluctuations in interest and exchange rates.

(II) COMMODITY PRICE RISK

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

(III) INTEREST RATE RISK

The major market interest rate risk that the Group is exposed to includes the Group's long-term debt obligations which are subject to floating interest rates.

(IV) FOREIGN EXCHANGE RISK

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in Hong Kong dollars, United States dollars or Singapore dollars.

(VI) 補充資料

1. 營運及財務風險

(I) 市場風險

本集團的主要市場風險包括主要產品平均售價變動、原材料(主要為煤)的成本變動及利率和匯率的波動。

(II) 商品價格風險

本集團亦面臨因產品售價及原材料成本波動而產生的商品價格風險。

(III) 利率風險

本集團承擔的主要市場利率風險包括本集團受浮動利率影響的長期債務承擔。

(IV) 外匯風險

本集團的收入及成本主要以人民幣計值。部分成本可能以港元、美元或新加坡元計值。

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(V) INFLATION AND CURRENCY RISK

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by approximately 2.1% in the year ended 31 December 2018 as compared with an increase of approximately 1.6% in 2017. Such inflation in the PRC did not have a significant effect on the Group's operating results.

(VI) LIQUIDITY RISK

The Group monitors its risk exposure to shortage of funds. The Group regularly reviews the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projects cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 31 December 2018, approximately RMB2,774 million (31 December 2017: RMB2,246 million), or approximately 46.0% (31 December 2017: 39.3%) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements.

(V) 通脹及貨幣風險

根據中國國家數據統計局公佈的數據，中國的消費者物價指數於截至二零一八年十二月三十一日止年度上漲約2.1%，而二零一七年則上漲約1.6%。中國的通脹對本集團的經營業績並無重大影響。

(VI) 流動資金風險

本集團監控其資金短缺的風險。本集團定期檢討其財務投資及金融資產（例如貿易應收款項及其他金融資產）的到期情況及經營業務的預測現金流量。本集團的目標是通過使用銀行透支及銀行貸款，維持資金持續及靈活性之間的平衡。於二零一八年十二月三十一日，根據於財務報表內所反映的借款的賬面值，本集團債務中約人民幣2,774,000,000元（二零一七年十二月三十一日：人民幣2,246,000,000元）或約46.0%（二零一七年十二月三十一日：39.3%）將於一年內到期。

(VII) GEARING RISK

The Group monitors its capital ratios in order to support its business and maximise shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) decreased from approximately 71.34% as at 31 December 2017 to approximately 67.27% as at 31 December 2018.

2. CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities (2017: Nil).

3. MATERIAL LITIGATION AND ARBITRATION

As at 31 December 2018, the Group was not involved in any material litigation or arbitration.

4. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, there were 6,485 (2017: 6,119) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

(VII) 資產負債風險

本集團監控其資本比率，以支持其業務及最大化股東價值。本集團根據經濟狀況變動管理資本結構以及就此作出調整。本集團可以透過籌集新債或發行新股以保持或調整資本結構。於截至二零一八年及二零一七年十二月三十一日止年度，管理資本的目標、政策或流程概無任何變動。於二零一八年十二月三十一日，本集團資產負債比率(負債淨額除以總資本加負債淨額總和)自二零一七年十二月三十一日的約71.34%減少至約67.27%。

2. 或然負債

於二零一八年十二月三十一日，本集團並無任何重大或然負債(二零一七年：無)。

3. 重大訴訟及仲裁

於二零一八年十二月三十一日，本集團並未牽涉任何重大訴訟或仲裁。

4. 僱員及薪酬政策

於二零一八年十二月三十一日，本集團有6,485名(二零一七年：6,119名)僱員。員工薪酬待遇乃經考慮市況及有關個人的表現後釐定，並可不時予以檢討。本集團亦提供其他員工福利，包括醫療保險及壽險，並根據合資格員工的表現及對本集團的貢獻，授出酌情獎勵花紅。

Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

BOARD

EXECUTIVE DIRECTORS

MR. LIU XINGXU CHAIRMAN OF THE BOARD

Aged 64, is principally in charge of overall strategic planning and business development of the Group. Mr. Liu was appointed as an executive Director on 26 July 2006. He is also a member of the NC. Mr. Liu has over 20 years of experience in the chemical fertiliser industry. He is currently the expert consultant of the Advisory Committee of China Nitrogen Fertiliser Industry Association. Mr. Liu was appointed the factory head of Xinxiang Fertiliser Factory, a state-owned enterprise, in charge of factory operations in 1994 and then became the chairman and the general manager of XLX Chem from July 2003 to July 2006. He was the general manager of Henan XLX from July 2006 to April 2016, and has also been the chairman of Henan XLX since July 2006. In February 2003, Mr. Liu was awarded the "Provincial Safe Production Advanced Worker" by Safe Production Committee of Henan Province and Personnel Bureau of Henan Province for his outstanding performance in safety work. In April 2004, he was awarded the "Henan Province Labour Model (Advanced Worker)" and in 2005, he was awarded the Henan Province Outstanding Private Enterprise Entrepreneur" by the People's Government of Henan Province. He was also the winner of "National Labour Day Medal" in 2009 issued by All China Federation of Trade Unions, and was awarded the "China Petroleum & Chemical Outstanding Private Enterprises Entrepreneurs Innovation Award" in May 2014. He was awarded the "Henan Economic Celebrity of the year 2014" and "Model Worker of China" in 2015, and also the "Most Excellent Citizen in Xinxiang" in 2017. Mr. Liu graduated from Xinxiang Broadcasting and Television University in July 1986 with a Diploma in Arts. In 2006, he completed EDP (Executive Development Program) from Guanghua School of Management, Peking University. In 2010, Mr. Liu was awarded the qualification of "Senior Economist" by the People's Government of Henan Province and the EMBA degree from Tsinghua University. Mr. Liu is the controlling shareholder and a director of Pioneer Top Holdings Limited, a substantial Shareholder.

董事會

執行董事

劉興旭先生 董事會主席

64歲，主要負責本集團的整體戰略規劃及業務發展。劉先生於二零零六年七月二十六日出任執行董事，彼亦為提名委員會成員。劉先生於化肥業擁有逾20年經驗，目前是中國氮肥工業協會顧問委員會專家顧問。劉先生於一九九四年獲委任為國有企業新鄉化肥總廠廠長，負責工廠營運，及後於二零零三年七月至二零零六年七月成為心連心化工董事長及總經理。彼於二零零六年七月至二零一六年四月出任河南心連心總經理，並自二零零六年七月起出任河南心連心董事長。於二零零三年二月，劉先生獲河南省安全生產監督委員會及河南省人事局頒授「全省安全生產先進工作者」的殊榮，以表揚其於安全工作方面的傑出表現。彼獲河南省人民政府於二零零四年四月頒授「河南省勞動模範（先進工作者）」的殊榮及於二零零五年頒授「河南省優秀民營企業家」的殊榮，並於二零零九年被中華全國總工會授予「全國五一勞動獎章」殊榮及於二零一四年五月被授予「中國石油和化工優秀民營企業家創新成就獎」殊榮。彼於二零一五年獲「二零一四年度河南經濟年度人物」及「全國勞動模範」稱號，亦於二零一七年獲「最美新鄉人」榮譽稱號。劉先生於一九八六年七月畢業於新鄉廣播電視大學文學系，於二零零六年完成北京大學光華管理學院高級管理人員培訓課程，於二零一零年獲河南省人民政府頒發「高級經濟師」殊榮，並獲得清華大學高級管理人員工商管理碩士學位。劉先生為主要股東 Pioneer Top Holdings Limited 的控股股東及董事。

MR. ZHANG QINGJIN

Aged 52, is principally in charge of the decision making with respect to overall management and day-to-day business operations of the Group. Mr. Zhang was appointed as an executive Director on 27 March 2015. Mr. Zhang was the deputy general manager of Henan XLX from November 2006 to July 2011, and was the executive deputy general manager of Henan XLX from July 2011 to April 2016, and then he has become the general manager of Henan XLX since April 2016. He has over 20 years of experience in the chemical fertiliser industry. He is currently the vice chairman of China Nitrogen Fertiliser Industry Association. Mr. Zhang joined Xinxiang Fertiliser Factory in July 1987 and held various positions, including unit head of equipment and facility department, unit head of production and technical department, section head of equipment and facility upgrade and department head of technical upgrade in Xinxiang Fertiliser Factory. Mr. Zhang was appointed as the manager of the technical centre of XLX Chem from August 2003 to July 2006. He was also the manager of the technical centre of Henan XLX from July 2006 to November 2006. Mr. Zhang graduated from Zhengzhou Engineering College (currently known as "Zhengzhou University") in July 1987 with a diploma in chemical equipment, and obtained the EMBA degree from Tsinghua University in 2009.

MS. YAN YUNHUA

Aged 48, is principally in charge of the decision making with respect to all financial matters within the Group. Ms. Yan was appointed as an executive Director on 10 November 2006. Ms. Yan obtained the "Accountant" certification from the Ministry of Finance of the PRC in May 1997. She graduated from Xi'an Jiaotong University in July 2003 with a degree in accountancy and obtained the "Senior Accountant" certification from Henan Province Accountant Series Senior Assessment Committee in December 2005. Ms. Yan obtained the EMBA (Executive Master of Business Administration) degree from Guanghua School of Management, Peking University in July 2009. Ms. Yan has 20 years of accounting and finance experience. Ms. Yan is currently the executive chairman of the Finance Research Committee of China Nitrogen Fertiliser Industry Association and the vice chairman of Henan Provincial Association of CFO. She joined Xinxiang Fertiliser Factory in December 1997 and held various positions in Xinxiang Fertiliser Factory, including the deputy head of finance division and the deputy chief accountant. She was also the chief accountant in charge of finance of XLX Chem from 2003 to July 2006. She was the deputy general manager of Henan XLX from July 2006 to April 2016, and has become the vice chairman of Henan XLX since April 2016. Ms. Yan was awarded the "Accountants Contribution Award" in the PRC in 2008, "Advanced Worker in Accounting of Henan Province" in 2009, and "Labour Day Medal of Henan Province" in 2015. Ms. Yan is the controlling shareholder and a director of Go Power Investments Limited, a substantial Shareholder.

張慶金先生

52歲，主要負責本集團整體管理及日常業務經營相關的決策。張先生於二零一五年三月二十七日獲委任為執行董事。張先生於二零零六年十一月至二零一一年七月出任河南心連心副總經理，於二零一一年七月至二零一六年四月出任河南心連心常務副總經理，並自二零一六年四月起成為河南心連心總經理。彼於化肥業擁有逾20年經驗，目前為中國氮肥工業協會副理事長。張先生於一九八七年七月加盟新鄉化肥總廠並曾任多個職位，包括設備科科長、生產技術科科長、技改辦設備組組長及新鄉化肥總廠技改部門主管等。張先生於二零零三年八月至二零零六年七月獲委任為心連心化工技術中心經理。彼亦於二零零六年七月至二零零六年十一月出任河南心連心技術中心經理。張先生於一九八七年七月畢業於鄭州工學院（現稱鄭州大學），獲得化學設備文憑，並於二零零九年獲得清華大學高級管理人員工商管理碩士學位。

閻蘊華女士

48歲，主要負責本集團內所有財務事宜相關的決策。閻女士於二零零六年十一月十日獲委任為執行董事。閻女士於一九九七年五月獲中國財政部頒授「會計師資格認證」證書。彼於二零零三年七月畢業於西安交通大學，取得會計學士學位，並於二零零五年十二月獲河南省會計系列高評會頒授「高級會計師資格認證」證書。閻女士於二零零九年七月獲北京大學光華管理學院頒授高級管理人員工商管理碩士學位，擁有20年會計及財務經驗，目前擔任中國氮肥工業協會財務研究會執行主席及河南省總會計師協會副會長等職務。彼於一九九七年十二月加盟新鄉化肥總廠，曾擔任多個職位，包括財務科副科長及副總會計師，亦於二零零三年至二零零六年七月出任心連心化工總會計師，負責財務事宜。彼於二零零六年七月至二零一六年四月出任河南心連心副總經理，並自二零一六年四月起成為河南心連心副董事長。閻女士於二零零八年榮獲「中國總會計師貢獻獎」，二零零九年被評為「河南省先進會計工作者」，及二零一五年獲「河南省五一勞動獎章」殊榮。閻女士為主要股東Go Power Investments Limited的控股股東及董事。

Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

NON-EXECUTIVE DIRECTOR

MR. ZHENG JIAQI

Aged 35, has been appointed as the non-executive Director since 16 May 2018. Mr. Zheng currently serves as Managing Director at Primavera Capital Group ("Primavera", a leading China-based investment firm managing multi-billions worth of RMB and United States Dollar funds). He joined Primavera in 2010 as a founding member and sits on the board of a series of Primavera portfolio companies. Prior to joining Primavera, Mr. Zheng was at Investment Banking Department of China International Capital Corporation Limited from 2007 to 2010, working on both capital market transactions and mergers and acquisitions. Mr. Zheng received a Master in Finance from Lancaster Management School in 2006 and a Bachelor of Arts in Economics from the University of Manchester in 2005. Nitro Capital Limited and Primavera Capital (Cayman) Fund I L.P., the Company's substantial shareholders, are within Primavera Capital Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. ONG KIAN GUAN

Aged 51, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the AC and a member of both the RC and the NC. He is a practising member and a fellow of the Institute of Singapore Chartered Accountants, and also a partner of Baker Tilly TFW LLP. He has more than 20 years of professional experience in financial audits of multinational corporations and public listed companies from diverse industries. He is currently the independent director of Alliance Mineral Assets Limited and Serrano Limited (both companies are listed on the SGX-ST), and also the lead independent director of Weiye Holdings Limited (a company listed on both the SGX-ST and the Main Board of SEHK). In addition, he has been appointed as the independent non-executive director of RMH Holdings Limited and IAG Holdings Limited (both companies are listed on the GEM of SEHK) since 22 September 2017 and 19 December 2017 respectively. He graduated from the Nanyang Technological University in Singapore with a Bachelor of Accountancy degree in May 1992.

非執行董事

鄭嘉齊先生

35歲，自二零一八年五月十六日起獲委任為非執行董事。鄭先生目前於春華資本集團（「春華」，一家立足中國的投資公司，管理數十億的人民幣及美元基金）擔任董事總經理。彼於2010年作為創始團隊成員加入春華，並為數家春華旗下公司的董事會成員。加入春華前，鄭先生由2007至2010年於中國國際金融股份有限公司投資銀行部任職，負責資本市場交易及併購業務。鄭先生於2006年獲得蘭卡斯特大學管理學院金融學碩士學位及於2005年獲得曼徹斯特大學經濟學文學士學位。本公司的主要股東Nitro Capital Limited及Primavera Capital (Cayman) Fund I L.P.均屬於春華資本集團。

獨立非執行董事

王建源先生

51歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為審核委員會主席以及薪酬委員會和提名委員會的成員。彼為新加坡特許會計師協會執業會計師及資深會員，並為Baker Tilly TFW LLP的合夥人。彼在從事不同行業的跨國公司及公眾上市公司的財務審核有逾20年的專業經驗。彼現為Alliance Mineral Assets Limited及Serrano Limited的獨立董事（該兩家公司均於新交所上市），亦為偉業控股有限公司（一家於新交所及聯交所主板上市的公司）的首席獨立董事。同時，彼分別自二零一七年九月二十二日及二零一七年十二月十九日起擔任德斯控股有限公司及迎宏控股有限公司的獨立非執行董事（該兩家公司均於聯交所GEM上市）。彼於一九九二年五月畢業於新加坡南洋理工大學，取得會計學學士學位。

MR. LI SHENGXIAO

Aged 56, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the NC and a member of both the AC and the RC. Mr. Li has been a professor in Shaoxing University since 2004, and is currently the Head of Regional Development Research Centre in Shaoxing University. He has been the instructor of establishment of small and medium enterprises in Zhejiang Province, Small and Medium Enterprises Bureau in Zhejiang Province since 2006. Mr. Li has been appointed as an independent director of Bank of Shaoxing Co., Ltd. since November 2013. Mr. Li is also an independent director of Zhejiang China Light & Textile Industrial City Group Co., Ltd (a company listed on the Shanghai Stock Exchange). He resigned as an independent director of Anhui Jiangnan Chemical Industry Co, Ltd. (a company listed on the Shenzhen Stock Exchange) with effect from 12 April 2018. Mr. Li graduated from Hangzhou University (currently known as Zhejiang University) in July 1987 with a graduation certificate in politics. He then obtained a master's degree in law from Hangzhou University in July 1990. He was awarded the "high school outstanding youth teacher of Zhejiang Province" in September 1991.

MR. ONG WEI JIN

Aged 52, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the RC and a member of both the AC and the NC. He is a partner in Harry Elias Partnership LLP (a Singapore law firm). He is currently an independent director of Luzhou Bio-chem Technology Limited, CFM Holdings Limited and Camsing Healthcare Limited (formerly known as Jacks International Limited), all these companies are listed on the SGX-ST. He obtained a Bachelor of Laws degree from the National University of Singapore in 1990, a Master of Business Administration degree from University of Hull in 1993, and a Master of Laws degree from the National University of Singapore in 1995.

李生校先生

56歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為提名委員會主席以及審核委員會和薪酬委員會的成員。李先生自二零零四年起出任紹興文理學院教授，及目前為紹興文理學院區域發展研究中心主任。彼自二零零六年起出任浙江省中小企業局浙江省中小企業創業指導師。李先生自二零一三年十一月起擔任紹興銀行股份有限公司的獨立董事。李先生亦為浙江中國輕紡城集團股份有限公司（一家於上海證券交易所上市的公司）的獨立董事。李先生已辭任安徽江南化工股份有限公司（一家於深圳證券交易所上市的公司）的獨立董事，自二零一八年四月十二日起生效。李先生於一九八七年七月畢業於杭州大學（現稱浙江大學）政治專業。彼其後於一九九零年七月取得杭州大學法學碩士學位。彼於一九九一年九月獲頒授「浙江省高校傑出青年教師」的殊榮。

王為仁先生

52歲，自二零零七年五月十一日起獲委任為獨立非執行董事。彼亦為薪酬委員會主席以及審核委員會和提名委員會的成員。彼為Harry Elias Partnership LLP（一家新加坡律師事務所）的合夥人。彼現為魯洲生物科技有限公司、CFM Holdings Limited及Camsing Healthcare Limited（前稱Jacks International Limited）的獨立董事，該三家公司均於新交所上市。彼於一九九零年獲新加坡國立大學頒授法學士學位，於一九九三年獲University of Hull頒授工商管理碩士學位，並於一九九五年獲新加坡國立大學頒授法學碩士學位。

Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

MR. LI HONGXING

Aged 43, has been appointed as an independent non-executive Director since 16 May 2018. Mr. Li has been the Managing Director of China Reform Overseas Hongkong Company Limited since 2016. Mr. Li served as the head of energy, mining and equipment (corporate finance) in CITIC CLSA Securities from 2010 to 2016; and an equity analyst of HSBC with a focus on Asian oil and chemicals from 2007 to 2010. Before that, Mr. Li had worked in BP Group, Dongguan Nokia Mobile Phones Co., Ltd. and PricewaterhouseCoopers China. Mr. Li received a Master of Business Administration from Australian Graduate School of Management in 2011 and a Bachelor of Arts in International Business from the Guangdong University of Foreign Studies in 1997.

SENIOR MANAGEMENT

MR. MA TONGSHENG

Aged 49, is the Chief Executive Officer of the Company since 18 March 2019. Mr. Ma has over 26 years of experience in the fertiliser industry in China. Mr. Ma was the supervisor and assistant manager of Xinxiang Fertiliser Factory* (新鄉化肥總廠), a state-owned enterprise, from July 1992 to July 2000. He joined the Group in August 2000, and successively served the following positions in the Group: the production manager of compound fertiliser of Henan XLX from August 2000 to October 2005; the deputy head of Production Plant II from November 2005 to January 2010; the head of Production Plant III from February 2010 to July 2012; the manager of production management from August 2012 to December 2016; the director of Production Management Centre from January 2017 to July 2017; and the general manager of the Compound Fertiliser Company* (複合肥公司) from August 2017 to October 2018. He is currently the head of Fine Chemicals and Biomass Power Generation Development and Research Team of the Company. Mr. Ma graduated from Zhengzhou University with an EMBA degree and Nanjing University of Science and Technology with a degree in Computer Technology.

李紅星先生

43歲，自二零一八年五月十六日起獲委任為獨立非執行董事。李先生自2016年起於中國國新海外(香港)有限公司擔任董事總經理。李先生自2010年至2016年於中信里昂證券有限公司擔任能源、礦業及裝備行業(企業融資)負責人；以及自2007至2010年於香港上海滙豐銀行擔任證券分析師專責亞洲石油及化工證券。在此之前，李先生曾於BP集團、東莞諾基亞移動電話有限公司及普華永道中國工作。李先生於2011年獲得澳大利亞管理研究所工商管理碩士學位及於1997年獲得廣東外語外貿大學國際商務文學士學位。

高級管理層

馬通生先生

49歲，自2019年3月18日起出任本公司首席執行官，在中國化肥行業擁有逾26年經驗。馬先生於1992年7月至2000年7月擔任國有企業新鄉化肥總廠的主任及主任助理。他於2000年8月加入本集團，並先後擔任本集團以下職務：2000年8月至2005年10月，河南心連心複合肥生產部經理；2005年11月至2010年1月，第二生產廠房副廠長；2010年2月至2012年7月，第三生產廠房廠長；2012年8月至2016年12月，生產管理部經理；2017年1月至2017年7月，生產管理中心總監；及2017年8月至2018年10月，複合肥公司總經理。他目前是本公司的精細化學品與生物質發電開發研究團隊的負責人。馬先生畢業於鄭州大學，獲得EMBA學位，及南京理工大學計算機技術專業。

MR. PAUL WONG WING WANG

Aged 48, is the Chief Financial Officer of the Company since 18 March 2019. Mr. Wang has over 20 years of experience in the corporate finance industry in Singapore. Prior to joining the Group, he has been the managing director of Crowe Howarth Capital (Singapore) (“**Crowe Singapore**”) since April 2017, and was the chief executive officer of Partners Capital (Singapore) Pte Ltd. (a boutique corporate finance firm with a CMS license from the Monetary Authority of Singapore, which was acquired by Crowe Singapore in April 2017) from January 2008 to April 2017. He was a partner of SAC Capital Pte Ltd., a corporate finance advisor in Singapore, from December 2006 to December 2007. Mr. Wong is a member of CPA Australia, and holds a Bachelor degree of Commerce from Newcastle University in Australia.

MR. LI YUSHUN

Aged 58, is the deputy general manager in charge of the research and development department of Henan XLX since 31 July 2006. Mr. Li has more than 30 years of experience in the chemical fertiliser industry. He joined Xinxiang Fertiliser Factory in August 1982 and was appointed as the deputy factory head of Xinxiang Fertiliser Factory in 1993. Mr. Li was the deputy general manager of XLX Chem from August 2003 to July 2006. Mr. Li graduated from Zhengzhou Engineering College (currently known as Zhengzhou University) in July 1982 with a major in chemical technology. In 2004, he was awarded “First in Third Prize for Adopting the Improved Water Solution Full Circulation Method Urea Technology to Expand Production and Reduce Wastage” by the People’s Government of Xinxiang. In November 2006, he was awarded the “Second Prize in Integrated Treatment and Environmental Protection Project for Zero Discharge of Waste Water Produced in the Production of Nitrogen Fertiliser” by China Nitrogen Fertiliser Industry Association. He was recognised as a “Model Worker of Hehan Province” in April 2014.

MR. WANG NAIREN

Aged 55, is the deputy general manager in charge of the sales and purchasing of Henan XLX since 31 July 2006. He has more than 20 years of experience in the chemical fertiliser industry. He held various positions in Xinxiang Fertiliser Factory, including the office head of nitrogen fertiliser plant and the deputy head and assistant to head of Xinxiang Fertiliser Factory from March 1993. Mr. Wang was the deputy general manager of sales and marketing department of XLX Chem from August 2003 to July 2006. Mr. Wang obtained a certificate of completion in master’s course of business administration from Tianjin Institute of Finance and Economics (currently known as Tianjin University of Finance and Economics) in June 2002.

王永宏先生

48歲，自2019年3月18日起出任中國心連心首席財務官，在新加坡的企業融資行業擁有逾20年經驗。在加入本集團之前，他自2017年4月起擔任國富浩華資本(新加坡)的董事總經理，並且於2008年1月至2017年4月期間擔任博大資本(新加坡)的首席執行官(該公司為一家精品企業融資公司，獲得新加坡金融管理局頒發的資本市場服務許可牌照，於2017年4月被國富浩華資本(新加坡)收購)。他於2006年12月至2007年12月出任SAC Capital Pte Ltd.的合夥人，一間新加坡企業財務顧問公司。王先生是澳洲註冊會計師協會會員，並持有澳洲紐卡斯爾大學商業學士學位。

李玉順先生

58歲，自二零零六年七月三十一日起出任河南心連心副總經理，主管技術研發。李先生於化肥業擁有超過30年經驗。彼於一九八二年八月加盟新鄉化肥總廠，並於一九九三年獲委任為新鄉化肥總廠副廠長。李先生於二零零三年八月至二零零六年七月出任心連心化工副總經理。李先生於一九八二年七月畢業於鄭州工學院(現稱鄭州大學)化學工藝專業。於二零零四年，彼獲新鄉市人民政府頒授「採用改良水溶液全循環法尿素新工藝擴產降耗改造等級三等獎第一名」的殊榮。於二零零六年十一月，彼獲中國氮肥工業協會頒授「氮肥生產污水零排放總和治理環保工程二等獎」的殊榮。彼於二零一四年四月獲「河南省勞動模範」殊榮。

王乃仁先生

55歲，自二零零六年七月三十一日起出任河南心連心副總經理，主管供銷。彼於化肥業擁有超過20年經驗。彼曾於新鄉化肥總廠擔任多個職位，包括自一九九三年三月出任氮肥分廠辦公室主任，以及新鄉化肥總廠副廠長及廠長助理。王先生自二零零三年八月至二零零六年七月出任心連心化工營銷市場部副總經理。王先生於二零零二年六月獲得天津財經學院(現稱天津財經大學)頒授工商管理碩士課程畢業證書。

Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

MR. ZHAO LIANZI

Aged 56, is the deputy general manager in charge of the strategy and logistics department of Henan XLX since February 2012. He has almost 20 years of experience in the chemical fertiliser industry. He held various positions in the Group, including the deputy head of Xinxiang Fertiliser Factory from February 1999 to August 2000. He was the general manager of Henan Xinxin Fertilizer Co., Ltd. (河南新新化肥股份有限公司) from August 2000 to December 2003, the general manager of Compound Fertilizer Branch, Henan XLX Fertilizer Co., Ltd. (河南心連心化肥有限公司複合肥分公司) from December 2003 to July 2010, and the assistant to general manager of Henan XLX from July 2010 to February 2012. Mr. Zhao obtained a certificate of completion in master's course of business administration from Tianjin Institute of Finance and Economics (currently known as Tianjin University of Finance and Economics) in June 2002. In 2007, he completed EDP (Executive Development Program) from Guanghua School of Management, Peking University.

MR. WANG PINGBIAO

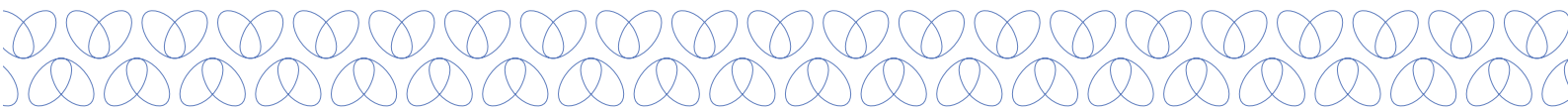
Aged 48, is the deputy general manager in charge of the production department of Henan XLX since 29 April 2016. Mr. Wang has more than 20 years of experience in the chemical fertiliser industry. He joined Xinxiang Fertiliser Factory in July 1992 and held various positions, including the deputy director of technical transformation of Xinxiang Fertiliser Factory and the deputy head of nitrogen fertiliser plant. He was the head of Branch II, Henan XLX Fertilizer Co., Ltd. (河南心連心化肥有限公司二分公司) from January 2005 to September 2008, the head of Factory III, Henan XLX Fertilizer Co., Ltd. (河南心連心化肥有限公司三分廠) from September 2008 to January 2010 and the head of Branch IV, Henan XLX Fertilizer Co., Ltd. (河南心連心化肥有限公司四分公司) since October 2010. Mr. Wang graduated from Zhengzhou Engineering College (currently known as Zhengzhou University) with a tertiary certificate in June 1992, and obtained a master degree in Executive Master of Business Administration from Tsinghua University in 2008.

趙連紫先生

56歲，自二零一二年二月起出任河南心連心副總經理，主管戰略與物流。彼於化肥行業有近20年經驗。彼在本集團先後擔任多個職務，包括於一九九九年二月至二零零零年八月出任新鄉化肥總廠副廠長。彼自二零零零年八月至二零零三年十二月出任河南新新化肥股份有限公司總經理，自二零零三年十二月至二零一零年七月出任河南心連心化肥有限公司複合肥分公司總經理，及自二零一零年七月至二零一二年二月出任河南心連心總經理助理。趙先生於二零零二年六月獲得天津財經學院(現稱天津財經大學)頒授工商管理碩士課程畢業證書，亦於二零零七年完成北京大學光華管理學院高級管理人員培訓課程。

王平彪先生

48歲，自二零一六年四月二十九日起出任河南心連心副總經理，主管生產。王先生於化肥業擁有超過20年經驗。彼於一九九二年七月加盟新鄉化肥總廠，曾任多個職位，包括新鄉化肥總廠技改辦副科長及氮肥廠副廠長等。彼於二零零五年一月至二零零八年九月間曾出任河南心連心化肥有限公司二分公司廠長，二零零八年九月至二零一零年一月出任河南心連心化肥有限公司三分廠廠長，二零一零年十月起出任河南心連心化肥有限公司四分公司廠長。王先生於一九九二年六月畢業於鄭州工學院(現稱鄭州大學)，獲得專業證書，並於二零零八年獲得清華大學高級管理人員工商管理碩士學位。



MR. REN RONGKUI

Aged 50, he was appointed as the Deputy General Manager of Henan XLX on 18 March 2019. Mr. Ren graduated from Henan Normal University in June 1992 and obtained a master's degree in business administration from Xi'an Jiaotong University in January 2017. He was qualified as a safety engineer. From June 1992 to January 1997, he served as a workshop staff member of Xinxiang Fertilizer Factory. From January 1997 to July 2000, he served as director of the Instrument Workshop of Xinxiang Fertilizer Factory. From July 2000 to July 2005, he served as manager of the agrochemical center of Henan Xinxin Fertilizer Co., Ltd., and served as deputy director of Factory I, Henan XLX Fertilizer Co., Ltd. from January to July 2007. He served as director of Factory I, Henan XLX Fertilizer Co., Ltd. from July 2007 to August 2008, and manager of Branch II, Henan XLX Fertilizer Co., Ltd. from August 2008 to October 2010, and served as the assistant of general manager of Henan XLX Fertilizer Co., Ltd. from October 2010 to July 2017.

MS. SUN HONG

Aged 50, she was appointed as the deputy general manager of Henan XLX on 18 March 2019. Ms. Sun graduated from Henan Normal University in July 1991 with major in chemistry, and obtained a master's degree in applied chemistry from Dalian University of Technology in July 1994. He obtained a Ph.D. in Business Administration from Huazhong University of Science and Technology in June 2011. From August 1994 to February 2004, he worked in Henan Xinfei Electric Appliance Co., Ltd., as a technician, the deputy director of the manufacturing department, director, manager of the advertising department, and deputy manager of the marketing department, etc. From March 2004 to October 2012, he served as the head of quality department, deputy general manager of quality department and general manager of quality department in Henan Xinfei Electric Appliance Co., Ltd. In November 2012, he served as assistant to general manager of Henan XLX Fertilizer Co., Ltd. and manager of enterprise management department.

任榮魁先生

50歲，二零一九年三月十八日起出任河南心連心副總經理，任先生於一九九二年六月畢業於河南師範大學計算機專業，於二零一七年一月獲得西安交通大學工商管理碩士學位，並考取了安全工程師資質，一九九二年六月至一九九七年一月任新鄉化肥總廠車間科員，一九九七年一月至二零零零年七月任新鄉化肥總廠儀錶車間主任，二零零零年七月至二零零五年七月任河南新新化肥股份有限公司農化中心經理，二零零七年一月至七月任河南心連心化肥有限公司一分廠副廠長，二零零七年七月至二零零八年八月任河南心連心化肥有限公司一分廠廠長，二零零八年八月至二零一零年十月任河南心連心化肥有限公司二分公司經理，二零一零年十月至二零一七年七月任河南心連心化肥有限公司總經理助理。

孫洪女士

50歲，二零一九年三月十八日起出任河南心連心副總經理，孫女士於一九九一年七月畢業於河南師範大學化學專業，於一九九四年七月獲得大連理工大學應用化學碩士學位，二零一一年六月獲得華中科技大學企業管理學博士學位，一九九四年八月至二零零四年二月在河南新飛電器有限公司歷任技術員、製造部技術副廠長、廠長、廣告部部長、市場部副部長等職位，二零零四年三月至二零一二年十月在河南新飛電器有限公司歷任質量部部長、質量副總經理、質量總經理，二零一二年十一月任河南心連心化肥有限公司總經理助理兼企業管理部經理。

Directors, Senior Management and Company Secretaries

董事、高級管理層及公司秘書

JOINT COMPANY SECRETARIES

MS. SO YEE KWAN

Aged 37, was appointed as a joint company secretary of the Company since 6 March 2018. Ms. So is a senior manager of Corporate Services of Tricor Services Limited (a global professional services provider specializing in integrated business, corporate and investor services). She has extensive experience in a diversified range of corporate services and has been providing professional secretarial services to many companies listed on the SEHK for the past 14 years. Ms. So is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. So received a Bachelor's degree in International Business Management from Oxford Brookes University in the United Kingdom and a Master of Arts in Professional Accounting and Information Systems from City University of Hong Kong.

MS. CHEOK HUI YEE

Aged 33, was appointed as a joint company secretary of the Company since 6 March 2018. Ms. Cheok is a senior manager of Tricor Evatthouse Corporate Services, a division of Tricor Singapore Pte. Ltd. (a leading provider of integrated business, corporate and investor services in Singapore). She has over 10 years of experience in corporate secretarial practice in Singapore. Her area of exposure includes advisory and assistance in compliance matters of public and private limited companies in Singapore, foreign companies registered in Singapore as well as offshore incorporated companies. She is currently the appointed company secretary of several public companies listed on the SGX-ST. Ms. Cheok is a Practising Chartered Secretary and an Associate of The Chartered Secretaries Institute of Singapore. Ms. Cheok received a Bachelor's Degree (Honours) in Commerce from Liverpool John Moores University in the United Kingdom.

聯席公司秘書

蘇漪筠女士

37歲，自二零一八年三月六日起獲委任為本公司聯席公司秘書。蘇女士為卓佳專業商務有限公司(全球性的專業服務供應商，專門提供商業、企業及投資者綜合服務)企業服務高級經理。彼在多方面的企業服務範疇均擁有豐富經驗，並在過去14年一直為多家於聯交所上市的公司提供專業秘書服務。蘇女士為特許秘書，並為香港特許秘書公會以及英國特許秘書及行政人員公會的資深會員。蘇女士獲英國牛津布魯克斯大學的國際商業管理學士學位及香港城市大學專業會計與資訊系統的文學碩士學位。

石慧儀女士

33歲，自二零一八年三月六日起獲委任為本公司聯席公司秘書。石女士為Tricor Singapore Pte. Ltd. (新加坡領先的商業、企業及投資者綜合服務供應商)分部Tricor Evatthouse Corporate Services高級經理。彼具有逾10年新加坡公司秘書工作經驗，涉及的領域包括有關新加坡公眾及私人有限公司、於新加坡註冊的外國公司以及於境外註冊成立的公司合規事宜的顧問及協助。彼現任幾家於新交所上市的公眾公司的指定公司秘書。石女士為執業特許秘書及新加坡特許秘書公會會員。石女士獲英國利物浦約翰摩爾斯大學的商學學士學位(榮譽)。

Investor Relations

投資者關係

During 2018, the Company continued to strengthen its efforts in maintaining investor relations, and capital market recommendation and media promotion became the main focus for work promotion, so as to truly serve as a bridge for effective communication between the Company and the capital market. The Company also listens attentively to various suggestions and proposals from the capital market with regard to the Company's operations and management in a proactive, sincere and humble manner, so as to optimise the Company's operational management quality, enhance the Company's profitability and Shareholders' value and maximise their interests.

TIMELY, RIGHTEOUS, FAIR AND ACCURATE INFORMATION DISCLOSURE

The Company has been in strict compliance with the information disclosure principles for listed companies by making timely, righteous, fair and accurate information disclosure, which improve the transparency of the Company, moreover, establish a smooth communication channel and enhance its interaction and communication with the capital market. In 2018, the Company published 49 documents on SEHK's website. Such publications have objectively and comprehensively disclosed information regarding the results, operating performance, financial information, dividend payment, poll results of shareholder meetings and certain other voluntary disclosures. The Company's website (www.chinaxl.com.hk) is also an important channel for its information disclosure and important platform for investors to obtain information on the Company.

MULTIPLE-CHANNEL, COMPREHENSIVE INVESTOR RELATIONS ACTIVITIES

The Company continued to conduct comprehensive communication with capital market through various communication channels including results announcement conference, roadshow activities, one-on-one investor meetings, investor forums and reverse roadshow activities, communicating its development philosophy and strategies, growth progress and latest updates and results on operation and management, and sharing its understanding and expectation on the industry and the market. Further, the Company also developed various user-friendly promotion and communication platforms such as website, WeChat public platforms and other formats, with their contents covering corporate news, important announcements, updates of the Company's capital market, media report, and analyst's report.

二零一八年，本公司繼續加強投資者關係維護工作，並將資本市場推介和媒體宣傳作為重點工作進行推進，使其真正成為本公司和資本市場之間有效的溝通橋樑。同時本著積極、誠懇、務實的態度聆聽資本市場對於本公司經營管理上的意見和建議，不斷優化和完善本公司的運營管理素質，努力提升本公司盈利能力與股東價值，確保股東利益最大化。

及時、公正、公平和準確的信息披露

本公司嚴格遵守上市公司信息披露規則，實施及時、公正、公平和準確的信息披露，增加本公司透明度，同時，建立暢順的溝通渠道及加強與資本市場的互動溝通。二零一八年，本公司在聯交所的網站上共發佈了49份文件，客觀及詳細地披露了有關業績、經營狀況、財務信息、分紅派息、股東大會投票結果，以及若干自願性披露。本公司的官方網站(www.chinaxl.com.hk)亦是公司信息披露的重要發放渠道之一，也是投資者獲取本公司信息的重要平臺。

多渠道、全方位開展投資者關係活動

本公司繼續通過業績發佈會、路演推介活動、一對一投資者會議、投資者論壇及反向路演活動等形式多渠道、全方位與資本市場溝通，及時向資本市場傳遞本公司的戰略規劃、發展理念、增長故事以及經營管理的最新動態和業績，分享我們對行業和市場的理解和展望。除此之外，本公司策劃開發了多種人性化宣傳溝通平臺，如網站、微信公眾平臺等形式，內容涵蓋公司新聞、重大公告、本公司資本市場動態、媒體報道、分析師報告情況等。

Investor Relations

投資者關係

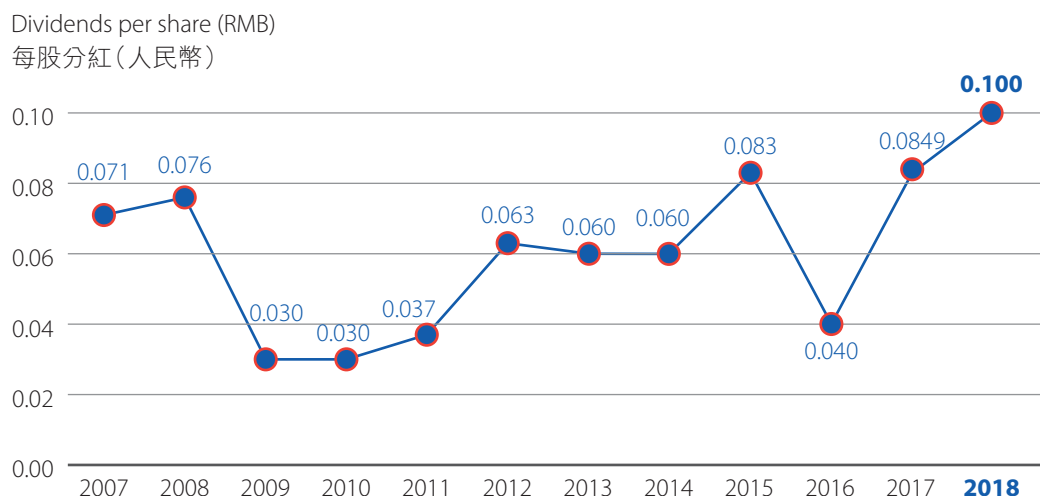
Meanwhile, according to the needs and styles of analysts and different investors, the Company flexibly and proactively arranged corporate senior management to participate in various investor relations activities. During 2018, the Company's senior management including the Chairman of the Board and the Chief Financial Officer participated in plenty of investor activities to fully communicate with the capital market, which realised multi-channelled communications. In 2018, besides holding press conferences after interim and annual results announcements, the Company also attended various investor forums organised by a number of investment banks and funds, conducted one-on-one meetings and conference calls regularly, and made interactive communication with around 300 investors and analysts throughout the year. We attach great importance to investors' onsite visits, and arranged over forty plant visits to the headquarter of the Group in 2018, meanwhile, the Company organised large-scale reverse roadshow activities in the second half of 2018, more than thirty investors visited the Group's headquarters and Xinjiang base, so as to further give investors and analysts a better idea of the business and operations of the Group.

STEADY AND CONTINUOUS SHAREHOLDER RETURNS

The Company attaches great importance to the Shareholders' views on its dividend payout. The Company determines its dividend payout every year with reference to the Company's financial status, long-term development needs and potential investment opportunities. When the Company was listed on the SGX-ST in 2007, we promised to the Shareholders that our dividend payout ratio for each of the 3 years from 2007 to 2009 would not be less than 20% of our net profit after tax, and we have kept our promises. After the period of promise, we have kept the dividend payout ratio at 20% or above for eleven consecutive years. In 2018, it achieved a record high of RMB0.1 per share and a dividend payout ratio of 18.75% net profit attributable to owners of the parent.

The situation of the Company's dividend payment since listing

上市以來本公司分紅情況



同時，本公司根據分析師和不同類型投資者的需求和特點，靈活、主動地安排了企業管理層參與不同投資者關係活動。二零一八年，本公司董事會主席及首席財務官等高管參與了大量的各類型投資者活動，充分與資本市場進行交流，實現了多渠道的溝通。二零一八年，除半年度、年度業績公告後均舉辦業績發佈會外，積極參加了多家投行和基金舉辦的投資者論壇，再加上日常的一對一會議和電話會議，全年與近三百人次投資者和分析師進行了互動交流。本公司高度重視投資者到公司實地考察，二零一八年先後組織近四十批次投資者實地考察本集團本部，同時，二零一八年下半年，本公司又策劃組織大型反向路演活動，約三十餘人次投資者實地考察本集團總部及新疆基地，進一步加深了投資者、分析師對本集團發展規劃和經營狀況的了解。

持續穩定的股東回報

本公司高度重視股東對股息方面的意見，亦就本公司的實際財務狀況，長遠發展需要和投資機遇等因素來厘定每年的派息。本公司曾於二零零七年在深交所上市時向股東承諾，二零零七年至二零零九年三年內每年的派息比例不低於每年稅後純利的20%，本公司均兌現有關承諾。承諾期過後，本公司仍連續十一年將派息比例保持在20%或以上。二零一八年度創歷史新高每股人民幣0.1元，派息比例佔歸屬母公司擁有人淨利潤的18.75%。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance principles and processes in managing the business and affairs, so as to improve the performance, accountability, and transparency of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

During the year ended 31 December 2018, the Board has reviewed its corporate governance practices and considers that the Company has complied with all the code provisions as set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

A THE BOARD

A1. RESPONSIBILITIES AND DELEGATION

The primary role of the Board is taking leadership and control of the Company to protect and enhance long-term Shareholders' value. It sets the corporate strategies of the Group, and sets directions and goals for the management. The Board also supervises the management and monitors performance of these goals to enhance Shareholders' value. The Board is responsible for the overall corporate governance of the Group.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and the management. Each executive Director has accumulated sufficient and valuable experience to hold his/her position in order to ensure that his/her fiduciary duties can be carried out in an effective and efficient manner.

企業管治實務

本公司致力達到並維持高水準的企業管治原則和流程，以管理其業務及事務，從而改善本集團的表現、問責制度和透明度。董事會制定合適的政策，並實施適用於本集團業務行為及增長的企業管治實務。

本公司已應用載於上市規則附錄14內的企業管治守則(「企業管治守則」)所載之原則。

截至二零一八年十二月三十一日止年度，董事會已審閱其企業管治實務，認為本公司已遵守企業管治守則所載的所有守則條文。本公司的主要企業管治原則及實務於下文概述。

A 董事會

A1. 責任及授權

董事會的主要角色是領導及控制本公司，以保護和提升長遠的股東價值。其為本集團制定公司策略，並為管理層制定方向和目標。董事會亦要監督管理層和監察目標表現，以提升股東價值。董事會負責本集團的整體企業管治。

執行董事及管理層獲委派負責本集團的日常管理、行政和運作。各執行董事累積了充分和寶貴的經驗，能夠勝任其職務，並確保能夠以有成效和高效的方式履行其受信職責。

Corporate Governance Report

企業管治報告

The Board has established an internal framework to ensure that the type of material transactions which required Board's approval is consistently applied throughout the Group. Matters requiring Board's approval include:

- i. Overall Group business and budget strategy
- ii. Capital expenditures, investments or divestments exceeding certain material limits
- iii. All capital-related matters including capital issuance and redemption
- iv. Significant policies governing the operations of the Company
- v. Corporate strategic development and restructuring
- vi. Risk management strategy
- vii. Any major corporate activities involving changes in Shareholders' rights and risk profile

Regular meetings of the Board are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

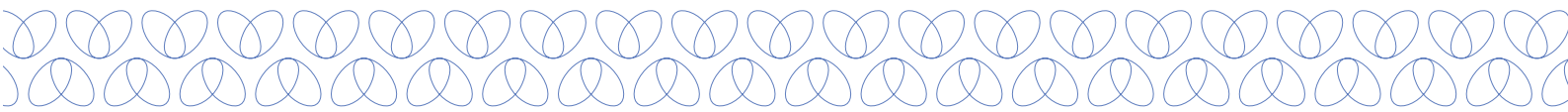
All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

董事會已成立內部框架，確保需要董事會批准的重大交易在本集團內一致應用。需要董事會批准的事宜包括：

- i. 本集團整體業務及預算策略
- ii. 資本開支、超過重大限額的投資或撤資
- iii. 包括資本發行及贖回在內的所有資本相關事宜
- iv. 本公司管治營運的重要政策
- v. 企業策略發展及重組
- vi. 風險管理策略
- vii. 涉及股東權力及風險預測變動的任何主要企業活動

董事會舉行定期會議，以商討本公司的策略性政策，包括重大的收購和出售事項、審閱和批准年度預算、檢討業務表現和批准向外公佈定期的財務業績。

所有董事都會不時獲提供有關本公司的資料，以使他們能夠全面得知本公司執行管理層作出的決策和採取的行動。董事會在獲取本公司的記錄和資料方面並不受限制。任何董事於向董事會作出合理要求後，可於適當情況下徵求獨立專業意見，費用由本公司承擔。



Senior management members are available to provide explanatory information in the form of briefings to the Directors or formal presentations at Board meetings, or by external consultants engaged on specific projects.

The Board has formed specialised committees namely the AC, the RC and the NC (collectively the “**Committees**”) to assist in carrying out and discharging its duties and responsibilities efficiently and effectively. The Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each of the Committees is also constantly reviewed by the Board.

The company secretary(ies) of the Company (the “**Company Secretary(ies)**”) and/or his/her representative(s) attend(s) all Board meetings and meetings of the Committees to ensure that Board procedures are followed and applicable rules and regulations are complied with. Draft minutes of meetings of the Board and the Committees are circulated to Directors and the Committees members, as the case may be, for comments within a reasonable time after each meeting and the final version of minutes are available for Directors’ inspection.

高級管理層會以簡報形式向董事報告或在董事會會議上作正式演示，以提供說明資料，又或由參與特別項目的外部顧問提供說明資料。

董事會已組成多個專責委員會，即審核委員會、薪酬委員會和提名委員會（統稱「**委員會**」），以協助董事會以有成效和高效的方式執行和履行其職責和責任。委員會是按照已清楚界定並會定期予以檢討的職權範圍和運作流程履行工作。董事會亦會定期檢討各委員會的成效。

本公司的公司秘書（「**公司秘書**」）及／或其代表會出席所有董事會會議和各委員會的會議，確保該等會議遵循董事會程序和遵守適用的規則和法規。董事會及各委員會會議的會議記錄初稿均須供各董事及各委員會委員（視乎情況而定）傳閱，以供彼等在每一次會議後的合理時間內提供意見，而會議記錄最後定稿可供各董事查閱。

Corporate Governance Report

企業管治報告

A2. BOARD COMPOSITION

As at 31 December 2018, the composition of the Board is as follows:

Executive Directors:

Mr. Liu Xingxu (Chairman of the Board and Member of the NC)

Mr. Zhang Qingjin ^(Note) (Chief Executive Officer)

Ms. Yan Yunhua ^(Note) (Chief Financial Officer)

Non-executive Director:

Mr. Zheng Jiaqi

Independent Non-executive Directors:

Mr. Ong Kian Guan (Chairman of the AC, Member of the RC and the NC)

Mr. Li Shengxiao (Chairman of the NC, Member of the AC and the RC)

Mr. Ong Wei Jin (Chairman of the RC, Member of the AC and the NC)

Mr. Li Hongxing (Member of the AC, the RC and the NC)

Note: Subsequent to the year end, on 18 March 2019, Mr. Zhang Qingjin resigned and Mr. Ma Tongsheng was appointed as the Chief Executive Officer of the Company; and Ms. Yan Yunhua resigned and Mr. Paul Wong Wing Wang was appointed as the Chief Financial Officer of the Company. Both Mr. Zhang Qingjin and Ms. Yan Yunhua remain as the executive directors of the Company.

During the year ended 31 December 2018, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications, accounting and related financial management expertise.

A2. 董事會構成

截至二零一八年十二月三十一日止年度，董事會的組成如下：

執行董事：

劉興旭先生 (董事會主席及提名委員會成員)

張慶金先生 ^(附註) (首席執行官)

閻蘊華女士 ^(附註) (首席財務官)

非執行董事：

鄭嘉齊先生

獨立非執行董事：

王建源先生 (審核委員會主席、薪酬委員會及提名委員會成員)

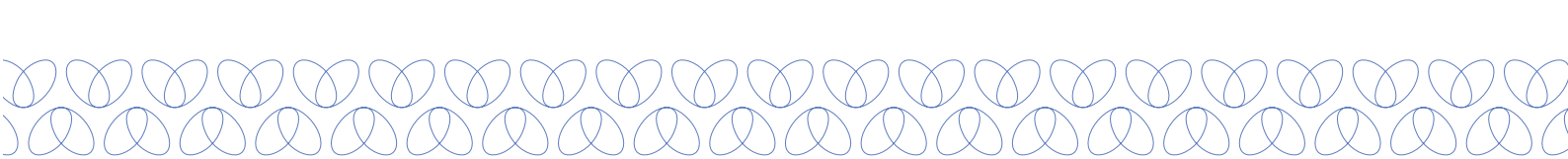
李生校先生 (提名委員會主席、審核委員會及薪酬委員會成員)

王為仁先生 (薪酬委員會主席、審核委員會及提名委員會成員)

李紅星先生 (審核委員會、薪酬委員會及提名委員會成員)

附註：年末後於二零一九年三月十八日，張慶金先生辭任及馬通生先生獲委任為本公司首席執行官；而閻蘊華女士已辭任及王永宏先生已獲委任為本公司首席財務官。張慶金先生與閻蘊華女士繼續擔任本公司執行董事。

於截至二零一八年十二月三十一日止年度，董事會均遵守上市規則第3.10及3.10A條有關須有最少三名獨立非執行董事(佔董事會人數至少三分之一)及其中一名獨立非執行董事具有適當的專業資格、會計及相關財務管理專長的規定。



The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Committees. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on the Committees, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The biographical details of the Directors and the relationship between Board members, if any, are set out in the section headed "Directors, Senior Management and Company Secretaries" of this annual report.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer of the Company in order to ensure a balance of power and authority and preserve a balanced judgement of views. During the year under review, Mr. Liu Xingxu is the Chairman of the Board, focusing on the overall strategic planning and business development of the Group; whereas Mr. Zhang Qingjin is the Chief Executive Officer of the Company, taking care of the overall management and day-to-day business operations of the Group. Such separation of the roles and duties of Chairman and Chief Executive Officer would enable timely management of the Group's affairs and further reinforce the Group's development.

董事會一直就本集團業務的需要及目標與行使獨立判斷之間所需要的技巧及經驗維持必要的平衡。獨立非執行董事為董事會提供不同的業務及財務專業知識、經驗及獨立判斷，而彼等獲邀服務各個委員會。獨立非執行董事透過參與董事會會議、在管理涉及潛在利益衝突的事宜上擔當領導工作及／或服務於各個委員會，有助本公司訂立有效的方針及給予充份的制衡作用，以保障本集團及股東的利益。

董事的履歷詳情以及董事會成員之間的關係(如有)載列於本年報「董事、高級管理層及公司秘書」一節。

本公司已收到每名獨立非執行董事根據上市規則的規定作出有關其獨立性的書面年度確認書。本公司認為所有獨立非執行董事均具備根據上市規則所轉載的獨立性指引的獨立性。

A3. 主席和首席執行官

本公司支持董事會主席與首席執行官責任分工，以確保權責平衡，並保持平衡之判斷觀點。於回顧年度，劉興旭先生為董事會主席、專注於本集團的整體戰略規劃及業務發展；而張慶金先生作為本公司首席執行官負責本集團的整體管理及日常業務經營。主席與首席執行官職務的分離將有助更及時地管理本集團事務及進一步加強本集團發展。



Corporate Governance Report

企業管治報告

Subsequent to the year end, on 18 March 2019, Mr. Zhang Qingjin resigned and Mr. Ma Tongsheng was appointed as the Chief Executive Officer to take care of the overall management and day-to-day business operation of the Group. Mr. Zhang Qingjin remains as the executive director of the Company.

In addition, the Directors are of the view that the balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) on the Board and the existence of AC, RC and NC (comprising all or a majority of independent non-executive Directors) in overseeing different aspects of the Company's affairs would help to maintain the balance of power and authority.

A4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and processes of appointment and removal of Directors are laid down in the Constitution.

Each of the executive Directors has entered into a service contract with the Company, whereas the Company has issued a letter of appointment to each of the independent non-executive Directors and the non-executive Director. All Directors are appointed for a specific term of 3 years. They are also subject to retirement and re-election in accordance with the Constitution at least once every three years at an AGM.

A5. INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

年末後於二零一九年三月十八日，張慶金先生辭任及馬通生先生獲委任為首席執行官，負責本集團整體管理及日常業務營運。張慶金先生仍為本公司執行董事。

此外，董事認為董事會由人數均衡的執行董事及非執行董事（包括獨立非執行董事）組成，以及設立審核委員會、薪酬委員會及提名委員會（由全體或大部份獨立非執行董事所組成）監察本公司不同範疇的事宜，將有助於維持權力及授權的平衡。

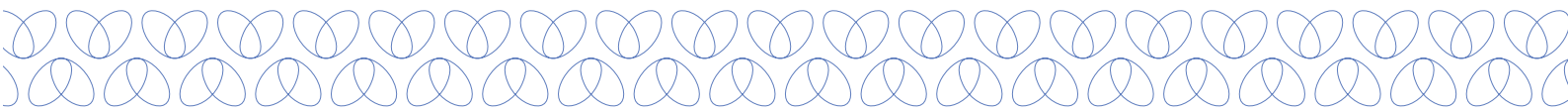
A4. 委任及重選董事

委任及罷免董事的程序及流程載於章程。

各執行董事已與本公司訂立服務合同，而本公司已向各獨立非執行董事和非執行董事發出委任函。全體董事的特定委任年期為三年，並須根據章程最少每三年於股東週年大會作退任及重選一次。

A5. 董事就任須知及持續發展

每位新委任董事於首次接受委任時均會獲得就任須知，以確保該董事對本集團的業務及運作均有適當理解，以及充分理解其本人按上市規則及有關監管規定所應負責任及義務。



The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their studying and reference.

During the year ended 31 December 2018, the Directors have participated training as follows:

- All Directors (being Mr. Liu Xingxu, Mr. Zhang Qingjin, Ms. Yan Yunhua, Mr. Zheng Jiaqi, Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin, Mr. Li Hongxing and Mr. Lian Jie) received regular briefings and updates from the Company Secretaries/Company's management on the Group's business, operations and corporate governance matters.
- Mr. Ong Kian Guan and Mr. Li Hongxing attended relevant seminars organised by professional firms/institutions.
- Mr. Liu Xingxu, Mr. Zhang Qingjin, Ms. Yan Yunhua and Mr. Li Shengxiao read technical bulletins, periodicals and other publications on subjects relevant to the Group and on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

現任董事持續獲得最新法律及法規發展以及業務及市場變動資訊，以更新彼等的知識及協助履行彼等的職責。本公司將於有需要時為董事提供持續簡介及專業發展。此外，本公司不時提供適用於本集團的主要法律及法規的新例或其變動的閱讀材料予董事研究及參考。

截至二零一八年十二月三十一日止年度，董事已參加下列培訓：

- 全體董事(即劉興旭先生、張慶金先生、閻蘊華女士、鄭嘉齊先生、王建源先生、李生校先生、王為仁先生、李紅星先生及廉潔先生)定期自公司秘書/公司管理層收取有關本集團業務、經營及企業管治事宜的簡介及更新。
- 王建源先生及李紅星先生出席由專業公司/機構組織的相關研討會。
- 劉興旭先生、張慶金先生、閻蘊華女士及李生校先生就與本集團相關的主題以及上市規則及相關監管規定項下彼等的職責及責任細閱技術性公佈、期刊及其他出版刊物。

Corporate Governance Report

企業管治報告

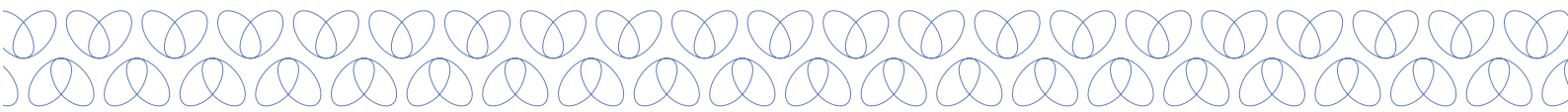
A6. DIRECTORS' ATTENDANCE RECORDS

The attendance records of each Director at the meetings of the Board and the Committees and the annual general meeting of the Company held during the year ended 31 December 2018 are set out below:

A6. 董事出席記錄

各董事於截至二零一八年十二月三十一日止年度本公司舉行的董事會會議、委員會會議及股東大會的出席記錄載列如下：

	No. of Meetings held 會議次數	Attendance of Meetings 會議出席次數				
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Annual General Meeting 股東週年大會
Name of Director 董事姓名		8	5	2	2	1
<i>Executive Directors:</i> 執行董事：						
Mr. Liu Xingxu 劉興旭先生		8	-	-	2	1
Mr. Zhang Qingjin 張慶金先生		7	-	-	-	0
Ms. Yan Yunhua 閻蘊華女士		8	-	-	-	1
<i>Non-executive Director:</i> 非執行董事：						
Mr. Zheng Jiaqi (Note 1) 鄭嘉齊先生(附註1)		0	-	-	-	N/A 不適用
Mr. Lian Jie (Note 2) 廉潔先生(附註2)		0	-	-	-	0
<i>Independent non-executive Directors:</i> 獨立非執行董事：						
Mr. Ong Kian Guan 王建源先生		8	5	2	2	1
Mr. Li Shengxiao 李生校先生		8	5	2	2	1
Mr. Ong Wei Jin 王為仁先生		7	5	1	1	1
Mr. Li Hongxing (Note 3) 李紅星先生(附註3)		4	3	N/A 不適用	N/A 不適用	N/A 不適用



Notes:

1. Mr. Zheng Jiaqi was appointed as a non-executive director with effect from 16 May 2018. Subsequent to his appointment, 4 board meetings were held during the year ended 31 December 2018.
2. Mr. Lian Jie resigned as a non-executive director with effect from 16 May 2018. Prior to his resignation, 3 board meetings and 1 annual general meeting were held during the year ended 31 December 2018.
3. Mr. Li Hongxing was appointed as an independent non-executive director and a member of each of the AC, the RC and the NC on 16 May 2018. Subsequent to his appointment, 4 board meetings, 3 AC meetings, no RC, NC and annual general meetings were held during the year ended 31 December 2018.

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of executive Directors during the year under review.

While the Board considers Directors' attendance at the meetings of the Board and the Committees to be important, it should not be the only criterion to measure the Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, and provision of guidance and advice on various matters relating to the Group.

附註：

1. 鄭嘉齊先生獲委任為非執行董事，自二零一八年五月十六日起生效。獲委任後，於截至二零一八年十二月三十一日止年度已舉行4次董事會會議。
2. 廉潔先生已辭任非執行董事，自二零一八年五月十六日起生效。於辭任前，於截至二零一八年十二月三十一日止年度已舉行三次董事會會議及一次股東週年大會。
3. 李紅星先生獲委任為獨立非執行董事，以及審核委員會、薪酬委員會及提名委員會成員，自二零一八年五月十六日獲委任後，於截至二零一八年十二月三十一日止年度已舉行四次董事會會議、三次審核委員會會議，未有舉行薪酬委員會會議、提名委員會會議及股東週年大會。

此外，於回顧年內，董事會主席與獨立非執行董事舉行了一次會議，會上並無執行董事列席。

雖然董事會認為董事出席董事會和委員會的會議很重要，但這不應是衡量董事表現的唯一標準，而是應同時考慮董事會成員在其他方面的貢獻，包括就本集團不同事項定期審閱以及提供指引及建議。

Corporate Governance Report

企業管治報告

A7. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code (Appendix 10 to the Listing Rules) as its own code of conduct regarding Directors' dealings in the Company's securities. The Company has made specific enquiry of all the Directors, and the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2018.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**"), governing securities transactions by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company during the year ended 31 December 2018.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify the Directors and relevant employees in advance.

A8. CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code. The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

A7. 進行證券交易的標準守則

本公司已採納標準守則(上市規則附錄10)，作為其有關董事進行本公司證券買賣的行為守則。本公司已向所有董事作出具體查詢，董事確認已於截至二零一八年十二月三十一日止年度內一直遵守標準守則。

本公司亦已就監管有關僱員(彼等可能擁有關於本公司及/或其證券的內幕消息)進行證券買賣制訂一套書面指引(「僱員書面指引」)，其條款並不比標準守則所載條文寬鬆。截至二零一八年十二月三十一日止年度，本公司並無發現有關僱員有任何不遵守僱員書面指引的事件。

倘若本公司知悉任何有關買賣本公司證券的限制期，本公司將會事先通知董事及有關僱員。

A8. 企業管治職能

董事會整體負責履行企業管治守則的守則條文第D.3.1條載列的企業管治職能。董事會檢討及監察本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司就遵守法律及監管規定的政策及常規、標準守則及僱員書面指引的遵守、以及本公司就企業管治守則及本企業管治報告內的披露資料的遵守。

B. BOARD COMMITTEES

The Board has established three Board committees, namely, the AC, the RC and the NC, for overseeing particular aspects of the Company's affairs. All the Committees have been established with defined written terms of reference, which are available on the websites of the SEHK (www.hkexnews.hk) and the Company (www.chinaxlx.com.hk). All the Committees should report to the Board on their decisions or recommendations made.

All the Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. AUDIT COMMITTEE

The AC currently comprises a total of four members, being the four existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing. The chairman of the AC is Mr. Ong Kian Guan, who possesses the appropriate professional qualifications, accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the AC is a former partner of the Company's existing external auditor.

The main duties of the AC are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or the external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, risk management and internal control systems and internal audit function.

B. 董事會委員會

董事會已成立三個董事會委員會，分別為審核委員會、薪酬委員會及提名委員會，藉以監督本公司事務的特定範疇。所有已設立的委員會均已制定明確界定的書面職權範圍，詳情可於聯交所 (www.hkexnews.hk) 及本公司 (www.chinaxlx.com.hk) 網站覽閱。所有委員會均須向董事會報告彼等所作出的決策或建議。

所有委員會均獲提供充分資源以履行彼等的職責，並可在合理要求下於適當情況下尋求獨立專業意見，費用由本公司承擔。

B1. 審核委員會

審核委員會由合共四名成員組成，即四名現有獨立非執行董事王建源先生、李生校先生、王為仁先生及李紅星先生。審核委員會主席為王建源先生，彼擁有上市規則第3.10(2)條所規定的適當專業資格、會計及相關財務管理專長。概無審核委員會成員為本公司現任外部核數師的前合夥人。

審核委員會的主要職責為審閱本集團的財務資料及報告，並於向董事會提呈之前考慮本集團財務負責人或外部核數師所提出的任何重大或不尋常事項；檢討與外部核數師的關係及外部核數師的任期並向董事會提出相關推薦建議；及檢討本公司財務報告系統、風險管理及內部監控系統以及內部審核職能。

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The Company has in place a whistle-blowing policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters. The AC constantly receives updates from the external auditor pertaining to the latest changes to the accounting standards and issues which have a direct impact on financial statements.

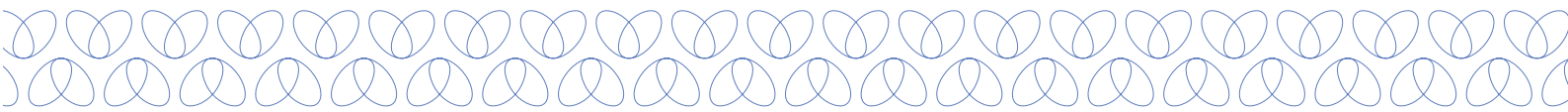
During the year ended 31 December 2018, the AC has held 5 meetings. Details of individual attendance of each member at the meetings are set out in section A6 above. The AC has performed the following major works during the year ended 31 December 2018:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2017 together with the Environmental, Social and Governance Report, and the related accounting principles and practices adopted by the Group;
- Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2018, and the related accounting principles and practices adopted by the Group;
- Review and discussion of the financial results for the first quarter ended 31 March 2018 and the third quarter ended 30 September 2018 respectively;

本公司為本集團員工設有申訴政策，可對財務報告、內部控制或其他事宜任何可能違規之處提出質疑。審核委員會一直收取外部核數師有關於對財務報表有直接影響的會計準則及問題的最新變動的資料。

於截至二零一八年十二月三十一日止年度，審核委員會已舉行5次會議。各委員的個別出席會議詳情載列於上文A6節。於截至二零一八年十二月三十一日止年度，審核委員會已進行下列主要工作：

- 審閱及討論截至二零一七年十二月三十一日止年度的年度財務報表、業績公佈及報告連同環境、社會及管治報告以及本集團採納的相關會計原則及慣例；
- 審閱及討論截至二零一八年六月三十日止六個月的中期財務報表、業績公佈及報告以及本集團採納的相關會計原則及慣例；
- 審閱及討論分別截至二零一八年三月三十一日止第一季度及截至二零一八年九月三十日止第三季度的財務業績；



- Consideration and discussion of the major audit findings (including Key Audit Matters) for the year ended 31 December 2017 from the external auditor;
 - Consideration and discussion of the major internal audit issues for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively;
 - Review of the independence of the external auditor and recommendation of its re-appointment for the year ended 31 December 2018;
 - Review and discussion of the continuing connected transactions for the year ended 31 December 2018;
 - Review and discussion of the effectiveness of the financial reporting system, the risk management and internal control systems and the internal audit function;
 - Review of the arrangement of whistle-blowing policy; and
 - Review and discussion of Ernst & Young LLP's audit plan for the year ended 31 December 2018.
- 考慮及討論外部核數師的截至二零一七年十二月三十一日止年度之主要審核結果(包括主要審核事宜)；
 - 考慮及討論分別截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月之主要內部審核事宜；
 - 審閱外部核數師的獨立性並建議於截至二零一八年十二月三十一日止年度續聘外部核數師；
 - 審閱及討論截至二零一八年十二月三十一日止年度的持續關連交易；
 - 審閱及討論財務報告系統、風險管理及內部監控系統以及內部審核功能的有效性；
 - 審閱申訴政策的安排；及
 - 審閱及討論安永會計師事務所截至二零一八年十二月三十一日止年度的審核計劃。

During the year ended 31 December 2018, the external auditor has met the AC twice and discussed with the AC on issues arising from the audit and financial reporting matters.

截至二零一八年十二月三十一日止年度，外部核數師已與審核委員會會面兩次並與審核委員會討論審核及財務報告事宜所產生的問題。

Corporate Governance Report

企業管治報告

The AC, having reviewed all non-audit services provided by the external auditor of the Company, was satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditor. The AC recommended that Ernst & Young LLP be nominated for re-appointment as the Company's external auditor at the 2019 AGM. There is no disagreement between the Board and the AC regarding the selection, appointment, resignation or dismissal of external auditor.

B2. REMUNERATION COMMITTEE

The RC currently comprises a total of four members, being the four existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing. The chairman of the RC is Mr. Ong Wei Jin. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his own remuneration package.

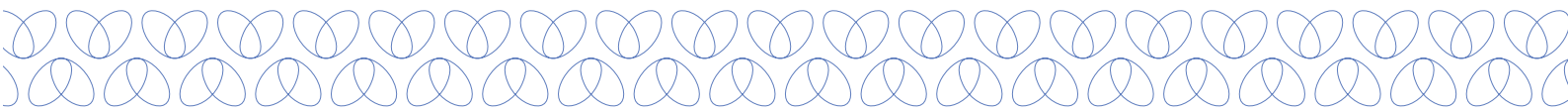
The principal responsibilities of the RC include reviewing and making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of Directors and senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The RC is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as the market practice and conditions.

審核委員會已審閱本公司外部核數師提供的所有非審核服務，信納該等服務的性質及範疇將不會影響外部核數師的獨立性及客觀性。審核委員會建議在二零一九年股東週年大會上提名安永會計師事務所再次獲委任為本公司的外部核數師。董事會與審核委員會之間在外部核數師的揀選、委任、辭任或免職上並無意見不合。

B2. 薪酬委員會

薪酬委員會由合共四名成員組成，即四名現有獨立非執行董事王建源先生、李生校先生、王為仁先生及李紅星先生。薪酬委員會主席為王為仁先生。有關薪酬的所有事宜，包括但不限於董事袍金、薪金、津貼、花紅和實物利益，將會由薪酬委員會負責。各薪酬委員會成員將就有關其本身的薪酬組合的任何決議案放棄投票。

薪酬委員會的主要責任包括向董事會就本公司薪酬政策及架構以及董事及高級管理層的薪酬組合作出審閱及推薦建議（即採納企業管治守則的守則條文第B.1.2(c)(ii)條所述的模式）。薪酬委員會亦負責就制定有關薪酬政策及架構訂立具透明度的程序，以確保概無董事或其任何聯繫人將參與決定其本身的薪酬，而薪酬將由董事會參考個別人士及本公司的表現以及市場慣例及環境而釐定。



In setting remuneration packages, the RC will take into consideration the pay and employment conditions in comparable companies within the industry. The RC will also review the remuneration packages of the independent non-executive Directors and the non-executive Director to ensure that they are commensurate with the contributions and responsibilities of the Directors. Each of the executive Directors entered into a service contract with the Company, which covers each of their terms of employment. The Company will submit the quantum of Directors' fees of each year to the Shareholders for approval at each AGM.

During the year ended 31 December 2018, the RC has held 2 meetings. Details of individual attendance of each member at the meeting are set out in section A6 above. At the said meeting, the RC: (i) reviewed the remuneration framework for the Directors, key executive staff, top five highest paid employees and employees who are immediate family members of the Directors for the year ended 31 December 2017 and the remuneration proposal for the year ended 31 December 2018, by reference to the Group's performance and profitability as well as the remuneration level of certain listed corporations within the industry; and (ii) reviewed the letters of appointment, including the remuneration packages, of the Directors appointed during the year under review, with recommendations to the Board for approval.

在制定薪酬組合時，薪酬委員會將考慮行業內可資比較公司的薪酬和聘用條件。薪酬委員會亦將檢討獨立非執行董事及非執行董事的薪酬組合，以確保彼等的薪酬與董事的貢獻和責任相稱。各執行董事已與本公司訂立包含其聘用條件的服務合同。本公司將於各股東週年大會上提交每年的董事袍金總額，以供股東批准。

於截至二零一八年十二月三十一日止年度，薪酬委員會已舉行2次會議。各委員的個別出席會議詳情載列於上文A6節。於上述會議上，薪酬委員會：(i)經參考本集團的業績表現、盈利能力以及業界內若干上市公司的薪酬水平，檢討截至二零一七年十二月三十一日止年度各董事、主要行政人員、五大最高薪僱員及董事的直系親屬的薪酬結構以及截至二零一八年十二月三十一日止年度的薪酬建議；及(ii)考慮並向董事會建議與續期董事訂立之服務合約／委任函之條款。

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企業管治報告

Pursuant to the code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

Remuneration band (RMB) 薪酬範圍(人民幣元)	Number of individuals 人數
700,000-900,000	1
900,001-1,000,000	3

Details of the remuneration of each Director for the year ended 31 December 2018 are set out in note 9 to the consolidated financial statements contained in this annual report.

B3. NOMINATION COMMITTEE

The NC currently comprises a total of five members, being the Chairman of the Board, namely Mr. Liu Xingxu, and the four existing independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing. Accordingly, a majority of the members are independent non-executive Directors. The chairman of the NC is Mr. Li Shengxiao.

The principal responsibilities of the NC include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on an annual basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

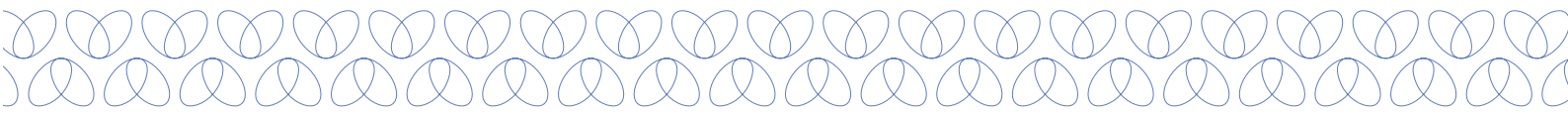
根據企業管治守則守則條文第B.1.5條，截至二零一八年十二月三十一日止年度高級管理層成員的年度薪酬按範圍劃分載列如下：

截至二零一八年十二月三十一日止年度各董事的薪酬詳情載於本年報綜合財務報表附註9內。

B3. 提名委員會

提名委員會由合共五名成員組成，即董事會主席劉興旭先生及四名現有獨立非執董事王建源先生、李生校先生、王為仁先生及李紅星先生。因此，大部分成員均為獨立非執行董事。提名委員會主席為李生校先生。

提名委員會的主要職責包括每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就任何變動向董事會提出建議；物色具備合適資格可擔任董事會成員的人士，並挑選提名有關人士出任董事及就此向董事會提出建議；評核獨立非執行董事的獨立性；及就董事委任或重新委任的相關事宜以及董事繼任計劃向董事會提出建議。



The NC has established and implemented processes including taking into consideration the attendance records at the meetings of the Board and the Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors.

The Directors shall disclose to the Company details of other significant offices held by them. Where a Director has multiple directorships, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director. For the year ended 31 December 2018, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

During the year under review, in response to the amendment to the CG Code effective on 1 January 2019, the Company has also adopted the Director Nomination Policy. Such policy, devising the criteria and process of selection and performance evaluation, provides guidance to the Board on nomination and appointment of directors of the Company. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

提名委員會已成立並執行程序(包括考慮董事會及各委員會會議的出席記錄)，以監察及評估董事會整體的表現、有效性以及個別董事的貢獻。

各董事須向本公司披露有關彼等所擔任其他重大職務的詳情。如果一名董事同時出任多家公司的董事，提名委員會將評估該董事是否能夠和是否充分履行其作為董事的職責。就截至二零一八年十二月三十一日止年度而言，董事會信納各董事都分配了足夠的時間和資源來處理本公司的事務。

於回顧年度，為應對自二零一九年一月一日生效的企業管治守則之修訂，本公司已採納董事提名政策。該政策制定選舉及進行績效評估之標準及程序，向董事會提供提名及委任本公司董事之指引。董事會認為，界定選舉流程有利企業管治，以確保董事會持續性及董事會層面的適當領導，提高董事會效率及多樣性以及遵守適用規則及規例。



Corporate Governance Report

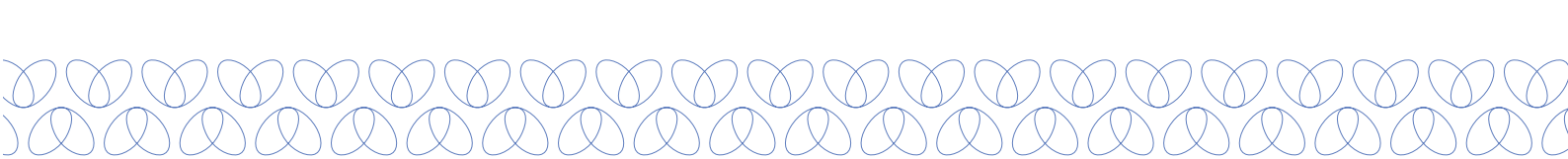
企業管治報告

The NC and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. In selecting and evaluating candidates for directorship, the NC may make reference to certain criteria, such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The NC shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision.

The Company also recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company believes that greater diversity of directors is good for corporate governance and is committed to attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talents; and to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any. A Board diversity policy was adopted by the Company, pursuant to which the Board and the NC is responsible for reviewing and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience) and for ensuring that changes to the Board's composition can be managed without undue disruption. The NC shall report its findings and make recommendation to the Board, if any. Such policy and objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board that are aligning with the Company's strategy and objectives.

提名委員會及／或董事會可自若干渠道選舉董事候選人，包括但不限於內部晉升、調任、管理層及外部招募代理其他成員的引薦。於選舉及評估董事候選人時，提名委員會可參考若干標準，如本公司之需求、候選人的誠信、經驗、技能及專業知識以及候選人將投入履行其職責及責任的時間及精力。各候選人將按本公司的需求及其參考核查按優先順序排名。提名委員會將於決定委任適當董事候選人時向董事會報告其發現及作出推薦建議。

本公司亦認可並深信董事會成員多元化裨益良多，且將董事會層面的多元化視為維持本公司競爭優勢的重要因素。本公司認為，董事更多元有利企業管治，並結合致力吸引及留住董事會候選人，以盡可能擁有廣泛的人才資源；以及定期評估董事會多元化情況及（如有需要）按本公司的董事繼任計劃聘任相關的將可獲委任為董事的高級管理層，從而實現多元化目標進程（如有）。本公司採納董事會多元化政策，據此，董事會及提名委員會負責按多元化角度（包括但不限於性別、年齡、文化及教育背景或專業經驗）檢討及評估董事會成員組成，並確保在不受不當干擾情況下可管理董事會組成變更。提名委員會將報告其發現及向董事會作出推薦意見（如有）。該等政策及目標（如有）將不時檢討以確保彼等決定符合本公司策略及目標的董事會最佳組成的適宜性。



The NC considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

During the year ended 31 December 2018, the NC has held 2 meetings. Details of individual attendance of each member at the meeting are set out in section A6 above. At the said meeting, the NC: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) assessed the independence of all the independent non-executive Directors; (iii) recommended the re-election of the retiring Directors at the 2018 AGM; and (iv) considered and recommended to the Board the appointment of Mr. Zheng Jiaqi as non-executive Director and Mr. Li Hongxing as independent non-executive Director.

提名委員會認為董事會能維持多元化觀點的適當平衡，及並無訂立任何為執行董事會成員多元化政策的可計量目標。

於截至二零一八年十二月三十一日止年度，提名委員會已舉行兩次會議。各委員的個別出席會議詳情載列於上文A6節。於上述會議上，提名委員會：(i)檢討董事會架構、規模及組成以確保其取得專業知識、技能及經驗的平衡並適合本集團的業務要求；(ii)評估所有獨立非執行董事的獨立性；(iii)建議於二零一八年股東週年大會上重選退任董事；及(iv)審議及建議董事會委任鄭嘉齊先生為非執行董事及李紅星先生為獨立非執行董事。

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to the Shareholders in compliance with statutory requirements and the Listing Rules.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2018.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group and put forward to the Board for approval.

C. 董事就財務報表的財務報告責任

董事會向股東負責，並應注意其責任，包括根據法定規定及上市規則提供適時的資料和確保向股東全面披露重大的資料。

董事已知悉彼等就編製本公司截至二零一八年十二月三十一日止年度財務報表的責任。

董事會負責就年報及中期報告、內幕消息公佈以及上市規則及其他監管要求規定的其他披露資料，作出平衡、清晰而容易理解的評估。管理層向董事會提供解說及資料，以便董事會可就本集團的財務資料及狀況作出知情評估，以供董事會審批。



Corporate Governance Report

企業管治報告

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems have a key role in the identification and management of risks that are significant to the achievement of the Group's business objectives. The process of business risk management has been integrated throughout the Group into business planning and monitoring processes. The Company's management continuously assesses the likelihood of risk occurrence, provides treatment plans, monitors the risk management progress, and reports to the AC and the Board on all findings. The management would also report to the AC and the Board on the effectiveness of the Group's risk management and internal control systems.

The AC ensures that a review of the effectiveness of the Group's risk management and internal control systems covering all material internal controls (including financial, operational, compliance and information technology controls), with respect to the design, implementation and monitoring of such systems, is conducted annually and put forward to the Board for consideration. In this regard, the AC reviews the audit plans and the findings of the external and internal auditors, and ensures that the Company will follow up on the auditors' recommendations raised, if any, during the audit process.

The Board acknowledges its responsibility for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, with the assistance of the management and the AC, has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems to safeguard the interests of the Shareholders and the Group's assets.

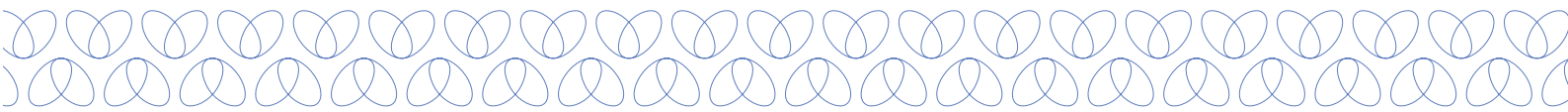
概無任何事件或狀況的重大不明朗因素會對本集團持續經營的能力構成重大懷疑。

D. 風險管理及內部監控

本集團的風險管理及內部監控系統在識別和管理對達致其業務目標而言屬重大的風險方面發揮著重要作用。業務風險管理程序在本集團的整個範圍內已經融入其業務計劃和監控程序。本公司管理層持續評估風險發生的可能性、提供處理方案、監管風險管理流程並向審核委員會及董事會報告所有發現。管理層亦會向審核委員會及董事會報告本集團風險管理及內部監控系統的有效性。

審核委員會確保每年審閱本集團的風險管理及內部監控系統的有效性，涵蓋主要內部監控（包括財務、營運、合規和信息技術監控）以及該等系統的設計、實施及監管，並提呈董事會供審議。就此而言，審核委員會審閱外部和內部核數師的審核計劃和發現，以及確保本公司跟進核數師在審核過程中提出的建議（如有）。

董事會承認其須對本集團的風險管理及內部監控系統負責，並有責任檢討該等系統的有效性。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。董事會在管理層及審核委員會協助下，具有評估及釐定本公司為達成戰略目標所願承擔的風險性質及程度，並制定及維持合適及有效的風險管理及內部監控系統以保障股東的利益及本集團的資產權益的整體責任。



Based on the reports submitted by the external and internal auditors and the various management controls put in place, the Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2018. With the concurrence of the AC, the Board considered that the Group's risk management and internal control systems maintained by the management are effective and adequate to address the financial, operational and compliance controls and risk management of the Group throughout the year ended 31 December 2018.

During the year ended 31 December 2018, the Board has also received assurance from the Chief Executive Officer and Chief Financial Officer of the Company that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company/Group's operation and finances; and (ii) the Company/Group have put in place and will continue to maintain reliable, comprehensive and sound systems of risk management, internal control and corporate governance that will withstand the scrutiny of any audit and review by the external auditor.

The Company has implemented control procedures throughout the year ended 31 December 2018 to ensure that unauthorised access and use of inside information are strictly prohibited.

E. INTERNAL AUDIT

The primary functions of the Company's internal audit include assessing if adequate internal control system is in place to protect the funds and assets of the Group and to ensure compliance with the internal control procedures; assessing if operation of the business processes under review is conducted efficiently and effectively; and identifying and recommending improvements to the internal control procedures, where required.

The Board with the concurrence of the AC is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget and effectiveness of the Group's accounting, internal audit and financial reporting functions.

基於外部及內部核數師所提交的報告以及已實施的各類管理控制措施，董事會已就本集團截至二零一八年十二月三十一日止年度的風險管理及內部監控系統的有效性進行檢討。經審核委員會同意，董事會認為管理層所維持的本集團風險管理及內部監控系統於截至二零一八年十二月三十一日止年度足以有效及充分應對本集團的財務、營運和合規監控及風險管理。

截至二零一八年十二月三十一日止年度，董事會亦已收到本公司首席執行官及首席財務官的保證，彼等確保(i)財務記錄已妥為保管及財務報表真實及公平地反映本公司／本集團的經營及財務情況；及(ii)本公司／本集團已妥善設立並將繼續保持可靠、全面及穩健的風險管理、內部監控及企業管治系統，將可承受外部核數師進行的任何審核及審閱的核查。

於截至二零一八年十二月三十一日止整個年度，本公司已實行監控程序，以確保嚴禁未經授權地取得及使用內幕消息。

E. 內部審核

本公司內部審核的主要職務包括評核是否有充分的內部監控系統，以保護本集團的資金和資產，以及確保遵循監控流程；評核所審閱的業務運作流程是否高效和有效地運作；及識別和建議就內部監控流程的改善(如適用)。

董事會(經審核委員會同意)信納本集團的會計、內部審核及財務報告職能的資源、人員資格及經驗、培訓計劃及預算及效能的充足性。

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F. COMPANY SECRETARIES

During the year ended 31 December 2018, with effect from 6 March 2018, Ms. Cheok Hui Yee of Tricor Singapore Pte. Ltd. and Ms. So Yee Kwan of Tricor Services Limited, both of which companies being external service providers, were engaged as the Company's Joint Company Secretaries. The Company's former Joint Company Secretaries, Mr. Teo Meng Keong of Tricor Singapore Pte. Ltd. passed away on 23 January 2018 and Ms. Soon Yuk Tai of Tricor Services Limited has resigned with effect from 6 March 2018. Details of the said change of secretaries are set out in the Company's announcements dated 25 January 2018 and 6 March 2018.

The Company Secretaries' primary contact persons at the Company are Ms. Yan Yunhua, an executive Director, and Mr. Zhu Weiwei, the Head of Investor Relations of the Company.

During the year ended 31 December 2018, the Company Secretaries have taken not less than 15 hours of relevant professional training.

F. 公司秘書

截至二零一八年十二月三十一日止年度，自二零一八年三月六日起，Tricor Singapore Pte. Ltd. 的石慧儀女士及卓佳專業商務有限公司的蘇漪筠女士（兩間公司均為外部服務供應商）獲委聘為本公司之聯席公司秘書。本公司前任聯席公司秘書 Tricor Singapore Pte. Ltd. 的張明強先生於二零一八年一月二十三日逝世及卓佳專業商務有限公司的孫玉蒂女士已自二零一八年三月六日起辭任。上述秘書變動的詳情乃載於本公司日期為二零一八年一月二十五日及二零一八年三月六日的公告。

公司秘書於本公司的主要聯絡人為本公司首席財務官兼執行董事閻蘊華女士及本公司投資者關係主任朱偉偉先生。

於截至二零一八年十二月三十一日止年度，公司秘書已進行不少於15小時的相關專業培訓。

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2018 is set out in the section headed "Independent Auditor's Report" of this annual report.

The fees paid/payable to Ernst & Young LLP, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 December 2018 are analysed below:

Type of services provided by the external auditor 外部核數師提供的服務種類

Audit services

審核服務

- Audit fee for the year ended 31 December 2018
截至二零一八年十二月三十一日止年度的審核費用

Non-audit services

非審核服務

- Tax consultation fee for the year ended 31 December 2018
截至二零一八年十二月三十一日止年度稅務諮詢費用

TOTAL:

總計：

3,688

G. 外部核數師及核數師酬金

本公司外部核數師就其對截至二零一八年十二月三十一日止年度本公司財務報表的申報責任作出的聲明載於本年報「獨立核數師報告」一節。

就截至二零一八年十二月三十一日止年度的審核服務及非審核服務而已付／應付予本公司外部核數師安永會計師事務所的費用分析如下：

Fees paid/payable

已付／應付費用

RMB'000

人民幣千元

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make the best investment decision. Price sensitive information will be publicly released before the Company's disclosure of any of such information to any group of investors or analysts. Financial results and reports will be announced or issued within the prescribed periods under the statutory or regulatory requirements.

H. 與股東及投資者的溝通

本集團確認企業資料透明度及適時披露的重要性，其可使股東及投資者作出最佳投資決定。價格敏感資料將於本公司向任何投資者或分析員團體披露任何該等資料前向外公佈。財務業績和報告將於法定或監管規定項下訂明的期間內公佈或發出。

Corporate Governance Report

企業管治報告

In line with continuous obligations of the Company pursuant to the Listing Rules, the Board's policy is that all Shareholders be informed of all major developments that impact the Group. Information is disseminated to the Shareholders and investors on a timely basis through:

- i. Announcements, financial reports, circulars and news releases published on the website of the SEHK;
- ii. Financial reports prepared and issued to all Shareholders;
- iii. Press releases on major developments of the Group;
- iv. Notices of and explanatory memoranda for AGM and EGM; and
- v. the Company's website at www.chinaxlx.com.hk at which the Shareholders can access information of the Group, roadshows organised by banks and plant visits.

Shareholders are encouraged to attend general meetings to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notices of general meetings will be published on the websites of the SEHK and the Company. The chairmen of the Committees are normally available at general meetings to answer any question relating to the work of the Committees. The external auditor shall also be present at AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

為配合本公司根據上市規則的持續責任，董事會的政策是讓全體股東得知影響本集團的所有重大發展。本公司通過以下方式適時向股東及投資者發佈資料：

- i. 在聯交所網站刊登公佈、財務報告、通函和新聞發佈；
- ii. 為全體股東編制並向他們發出財務報告；
- iii. 有關本集團重大發展的新聞稿；
- iv. 股東週年大會和股東特別大會的通告和說明備忘錄；及
- v. 本公司的網站(www.chinaxlx.com.hk)，股東可於該網站瀏覽本集團的資料，銀行安排的路演以及廠房參觀活動。

本公司鼓勵股東出席股東大會，以確保高度的問責水準和得知本集團的策略和目標。股東大會通告將在聯交所和本公司網站內公佈。各委員會的主席一般都會出席股東大會，回答與各委員會工作有關的問題。外部核數師亦應出席股東週年大會，以回答有關進行審核、核數師報告的編製及內容、會計政策及核數師的獨立性的問題。

Besides, for putting forward any enquiries to the Board, Shareholders and investors may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. Shareholders and investors may send their written enquiries to the following:

Address: 17/F, Yat Chau Building, 262 Des Voeux Road Central,
Hong Kong
(For the attention of the Head of Investor Relations)

Fax: (852) 2521 9955

Email: weiwei.zhu@chinaxlx.com.hk

Inquiries are dealt with in an informative and timely manner.

I. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution shall be proposed at general meetings on each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting.

11. CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 47 of the Constitution, the Directors may whenever they think fit, and shall on requisition in accordance with the statute, proceed with proper expedition to convene an EGM.

Pursuant to the Companies Act:

- (a) Shareholders holding 10% or more of the paid-up capital of the Company which carries the right to vote at general meetings as at the date of the deposit of the requisition, may request the Board to convene an EGM. The written requisition must specify the objects of the meeting, be signed by the Shareholders concerned and deposited at the registered office of the Company for the attention of the Board or the Company Secretaries;

此外，就向董事會作出任何查詢而言，股東及投資者可向本公司寄送書面查詢。本公司一般將不會處理任何口頭或匿名查詢。股東及投資者可透過以下方式寄送其書面查詢：

地址：香港德輔道中 262 號
一洲大廈 17 樓
(註明投資者關係主任收)

傳真：(852) 2521 9955

電郵：weiwei.zhu@chinaxlx.com.hk

查詢將獲詳細及時處理。

I. 股東的權利

為保障股東的權益及權利，本公司將就各重大個別事宜(包括選舉個別董事)於股東大會提呈獨立決議案以供股東考慮及投票表決。

11. 召開股東特別大會

根據章程細則第 47 條，董事倘認為合適及倘規程有所規定，可適當地隨時召開股東特別大會。

根據公司法：

- (a) 於遞交要求日期持有本公司繳足股本 10% 或以上並有權於股東大會上投票的股東，可要求董事會召開股東特別大會。書面要求必須指明大會目的及必須經有關股東簽署，且送達本公司的註冊辦事處(須註明收件人為董事會或公司秘書)；

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(b) The Board shall proceed to convene an EGM within 21 days of the deposit of such written requisition. Such EGM shall be held within 2 months after the deposit of such written requisition; and

(c) If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene an EGM, the Shareholders who deposited requisition, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by Directors, convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from that date.

(b) 董事會將於遞交該書面要求日期起計21日內召開股東特別大會。有關股東特別大會須於遞交該書面要求後2個月內舉行；及

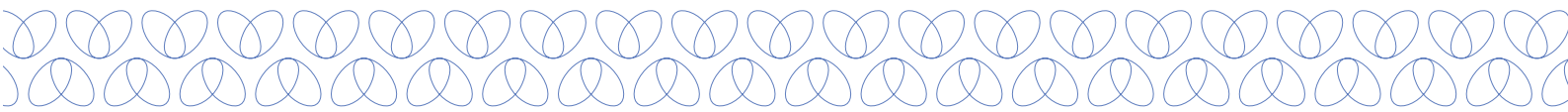
(c) 倘董事未有於遞交要求日期後起計21日內召開股東特別大會，則遞交要求的股東(或當中持有彼等全體總投票權一半以上的任何人士)可自行召開股東特別大會，而彼等所召開的股東特別大會須盡量以與董事召開大會相同的方式召開，惟任何據此召開的股東特別大會均不得於上述日期起計3個月屆滿後舉行。

12. PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

In general, subject to the paragraph below, no resolution may be proposed at a general meeting (whether it is an EGM or an AGM) if such resolution is not included in the notice convening the general meeting. However, if the proposal is to amend an existing resolution set out in the notice convening the general meeting and such amendment is within the scope of the notice, such amendment may be made if approved by the Shareholders by ordinary resolution.

12. 於股東大會上提出議案

一般而言，受下文所限，倘決議案並無載列於召開股東大會(不論是股東特別大會或股東週年大會)的通告內，則該決議案不可於股東大會上提呈。然而，倘建議乃為修訂召開股東大會的通告所載的現有決議案，而有關修訂屬於該通告範圍以內，則有關修訂須待股東以普通決議案方式通過後作出。



On the requisition in writing of either (i) any number of Shareholders representing not less than 5% of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition related; or (ii) not less than 100 Shareholders on which there has been paid up an average sum, per Shareholder, of not less than S\$500, the Company shall be under a duty to:

- (a) Give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) Circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to the Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him/her notice of meetings of the Company. The requisition shall be deposited at the registered office of the Company at least 6 weeks before the meeting.

在(i)於遞交要求日期持有不少於全體股東總投票權(賦有於要求所涉股東大會上的投票權)5%的股東(不論人數);或(ii)不少於100名股東(而持有股份的每名股東平均已繳足金額不少於500新加坡元)以書面方式提出要求下,本公司有責任:

- (a) 向有權接收下一屆股東週年大會通告的股東發出通知,以告知任何可能於該大會上正式動議並擬於會上動議的決議案;及
- (b) 向有權獲發送任何股東大會通告的股東傳閱不超過1,000字的陳述書,以告知於該大會上提呈的任何建議決議案所述事宜或將處理的事項。

任何此等擬定決議案的通知及任何此等陳述書,應以准許用於送達大會通告的方式,經送達該決議案或陳述書的副本至各有關股東,向有權獲送交大會通告的股東發出或傳閱;至於向任何其他股東發出任何此等決議案的通告,則須以准許用於向該等股東發出本公司大會通告的方式,向其發出具該決議案大意的通知。有關要求須於大會舉行前至少六個星期送達本公司註冊辦事處。



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For the avoidance of doubt, the Shareholder must provide his/her full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of the Shareholder may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Constitution. An up-to-date version of the Constitution is available on the websites of the SEHK and the Company. Shareholders may refer to the Constitution for further details of the rights of Shareholders.

All resolutions put forward at general meetings shall be voted by poll pursuant to the Listing Rules, and poll results will be posted on the websites of the SEHK and the Company after each general meeting.

為免產生疑問，股東必須呈交已簽署的書面呈請、通知或聲明（視情況而定）的原件並於其上提供其全名、聯絡資料及身分證明，以令有關呈請、通知或聲明生效。股東資料或須根據法例規定予以披露。

於回顧年度，本公司並無對章程作出任何更改。章程的最新版本可於聯交所及本公司網站查閱。有關股東權利的進一步詳情，股東可參考章程。

股東大會上提呈的所有決議案將根據上市規則進行投票表決，且投票表決的結果將於各股東大會結束後在聯交所及本公司網站上刊載。

Directors' Statement

董事報告

The directors (the "Directors") of China XLX Fertiliser Ltd. (the "Company") are pleased to present their statement to the Shareholders together with the audited consolidated financial statements of China XLX Fertiliser Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the Directors,

- (i) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended 31 December 2018; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in Note 45 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, and the description of possible risks and uncertainties that the Group may be facing are set out in the Chairman's Statement and the Management Discussion and Analysis of this annual report. The financial risk management objectives and policies of the Group are set out in Note 43 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Financial Highlights of this annual report. Discussions on the Group's compliance with the relevant laws and regulations and relationships with its key stakeholders that have a significant impact on the Group are included in the Chairman's Statement, Investor Relations and Corporate Governance Report of this annual report and in this Directors' Statement.

The Group places much importance on environmental protection, energy-saving and emission reduction, continuously processes environmental transformation of production systems, promotes the implementation of clean production, and continuously formulates and improves a series of regulation policies to improve our environmental management, laying a solid foundation for future development. Please refer to the separate 2018 Environmental, Social and Governance ("ESG") Report of the Group, which will be published on the websites of the SFHK and the Company, for further details of the Group's ESG-related risks, environmental policies and performance and other ESG information.

中國心連心化肥有限公司(「本公司」)的董事(「董事」)欣然向股東呈報本公司及其附屬公司(統稱「本集團」)的經審核綜合財務報表，以及本公司截至二零一八年十二月三十一日止財政年度的財務狀況表及權益變動表。

董事認為，

- (i) 本集團之相關綜合財務報表以及本公司之財務狀況表及權益變動表已編製，以真實而公平地反映於二零一八年十二月三十一日本集團及本公司之財務狀況和於截至二零一八年十二月三十一日止年度本集團之財務表現、權益變動及現金流量以及本公司之權益變動；及
- (ii) 於本報告日期，有合理理由相信本公司能夠清償其到期債務。

主要業務

本公司之主要業務為投資控股。附屬公司之主要業務之詳情載於財務報表附註45。

業務回顧

本年度本集團業務回顧、對本集團未來業務發展的討論，以及描述本集團可能面對的風險及不確定因素載於本年報的主席報告及管理層討論與分析。本集團的財政風險管理目標及政策載於財務報表附註43。本年度用作分析本集團表現的財務主要績效指標載於本年報的財務概要。本集團就對其有重大影響的相關法律法規的遵守和與關鍵利益相關者的關係情況的討論列於本年報的主席報告、投資者關係及企業管治報告以及本董事報告。

本集團高度重視環境保護與節能減排工作，持續進行生產系統環保改造，推進實施清潔生產，不斷制定並完善一系列環保管理規章制度，夯實未來發展的基礎。本集團有關環境、社會及管治的風險、環境政策及績效以及其他環境、社會及管治資料的進一步詳情，請參閱將於聯交所及本公司網站發佈的本集團獨立的二零一八年環境、社會及管治(「環境、社會及管治」)報告。

Directors' Statement

董事報告

DIVIDEND POLICY

The Company is committed to sharing its development and achievements with shareholders through stable and sustainable dividend payment whilst maintaining an optimal capital structure which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time. The Company has adopted a dividend policy which sets out the basic principles in determining the distribution of the dividends and the normal target payout ratio of not less than 20% of its annual net profits attributable to its shareholders in each financial year.

The Board shall consider the following factors before declaring or recommending dividends, including without limitation to: (i) financial results; (ii) cash flow situation; (iii) availability of distributable profits; (iv) business conditions and strategies; (v) future operations and earnings; (vi) capital requirements and expenditure plans.

The payment of dividend is also subject to compliance with the Constitution and the applicable laws and regulations. The Board will review the said dividend policy as appropriate from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2018 and the Group's financial position at that date are set out in the financial statements on pages 94 to 225 of this annual report.

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of RMB10 cents (2017: RMB8.49 cents) per ordinary share in respect of the year to the Shareholders whose names appear on the Register of Members on 13 June 2019. Subject to the approval of Shareholders at the 2019 AGM, the final dividend will be paid on 25 July 2019 in HKD of HKD 0.11556 per ordinary share.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 226 of this annual report.

SHARE CAPITAL AND CONVERTIBLE BONDS

Details of the Company's share capital and convertible bonds are set out in Notes 35 and 33 to the financial statements, respectively.

股息政策

透過穩健及可持續的派息政策，本公司致力於與股東共同分享其發展及成就，同時維持最佳的資本架構以令本公司利用可能不時出現的任何投資及擴張機會。本公司已採納股息政策，其載列釐定股息分派的基本原則及一般目標派息率（為不低於各財政年度其股東應佔年度純利的20%）。

董事會於宣派或建議派付股息前將考慮下列因素，包括但不限於：(i) 財務業績；(ii) 現金流量狀況；(iii) 可供分派溢利的可行性；(iv) 業務狀況及策略；(v) 未來營運及盈利；(vi) 資本要求及開支計劃。

股息派付亦須遵守章程及適用的法律及規例。董事會將於適當時不時審閱所述股息政策，而概不保證將於任何指定期間以任何特定金額派付股息。

業績及股息

本集團截至二零一八年十二月三十一日止年度的溢利及本集團於該日的財務狀況載於本年報第94至第225頁的財務報表。

本年度並無派付中期股息。董事建議就本年度向於二零一九年六月十三日名列股東名冊的股東派發末期股息每股普通股人民幣10分（二零一七年：人民幣8.49分）。待股東於二零一九年股東週年大會上批准後，末期股息將於二零一九年七月二十五日以港元派付，為每股普通股0.11556港元。

財務資料概要

本集團於過去五個財政年度的綜合業績及資產與負債概要（乃摘錄自已刊發的經審核財務報表）載於本年報第226頁。

股本及可換股債券

本公司的股本及可換股債券詳情分別載於財務報表附註35及33。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution or the laws of Singapore, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

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

During the year ended 31 December 2018, the Company repurchased, on 5 January 2018, on the SEHK a total of 115,000 shares of the Company at a total consideration of HKD395,420 (with the highest repurchase price per share of HK\$3.47 and the lowest repurchase price per share of HKD3.40). The repurchase of the Company's shares was made for the benefit of the Shareholders with a view to enhancing the net asset value per share and earnings per share of the Company. Such shares of the Company were cancelled on 2 February 2018.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

DISTRIBUTABLE RESERVES

At 31 December 2018, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB286,081,000 of which RMB117,162,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 20% (2017: less than 20%) of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 31% (2017: 30%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 7% (2017: 9%).

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

優先購買權

章程或新加坡(本公司註冊成立的司法權區)的法律並無優先購買權條文，致使本公司有責任按比例向現有股東提呈發售新股份。

購買、出售或贖回本公司的上市證券

截至二零一八年十二月三十一日止年度，本公司於二零一八年一月五日在香港聯交所購回合共115,000股本公司股份，總代價為395,420港元(最高購回價為每股3.47港元及最低購回價為每股3.40港元)。購回本公司股份乃為股東之利益而作出，旨在提高本公司之每股資產淨值以及每股盈利。本公司的該等股份已分別於二零一八年二月二日註銷。

除上文披露者外，截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司的上市證券。

可供分派儲備

於二零一八年十二月三十一日，本公司之可供分派儲備(根據公司法的條文規定計算)為約人民幣286,081,000元，當中人民幣117,162,000元已作為本年度建議末期股息。

主要客戶及供應商

於回顧年度內，銷售予本集團五名最大客戶佔本年度總銷售額少於20%(二零一七年：少於20%)。本集團向五名最大供應商採購則佔本年度總採購額31%(二零一七年：30%)，而其中向最大供應商採購則佔7%(二零一七年：9%)。

董事或彼等的任何緊密聯繫人或任何股東(據董事所知擁有本公司已發行股本5%以上者)概無擁有本集團五名最大客戶和供應商的任何實益權益。

Directors' Statement

董事報告

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling RMB2,972,890 (2017: RMB100,000).

DIRECTORS

The Directors during the year are:

EXECUTIVE DIRECTORS:

Liu Xingxu
Zhang Qingjin
Yan Yunhua

NON-EXECUTIVE DIRECTORS:

Zheng Jiaqi (appointed on 16 May 2018)
Lian Jie (resigned on 16 May 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Ong Kian Guan
Li Shengxiao
Ong Wei Jin
Li Hongxing (appointed on 16 May 2018)

Pursuant to Articles 89 and 90 of the Constitution, Mr. Liu Xingxu and Mr. Ong Kian Guan shall retire by rotation at the 2019 AGM. Pursuant to Article 88 of the Constitution, Mr. Li Hongxing and Mr. Zheng Jiaqi, who were appointed by the Board as Directors, shall hold office until the 2019 AGM. All of the above four Directors, being eligible, will offer themselves for re-election at the 2019 AGM.

The Company has received annual confirmation of independence from each of the independent non-executive Directors and considers them to be independent.

遵守相關法律法規

據董事會所知，本公司在各重大方面均已遵守對本公司業務及營運具有重大影響的相關法律法規。

慈善捐款

於本年度，本集團作出慈善捐款合共人民幣2,972,890元(二零一七年：人民幣100,000元)。

董事

本年度的董事如下：

執行董事：

劉興旭
張慶金
閻蘊華

非執行董事：

鄭嘉齊(於2018年5月16日委任)
廉潔(於2018年5月16日離任)

獨立非執行董事：

王建源
李生校
王為仁
李紅星(於2018年5月16日委任)

根據章程大綱第89條與第90條，劉興旭先生及王建源先生將於二零一九年股東週年大會上輪值退任。根據章程細則第88條，由董事會委任為董事的李紅星先生及鄭嘉齊先生任期將至二零一九年股東週年大會。上述四名董事均符合資格，將於二零一九年股東週年大會上重選連任。

本公司已從各獨立非執行董事接獲年度獨立確認書，並視彼等為獨立。

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARIES

Biographical details of the Directors, the senior management of the Group and the Company Secretaries are set out on pages 30 to 38 of this annual report.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from 28 March 2017, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing.

The Company has issued a letter of appointment to each of the independent non-executive Directors and the non-executive Director for a term of three years, unless terminated by either party giving to the other not less than three months' prior notice in writing.

No Director proposed for re-election at the 2019 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration is subject to approval by the Remuneration Committee with reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in Note 9 to the financial statements.

HIGHEST PAID INDIVIDUALS

During the year, the five individuals with the highest remuneration in the Group are all Directors and senior management of the Company. Details of the highest paid individuals are set out in note 10 to the financial statements.

董事、高級管理層及公司秘書的履歷

董事、本集團高級管理層及公司秘書的履歷詳情載於本年報第30至38頁。

董事收購股份及債權證的安排

本公司於本年度結算日或本年度內任何時間概無作為一方訂立任何安排，而其目的為（或其目的之一為）致使董事或彼等各自之配偶或未成年子女可藉收購本公司或任何其他法團的股份或債權證而獲益。

董事的服務合同

各執行董事與本公司訂立服務合同，自二零一七年三月二十八日起為期三年，除非任何一方根據服務合同向另一方發出不少於六個月之事先書面通知，予以終止。

本公司已向各獨立非執行董事及非執行董事發出委任函，任期為三年，除非任何一方向另一方發出不少於三個月之書面通知，予以終止。

概無於二零一九年股東週年大會上提呈膺選連任的董事與本公司訂立不可由本公司於一年內毋須支付賠償（法定賠償除外）予以終止的服務合同。

董事酬金

董事酬金須待薪酬委員會參考董事的職務、職責及表現和本集團的業績後批准，始可作實。董事酬金詳情載於財務報表附註9。

最高薪酬個人

年內，本集團五名最高薪酬個人全部為董事及本公司的高級管理層。最高薪酬個人的詳情載於財務報表附註10。

Directors' Statement

董事報告

PERMITTED INDEMNITY PROVISION

As set out in Article 147 of the Constitution, a permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" and in Note 40 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at the end of or at any time during the year under review.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2018, the interests of the Directors and chief executive of the Company in shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS 好倉

獲准許彌償條文

載於章程細則第147條有關惠及董事的獲准許彌償條文(按香港公司條例定義)於現在及年內均為有效。

董事於交易、安排或合同的權益

除「持續關連交易」一節及財務報表附註40所披露外，於回顧年度結算日或年內任何時間，董事或董事的關連實體概無於本公司或其任何附屬公司所訂立對本集團業務而言屬重大的任何交易、安排或合同中直接或間接擁有重大權益。

董事及主要行政人員於股份的權益

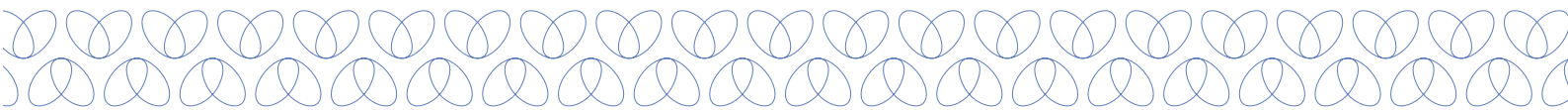
於二零一八年十二月三十一日，董事及本公司主要行政人員於本公司股份中擁有記載於按公司法第164條及證券及期貨條例第352條由本公司存置的登記冊內的權益，或根據上市規則附錄十所載的標準守則須知會本公司及聯交所的權益如下：

Number of ordinary shares interested 擁有權益的普通股數目

Name of Directors 董事姓名	Personal interests 個人權益	Corporate interests 公司權益	Total interests 總權益	Approximate percentage# of the Company's issued share capital
				佔本公司已發行股本的約百分比#
Mr. Liu Xingxu 劉興旭先生	600,000	413,007,999 (Note 附註(a))	413,607,999	35.30%
Ms. Yan Yunhua 閔蘊華女士	300,000	276,465,000 (Note 附註(b))	276,765,000	23.62%
Mr. Ong Kian Guan 王建源先生	100,000	-	100,000	0.01%

The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2018.

該百分比指擁有權益的普通股數目除以本公司於二零一八年十二月三十一日的已發行股份數目。



Notes:

- (a) These shares were held by Pioneer Top Holdings Limited ("Pioneer Top"), an investment holding company established in the British Virgin Islands (the "BVI"). Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries (including Mr. Zhang Qingjin) under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Pioneer Top.
- (b) These shares were held by Go Power Investments Limited ("Go Power"), an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power, and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Ms. Yan Yunhua is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Go Power.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO, or which has been notified to the Company and the SEHK pursuant to the Model Code.

INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

During the year and up to the date of this annual report, none of the Directors has any interest in a business which competes or may compete with the business of the Group under the Listing Rules.

MANAGEMENT CONTRACTS

During the year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

OPTIONS

The Group has no share option scheme.

附註：

- (a) 該等股份由Pioneer Top Holdings Limited (「Pioneer Top」) (一間於英屬處女群島(「英屬處女群島」)成立之投資控股公司)持有。劉興旭先生實益擁有Pioneer Top 42%股權，並根據日期為二零一六年七月二十六日的信託協議為7名受益人(包括張慶金先生)信託持有Pioneer Top 餘下58%股權。根據該信託協議，劉興旭先生獲不可撤回地授予權利，全權酌情行使Pioneer Top的投票權及其日常管理權。
- (b) 該等股份由Go Power Investments Limited (「Go Power」) (一間於英屬處女群島成立之投資控股公司)持有。閻蘊華女士實益擁有Go Power 12.74%股權，並根據日期為二零一六年七月二十六日的信託協議為合共1,463名受益人信託持有Go Power 餘下87.26%股權。根據該信託協議，閻蘊華女士獲不可撤回地授予權利，全權酌情行使Go Power的投票權及其日常管理權。

除上文所披露者外，於二零一八年十二月三十一日，董事及本公司主要行政人員或彼等的聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中擁有或被視為擁有記載於按公司法第164條及證券及期貨條例第352條由本公司存置的登記冊內的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

董事於競爭業務的權益

年內及截至本年報刊發日期，根據上市規則，概無董事在任何與本集團從事的業務競爭或可能競爭的業務中擁有權益。

管理合同

年內，概無就有關本公司全部或大部份業務的管理及行政訂立或存在任何合同。

購股權

本集團並無購股權計劃。

Directors' Statement

董事報告

EQUITY-LINKED AGREEMENTS

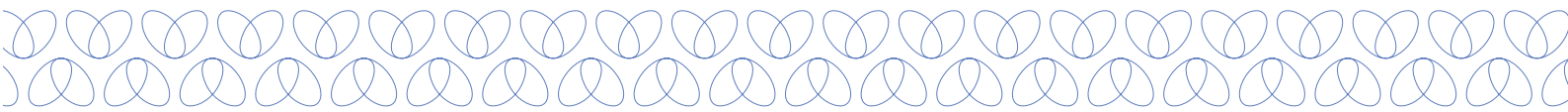
On 27 November 2011, the Company entered into the Subscription Agreement with Nitro Capital Limited ("Nitro"), pursuant to which Nitro agreed to subscribe and pay for the convertible bonds of an aggregate principal amount of approximately RMB324 million due the fifth anniversary of the date of issue by the Company which bear interest of 4.5% per annum (the "Bonds"). The Directors were of the view that the issue of the Bonds can provide additional funds for expansion of the Group's plant IV and Xinjiang project, and general working capital purposes. As the Company intended to engage long-term strategic investor to help further improve its corporate governance and shareholder base in the long-term perspective, the Directors also considered that Nitro can help bring in more insights from the investors' perspective and leverage the extensive resources to explore more expansion opportunities for the Company.

As all the conditions for completion of the subscription and issue of the Bonds under the Subscription Agreement (the "Bonds Issue") were satisfied, the completion of the Bonds Issue took place on 21 December 2011, and the net proceeds received by the Company were approximately RMB322 million. Nitro was entitled to convert their Bonds into ordinary shares to be allotted and issued by the Company, at any time on or after 21 December 2011 and up to the close of business on: (i) the fifth business days before 21 December 2016 (both days inclusive) unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Bonds; (ii) a date no later than 10 days prior to the dated fixed for redemption thereof if the Bonds had been called for redemption by the Company before 21 December 2016; (iii) the deemed conversion date pursuant to the terms and conditions of the Bonds if the Bonds had been called for mandatory conversion; and (iv) the day prior to the giving of notice requiring redemption by Nitro if such notice had been given. Assuming full conversion of the Bonds at the initial conversion price of approximately RMB1.84 per share, the Bonds will be convertible into 176,000,000 ordinary shares of the Company.

股票掛鈎協議

於二零一一年十一月二十七日，本公司與 Nitro Capital Limited (「Nitro」) 訂立認購協議，據此，Nitro 已同意認購本公司於發行滿五週年之日到期的本金總額約人民幣 3.24 億元的可換股債券，年利率 4.5%，並支付認購款 (「債券」)。董事認為，發行債券可為本集團的第四廠及新疆項目擴充提供額外資金，以及作一般營運資金用途。由於本公司認為長期策略投資者加入有助進一步長遠改善其企業管治以及股東基礎，董事亦認為，Nitro 有助從投資者的角度帶來更多深入見解，並利用豐富的資源為本公司探索更多擴充機遇。

由於認購協議項下認購完成及債券發行 (「債券發行」) 的所有條件已獲達成，債券發行於二零一一年十二月三十一日完成，本公司的所得款項淨額為約人民幣 3.22 億元。Nitro 有權於二零一一年十二月三十一日或之後的任何時間將其債券轉換為本公司將配發及發行的普通股股份，直至 (i) 二零一六年十二月三十一日前第五個營業日 (包括首尾兩日) 營業時間結束時為止，除非先前根據債券條款及條件的規定贖回或購回及註銷；(ii) 倘本公司於二零一六年十二月三十一日前要求贖回該債券，則直至指定贖回日期前不超過十日的營業時間結束時為止；(iii) 倘債券被要求強制轉換，則直至根據債券的條款及條件於視作轉換日期的營業時間結束時為止；及 (iv) 倘 Nitro 要求贖回的通知已經發出，則直至發出該通知日期前一天營業時間結束時為止。假設債券按初始轉換價每股約人民幣 1.84 元獲悉數轉換，債券將獲轉換為 176,000,000 股本公司普通股股份。



Prior to the original maturity date of the Bonds of 21 December 2016, the Company was approached by Nitro about extension of the maturity date of the Bonds as Nitro had noted the prices at which the shares were trading and the possible further downward pressure on the market price of the shares if the Bonds were to mature and be converted into shares in the immediate future. In consideration of the Company agreeing to the extension, Nitro agreed to lower the annual interest rate of the Bonds. As the Company shared the same concerns with Nitro, the Directors believed that it would be in the interests of the Shareholders as whole to defer the conversion of the Bonds and the potential disposal of shares following such conversion to a later time, while lowering the interest rate of the Bonds.

On 14 December 2016, the Company and Nitro entered into the Amendment Agreement to, among other things, extend the maturity date and lower the interest rate of the Bonds. The completion of the Amendment Agreement was conditional upon, amongst other things, approval of the SEHK having been obtained for the listing of, and permission to deal in, the ordinary Shares to be allotted and issued by the Company (the **“New Conversion Shares”**) upon conversion of the Bonds as amended and restated under the Amendment Agreement (the **“Restated Bonds”**).

The completion of the Amendment Agreement took place on 20 December 2016 upon the satisfaction of the conditions thereof. The Restated Bonds due 21 December 2018, which bear an interest rate of 2% per annum subsequent from (and including) 20 December 2016 to (and excluding) 21 December 2018, were issued by the Company to Nitro. No additional fund was raised by the issue of the Restated Bonds. Nitro was entitled to convert their Restated Bonds into New Conversion Shares, at any time on or after 20 December 2016 and up to the close of business on: (i) the fifth business days before 21 December 2018 (both days inclusive) unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Restated Bonds; (ii) the deemed conversion date pursuant to the terms and conditions of the Restated Bonds if the Restated Bonds had been called for mandatory conversion; and (iii) the day prior to the giving of notice requiring redemption by Nitro if such notice had been given. Assuming that the Restated Bonds will be converted in full at the conversion price of approximately RMB1.84 per New Conversion Share, an aggregate of approximately 176,000,000 ordinary shares of the Company will be issued.

於債券原定到期日二零一六年十二月二十一日前，Nitro就延長債券到期日接洽本公司，因Nitro注意到股份的成交價，以及如債券近期到期並轉換為股份，可能對股份市價帶來進一步下跌壓力。作為本公司同意該延長的代價，Nitro同意將債券的年利率降低。由於本公司亦與Nitro有相同擔憂，董事相信，將轉換債券及於該轉換後可能出售股份延遲至較後時間，同時降低債券利率，符合股東的整體利益。

於二零一六年十二月十四日，本公司與Nitro訂立修訂協議，以(其中包括)延長債券到期日及降低債券利率。修訂協議須待(其中包括)取得聯交所批准根據修訂協議修訂及重列之債券(「**經重述債券**」)轉換後本公司將配發及發行的普通股股份(「**新轉換股份**」)上市及買賣後，方告完成。

修訂協議在該協議之條件達成後於二零一六年十二月二十日完成，將於二零一八年十二月二十一日到期，由(及包括)二零一六年十二月二十日至(不包括)二零一八年十二月二十一日年利率2%的經重述債券已由本公司向Nitro發行。發行經重述債券不會籌集額外資金。Nitro有權於二零一六年十二月二十日或之後的任何時間將其經重述債券轉換為新轉換股份，直至(i)二零一八年十二月二十一日前第五個營業日(包括首尾兩日)營業時間結束時為止，除非先前根據經重述債券條款及條件的規定贖回或購回及註銷；(ii)倘經重述債券被要求強制轉換，則直至根據經重述債券的條款及條件於視作轉換日期的營業時間結束時為止；及(iii)倘Nitro要求贖回的通知已經發出，則直至發出該通知日期前一天營業時間結束時為止。假設經重述債券按轉換價每股新轉換股份約人民幣1.84元獲悉數轉換，將發行合共176,000,000股本公司普通股股份。

Directors' Statement

董事報告

During the year under review, on 16 January 2018, Nitro sold approximately RMB116.8 million principal amount of the Restated Bonds, which are convertible into an aggregate of approximately 63,360,000 ordinary shares at the initial conversion price of RMB1.84 per New Conversion Share, to Pioneer Top and certain other investors (the "Certain Investors") who are not connected persons of the Company at an aggregate consideration of HKD190.08 million. Pursuant to such arrangements, Pioneer Top would eventually hold approximately RMB97.3 million principal amount of the Restated Bonds and the Certain Investors would in aggregate hold approximately RMB19.5 million principal amount of the Restated Bonds.

The Company subsequently received notices from the Certain Investors for the exercise of the conversion rights attached to the Restated Bonds in the aggregate principal amount of approximately RMB19.5 million at the initial conversion price of approximately RMB1.84 per New Conversion Share. A total of 10,560,000 ordinary shares of the Company were allotted and issued to the Certain Investors on 2 and 7 March 2018.

As a result of the mandatory conversion of the remaining Restated Bonds at the initial conversion price of approximately RMB1.84 per New Conversion Share on the maturity date of 21 December 2018, a total of 165,440,000 ordinary shares of the Company were simultaneously allotted and issued to Pioneer Top and Nitro.

Further details of the Bonds/Restated Bonds are included in note 31 to the financial statements and in the announcements of the Company dated 28 November 2011, 19 December 2011, 21 December 2011, 14 December 2016, 20 December 2016, 16 January 2018 and 17 January 2018.

Save as disclosed above, no other equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

於回顧年度，於二零一八年一月十六日，Nitro向Pioneer Top及並非本公司關連人士之若干其他投資者（「若干投資者」）出售本金額約人民幣116,800,000元的經重述債券，可按初始轉換價每股新轉換股份人民幣1.84元轉換為合共約63,360,000股普通股，總代價為190,080,000港元。根據有關安排，Pioneer Top最終持有本金額約為人民幣97,300,000元的經重述債券，而若干投資者合共持有本金額約為人民幣19,500,000元的經重述債券。

本公司隨後收到若干投資者之通知書，以按初始轉換價每股新轉換股份約人民幣1.84元行使本金額總約為人民幣19,500,000元之經重述債券所附之轉換權。本公司已於二零一八年三月二日及七日向若干投資者配發及發行合共10,560,000股普通股。

因此，如果於二零一八年十二月三十一日到期日按初始轉換價每股新轉換股份約人民幣1.84元強制轉換餘下經重述債券，則合共165,440,000股本公司普通股將共同配發予Pioneer Top與Nitro。

債券／經重述債券之進一步詳情載於財務報表附註31以及本公司日期為二零一一年十一月二十八日、二零一一年十二月十九日、二零一一年十二月三十一日、二零一六年十二月十四日、二零一六年十二月二十日、二零一八年一月十六日及二零一八年一月十七日之公告。

除上文所披露者外，年內或於年結日本公司並無訂立其他將會或可能導致本公司發行股份的股票掛鈎協議，或要求本公司訂立將會或可能導致本公司發行股份的任何協議。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2018, the following parties had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO:

主要股東於股份的權益

於二零一八年十二月三十一日，按本公司根據公司法第88條及證券及期貨條例第336條須存置的權益登記冊，下列各方於本公司已發行股份擁有5%或以上的權益：

LONG POSITIONS

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Name of substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued ordinary shares interested 擁有權益的 已發行 普通股數目	Approximate percentage [#] of the Company's issued share capital 佔本公司已發行 股本中的概約 百分比 [#]
Pioneer Top (Note 附註 (a))	Beneficial owner 實益擁有人	413,007,999	35.25%
Go Power (Note 附註 (b))	Beneficial owner 實益擁有人	276,465,000	23.60%
Nitro (Note 附註 (c))	Beneficial owner 實益擁有人	112,640,000	9.61%
Primavera Capital (Cayman) Fund I L.P.	Interest of controlled corporation 受控法團權益	112,640,000	9.61%

[#] The percentage represents the number of issued ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2018.

[#] 該百分比指擁有權益的已發行普通股數目除以本公司於二零一八年十二月三十一日的已發行股份數目。

Directors' Statement

董事報告

Notes:

- (a) Pioneer Top is an investment holding company established in the BVI. Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries under a trust agreement dated 26 July 2016, including 7% for Mr. Zhang Qingjin, an executive Director and the Company's Chief Executive Officer; 7% for Mr. Li Yushun and 7% for Mr. Wang Nairen, the Company's senior management; 7% for Mr. Ru Zhengtao, 7% for Mr. Zhu Xingye (retired) and 7% for Mr. Shang Dewei, the Company's employees; and 16% for Mr. Li Buwen, a former executive Director. Mr. Liu Xingxu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the trust agreement. Such interest held by Pioneer Top has also been disclosed as the interest of Mr. Liu Xingxu in the above section headed "Directors' and Chief Executive's Interests in Shares".
- (b) Go Power is an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power, and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Ms. Yan Yunhua has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement. Such interest held by Go Power has also been disclosed as the interest of Ms. Yan Yunhua in the above section headed "Directors' and Chief Executive's Interests in Shares".
- (c) Nitro is an investment holding company established in the Cayman Islands and is a wholly-owned subsidiary of Primavera Capital (Cayman) Fund I L.P.

Save as disclosed above, as at 31 December 2018, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests in Shares" above, had an interest or a short position in the shares, underlying shares or debentures of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO.

附註：

- (a) Pioneer Top 乃於英屬處女群島成立之投資控股公司。劉興旭先生實益擁有 Pioneer Top 42% 股權，並根據日期為二零一六年七月二十六日的信託協議為 7 名受益人信託持有 Pioneer Top 餘下 58% 股權，該 7 名受益人包括執行董事及本公司首席執行官張慶金先生 (7%)；本公司的高級管理層李玉順先生 (7%) 及王乃仁先生 (7%)；本公司的僱員茹正濤先生 (7%)、朱性業先生 (已退休) (7%) 及尚德偉先生 (7%)；以及前執行董事李步文先生 (16%)。根據該信託協議，劉興旭先生可全權酌情行使 Pioneer Top 於本公司持有的投票權。Pioneer Top 持有的該權益亦在上文「董事及主要行政人員於股份的權益」一節披露為劉興旭先生的權益。
- (b) Go Power 乃於英屬處女群島成立之投資控股公司。閻蘊華女士實益擁有 Go Power 12.74% 股權，並根據日期為二零一六年七月二十六日的信託協議為合共 1,463 名受益人信託持有 Go Power 餘下 87.26% 股權。根據該信託協議，閻蘊華女士可全權酌情行使 Go Power 於本公司持有的投票權。Go Power 持有的該權益亦在上文「董事及主要行政人員於股份的權益」一節披露為閻蘊華女士的權益。
- (c) Nitro 乃於開曼群島成立之投資控股公司，並為春華資本集團 (開曼) 一號基金的全資附屬公司。

除上文所披露者外，於二零一八年十二月三十一日，除於上文「董事及主要行政人員於股份的權益」一節所載董事的權益外，概無人士於本公司的股份、相關股份或債權證中擁有按公司法第 88 條及證券及期貨條例第 336 條須記載於由本公司存置的登記冊內的權益或淡倉。

CONTRACTS OF SIGNIFICANCE

No contracts of significance were entered into between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries during the year.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions, which also form parts of the related party transactions set out in note 40 to the financial statements, and has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

As at 31 December 2018, Mr. Liu Xingxu, Ms. Yan Yunhua and Mr. Zhang Qingjin (being executive Directors) collectively held an aggregate of approximately 10.6% interest in XLX Chem, and together are the largest shareholder of XLX Chem and have the largest influence through their shareholders' rights on the major decisions in XLX Chem. Therefore, XLX Chem, its subsidiaries and associates (collectively "XLX Chem Group") are deemed as the Company's connected persons under Rule 14A.07 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(I) UTILITIES SUPPLY AGREEMENT

The Group entered into the Utilities Supply Agreement on 30 December 2016 with XLX Chem Group, pursuant to which Henan XLX agreed to supply water, electricity and steam to XLX Chem Group. This arrangement helps the Group to improve the utilisation of its utilities facilities, and the additional income received from providing such utilities to XLX Chem Group can be used to reduce the overall maintenance, labour and management costs to the Group of maintaining such facilities. Pursuant to the agreement, the price for the supply of electricity is determined on the basis of actual usage as recorded in the relevant meters with reference to the price set out by the PRC government or relevant authorities; and the price for supply of water and steam is determined on the basis of actual usage as recorded in the relevant meters with reference to the actual costs plus a 10% mark-up.

重大合約

於本年度，本公司或其任何附屬公司並無與任何控股股東或其附屬公司訂立任何重大合約。

持續關連交易

於本年度，本集團已進行以下持續關連交易（亦構成載於財務報表附註40所載的部分關連方交易），並已遵守上市規則第14A章的披露規定。

於二零一八年十二月三十一日，劉興旭先生、閻蘊華女士及張慶金先生（執行董事）共同持有心連心化工合共約10.6%權益，而彼等共同為心連心化工的最大股東及通過其股東權利對心連心化工的主要決定具有重大影響。因此，根據上市規則第14A.07條，心連心化工、其附屬公司及聯營公司（統稱為「心連心化工集團」）均被視為本公司關連人士。

不獲豁免持續關連交易

(I) 水電及蒸汽供應協議

本集團已於二零一六年十二月三十日與心連心化工集團訂立水電及蒸汽供應協議，據此，河南心連心同意向心連心化工集團供應水電及蒸汽。此安排有助本集團提高水電及蒸汽設施的使用率，並從心連心化工集團取得額外收入，可用於減少本集團維護該等設施的整體維修、人力及管理成本。根據該協議，電力供應價格參考中國政府或相關部門規定的價格根據相關儀錶記錄的實際用量釐定；水及蒸汽供應價格參考實際成本加10%標價根據相關儀錶記錄的實際用量釐定。

Directors' Statement

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The Utilities Supply Agreement has a term commencing from 1 January 2017 up to and including 31 December 2019. The Group has set the annual cap for the income received by the Group from XLX Chem Group under the agreement at RMB3,500,000 for FY2018.

For the year ended 31 December 2018, the aggregate amount received by the Group from XLX Chem Group for the sales of water, electricity and steam amounted to approximately RMB1,066,000 and has been accounted for as other income in the Group's consolidated statement of profit or loss and other comprehensive income.

(II) EQUIPMENT PURCHASE AGREEMENT

The Group entered into the Equipment Purchase Agreement on 30 December 2016 with XLX Chem Group, pursuant to which XLX Chem Group agreed to supply and provide the relevant installation services for equipment, including pipes, vessels and pressure vessels, to Henan XLX. Accordingly, the Group benefits from reliable and timely delivery of equipment and cost effectiveness. Pursuant to the agreement, the prices for equipment purchases are determined by the Group's internal qualification and tendering procedures with potential suppliers of equipment, which vary depending on the product type, quantity and quality specifications as required by Henan XLX.

The Equipment Purchase Agreement has an original term commencing from 1 January 2017 up to and including 31 December 2019. In line with the expanding sales network and increasing production capacity of the Group, there has been an increasing demand of equipment by the Group. In order to provide flexibility and cater for the needs of the Group for equipment to support its production, Henan XLX entered into a new Equipment Purchase Agreement with XLX Chem Group on 24 December 2018, among other things, to revise the annual caps for the 12 months ended/ending 31 December 2018 and 2019 respectively, and to extend the term to the year ending 31 December 2020. The Group has set the annual cap for the amount paid by the Group to XLX Chem Group for the purchases of equipment and relevant services under the agreement at RMB70,000,000 for FY2018.

水電及蒸汽供應協議的期限自二零一七年一月一日開始，直至二零一九年十二月三十一日(包括該日)。本集團已就本集團根據該協議向心連心化工集團收取的收入，將二零一八財政年度的年度上限釐定為人民幣3,500,000元。

截至二零一八年十二月三十一日止年度，本集團就銷售水電及蒸汽從心連心化工集團收取的總額為約人民幣1,066,000元，已作為其他收入計入本集團的綜合損益及其他全面收益表。

(II) 設備購買協議

本集團已於二零一六年十二月三十日與心連心化工集團訂立設備購買協議，據此，心連心化工集團同意向河南心連心提供設備及相關安裝服務，包括管道、容器及壓力容器。因此，本集團受益於可靠且及時的設備交付及成本效益。根據該協議，設備購買價格由本集團與潛在設備供應商的內部資格及招標程序釐定，根據河南心連心需要的產品種類、數量及質素規格有所變動。

設備購買協議的原始期限自二零一七年一月一日開始，直至二零一九年十二月三十一日(包括該日)。隨著本集團銷售網絡的不斷擴大及產能增加，本集團對設備的需求持續增加。為提供靈活性和費率以滿足本集團支持其生產的設備需求，河南心連心於二零一八年十二月二十四日與心連心化工集團簽訂新的設備購買協議，其中包括修訂截至二零一八年及二零一九年十二月三十一日止12個月的年度上限，並將期限延長至截至二零二零年十二月三十一日止年度。本集團已就本集團根據該協議就購買設備及相關服務向心連心化工集團支付的金額，將二零一八財政年度的年度上限釐定為人民幣70,000,000元。

For the year ended 31 December 2018, the aggregate amount paid by the Group for the purchases of equipment from XLX Chem Group was approximately RMB38,695,000 which has been included in spare parts inventories in the Group's consolidated statement of financial position. The aggregate amount paid by the Group for the relevant installation services from XLX Chem was approximately RMB31,207,000 which has been accounted for as other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

(III) GENERAL LEASE AGREEMENT AND LEASE RENEWAL AGREEMENT

The Group entered into the General Lease Agreement on 21 August 2013 with XLX Chem Group, pursuant to which XLX Chem Group agreed to lease certain living quarters with an aggregate area of 138,134.89 square meters located at XLX Chem West Courtyard Living Quarters, Xiaoji Town, Xinxiang City, Henan, China (中國河南新鄉市小冀鎮心連心化工西院生活區) to Henan XLX. The living quarters include industrial kitchens, canteens, staff dormitories, warehouses and apartments, which can provide the general staff of Henan XLX with convenient residential facilities and reduce the time required for daily work commute. Pursuant to the agreement, the monthly lease amount is determined with reference to prevailing market rates of similar premises in Henan Province. The General Lease Agreement has a term commencing from 19 August 2013 up to and including 18 August 2016.

In order to continue to take advantage of the strategic location of the accommodation and catering facilities of XLX Chem, which are in proximity to the Group's production factories, the General Lease Agreement was renewed by virtue of the Lease Renewal Agreement on 18 August 2016 with a term of three years commencing from 19 August 2016 and ending on 18 August 2019 (both days inclusive). The Group has set the fixed monthly lease paid by the Group to XLX Chem Group at RMB186,600 in respect of the Lease Renewal Agreement (i.e. RMB2,239,200 as the annual cap for FY2018).

For the year ended 31 December 2018, the lease paid by the Group to XLX Chem Group was approximately RMB1,120,000 which has been accounted for as general and administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

截至二零一八年十二月三十一日止年度，本集團就購買設備向心連心化工集團已付總額約為人民幣38,695,000元，有關金額已計入本集團綜合財務狀況表的備用零件存貨。本集團就予心連心化工的相關安裝服務支付的總金額約為人民幣31,207,000元，已計入本集團綜合損益及其他全面收益表的其他開支。

(III) 一般租賃協議及續租協議

本集團已於二零一三年八月二十一日與心連心化工集團訂立一般租賃協議，據此，心連心化工同意向河南心連心出租若干總面積為138,134.89平方米的生活區，生活區位於中國河南新鄉市小冀鎮心連心化工西院生活區。生活區包括工業廚房、食堂、員工宿舍、倉庫及公寓，為河南心連心一般員工提供便利住宿設施及減少日常工作通勤所需時間。根據該協議，每月租金根據河南省類似物業市場現時市價釐定。一般租賃協議的年期由二零一三年八月十九日開始，直至二零一六年八月十八日。

為繼續利用位於本集團生產工廠附近的心連心化工住宿及餐飲設施的戰略位置優勢，一般租賃為續租協議於二零一六年八月十八日續期，自二零一六年八月十九日起至二零一九年八月十八日止(包括首尾兩日)，為期三年。本集團已就續租協議釐定由本集團支付予心連心化工集團的固定月租人民幣186,600元(二零一八財政年度的年度上限為人民幣2,239,200元)。

截至二零一八年十二月三十一日止年度，本集團支付予心連心化工集團的租金為約人民幣1,120,000元，已作為一般及行政開支計入本集團的綜合損益及其他全面收益表。

Directors' Statement

董事報告

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Group than terms available from independent suppliers; and
- (3) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young LLP, the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young LLP have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the SEHK.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group are set out in Note 30 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in Note 45 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this report.

獨立非執行董事已審閱上述持續關連交易，並確認該等持續關連交易：

- (1) 於本集團一般及日常業務過程中進行；
- (2) 按一般商業條款或不遜於獨立供應商向本集團提供之條款進行；及
- (3) 根據有關協議的條款進行，該等條款為公平及合理，並符合股東整體利益。

本公司核數師安永會計師事務所已獲委聘根據香港會計師公會頒佈的《香港審驗應聘服務準則3000》的「歷史財務資料審計或審閱以外的審驗應聘」並參照《實務說明》第740號「關於《香港上市規則》所述持續關連交易的核數師函件」就本集團持續關連交易提交報告。安永會計師事務所已根據上市規則第14A.56條就本集團於上文披露的持續關連交易發出載有其調查結果和結論的無保留意見函件。核數師函件副本已由本公司向聯交所提交。

銀行貸款及其他借款

本集團的銀行貸款及其他借款詳情載列於財務報表附註30。

附屬公司

本公司附屬公司詳情載於財務報表附註45。

充足公眾持股量

根據本公司獲得的公開資料及據董事所知悉，於本報告刊發日期，本公司的已發行股本總數中至少25%由公眾人士持有。

RESPONSIBILITIES OF DIRECTORS ON FINANCIAL STATEMENTS

The Companies Act requires the Directors to prepare financial statements for each financial year. These financial statements should give a true and fair view of the financial position of the Group as at the end of the reporting period of a particular year and on the financial performance of the Group for the year then ended. In preparing the financial statements, the Directors should:

- (a) select and apply consistently appropriate accounting policies, and make prudent, fair and reasonable judgement and estimation;
- (b) report the reasons for any serious deviation from accounting practice; and
- (c) prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Group could continue to operate.

The Directors are responsible for the proper keeping of accounting records in order to secure the assets of the Company and the Group. The Directors are also responsible for adopting reasonable measures to prevent and check any fraudulences and irregularities.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as the auditor of the Company.

On behalf of the Board:

Liu Xingxu
Director

Yan Yunhua
Director

25 March 2019

董事就財務報表須承擔的責任

公司法規定董事須就每個財政年度編製財務報表。該等財務報表須真實與公平地列報本集團於某年度申報期間結算日的財政狀況及本集團截至該日止年度的財務表現。在編製該等財務報表時，董事應：

- (a) 挑選及貫徹運用適當的會計政策，並作出審慎、公平及合理的判斷及估計；
- (b) 匯報嚴重偏離任何會計常規的原因；及
- (c) 以持續經營基準編製財務報表，除非假設本集團能持續經營為不恰當。

董事負責妥善保存會計記錄，以保護本公司和本集團的資產。董事亦負責採納合理措施，防止及檢查任何欺詐及失當行為。

核數師

安永會計師事務所已表明願意接納續聘為本公司核數師。

代表董事會：

董事
劉興旭

董事
閻蘊華

二零一九年三月二十五日

Independent Auditor's Report

獨立核數師報告



To the members of China XLX Fertiliser Ltd

(Incorporated in Singapore with limited liability)

OPINION

We have audited the financial statements of China XLX Fertiliser Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS (I)s") and International Financial Reporting Standards in Singapore ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致中國心連心化肥有限公司全體股東

(於新加坡註冊成立的有限公司)

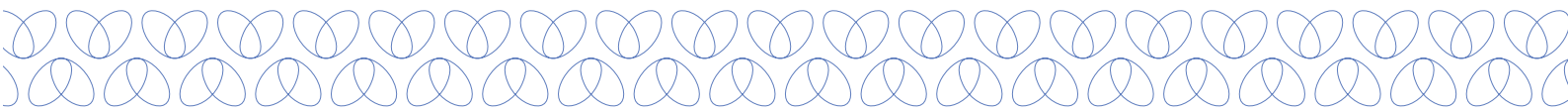
意見

我們已審核中國心連心化肥有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的財務報表，當中包括二零一八年十二月三十一日的貴集團及貴公司財務狀況表，及截至該日止年度的貴集團及貴公司權益變動表、貴集團綜合損益及其他全面收益表及綜合現金流量表以及包括主要會計政策概要的綜合財務報表附註。

我們認為，貴集團綜合財務報表，連同貴公司財務狀況表及權益變動表，已按照新加坡公司法(「該法案」)第50章、新加坡財務報告準則(國際)(「新加坡財務報告準則(國際)」)及國際財務報告準則(「國際財務報告準則」)妥為編制，以真實及公平地反映於二零一八年十二月三十一日貴集團的綜合財務狀況，及截至該日止年度的貴集團綜合財務表現、綜合權益變動及綜合現金流量狀況。

意見基礎

我們按照國際核數準則(「國際核數準則」)進行審核工作。我們在該等標準下的責任已詳述於報告中「核數師就審核綜合財務報表承擔的責任」部分。依據會計與企業管理局(「ACRA」)「註冊會計師和會計公司的職業行為準則和道德規範」(「ACRA準則」)及與我們在新加坡的財務報表審核相關的職業道德規範，我們是獨立於貴集團的。我們已遵循該等規範及ACRA準則履行職業道德責任。我們相信，我們所獲得的審核證據充足且適當地為我們的意見提供基礎。



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

IMPAIRMENT ASSESSMENT OF COAL MINING OPERATION

For the year ended 31 December 2018, the management has performed an impairment assessment of the Group's coal mining cash generating unit ("CGU") with property, plant and equipment, coal mining rights, and goodwill amounting to RMB 571,810,100, RMB 88,172,000 and RMB 25,361,000, respectively.

Management has determined the recoverable amount of the CGUs based on value in use calculation using discounted cash flows projected for the CGU. As disclosed in Note 16 to the consolidated financial statements, the key assumptions included budgeted sales, operating costs, commodity price and the discount rate that considers the specific risks relating to the CGU. Based on the impairment assessment, management has concluded that the CGU is not impaired. We determined this to be a key audit matter because the impairment assessment was complex and involved significant management judgements.

主要審核事宜

主要審核事宜是我們根據專業判斷所決定，在當前時期財務報表審核中最重要的事宜。我們在財務報表審核過程中將該等事宜作為一個整體來對待，並由此形成我們的意見。我們並不對該等事宜各自作出意見。以下我們將分別闡述我們是如何對下述各項事宜進行審核。

我們已履行在報告中「核數師就審核綜合財務報表承擔的責任」部分提出的責任，其中包括與該等事宜有關的職責。因此，我們的審核包括用於我們對財務報表存有重大錯誤陳述風險的評估程序。我們的審核程序所獲得的結果，包括針對以下事宜的程序，可為我們對於隨附的綜合財務報表的審核意見提供基礎。

煤礦開採經營的減值評估

截至二零一八年十二月三十一日止年度，管理層已對貴集團的煤礦開採現金產生單位（「現金產生單位」）進行減值評估，包括物業、廠房及設備、煤礦開採權及商譽，分別為人民幣571,810,100元、人民幣88,172,000元及人民幣25,361,000元。

管理層已根據採用現金產生單位的估計折現現金流的使用價值計算釐定現金產生單位的可收回金額。誠如綜合財務報表附註16所披露，主要假設包括預算銷售額、經營成本、商品價格及考慮與現金產生單位有關特定風險的折現率。基於減值評估，管理層得出結論認現金產生單位並無減值。由於減值評估具有複雜性及需要重大管理層判斷，我們將其定為主要審核事宜之一。

Independent Auditor's Report

獨立核數師報告

As part of our audit, we obtained an understanding of management's basis and process to determine the recoverable amount of the CGU. We checked that the CGU's cash flow projections were based on approved management budgets that reflected business plans and the estimates of coal outputs and mining reserves. We engaged our internal valuation specialist to assist us in assessing management's valuation methodology and the key assumptions used in the discounted cash flow computation. We evaluated the key assumptions used by comparing the mineable reserves inputs, which is a key input to determine budgeted sales, to the mines' proven and probable reserves estimates provided by the relevant authority; comparing management's budgeted sales and operating costs to historical data and information on expected efficiency improvements; comparing commodity prices used to external observable data; and corroborating against economic and industry forecast from external sources. We assessed the discount rate used by the management by comparing to external comparable data. We performed sensitivity analysis of the impairment assessment to reasonable changes in key assumptions. We also assessed the adequacy of the disclosures made on the impairment assessment and related sensitivity analysis that are included in Notes 16 and 17 to the consolidated financial statements.

ACCOUNTING FOR ACQUISITIONS

During the year ended 31 December 2018, the Group completed two business combinations through acquisitions of controlling equity interests in Xinjiang Black Ecology Technology Co Ltd and Henan Heli Energy Co Ltd (the "Acquirees") for purchase consideration of RMB 57,918,000 and RMB 127,905,000, respectively.

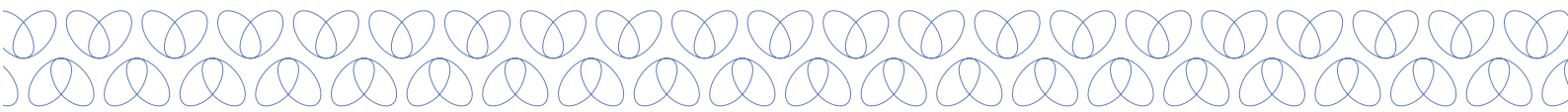
The Group has applied the acquisition method to account for these business combinations and has performed purchase price allocation ("PPA") exercises with the assistance of an external valuation specialist to allocate the purchase consideration to the fair value of the identified assets and liabilities of the Acquirees and the residual amount to goodwill. We determined the accounting of the business combinations and PPA exercises to be a key audit matter because these are material transactions and significant management judgement is required in the PPA exercises.

作為審核的一部分，我們已了解管理層釐定現金產生單位的可收回金額的依據與流程。經我們查核，現金產生單位的現金流預測是基於經批准的管理層預算，其反映業務計劃以及煤炭產量與採礦儲量的估算。我們聘請內部估值專家協助我們評估管理層的估值方法及折現現金流計算所採用的主要假設。我們評估所採用的主要假設是通過比較可開採儲量產量（用於確定預算銷售額的主要產量）與有關當局提供的礦山已探明與可能儲量估算值來；比較管理層的預算銷售額與運營成本和歷史數據與預期效率改進的資料；比較用於外部可觀察數據的商品價格；以及證實來自外部來源的經濟和工業預測。我們通過比較外部可比數據來評估管理層採用的折現率。我們對減值評估進行敏感性分析，以對主要假設作出合理變更。我們還評估綜合財務報表註釋16與17中包含的減值評估與相關敏感度分析之披露的充分性。

收購事項的會計處理

於截至二零一八年十二月三十一日止年度，貴集團透過收購新疆黑色生態科技股份有限公司及河南禾力能源股份有限公司（「被收購方」）的控股股權完成兩項業務合併，收購代價分別這人民幣57,918,000元及人民幣127,905,000元。

貴集團已採用收購法對該等業務合併進行會計處理，並已在外部估值專家的協助下進行行使購買價分配（「購買價分配」），以將收購代價分配至被收購方已識別資產及負債的公平值，以及剩餘金額分配至商譽。我們釐定業務合併與購買價分配行使的會計處理為主要審核事項之一，因為該等為重大交易，並且在購買價分配行使中需要重大管理層判斷。



As part of our audit, we read the relevant sales and purchase agreements to obtain an understanding of the transactions and the key terms; assessed the accounting treatments applied by management to these transactions based on the requirements of IFRS 3 Business Combinations; and assessed the valuation of the considerations transferred. We assessed the competence, capabilities and objectivity of the external valuation specialist engaged by management. We reviewed management's identification of the assets and liabilities acquired by corroborating the results of the identification against our discussion with management and our understanding of the Acquirees' businesses. We involved our internal specialist to assist us in reviewing the valuation methodologies and key assumptions used by management and the external valuation specialist in the fair valuation of Acquirees' identifiable assets and liabilities. We also assessed the adequacy of the disclosures made on these business combinations that are included in Note 37 to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

作為審核的一部分，我們已閱讀相關的銷售與購買協議，以了解交易與主要條款；已了解管理層根據國際財務報告準則第3號業務合併的要求對該等交易採用的會計處理；並評估轉讓代價的估值。我們已評估管理層聘用的外部估值專家的專業性、能力及客觀性。我們通過證實對我們與管理層的討論以及我們對被收購方業務的理解的識別結果，審閱了管理層對所購得資產及負債的識別。我們聘請內部專家協助我們審閱管理層及外部估值專家就收購方可識別資產及負債的公平值所採用的估值方法及主要假設。我們亦評估綜合財務報表附註37所載有關該等業務合併之披露的充分性。

載於年報的其他資訊

貴公司董事需對其他資訊負責。其他資訊包括年度報告中所含資訊，惟不包括綜合財務報表和我們的核數師報告。

我們對財務報表的意見不包括其他資訊，並且我們不會作出與之相關的任何形式的確切結論。

至於我們對綜合財務報表的審核，我們的責任是透過閱讀其他資訊，從而判斷其他資訊是否與綜合財務報表存在重大抵觸以及我們在審核或其他過程中所獲得的知識是否出現重大錯誤陳述。如果基於我們所做的工作，我們得出該其他資訊存在重大錯誤陳述的結論，則我們必須報告該事實。在這方面，我們沒有任何報告。



Independent Auditor's Report

獨立核數師報告

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS (I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, The directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

管理層及董事就綜合財務報表須承擔的責任

貴公司董事須負責根據該法案、新加坡財務報告準則(國際)及國際財務報告準則編制提供真實及公平意見的綜合財務報表，以及制定並維持能夠有效合理保證資產不因越權使用或處分而遭受損失的內部會計控制系統；以及交易得到合理授權並根據必要對其作出記錄以准許編制真實及公平的財務報表及維持資產問責。

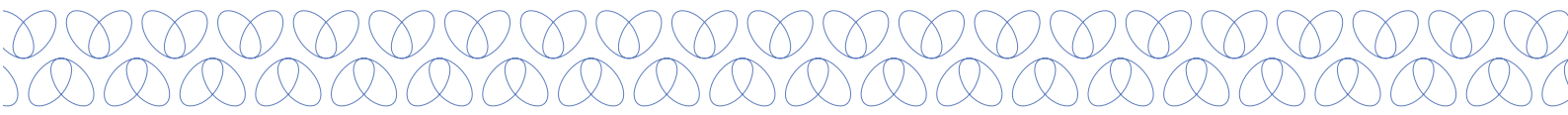
在綜合財務報表的編制中，貴公司董事須負責評估貴集團持續經營的能力及適當公開與持續經營相關的情況以及使用會計持續經營基礎，除非管理層意圖對貴集團進行清算或者停止運作，或除此之外無其他可行方案。

董事的責任包括監督貴集團的財務報告流程。

核數師就審核綜合財務報表承擔的責任

我們致力於獲得關於綜合財務報表作為整體不存在任何重大錯誤陳述的合理確信，不論是否因欺詐或錯誤引起，以及發出包括我們意見的核數師報告。我們就本報告的內容不對任何其他人士承擔責任或負責。

合理確信屬於高等級的確信，但不能保證依據國際審核準則作出的審核總是能夠檢測出存在的重大錯誤陳述。錯誤陳述可能是由欺詐或錯誤引起的，並且，如果該等錯誤陳述獨立或在合計中影響到根據該等綜合財務報表作出經濟決定的使用者，則會被視為重大錯誤陳述。



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

作為依據國際審核準則所作審核的一部分，我們作出專業的判斷並在審核過程中保持專業的懷疑態度。我們亦：

- 區別及評估綜合財務報表存在重大錯誤陳述的風險，不論是由欺詐或錯誤引起的，以及獲得充足且適當的審核證據為我們的審核意見提供基礎。未檢測出由欺詐引起的重大錯誤陳述的風險比由錯誤引起的重大錯誤陳述高，因為欺詐可能包括串通、偽造、故意遺漏、失實或內部控制失控。
- 瞭解與審核相關的內部控制，從而設計適當的審核程序，但並非對貴集團內部控制的有效性發表意見。
- 評價管理層所採用會計政策的合適性及作出會計估計和相關披露的合理性。
- 推斷董事使用會計持續經營基礎的合適性以及基於所獲的審核證據，推斷是否存在與可能導致對貴集團持續經營能力產生懷疑的事件或情況相關的重大不確定性。如果我們推斷存在重大不確定性，我們須在核數師報告中提及有關財務報表中的相關披露，如果該等披露並不充分，我們或者需要修改我們的意見。我們的推斷基於截至作出核數師報告之日所獲得的審核證據。然而，未來的事件或情況可能會導致貴集團中止持續經營。



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評價財務報表的整體呈報方式、結構和內容，包括披露，以及財務報表是否以公平的方式已呈現基本交易和事件。
- 獲得與貴集團內部的實體或者商業活動的財務資訊相關的充足且適當的審核證據，以對綜合財務報表發表意見。我們負責貴集團審核的管理、監督及執行。我們對我們的審核意見負有全部責任。

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

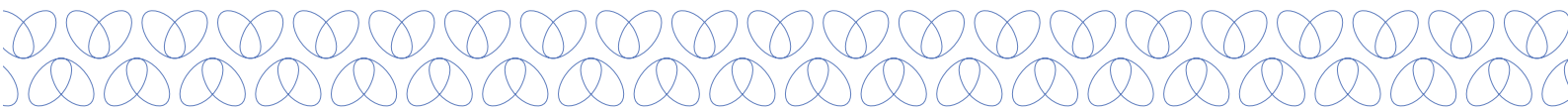
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

我們就包含但不限於計劃範圍及審核時間以及有意義的審核結果，其中包括我們在審核過程中發現的內部控制存在的重大缺陷等事宜與審核委員會進行溝通。

我們亦已為審核委員會提供一份我們根據職業道德規範中的獨立性要求所制定的報表，從而就可能視為涉及我們的獨立性及適用的相關保障的所有關係及其他事宜與董事進行溝通。

根據與審核委員會溝通的事項，我們確定了在本期間財務報表審核中的最重大事項，因此為主要審核事項。我們已在核數師報告中描述該等事項，惟法律或法規禁止公開披露之事項除外，或在極少數情況下我們確定不應在我們的報告中溝通的事項，因為此舉之不良後果可合理地預期超過該溝通的公共利益。



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Group have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lai Hiang.

Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore

25 March 2019

其他法律和法規規定的報告

我們認為，貴集團已按照該法案的條文妥為保存該法案規定貴集團須保存的會計及其他記錄。

本獨立核數師報告的審計項目合夥人為李來香。

安永會計師事務所

執業會計師及註冊會計師
新加坡

二零一九年三月二十五日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表 For the financial year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	6	9,194,676	7,561,547
Cost of sales	銷售成本		(6,955,245)	(5,974,597)
Gross profit	毛利		2,239,431	1,586,950
Other income and gains	其他收入及收益	6	113,373	87,594
Selling and distribution expenses	銷售及分銷開支		(508,048)	(482,909)
Administrative expenses	行政開支		(496,623)	(415,467)
Other expenses	其他開支		(245,657)	(5,600)
Finance costs	財務成本	8	(325,329)	(285,851)
Profit before tax	除稅前溢利	7	777,147	484,717
Income tax expense	所得稅開支	11	(121,833)	(61,185)
Profit for the year	本年度溢利		655,314	423,532
Other comprehensive income	其他全面收益			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	於後續期間重新分類至損益賬的其他全面收益：			
Available-for-sale investments:	可供出售投資：			
Change in fair value	公平值變動	18	–	(1,507)
Other comprehensive income for the year	年內其他全面收益		–	(1,507)
Total comprehensive income for the year	本年度全面收入總額		655,314	422,025
Profit attributable to:	應佔溢利：			
Owners of the parent	母公司擁有人		624,932	397,778
Non-controlling interests	非控股權益		30,382	25,754
			655,314	423,532
Total comprehensive income attributable to:	應佔全面收入總額：			
Owners of the parent	母公司擁有人		624,932	396,271
Non-controlling interests	非控股權益		30,382	25,754
Total comprehensive income for the year	本年度全面收入總額		655,314	422,025
Earnings per share attributable to Ordinary equity holders of the parent	母公司普通股權益持有人應佔每股盈利			
Basic and diluted (RMB cents per share)	基本及攤薄(人民幣分)	13	53.34	33.95

Statements of Financial Position

財務狀況表 As at 31 December 2018 於二零一八年十二月三十一日

		Group 本集團		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註				
Non-current assets	非流動資產				
Property, plant and equipment	物業、廠房及設備	14	9,000,522	8,607,583	-
Prepaid land lease payments and other intangible assets	預付土地租賃款項及其他無形資產	15	630,606	381,708	-
Goodwill	商譽	16	29,001	25,361	-
Coal mining rights	煤礦開採權	17	88,172	90,684	-
Equity investment at fair value through profit or loss	按公平值計入損益的股權投資	18	6,708	-	-
Available-for-sale investment	可供出售投資	18	-	6,708	-
Prepayments for purchases of items of plant and equipment	購買廠房及設備項目預付款項	19	489,348	135,493	-
Prepayments to related companies	支付予關連公司的預付款項	23	25,635	13,272	-
Pledged time deposits	已抵押定期存款	24	110,289	5,388	-
Deferred tax assets	遞延稅項資產	34	83,322	23,126	-
Other assets	其他資產	14	114,318	-	-
Investment in an associate	於聯營公司投資	37	95,157	-	-
Investments in subsidiaries	於附屬公司的投資	45	-	-	1,446,355
Total non-current assets	非流動資產總額		10,673,078	9,289,323	1,446,355
Current assets	流動資產				
Available-for-sale investments	可供出售投資	18	-	37,178	37,178
Equity investments at fair value through profit or loss	按公平值計入損益的股權投資	18	37,178	-	-
Prepayments	預付款項	19	552,404	457,318	4,805
Deposits and other receivables	按金及其他應收款項	19	431,385	721,112	-
Inventories	存貨	20	1,066,853	715,038	-
Other assets	其他資產	14	13,441	-	-
Derivative financial instruments	衍生金融工具	21	17,719	-	-
Trade and bills receivables	貿易應收款項及應收票據	22	331,131	160,829	-
Due from related companies/a subsidiary	應收關聯公司/一間附屬公司款項	23	30,384	2,603	329,721
Income tax recoverable	可收回所得稅		7,022	14	-
Pledged time deposits	已抵押定期存款	24	148,550	181,077	-
Cash and cash equivalents	現金及現金等價物	24	346,151	341,270	52,416
Total current assets	流動資產總額		2,982,218	2,616,439	424,120

Statements of Financial Position

財務狀況表 As at 31 December 2018 於二零一八年十二月三十一日

		Group 本集團		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註				
Current liabilities	流動負債				
Trade payables	貿易應付款項	25	282,825	246,701	-
Bills payable	應付票據	26	280,105	423,915	-
Contract liabilities	合約負債	27	689,951	795,448	-
Accruals and other payables	應計費用及 其他應付款項	27	1,161,845	723,888	27,631
Due to related companies/a subsidiary	應付關連公司/ 一間附屬公司款項	23	21,052	45	114,400
Income tax payable	應付所得稅		20,835	31,595	-
Deferred grants	遞延補貼	28	5,443	5,943	-
Loans from a non-controlling interest	非控股權益貸款	29	50,500	24,750	-
Interest-bearing bank and other borrowings	計息銀行及 其他借款	30	2,774,452	1,646,112	-
Bonds payable	應付融資債券	32	-	600,000	-
Total current liabilities	流動負債總額		5,287,008	4,498,397	142,031
Net current (liabilities)/assets	淨流動(負債)/資產		(2,304,790)	(1,881,958)	38,455
Total assets less current liabilities	總資產減流動負債		8,368,288	7,407,365	1,659,210
Non-current liabilities	非流動負債				
Loan from a non-controlling interest	非控股權益貸款	29	25,000	50,500	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	30	2,568,439	2,965,015	178,443
Deferred grants	遞延補貼	28	90,190	93,987	-
Deferred tax liabilities	遞延稅項負債	34	31,573	36,939	-
Provision for rehabilitation	恢復撥備	31	23,836	-	-
Accruals and other payables	應計費用及 其他應付款項	27	23,618	110,970	-
Bonds payable	應付融資債券	32	692,833	500,000	-
Total non-current liabilities	非流動負債總額		3,455,489	3,757,411	178,443
Net assets	淨資產		4,912,799	3,649,954	1,480,767

		Notes 附註	Group 本集團		Company 本公司	
			2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Equity	權益					
Equity attributable to owners of the parent	母公司擁有人應佔權益					
Share capital	股本	35	1,194,686	872,579	1,194,686	872,579
Convertible bonds	可換股債券	33	-	322,436	-	322,436
Fair value adjustment reserve	公平值調整儲備		-	(1,002)	-	(1,002)
Special reserve	特別儲備	36	2,433	-	-	-
Statutory reserve fund	法定儲備金	36	45,753	327,793	-	-
Other reserve	其他儲備		2,060,422	-	-	-
Retained profits	保留溢利		618,520	1,844,869	286,081	134,086
			3,921,814	3,366,675	1,480,767	1,328,099
Non-controlling interests	非控股權益		990,985	283,279	-	-
Total equity	總權益		4,912,799	3,649,954	1,480,767	1,328,099

Liu Xingxu
劉興旭

Director
董事

25 March 2019

Yan Yunhua
閔蘊華

Director
董事

二零一九年三月二十五日

Statements of Changes in Equity

權益變動表 For the financial year ended 31 December 2018 截至二零一八年十二月三十一日止年度

Group	本集團	Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interests 非控股權益	Total equity 總權益
		Share capital 已發行股本 (Note 35) (附註35)	Convertible bonds 可換股債券 (Note 33) (附註33)	Available-for-sale investment revaluation reserve 可供出售投資重估儲備	Statutory reserve fund 法定儲備金 (Note 36) (附註36)	Retained profits 保留溢利	Total 總計			
Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
At 1 January 2017	於二零一七年一月一日	881,124	322,436	505	285,412	1,546,310	3,035,787	247,174	3,282,961	
Profit for the year	本年度溢利	-	-	-	-	397,778	397,778	25,754	423,532	
Other comprehensive income for the year:	年內其他全面收益：									
Change in fair value of an available-for-sale investment	可供出售投資的公平值變動	18	-	(1,507)	-	-	(1,507)	-	(1,507)	
Total comprehensive income for the year	本年度全面收入總額	-	-	(1,507)	-	397,778	396,271	25,754	422,025	
Acquisition of non-controlling interest	收購非控股權益	-	-	-	-	(10,351)	(10,351)	10,351	-	
Cancellation of shares	股份註銷	35	(8,545)	-	-	-	(8,545)	-	(8,545)	
Transfer to statutory reserve fund	轉撥至法定儲備金	36	-	-	42,381	(42,381)	-	-	-	
Final 2016 dividend paid	已付二零一六年末期股息	-	-	-	-	(40,000)	(40,000)	-	(40,000)	
Convertible bonds interest	可換股債券利息	33	6,487	-	-	(6,487)	-	-	-	
Payment of convertible bonds interest	支付可換股債券利息	-	(6,487)	-	-	-	(6,487)	-	(6,487)	
At 31 December 2017	於二零一七年十二月三十一日	872,579	322,436	(1,002)	327,793	1,844,869	3,366,675	283,279	3,649,954	

Attributable to owners of the Company

本公司擁有人應佔

		Share capital 已發行股本 (Note 35) (附註 35) RMB'000 人民幣千元	Convertible bonds 可換股債券 (Note 33) (附註 33) RMB'000 人民幣千元	Fair value adjustment reserve 公平值調整 儲備 RMB'000 人民幣千元	Statutory reserve fund 法定儲備金 (Note 36) (附註 36) RMB'000 人民幣千元	Other reserve 其他儲備 (Note 36) (附註 36) RMB'000 人民幣千元	Special reserve safety fund 特定儲備 保障金 (Note 36) (附註 36) RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
Group	本集團										
At 1 January 2018	於二零一八年一月一日	872,579	322,436	(1,002)	327,793	-	-	1,844,869	3,366,675	283,279	3,649,954
Transfer from other comprehensive income of available for sale investment to retained profits	從可供出售投資的其他全面收益轉撥至保留溢利	-	-	1,002	-	-	-	(1,002)	-	-	-
Impairment losses on trade and other receivables (net of tax)	貿易及其他應收款項的減值虧損(除稅後)	-	-	-	-	-	-	(5,053)	(5,053)	-	(5,053)
At 1 January 2018 (Restated)	於二零一八年一月一日(經重述)	872,579	322,436	-	327,793	-	-	1,838,814	3,361,622	283,279	3,644,901
Profit for the year	本年度溢利	-	-	-	-	-	-	624,932	624,932	30,382	655,314
Deemed disposal of partial interests in subsidiaries without losing control	視作出售附屬公司部分權益而未失去控制權	37(c)	-	-	-	26,403	-	-	26,403	573,743	600,146
Transformation of joint stock system of a subsidiary based on net assets	一間附屬公司基於淨資產的股份制改造	36	-	-	(312,714)	2,034,019	-	(1,721,305)	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東的注資	-	-	-	-	-	-	-	-	2,000	2,000
Acquisition of subsidiaries	收購附屬公司	37(a)	-	-	-	-	-	-	-	133,581	133,581
Cancellation of shares	股份註銷	35	(329)	-	-	-	-	-	(329)	-	(329)
Transfer to statutory reserve fund	轉撥至法定儲備金	36	-	-	30,674	-	-	(30,674)	-	-	-
Convertible bonds converted into shares	可換股債券轉換為股份	33	322,436	(322,436)	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders	派付至非控股股東的股息	-	-	-	-	-	-	-	-	(32,000)	(32,000)
Safety product cost	保障產品成本	36	-	-	-	-	2,433	(2,433)	-	-	-
Final 2017 dividend paid	支付二零一七年末期股息	-	-	-	-	-	-	(84,900)	(84,900)	-	(84,900)
Convertible bonds interest	可換股債券利息	33	-	5,914	-	-	-	(5,914)	-	-	-
Payment of convertible bonds interest	支付可換股債券利息	-	(5,914)	-	-	-	-	-	(5,914)	-	(5,914)
At 31 December 2018	於二零一八年十二月三十一日	1,194,686	-	-	45,753	2,060,422	2,433	618,520	3,921,814	990,985	4,912,799

Statements of Changes in Equity

權益變動表 For the financial year ended 31 December 2018 截至二零一八年十二月三十一日止年度

Company	本公司	Notes 附註	Share capital	Convertible bonds	Fair value adjustment reserve	Retained profits	Total equity
			(Note 35) (附註 35)	(Note 33) (附註 33)	公平值調整儲備	保留溢利	總權益
			RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日		872,579	322,436	(1,002)	134,086	1,328,099
Transfer from other comprehensive income of available for sale investment to retained profits	從可供出售投資的其他全面收益轉撥至保留溢利		-	-	1,002	(1,002)	-
At 1 January 2018 (Restated)	於二零一八年一月一日 (經重述)		872,579	322,436	-	133,084	1,328,099
Profit for the year	本年度溢利		-	-	-	250,811	250,811
Cancellation of shares	股份註銷	35	(329)	-	-	-	(329)
Convertible bonds converted into shares	可換股債券轉換為股份	33	322,436	(322,436)	-	-	-
Distribution arising from business combination under common control	共同控制項下業務合併產生的分派		-	-	-	(7,000)	(7,000)
Final 2017 dividend paid	支付二零一七年末期股息		-	-	-	(84,900)	(84,900)
Payment of convertible bonds interest	支付可換股債券利息	33	-	(5,914)	-	-	(5,914)
Reclassification of convertible bonds interest	可換股債券利息的重新分類		-	5,914	-	(5,914)	-
At 31 December 2018	於二零一八年 十二月三十一日		1,194,686	-	-	286,081	1,480,767

			Share capital 股本 (Note 35) (附註 35)	Convertible bonds 可換股債券 (Note 33) (附註 33)	Available-for-sale investment revaluation reserve 可供出售 投資重估 儲備	Retained profits 保留溢利	Total equity 總權益
		Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Company	本公司						
At 1 January 2017	於二零一七年一月一日		881,124	322,436	505	49,538	1,253,603
Profit for the year	本年度溢利		-	-	-	131,035	131,035
Other comprehensive income for the year:	年內其他全面收益：						
Change in fair value of an available-for-sale investments	可供出售投資的 公平值變動		-	-	(1,507)	-	(1,507)
Total comprehensive income for the year	本年度全面收入總額		-	-	(1,507)	131,035	129,528
Cancellation of shares	股份註銷	35	(8,545)	-	-	-	(8,545)
Convertible bonds interest	可換股債券利息	33	-	6,487	-	(6,487)	-
Payment of convertible bonds interest	支付可換股債券利息		-	(6,487)	-	-	(6,487)
Final 2016 dividend paid	已付二零一六年末期股息		-	-	-	(40,000)	(40,000)
At 31 December 2017	於二零一七年 十二月三十一日		872,579	322,436	(1,002)	134,086	1,328,099

Consolidated Statement of Cash Flows

綜合現金流量表 For the financial year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動現金流量			
Profit before tax	除稅前溢利		777,147	484,717
Adjustments for:	經調整：			
Finance costs	財務成本	8	325,329	285,851
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	7	14,120	9,605
Amortisation of coal mining rights	煤礦開採權攤銷	7	2,512	4,415
Depreciation of items of property, plant and equipment	物業、廠房及設備項目的折舊	7	636,406	606,984
Loss/(gain) on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的折舊虧損／(收益)	6,7	3,509	(3,216)
Interest income	利息收入	6	(9,188)	(10,962)
Exchange loss/(gain) from bank loans	銀行貸款所得匯兌虧損／(收益)	7	27,587	(6,008)
Impairment losses on trade and other receivables	貿易及其他應收款項的減值虧損	7	22,241	3,254
Amortisation of deferred grants	遞延補貼攤銷	28	(6,933)	(7,774)
Impairment of property, plant and equipment	物業、廠房及設備減值	14	188,487	–
Amortisation of other assets	其他資產撇銷		3,360	–
Share of profits and losses of an associate	應佔聯營公司溢利及虧損	6	(657)	–
Gain on fair value change of derivative financial instrument	遞延金融工具公平值變動收益	6	(17,719)	–

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Operating cash flows before changes in working capital	營運資本變動前經營現金流量		1,966,201	1,366,866
Increase in inventories	存貨增加		(320,974)	(265,533)
Increase in trade and bills receivables	貿易應收款項及應收票據增加		(131,043)	(88,966)
Decrease/(Increase) in other receivables	其他應收款項減少/(增加)		174,252	(110,138)
(Increase)/decrease in deposits and prepayments	存款及預付款項(增加)/減少		(52,495)	9,101
Movement in balances with related companies	關連公司結餘變動		(8,102)	(11,075)
Decrease in trade and bills payables	貿易應收款項及應付票據減少		(116,282)	(169,980)
Decrease in pledged deposits	已抵押存款減少		27,626	-
(Decrease)/Increase in accruals and other payables	應計費用及其他應付款項(減少)/增加		(150,131)	216,720
Cash flows generated from operations	經營活動產生的現金流量		1,389,052	946,995
Government grants received	已收取政府補貼	28	1,730	52,919
Interest paid	已付利息		-	(285,851)
Interest received	已收利息		9,188	10,962
Tax paid	已付稅項		(208,288)	(47,896)
Net cash flows generated from operating activities	經營活動產生的現金流量淨額		1,191,682	677,129
Cash flows from investing activities	投資活動現金流量			
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項		186,059	43,625
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目		(1,372,255)	(1,360,243)
Cash paid for purchasing subsidiaries	購買附屬公司已付現金		(34,471)	-
Purchases of investment in an associate	購買於聯營公司投資		(94,500)	-
Additions of land use rights and other intangible assets	添置土地使用權及其他無形資產	15	(228,700)	(17,242)
Decrease in pledged time deposits	已抵押定期存款減少		-	39,884
Purchase of available-for-sale investment	購買可供出售投資		-	(34,500)
Net cash flows used in investing activities	投資活動所用現金流量淨額		(1,543,867)	(1,328,476)

Consolidated Statement of Cash Flows

綜合現金流量表 For the financial year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash flows from financing activities	融資活動現金流量		
Dividend paid on ordinary shares	已付普通股股息	(85,327)	(40,000)
Payment of convertible bonds interest	支付可換股債券利息	33	(6,487)
Proceeds from issue of a long-term bond	發行長期融資債券 所得款項	30	500,000
Repayment of a long-term bond	償還長期融資債券	30	(200,000)
Proceeds from loans and borrowings	貸款及借款所得款項	30	2,214,000
(Increase)/decrease in pledged time deposits	已抵押定期存款 (增加)減少		39,884
Cancellation of shares	股份註銷		(8,545)
Acquisition of non-controlling interests	收購非控股權益		-
Interest paid	已付利息		-
Repayments of loans and borrowings	償還貸款及借款	30	(1,979,157)
Net cash flows from financing activities	融資活動所得 現金流量淨額	357,066	479,811
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物 增加/(減少)淨額	4,881	(171,536)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	24	512,806
Cash and cash equivalents at the end of year	年末現金及現金等價物	346,151	341,270
Analysis of balance of cash and cash equivalents	現金及現金等價物 結餘分析		
Cash at banks and on hand and cash and cash equivalents as stated in the consolidated statement of financial position	於綜合財務狀況表所述 之銀行存款及現金 及現金及現金等價物	24	341,270

During the financial year, there were acquisitions of property, plant and equipment with a total cost of 1,438,278,000 (2017: RMB1,366,871,000) of which RMB300,000,000 (2017: Nil) were acquired by means of finance leases and RMB23,836,000 (2017: Nil) pertains to the provision for rehabilitation. In addition, RMB640,645,000 (2017: RMB537,722,000) was unpaid and included in accruals and other payables as at 31 December 2018 (Note 27). Prepayments for purchases of items of plant and equipment and prepayments to related companies increased by RMB348,373,000 and RMB12,363,000, respectively. The net cash outflow for the purchase of property, plant and equipment was RMB1,372,255,000 (2017: RMB1,360,243,000).

於本財政年度，收購物業、廠房及設備的總成本為人民幣1,438,278,000元(二零一七年：人民幣1,366,871,000元)，其中人民幣300,000,000元(二零一七年：無)以融資租賃方式獲得，人民幣23,836,000元(二零一七年：無)通過恢復準備獲得。此外，人民幣640,645,000元(二零一七年：人民幣537,722,000元)尚未支付，已計入於二零一八年十二月三十一日止年度的應計費用及其他應付款項(附註27)。購買廠房及設備項目預付款項及向關連公司支付的預付款項分別增加人民幣348,373,000元及人民幣12,363,000元。購買物業、廠房及設備的現金流出淨額為人民幣1,372,255,000元(二零一七年：人民幣1,360,243,000元)。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

China XLX Fertiliser Ltd.(the “Company”) is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898. The principal place of business of the Group is located at Xinxiang Economic Development Zone (Xiaoji Town), Henan Province, the People’s Republic of China (the “PRC”). The principal activity of the Company is investment holding. Particulars of the Group’s subsidiaries and an associate are disclosed in Note 45 and 37(b) respectively.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS (I)”) and International Financial Reporting Standards (“IFRSs”).

These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS (I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with IFRS including International Accounting Standards and Interpretations adopted by the International Accounting Standard Board.

For the purpose of SFRS (I)s, financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS (I)s. SFRS (I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS (I) and IFRS are referred to collectively as “IFRS” in these financial statements, unless specified otherwise.

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

1. 公司及集團資料

中國心連心化肥有限公司(「本公司」)是於二零零六年七月十七日根據新加坡公司法在新加坡註冊成立的有限公司，其股份於香港聯合交易所有限公司上市。本公司的註冊辦事處位於80 Robinson Road, #02-00, Singapore, 068898。本集團主要營業地點位於中華人民共和國(「中國」)河南省新鄉經濟開發區(小冀鎮)。本公司的主要業務為投資控股。本集團附屬公司及一間聯營公司之詳情乃於附註45及37(b)披露。

2.1 編製基準

本集團之綜合財務報表及本公司之財務狀況表及權益變動表已根據新加坡財務報告準則(國際)(「新加坡財務報告準則(國際)」)及國際財務報告準則(「國際財務報告準則」)編製。

截至二零一八年十二月三十一日止年度的財務報表乃本集團根據新加坡財務報告準則(國際)編制的第一套財務報表。本集團先前發佈的截至二零一七年十二月三十一日止期間及財政年度的財務報表乃根據國際財務報告準則(包括國際會計準則及國際會計準則委員會採納的詮釋)編制。

就新加坡財務報告準則(國際)而言，已按照國際財務報告準則編制並遵循國際財務報告準則的財務報表被視為已符合新加坡財務報告準則(國際)的規定。新加坡財務報告準則(國際)包含與國際財務報告準則等效的標準與解釋。除非另有說明，否則所有對新加坡財務報告準則(國際)與國際財務報告準則的引述均在該等財務報表中統稱為「國際財務報告準則」。

該等財務報表乃按歷史成本法編製，惟按以下會計政策披露者除外。該等財務報表以人民幣(「人民幣」)呈列，而除另有指明者外，表內所有價值乃湊整至最接近的千位(「人民幣千元」)。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

2.1 BASIS OF PREPARATION (CONTINUED)

The Group and the Company had net current liabilities of approximately RMB2,305 million (2017: RMB1,882 million) and Nil million (2017: RMB118 million), respectively as at 31 December 2018. After taking into account the available unutilised banking facilities, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

2.1 編製基準(續)

本集團及本公司於二零一八年十二月三十一日分別有流動負債淨額約人民幣2,305,000,000元(二零一七年:人民幣1,882,000,000元)及人民幣零元(二零一七年:人民幣118,000,000元)。經考慮可得未動用銀行信貸,本公司董事認為本集團將於負債到期時將有充足營運資金撥資其營運及於負債到期時的財務責任,故此,適合按持續經營基準編製財務報表。

倘本集團未能以持續經營基準繼續運作,應作出調整重列資產價值至其可收回金額,就可能出現之任何其他負債作出撥備以及將非流動資產及負債分別重新分類為流動資產及負債。可能作出任何該等調整的影響並未於該等綜合財務報表中反映。

綜合基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)於截至二零一八年十二月三十一日的財務報表。附屬公司指本公司直接或間接控制之實體(包括結構性實體)。當本集團通過參與投資對象之相關活動而承擔可變回報之風險或有權享有可變回報,並且有能力運用對投資對象之權力(即是使本集團目前有能力主導投資對象之相關活動之現時權利)影響該等回報時,即取得控制權。

當本公司直接或間接擁有少於投資對象大多數之投票或類似權利,在評估其是否擁有對投資對象之權力時,本集團會考慮所有相關事實及情況,包括:

- (a) 與投資對象其他投票權持有者之合同安排;
- (b) 其他合同安排產生之權利;及
- (c) 本集團之投票權及潛在投票權。

2.1 BASIS OF PREPARATION (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Consolidation of the subsidiaries in the PRC is based on the subsidiaries' financial statements prepared in accordance with IFRSs. Profits reflected in the financial statements prepared in accordance with IFRSs may differ from those reflected in the PRC statutory financial statements of the subsidiaries, prepared for PRC financial reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

2.1 編製基準(續)

綜合基準(續)

附屬公司與本公司之財務報告的報告期相同，並採用一致會計政策編製。附屬公司之業績由本集團取得控制權之日起計綜合計算，並繼續綜合入賬至該控制權終止日為止。

損益及其他全面收益的各組成部分乃歸屬於本集團母公司擁有者及非控股權益，即使此舉引致非控股權益出現虧絀結餘亦然。所有集團內公司間之資產及負債、權益、收入、開支及本集團成員公司間交易相關之現金流均於綜合賬目時全數抵銷。

倘事實及情況反映以上附屬公司會計政策所述三項控制權因素其中一項或多項有變，則本集團會重估是否仍然控制投資對象。附屬公司擁有權益的變動(並無失去控制權)，於入賬時列作權益交易。

倘本集團失去對一間附屬公司之控制權，則其撤銷確認(i)該附屬公司之資產(包括商譽)及負債、(ii)任何非控股權益之賬面值及(iii)於權益內記錄之累計交易差額；及確認(i)所收代價之公平值、(ii)所保留任何投資之公平值及(iii)損益賬中任何因此產生之盈餘或虧損。先前於其他全面收益表內確認的本集團應佔成分會視乎情況，按倘本集團直接出售相關資產及負債所要求的相同基準重新分類至損益或保留溢利。

位於中國的附屬公司乃按附屬公司根據國際財務報告準則編製的財務報表綜合入賬。根據國際財務報告準則編製的財務報表內反映的溢利可能有別於附屬公司為中國財務申報目的而編製的中國法定財務報表所反映者。根據相關法律及法規，中國附屬公司可分派溢利乃根據中國法定財務報表所列的金額得出。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The nature and the impact of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are described below:

IFRS 9 FINANCIAL INSTRUMENTS

On 1 January 2018, the Group adopted IFRS 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018.

The Group has applied the changes in accounting policies on a modified retrospective approach. The impact arising from IFRS 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of IAS 39.

CLASSIFICATION AND MEASUREMENT

IFRS 9 requires debt instruments requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

2.2 會計政策的變動及披露

所採用的會計政策與上一財政年度的會計政策一致，惟在本財政年度，本公司已採用所有新訂及經修訂準則，其於二零一八年一月一或之後開始的年度財政期間生效。採用該等準則對本集團及本公司的財務表現或狀況並無任何重大影響。

國際財務報告準則第15號來自客戶合約的收入及國際財務報告準則第9號金融工具的性質及影響描述如下：

國際財務報告準則第9號金融工具

於二零一八年一月一日，本集團採納國際財務報告準則第9號金融工具，該準則於二零一八年一月一日或其後開始的年度期間生效。

本集團已按經修訂方式追溯應用相關會計政策變動。採納國際財務報告準則第9號所產生的影響計入於首次應用日期二零一八年一月一日的期初保留盈利。比較資料乃按國際會計準則第39號的規定編製。

分類及計量

國際財務報告準則第9號規定債務工具須按攤銷成本、按公平值計入其他全面收益 (FVOCI) 或按公平值計入損益 (FVPL) 計量。債務工具的分類取決於實體管理金融資產的業務模式，以及合約現金流量是否為純粹本金及利息付款 (SPPI)。實體的業務模式指實體如何管理其金融資產，以透過收取合約現金流量、出售金融資產或兩者結合產生現金流量及為實體創造價值。若債務工具持作收取合約現金流量，且符合純粹本金及利息付款要求，則按攤銷成本計量。符合純粹本金及利息付款要求，並持作收取該資產的合約現金流量及出售資產的債務工具，按公平值計入其他全面收益計量。不符合按公平值計入其他全面收益或攤銷成本標準的金融資產按公平值計入損益計量。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

CLASSIFICATION AND MEASUREMENT (CONTINUED)

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under IFRS 9 except for bills receivable. The Group elects to measure the bills receivable at FVOCI. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies IFRS 9. There is no significant impact arising from measurement of these instruments under IFRS 9.

IFRS 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group elects to measure its currently held AFS quoted equity securities at FVPL. As a result of the change in measurement of the Group's quoted equity securities previously measured at FVOCI to FVPL, the fair value adjustment reserve of RMB1,002,000 related to the AFS investment that was previously presented under the fair value adjustment reserve was transferred to retained earnings as at 1 January 2018.

In addition, upon adoption of IFRS 9, the unquoted equity securities previously classified as AFS and recognised at cost less impairment losses were measured at FVPL. There is no significant impact arising from measurement of these instruments under IFRS 9.

2.2 會計政策的變動及披露(續)

國際財務報告準則第9號金融工具(續)

分類及計量(續)

評估業務模式及金融資產是否符合純粹本金及利息付款要求的參照日期為二零一八年一月一日。

本集團債務工具的合約現金流量為純粹本金及利息付款。本集團的業務模式為混合型。先前按攤銷成本計量的債務工具持作收取合約現金流量，因此根據國際財務報告準則第9號按攤銷成本計量，惟應收票據除外。本集團選擇按公平值計入其他全面收益計量應收票據。對於先前按公平值計入其他全面收益計量的債務工具，本集團的業務模式為持有該債務工具以收取合約現金流量及出售，因此其應用國際財務報告準則第9號時按公平值計入其他全面收益計量。根據國際財務報告準則第9號計量該等工具並無產生重大影響。

國際財務報告準則第9號規定所有股權工具須按公平值計入損益列賬，除非實體於首次確認時選擇於其他全面收益呈列公平值變動。

對於股本證券，本集團選擇按公平值計入損益計量其當前持有的可供出售有報價股本證券。由於本集團有報價股本證券的計量方式從先前的按公平值計入其他全面收益改為按公平值計入損益，先前於公平值調整儲備下呈列的可供出售投資相關公平值調整儲備人民幣1,002,000元，已於二零一八年一月一日撥入保留盈利。

此外，於採納國際財務報告準則第9號時，先前分類為可供出售並按成本減減值虧損確認的非上市股本證券，乃按公平值計入損益計量。根據國際財務報告準則第9號計量該等工具並無產生重大影響。



Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

IMPAIRMENT

IFRS 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of IFRS 9, the Group recognised additional impairment on the Group's trade and other receivables of RMB21,365,000 and amount due from related companies carried at amortised cost of RMB876,000 respectively as at 31 December 2018. The additional impairment recognised arising from adoption of IFRS 9 above resulted in a corresponding decrease in retained earnings of RMB5,944,000 as at 1 January 2018.

TAX ADJUSTMENTS

The corresponding tax impact to the Group arising from the adoption of IFRS 9 resulted in an increase in deferred tax assets of RMB3,336,000 and income tax of RMB3,336,000 as at 31 December 2018 and an increase in deferred tax assets of RMB891,000 and retained earnings of RMB891,000 as at 1 January 2018.

2.2 會計政策的變動及披露(續)

國際財務報告準則第9號金融工具(續)

減值

國際財務報告準則第9號規定本集團須記錄所有按攤銷成本或按公平值計入其他全面收益計量的金融資產以及金融擔保的預期信貸虧損。本集團先前於有客觀證據證明金融資產出現減值時，按已產生虧損模式記錄減值。

經採納國際財務報告準則第9號，本集團於二零一八年十二月三十一日分別確認本集團的貿易及其他應收款項人民幣21,365,000元及按攤銷成本人民幣876,000元計值的應收關連公司款項之額外減值。上述因採納國際財務報告準則第9號而確認的額外減值導致於二零一八年一月一日保留盈利相應減少人民幣5,944,000元。

稅項調整

採納國際財務報告準則第9號對本集團產生相應稅務影響，導致二零一八年遞延稅項資產增加人民幣3,336,000元及所得稅上升人民幣3,336,000元，而二零一八年一月一日遞延稅項資產增加人民幣891,000元及保留盈利為人民幣891,000元。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The Group has assessed which business model apply to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with IFRS 9. The effects, before tax impact are as follows:

Financial assets:	金融資產：	Group 本集團					
		IAS 39 carrying amount on 31 December 2017 於二零一七年 十二月 三十一日的 國際會計準則 第39號賬面值 RMB'000 人民幣千元	Re- classifications 重新分類 RMB'000 人民幣千元	Re- measurements 重新計量 RMB'000 人民幣千元	IFRS 9 carrying amount on 1 January 2018 於二零一八年 一月一日的 國際財務報告 準則第9號 賬面值 RMB'000 人民幣千元	Retained earnings effect on 1 January 2018 於二零一八年 一月一日的 保留盈利影響 RMB'000 人民幣千元	Fair value reserves effect on 1 January 2018 於二零一八年 一月一日的 公平值儲備 影響 RMB'000 人民幣千元
Measurement category	計量類別						
FVPL reclassified from FVOCI – quoted equity investments	由按公平值計入其他全面收益重新分類為按公平值計入損益的有報價股權投資	-	37,178	-	37,178	(1,002)	1,002
Reclassified from AFS unquoted equity investment carried at cost	以成本計量由可供出售重新分類的非上市股權投資	-	6,708	-	6,708	-	-
FVPL balances, reclassifications and remeasurements at 1 January 2018	於二零一八年一月一日的按公平值計入損益結餘、重新分類及重新計量	-	43,886	-	43,886	(1,002)	1,002
FVOCI – quoted equity investments	按公平值計入其他全面收益的有報價股權投資	37,178	(37,178)	-	-	-	-
FVOCI balances, reclassifications and remeasurements at 1 January 2018	於二零一八年一月一日的按公平值計入其他全面收益結餘、重新分類及重新計量	37,178	(37,178)	-	-	-	-

2.2 會計政策的變動及披露(續)

國際財務報告準則第9號金融工具(續)

本集團已評估哪種業務模式適用於本集團於二零一八年一月一日持有的金融資產，並已根據國際財務報告準則第9號將其金融工具分類為適當類別。影響(未計稅務影響)如下：

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The Company has assessed which business model apply to the financial assets held by the Company at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with IFRS 9. The effects, before tax impact are as follows:

Financial assets:	金融資產:	Company 本公司					
		IAS 39 carrying amount on 31 December 2017 於二零一七年十二月三十一日的國際會計準則第39號賬面值 RMB'000 人民幣千元	Re-classifications 重新分類 RMB'000 人民幣千元	Re-measurements 重新計量 RMB'000 人民幣千元	IFRS 9 carrying amount on 1 January 2018 於二零一八年一月一日的國際財務報告準則第9號賬面值 RMB'000 人民幣千元	Retained earnings effect on 1 January 2018 於二零一八年一月一日的保留盈利影響 RMB'000 人民幣千元	Fair value reserves effect on 1 January 2018 於二零一八年一月一日的公平值儲備影響 RMB'000 人民幣千元
Measurement category	計量類別						
FVPL reclassified from FVOCI – quoted equity investments	由按公平值計入其他全面收益重新分類為按公平值計入損益的有報價股權投資	-	37,178	-	37,178	(1,002)	1,002
FVPL balances, reclassifications and remeasurements at 1 January 2018	於二零一八年一月一日的按公平值計入損益結餘、重新分類及重新計量	-	37,178	-	37,178	(1,002)	1,002
FVOCI – quoted equity investments	按公平值計入其他全面收益的有報價股權投資	37,178	(37,178)	-	-	-	-
FVOCI balances, reclassifications and remeasurements at 1 January 2018	於二零一八年一月一日的按公平值計入其他全面收益結餘、重新分類及重新計量	37,178	(37,178)	-	-	-	-

2.2 會計政策的變動及披露 (續)

國際財務報告準則第9號金融工具 (續)

本公司已評估哪種業務模式適用於本公司於二零一八年一月一日持有的金融資產，並已根據國際財務報告準則第9號將其金融工具分類為適當類別。影響(未計稅務影響)如下：

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group adopted IFRS 15 which is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces a new contract cost guidance. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has applied the changes in accounting policies on a modified retrospective approach.

The Group is in the business of manufacture and trading of urea, compound fertilizer, dimethyl ether I, melamine, furfuryl alcohol and related products. The key impact of adopting IFRS 15 is detailed as follows:

VARIABLE CONSIDERATION

The Group provides retrospective rebates to some of its customers if the customers reach a certain threshold of purchase. Such provisions give rise to variable consideration under IFRS 15. The Group previously recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of volume rebates. Under IFRS 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved. To estimate the variable consideration to which it will be entitled, the Group applied the “most likely amount method”.

TIMING OF REVENUE RECOGNITION

Sales of urea, compound fertilizer, dimethyl ether, melamine, furfuryl alcohol and related products are recognised at a point in time when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location and all criteria for acceptance have been satisfied.

The adoption of IFRS 15 does not have a material impact on the revenue recognition.

2.2 會計政策的變動及披露(續)

國際財務報告準則第15號來自客戶合約的收入

本集團已採納國際財務報告準則第15號，該準則於二零一八年一月一日或其後開始的年度期間生效。

國際財務報告準則第15號為來自客戶合約的收入入賬制定五步模式，並引入新的合約成本指引。根據國際財務報告準則第15號，收入乃按反映實體預期向客戶轉移商品或服務所換取代價的金額確認。本集團已按經修訂方式追溯應用相關會計政策變動。

本集團從事尿素、複合肥料、二甲醚、三聚氰胺、糠醇及相關產品的生產及貿易業務。採納國際財務報告準則第15號的主要影響如下所述：

可變代價

本集團向部分客戶提供追溯回扣，前提是該等客戶達到特定採購門檻。根據國際財務報告準則第15號，該等回扣會產生可變代價。本集團先前按已收或應收代價公平值減數量回扣確認銷售貨品收入。根據國際財務報告準則第15號，本集團須估計可變代價，並以相關不確定性其後解決時，已確認累計收入金額不太可能出現重大撥回者為限。本集團應用「最有可能金額法」估計其可收取的可變代價。

收入確認時間

銷售尿素、複合肥料、二甲醚、三聚氰胺、糠醇及相關產品的收入，於產品控制權轉移的時點(即產品交付給客戶時)確認。交付於產品運抵指定地點及滿足所有收貨標準時發生。

採納國際財務報告準則第15號對收入確認並無重大影響。

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2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
IFRS 16	<i>Leases</i> ¹
Amendment to IFRS 3	<i>Business Combination</i> ¹
Amendment to IFRS 11	<i>Joint Arrangements</i> ¹
Amendment to IAS 12	<i>Income Taxes</i> ¹
Amendment to IAS 23	<i>Borrowing Costs</i> ¹
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
IFRS 17	<i>Insurance Contracts</i> ²

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2021

Except for IFRS 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 16 are described below.

2.3 已頒佈但尚未生效的準則

本集團並未於該等財務報表中應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第10號及國際會計準則第28號修訂本	投資者與其聯營公司或合營企業之間出售或注入資產 ¹
國際財務報告準則第16號	租賃 ¹
國際財務報告準則第3號修訂本	業務合併 ¹
國際財務報告準則第11號修訂本	共同安排 ¹
國際會計準則第12號修訂本	所得稅 ¹
國際會計準則第23號修訂本	借貸成本 ¹
國際財務報告詮釋委員會詮釋第23號	所得稅處理的不確定性 ¹
國際財務報告準則第9號修訂本	具有負補償特性之預付款項 ¹
國際會計準則第19號修訂本	計劃修訂、削減或結算 ¹
國際財務報告準則第17號	保險合約 ²

¹ 於二零一九年一月一日或之後開始的年度期間生效

² 於二零二一年一月一日或之後開始的年度期間生效

除國際財務報告準則第16號外，董事預期採納上述其他準則將不會對首次應用年度的財務報表產生重大影響。採納國際財務報告準則第16號時會計政策潛在變動的性質載於下文。

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 LEASES

IFRS 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt IFRS 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of IFRS 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

2.3 已頒佈但尚未生效的準則(續)

國際財務報告準則第16號租賃

國際財務報告準則第16號要求承租人於資產負債表確認大多數租約。該準則包括承租人的兩項確認豁免「-低價值」資產租約及短期租約。新準則自二零一九年一月一日或之後開始的年度期間生效。於租賃開始日，承租人將確認支付租賃款項的負債(即租賃負債)及表示在租賃期內有權使用相關資產的資產(即使用權資產)。承租人將被要求單獨確認租賃負債的利息費用和使用權資產的折舊開支。

本集團計劃追溯採用國際財務報告準則第16號採納新訂準則，首次應用的累計影響將作為於首次應用當日(二零一九年一月一日)保留盈利的年初保留盈利的調整。

於採用國際財務報告準則第16號時，本集團預期按租賃基礎選擇以衡量使用權資產：

- (i) 其賬面值，猶如自開始日期起國際財務報告準則第16號已適用，但採用承租人自二零一九年一月一日起的增量借貸利率作出折現；或
- (ii) 相等於租賃負債的金額，由緊接二零一九年一月一日之前在財務狀況表中確認的與該租賃相關的任何預付或應計租賃付款金額進行調整。



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2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 16 LEASES (CONTINUED)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply IFRS 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts IFRS 16 in 2019. The Group does not expect a significant impact upon adoption of IFRS 16.

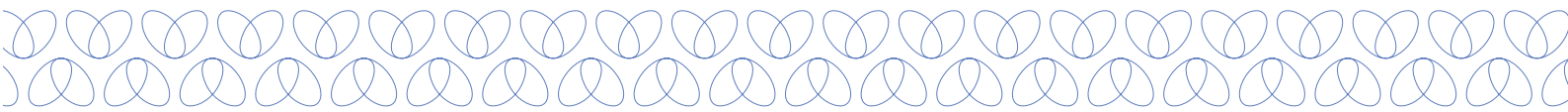
2.3 已頒佈但尚未生效的準則(續)

國際財務報告準則第16號租賃(續)

此外，本集團計劃選擇以下實用的權宜之計：

- 不重新評估合約在首次應用當日是否包含租約，以及將國際財務報告準則第16號應用於之前被確定為租賃的所有合約
- 對租賃期限於自二零一九年一月一日起12個月內結束的租賃應用豁免，而不確認使用權資產和租賃負債
- 將單一折現率應用於具有合理相似特徵的租賃組合

本集團已根據現有資料進行初步影響評估，而評估可能會因持續分析而產生變動，直至本集團於二零一九年採納國際財務報告準則第16號。本集團預期採納國際財務報告準則第16號不會產生重大影響。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3. 主要會計政策概要

業務合併及商譽

業務合併乃採用收購法作會計處理。所轉讓代價按收購日期的公平值計量，即本集團轉讓的資產、本集團向原擁有人承擔的負債及本集團為交換被收購方控制權而發行的股權於收購日期的公平值總和。就各業務合併而言，本集團選擇被收購方中屬於現時擁有權且令持有人可在被收購方清盤時獲得該實體一定份額的非控股權益，按公平值或按佔被收購方的可識別資產淨值的比例計量。非控股權益的所有其他部分按公平值確認。收購相關成本於產生時列為開支。

本集團收購業務時，根據於收購日期的訂約條款、經濟環境及相關條件，就適當分類及指定承擔之金融資產及負債作出評計，此包括由被收購者將主合約所含的衍生項目獨立出來。

業務合併分階段進行，過往所持的股本權益乃於收購日期重新計量為公平值，且任何相關收益或虧損於損益賬確認。

任何收購方轉讓之或然代價於收購日公平值確認。分類為資產或負債之或然代價按公平值計量，公平值變動於損益或其他全面收益確認。被歸類為股權之或然代價不重新計量，後續結算於股權內作會計處理。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December 2018. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3. 主要會計政策概要 (續)

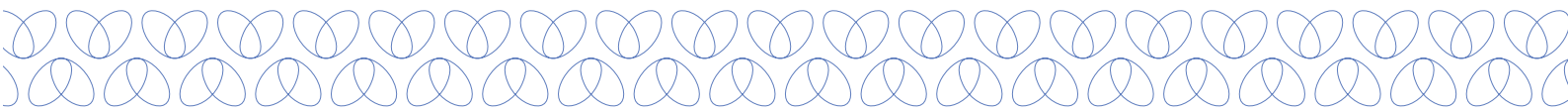
業務合併及商譽 (續)

商譽最初按成本計量，即所轉讓總代價、已確認非控股股東權益之金額及本集團先前持有被收購方股權之公平值之總和，超出所收購可識別資產及所承擔負債淨額之差額。倘此代價及其他項目之總和低於資產淨值之公平值，於評估後，其差額將於損益內確認為議價收購收益。

於初始確認後，商譽按成本值減任何累計減值虧損計量。商譽須每年作減值檢測，倘有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行檢測。本集團每年對截至二零一八年十二月三十一日之商譽進行減值檢測。就減值檢測而言，於業務合併所收購商譽，乃自收購日期起分配至預期於合併所產生之協同效益中受惠之本集團各現金產生單位或各現金產生單位組，而不論本集團其他資產或負債有否轉撥至該等單位或單位組。

減值按與商譽有關之現金產生單位(現金產生單位組)可收回金額評估釐定。倘現金產生單位(現金產生單位組)之可收回金額低於賬面值，則確認減值虧損。就商譽確認之減值虧損不會於往後期間撥回。

倘商譽分配至現金產生單位(或現金產生單位組)組成部份，該單位部份業務出售時，與售出業務有關之商譽將計入業務賬面值，以釐定出售盈虧。於該等情況售出之商譽，按售出業務及保留現金產生單位部份相對價值基準計算。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

ASSOCIATES

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

3. 主要會計政策概要(續)

與非控股權益之交易

非控股權益指不可直接或間接歸於母公司擁有人的附屬公司股權，在綜合損益及其他全面收益表及綜合財務狀況表的權益項下獨立呈列，並與母公司擁有人應佔權益分開列示。

本公司擁有人並無導致失去附屬公司控制權之擁有權益變動按權益交易入賬。於此情況下，控股及非控股權益的賬面款額將作出調整以反映其於附屬公司相關權益之變動。非控股權益數額之調整額與已付或已收代價公平值間差額，直接於權益確認，歸於母公司擁有人。

聯營公司

聯營公司是本集團有權參與被投資方的財務及經營政策決定但並無控制或共同控制該等政策的實體。

本集團自其成為聯營公司之日起使用權益法對其在聯營公司的投資進行會計處理。

收購投資時，投資成本超過本集團應佔被投資方的可識別資產及負債之公平值淨額的任何部份作為商譽並計入投資賬面值。本集團應佔被投資方可識別資產及負債之公平值淨額超過投資成本的任何部份計為收益，以釐定於投資獲得期間的實體應佔聯營公司損益。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSOCIATES (CONTINUED)

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

Where the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. 主要會計政策概要 (續)

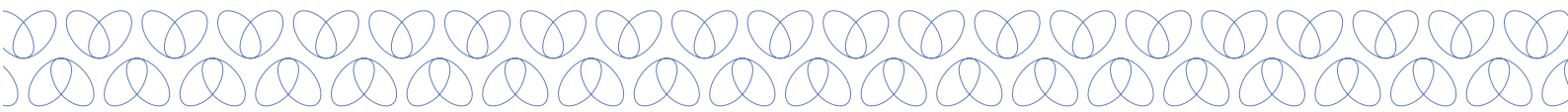
聯營公司 (續)

根據權益法，於一間聯營公司之投資按成本加本集團應佔聯營公司淨資產之收購後變動計入資產負債表。損益反映應佔聯營公司之經營業績。來自聯營公司之已收取分派須扣減投資賬面值。倘聯營公司其他全面收益確認變動，則本集團確認於其他全面收益確認有關變動。本集團與聯營公司間交易產生之未變現損益，抵消至其於聯營公司之權益。

倘本集團分佔聯營公司虧損等於或超過其於聯營公司之利益，本集團不確認進一步虧損，除非其產生義務或代表聯營公司進行支付。

於採用權益法後，本集團會決定是否需要就本集團於聯營公司投資確認任何額外減值虧損。本集團於各報告期末釐定是否存在客觀證據證明聯營公司之投資虧損。倘事實如此，本集團將減值金額作為聯營公司可收回金額與其賬面值之差異且於損益中確認金額。

聯營公司之財務報表與本公司編製報告日期相同。倘有需要，將對會計政策作出調整以與本集團一致。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. 主要會計政策概要(續)

公平值計量

本集團於各報告期末按公平值計量其衍生金融工具及股權投資。公平值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公平值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公平值乃基於市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產之公平值計量參考市場參與者可從使用該資產得到之最高及最佳效用，或將該資產售予另一可從使用該資產得到最高及最佳效用之市場參與者，從而產生經濟效益之能力。

本集團使用適用於不同情況之估值方法，而其有足夠資料計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

FUNCTIONAL CURRENCY

The Group's principal operations are conducted in the PRC. The directors have determined the currency of the primary economic environment in which each entity in the Group operates, i.e., functional currency, to be RMB. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. 主要會計政策概要(續)

公平值計量(續)

於財務報表計量或披露公平值之所有資產及負債，根據對於公平值計量整體屬重要之最低輸入值水準按如下所述在公平值架構中分類：

- 第一級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 – 基於對公平值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法
- 第三級 – 基於對公平值計量而言屬重大的不可觀察最低層輸入數據的估值方法

就按經常性基準於本財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平值計量整體而言屬重大的最低層輸入數據)釐定是否發生不同等級轉移。

功能貨幣

本集團之主要業務於中國境內進行。董事釐定本集團各實體經營的主要經濟環境貨幣(即功能貨幣)人民幣。提供商品及服務的銷售價格及主要成本(包括主要經營開支)主要受人民幣波動影響。本集團對各實體釐定其功能貨幣，而計入各實體之財務報表之項目乃以功能貨幣計量。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

For consolidation purpose, the assets and liabilities of foreign operations are translated into RMB at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or a parent of the Group;

3. 主要會計政策概要 (續)

外幣交易

外幣交易乃以本公司及其附屬公司各自的功能貨幣計量，並且於初步確認時，以功能貨幣按與於交易日期的普遍匯率相若的匯率入賬。以外幣計值的貨幣資產及負債按相應申報期末的普遍匯率換算。按歷史成本以外幣計量的非貨幣項目以初步交易日期的匯率換算。按公平值以外幣計量的非貨幣項目以釐定公平值當日的匯率換算。

因於申報期末清償貨幣項目或換算貨幣項目而產生的匯兌差額乃在損益賬內確認。

為進行綜合入賬，海外業務的資產及負債乃按申報期末的匯率換算成人民幣，而其損益按交易日期的現行匯率換算。換算產生的匯兌差額乃於其他全面收益表內確認。出售海外業務時，有關該特定海外業務的其他全面收益之部分於損益賬中確認。

關連方

倘下列任何條件適用，與本集團有關聯之一方：

- (a) 為一人士或該人士的直系親屬，且該人士：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團具有重大影響力；或
 - (iii) 為本集團或本集團之母公司的主要管理人員的成員；

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財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES (CONTINUED)

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. 主要會計政策概要(續)

關連方(續)

或

(b) 倘下列任何條件適用，為一家實體：

- (i) 該實體與本集團皆為同一集團的成員公司；
- (ii) 該實體為另一間實體的聯營公司或合營企業(或為另一間實體的母公司、附屬公司，或其他同系附屬公司的聯營公司或合營企業)；
- (iii) 該實體與本集團皆為同一第三方的合營企業；
- (iv) 一家實體為第三方實體的合營企業且另一家實體為該第三方實體的聯營公司；
- (v) 該實體是為本集團或本集團關聯實體的雇員利益而設立的退休福利計劃；
- (vi) 該實體為(a)所指的人士控制或共同控制；
- (vii) 所指的人士對該實體具有重大影響力，或為該實體(或該實體的母公司)的主要管理人員的成員；及
- (viii) 該實體或其任何集團成員公司提供主要管理人員服務予本集團或本集團之母公司。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3. 主要會計政策概要(續)

物業、廠房及設備以及折舊

物業、廠房及設備(不包括在建工程)乃按成本減累計折舊及任何累計減值虧損計量。物業、廠房及設備項目的成本包括其購買價格及令該資產進入其擬使用的工作環境及地點之任何直接應佔成本。

於物業、廠房及設備項目投入運作後產生的開支，例如維修及保養，一般於其產生期間在損益賬內扣除。當達致認可標準時，則主要檢驗開支按資產賬面值被資本化，作為資產的替代。倘若絕大部分物業、廠房及設備於中途須被替換，則本集團將有關部分確認為具特定可使用年期之個別資產並相應折舊。

經常對重估資產進行估值以確保所重估資產之公平值與其賬面值並無重大差異。物業、廠房及設備價值變動列作資產重估儲備變動處理。倘按個別資產基準，該儲備總額不足以彌補虧絀，則自損益扣除虧絀差額。任何其後之重估盈餘會計入損益，惟以早前扣除之虧絀為限。每年從資產重估儲備轉撥至保留溢利之金額，乃根據資產重估賬面值所計算之折舊與根據資產原來成本所計算之折舊兩者之差額作出。於出售重估資產時，就早前估值變現之資產重估儲備有關部分將轉撥至保留溢利作為儲備變動。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual values used for this purpose are as follows:

		Years 年期
Buildings	樓宇	15-25年
Other fixtures and structures	其他固定附著物及建築	15-25年
Plant and machinery	廠房及機器	8-15年
Office equipment and furniture	辦公室設備及傢俱	5
Motor vehicles	汽車	5

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. 主要會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

折舊以直線法計算，以於其估計可使用年期撇銷各物業、廠房及設備項目的成本至其剩餘價值。用作此用途之估計可使用年期及剩餘價值如下：

當物業、廠房及設備項目的部分有不同的可使用年期，該項目的成本會按合理基準於部分之間分配，而各部分會作獨立折舊。剩餘價值、可使用年期及折舊法至少於各財政年末進行檢討及調整（如適用）。

物業、廠房及設備項目，包括初步確認之任何重要部分乃於出售後或當使用或出售該項目預期不會產生未來經濟利益時終止確認。於終止確認該資產的年度之損益表內確認的任何出售或停用之收益或虧損，為相關資產的銷售所得款項淨額及賬面值之差額。

在建工程指興建中的樓宇以及廠房及機器，乃按成本減任何減值虧損列賬，並不予以折舊。成本包括建築期間的直接建築成本及相關借貸資金的資本化借貸成本。在建工程於完成及可供使用時會被重新分類為物業、廠房及設備的合適類別。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COAL MINING RIGHTS

Coal mining rights are stated at cost less accumulated amortisation and any accumulated impairment losses. A coal mining right is amortised over its useful life using a unit-of-production method once production commences. The coal mining right is written off to profit or loss if the coal mining property is abandoned.

PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised on the straight-line basis.

The amortisation period and method are reviewed at each financial year end. The amortisation expense is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. 主要會計政策概要(續)

煤礦開採權

煤礦開採權以成本減累計攤銷及任何累計減值虧損列賬。一旦開始生產，煤礦開採權在其使用壽命內按生產單位法攤銷。倘煤礦開採物業遭遺棄則煤礦開採權將於損益賬中撇銷。

預付土地租賃款項

預付土地租賃款項初步按成本計量。於初步確認後，預付土地租賃款項乃按成本減累計攤銷及累計減值虧損計量。預付土地租賃款項乃以直線法攤銷。

攤銷期及方法於各財政年末予以檢討。攤銷開支乃於損益賬內確認。

非金融資產減值

倘有跡象顯示出現減值或要求就資產進行年度減值測試(存貨及金融資產除外)，則會估計該資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值及其公平值減銷售成本(以較高者為準)，並就個別資產而釐定，除非有關資產並無產生在頗大程度上獨立於其他資產或資產組別的現金流入，在此情況下可收回金額就資產所屬的現金產生單位而釐定。

減值虧損僅於資產賬面值超出其可收回金額時予以確認。於評估使用價值時，估計日後現金流量按可反映現時市場評估的貨幣時間值及資產特定風險的除稅前折現率折減至現值。減值虧損於產生期間在損益表中列入與減值資產功能屬於同一類別之開支。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. 主要會計政策概要(續)

非金融資產減值(續)

於各報告期末會評定是否有跡象顯示之前已確認的減值虧損不再存在或減少。倘出現該跡象，則會估計可收回金額。過往確認的資產減值虧損僅會於用以釐定資產可收回金額的估計改變時撥回，惟撥回後的數額不得高於假設過往年度並無就資產確認減值虧損而應有的賬面值(扣除任何折舊／攤銷後)。減值虧損的撥回於產生期間計入損益表，除非資產按重估金額入賬則作別論，在此情況下，重估資產的減值虧損撥回根據有關會計政策入賬。

投資及其他金融資產

初步確認及計量

在初始確認時，金融資產分為透過損益以公平值計量的金融資產、貸款及應收賬款及可出售金融投資，或在有效對沖內指定為對沖工具的衍生品(如適用)。在初始確認時，金融資產按公平值加上獲得該資產時的交易成本進行計量，當金融資產透過損益按公平值進行計量時除外。

所有正常購買及銷售的金融資產會在交易日(即本集團承諾購買或出售資產的日期)確認。正常購買或銷售指於按照市場規定或慣例一般訂立的期間內進行資產交付的金融資產買賣。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

SUBSEQUENT MEASUREMENT

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

3. 主要會計政策概要(續)

投資及其他金融資產(續)

初步確認及計量(續)

其後計量

債務工具投資

債務工具的其後計量取決於本集團管理資產的業務模式以及資產的合約現金流量特徵。債務工具分類的三個衡量類別是：

(i) 攤銷成本

為收取合約現金流量而持有的金融資產，而該等現金流量僅代表純粹本金及利息付款，則按攤銷成本計量。金融資產採用實際利率法按攤銷成本減去減值計量。收益與虧損於資產終止確認或減值時在損益中及透過攤銷程序確認。

(ii) 按公平值計入其他全面收益

金融資產持作收取合約現金流量及出售金融資產(資產的現金流量為純粹本金及利息付款)，則按公平值計入其他全面收益計量。按公平值計入其他全面收益的金融資產其後按公平值計量。金融資產公平值變動產生的任何收益或虧損均在其他全面收益中確認，惟減值虧損、匯兌損益及使用實際利率法計算的利息於當期損益確認。先前於其他全面收益確認的累積收益或虧損於金融資產終止確認時作為重新分類調整而由權益重新分類至損益。

(iii) 按公平值計入損益

不符合攤銷成本或按公平值計入其他全面收益標準的資產按公平值計入損益計量。債務工具的收益或虧損其後按公平值計入損益計量且並非對沖關係的一部分，則於其產生期間在損益中確認。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

INVESTMENTS IN EQUITY INSTRUMENTS

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

DERECOGNITION

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. 主要會計政策概要 (續)

投資及其他金融資產 (續)

權益工具投資

於初始確認非持作買賣的權益工具投資時，本集團可不可撤銷地選擇在其他全面收益中呈列公平值的後續變動。當本集團收取付款的權利確立時，該等投資的股息將在損益中確認。對於本集團未選擇在其他全面收益中呈列後續公平值變動的權益工具投資，公平值變動計入當期損益。

衍生工具

衍生工具初始於訂立衍生工具合約當日按公平值確認，其後於各報告期末重新計量至其公平值。衍生工具的公平值變動在損益中確認。

終止確認

當從資產收取現金流量的合約權利已到期，則終止確認金融資產。於終止確認整個金融資產時，已收代價的賬面值與總額和其他全面收益於債務工具確認之任何累計收益或虧損之間的差額於損益中確認。

金融資產減值

本集團就所有未持作按公平值計入損益的債務工具和財務擔保合約的預期信貸虧損確認撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額，以原始實際利率的概約數折現。預期現金流量將包括出售所持有抵押品的現金流量或作為合約條款組成部分的其他信貸增強。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. 主要會計政策概要 (續)

投資及其他金融資產 (續)

權益工具投資 (續)

預期信貸虧損分兩個階段確認。對於自初始確認後信貸風險未顯著增加的信貸風險，預期信貸虧損用作由於未來12個月內可能發生的違約事件造成的信貸虧損(12個月預期信貸虧損)。對於自初始確認後信貸風險顯著增加的信貸風險，無論違約時間如何，均就風險剩餘年限的預期信貸虧損確認虧損準備(終身預期信貸虧損)。

就貿易應收款項及合約資產而言，本集團採用簡化方法計算預期信貸虧損。因此，本集團不會追蹤信貸風險的變動，而是根據各報告日期的終身預期信貸虧損確認虧損準備。本集團已建立一個基於其歷史信貸虧損經驗的撥備矩陣，並根據債務人和經濟環境的具體前瞻性因素進行調整。

對於按公平值計入其他全面收益的債務工具，本集團採用低信貸風險簡化。於各報告日期，本集團使用所有合理且可支持的現有資訊評估債務工具是否被認為具有低信貸風險，而毋需過多成本或努力。在進行評估時，本集團重新評估債務工具的內部信貸評級。此外，本集團認為，當合約付款逾期超過30天時，信貸風險已大幅增加。

當合約付款逾期90天，本集團認為金融資產出現違約。然而，在若干情況下，本集團還可能認為，當內部或外部資訊表明本集團不可能在考慮本集團持有的任何信貸增強之前悉數收到未完成合約款項時，金融資產將出現違約。當沒有合理預期收回合約現金流量時，將撇銷金融資產。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bill payables, certain accruals and other payables, loans from a non-controlling interest, amounts due to related companies, interest-bearing bank and other borrowings and bonds payable.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

3. 主要會計政策概要(續)

金融負債

初步確認及計量

金融負債在初始確認中分類為透過損益以公平值計量的金融負債、貸款和借款，或作為指定為有效對沖中的對沖工具的衍生品。

初步確認金融負債時，乃按公平值(倘屬貸款及借款)減去直接應佔交易成本計量。

本集團的金融負債包括貿易應付款項、應付票據、若干應計費用及其他應付款項、非控股權益貸款、應付關連公司、計息銀行及其他借款和應付融資債券。

其後計量

金融負債的隨後計量視乎彼等的分類而定，並載述如下：

(a) 貸款及借款

於初始確認後，計息貸款及借款隨後以攤銷成本計量，除非折舊影響並不重大，否則應使用實際利率法，並以成本列賬。當負債不再確認時，收益及虧損於損期賬內確認，並進行實際利率攤銷過程。

計算攤銷成本時將作為實際利率不可分割一部分的收購折舊或溢價以及費用或成本納入考慮範圍內。實際利率攤銷包含於損益中的財務成本。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

SUBSEQUENT MEASUREMENT (CONTINUED)

(b) Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. 主要會計政策概要(續)

金融負債(續)

其後計量(續)

(b) 可換股債券

可換股債券具有負債特徵之部分，於扣除交易成本後在財務狀況表內確認為負債。於發行可換股債券時，負債部分之公平值乃根據同等不可換股債券之市場利率而釐定，而該數額按攤銷成本基準列作負債，直至債券獲兌換或贖回為止。所得款項餘額於扣除交易成本後，分配至已確認並計入股東權益之換股權。換股權之賬面值不會於往後年度重新計量。交易成本根據工具首次確認時所得款項分配至負債與權益部分之比例，分配至可換股債券之負債與權益部分。

終止確認金融負債

當負債的義務解除或消除或到期時，則終止確認金融負債。

當現有金融負債為同一貸款人以幾乎不同的條款作出的另一筆金融負債取代時，或現有負債的條款被大幅修改，該轉換或修改視為不再確認原本負債，及確認新負債，而有關賬面值的差額在損益賬內確認。

抵銷金融工具

倘有現行可強制執行之法律權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及負債清償，方可將金融資產及金融負債抵銷，淨額於財務狀況表呈報。

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財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONVERTIBLE BONDS

Convertible bonds issued by the Group are recognised and included in shareholders' equity based on the terms of the contract. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the convertible bonds is not remeasured in subsequent years. Convertible bond interests of 2% (2017: 2%) per annum is payable in cash annually in arrears on the anniversary of the issue date (i.e. 21 December 2011) in each year, commencing on the first anniversary of the issue date, which are accrued and paid through the transfer from retained profits of the Group.

BONDS PAYABLE

Bonds payable are classified under loans and borrowings and recognised initially at fair value. After initial recognition, bonds payable are subsequently measured at cost because the effect of discounting would be immaterial as their terms are relatively short.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including short-term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. 主要會計政策概要 (續)

可換股債券

本集團發行的可換股債券根據合約條款予以確認及計入股東權益內。交易成本從權益中扣除，並扣除相關所得稅。可換股債券的賬面值於其後年內不會重新計量。可換股債券利息每年2% (二零一七年：2%) 將以現金於年末，即發行日期 (二零一一年十二月三十一日) 的每一週年日支付，自發行日期的第一個週年日開始，予以累計並透過自本集團保留溢利的轉撥支付。

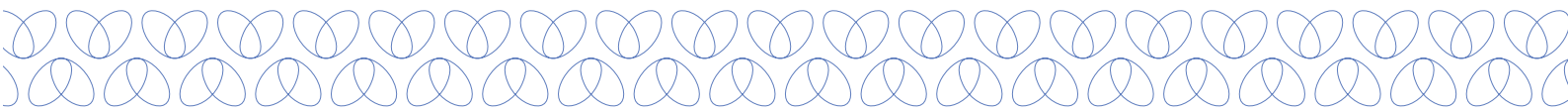
應付融資債券

應付融資債券被分類為貸款及借款，初步確認時按公平值計量。於初步確認後，應付融資債券其後以成本計量，原因是其年期相對較短，折現影響並不重大。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括現金及銀行結餘以及可隨時兌換為已知金額現金且價值變動風險不重大及到期日一般為收購後三個月以內的短期、高流動性投資，減按要求償還並組成本集團現金管理的完整部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及銀行現金，包括無被限制使用的短期存款及與現金性質相近的資產。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. 主要會計政策概要(續)

存貨

存貨乃按成本及可變現淨值兩者之較低者呈列。成本按加權平均基準釐定，而在製品及製成品之成本則包括直接物料、直接工資及適當比例之費用。可變現淨值根據估計售價減預計至完成及出售時會出現之任何估計成本計算。

撥備

當因過往事件以致目前須承擔責任(法定或推定)，而有可能須就清償有關責任而導致未來資源流出，且能夠可靠估計該責任的金額，則確認撥備。

倘折現影響重大，則確認撥備之金額為預期履行責任所需未來開支於報告期末之現值。折現現值隨時間增加之金額計入損益表中之財務費用。

政府補貼

政府補貼於有合理保證確定其可收到且滿足一切附屬條件時按公平值確認。若補貼與費用項目相關，用於補償已發生的相關成本的，在確認相關成本的期間有系統地確認為收入。

倘補貼與某項資產有關，則公平值計入遞延收入賬，並於有關資產的預期可使用年期內每年按等同金額分期撥至損益表。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

EMPLOYEE BENEFITS – PENSION BENEFITS

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Company makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

LEASES

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from lessor are charged to profit or loss on the straight-line basis over the lease terms.

3. 主要會計政策概要 (續)

借貸成本

由合資格資產，即需要花費較長時間而用於預期用途或出售的資產的收購、建造或生產直接所致的借款成本作為該等資產成本的部分被資本化。該等借款成本於大部分資產可用於預期用途或出售時停止資本化。由尚待支出於合資格資產的特定借款進行臨時投資所獲投資收益從資本化借款成本中扣除。所有其他借款成本於產生當期支出。借貸成本包括利息及實體就借取資金時招致的其他成本。

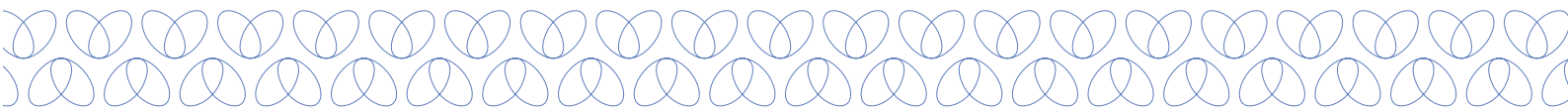
僱員福利 – 退休福利

在中國內地經營的本集團附屬公司之僱員須參與地方市政府所運作的中央退休金計劃。該等附屬公司須按其薪酬成本的百分比向中央退休金計劃供款。供款於根據中央退休金計劃的規則應付時於損益表扣除。

本公司向新加坡的界定供款退休金計劃中央公積金計劃作出供款。界定供款退休金計劃的供款乃於履行有關服務的期間內確認為開支。

租約

資產擁有權的絕大部分回報及風險由出租人保留的租約入賬列為經營租約。當本集團為承租人時，經營租約項下的應付租金扣除出租人已收任何獎勵後於租期內以直線法自損益賬扣除。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(A) SALE OF GOODS

The Group is in the business of manufacture and trading of urea, compound fertilizer, dimethyl ether, melamine, furfuryl alcohol and related products. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

3. 主要會計政策概要(續)

收入確認

收入乃基於本集團預期就交付已承諾貨品或服務予客戶而有權交換獲得的代價計量，不包括代表第三方收取的款項。

收入於本集團透過將已承諾貨品或服務交付給客戶(即客戶獲得貨品或服務的控制權時)來履行履約義務時確認。履約義務可以在某個時間點或隨著時間的推移而得到履行。確認的收入金額為分配至已履約義務的金額。

(A) 銷售貨品

本集團從事尿素、複合肥、二甲醚、三聚氰胺、糠醇及相關產品的生產和貿易業務。當貨品交付給客戶並滿足所有接收標準時，即確認收入。

確認的收入金額基於估計的交易價格，其包括合約價格，並扣除估計的數量折扣。基於本集團在類似類型合約方面的經驗，可變代價通常受到約束，並且僅在當與可變代價相關的不確定性隨後得到解決時已確認累計收入的金額極有可能出現重大撥回的情況下，才會計入交易。

於各報告日期末，本集團更新其對估計交易價格的評估，包括評估可變代價的估計是否受到約束。根據交易價格變動期間的收入進行相應金額的調整。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

(B) INTEREST INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(C) RENTAL INCOME

Rental income is recognised on a time proportion basis over the lease term.

INCOME TAXES

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. 主要會計政策概要(續)

收入確認

(B) 利息收入

利息收入乃透過採用精確折現於金融工具預期年期(或較短期間,倘適用)的估計收取的未來現金至金融資產賬面淨值的利率,以實際利率法按累計基準確認。

(C) 租賃收入

租賃收入在租約期間按時間比例確認。

所得稅

所得稅包括即期和遞延稅項。與確認於損益之外的稅項有關的所得稅確認於損益以外,並確認於其他全面收益或直接確認於權益之中。

根據截至報告期末已制定或實質制定的稅率(及稅法),並考慮本集團經營所在國家的相關法律的普遍解釋及做法,即期稅項資產及負債以預估向稅務機關收回或支付的金額計量。

遞延稅項乃以負債法按資產及負債的稅基與其就財務申報而言的賬面值於報告日期的所有暫時性差額計提撥備。

所有稅項暫時性差額均會確認遞延稅項負債,惟於以下情況則除外:

- 倘遞延稅項負債乃由並非屬業務合併的交易中初步確認商譽或資產或負債所產生,而在交易時對會計溢利及應課稅溢利或虧損均無影響;及
- 就涉及附屬公司、聯營公司及合營企業的投資的應課稅暫時性差額而言,倘可控制撥回暫時性差額的時間,以及暫時性差額可能不會在可見將來撥回。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損之結轉而確認。但該確認以將有應課稅溢利以動用可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損之結轉以作對銷為限，惟以下情況除外：

- 與可扣稅暫時差額有關之遞延稅項資產乃因在一項並非業務合併之交易中初次確認資產或負債而產生，且交易時並不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司、聯營公司及合營企業的投資有關之可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回以及將有應課稅溢利以動用暫時差額以作抵銷之情況下，方予確認。

遞延稅項資產之賬面值於每個申報期末予以審閱，並減至不再可能擁有足夠之應課稅溢利以動用全部或部分遞延稅項資產為限。未確認之遞延稅項資產於各申報期末重新評估，並以可能擁有充足應課稅溢利以供收回全部或部分遞延稅項資產為限確認。

遞延稅項資產及負債以預期資產被變現或清償負債的期間適用之稅率計量，並以於申報期末生效或實際生效之稅率（及稅法）為基準。

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

Notes to Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their products and the segment results are reported directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 5, including the factors used to identify the reportable segments and the measurement basis of segment information.

CONTINGENCIES

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;

or

- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the consolidated statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. 主要會計政策概要(續)

分部報告

就管理而言，本集團根據其產品分類經營分部，並直接向本公司管理層申報分部業績，而本公司管理層會定期檢討分部業績，以分配資源至分部及評估分部表現。該等分部各自的額外披露載於附註5，包括用以識別可申報分部的因素及分部資料的計量基準。

或然事項

或然負債指：

- (a) 因過去事件而可能產生的債務，此等債務僅就某一宗或多宗不確定未來事件會否發生才能確認，而本集團並不能完全控制此等未來事件會否發生；

或

- (b) 因過往事件而產生的現有債務並無被確認的原因：
 - (i) 不可能需要具經濟利益的資源流出以清償有關債務；或
 - (ii) 不能充份可靠地計量債務金額。

或然資產是因過去事件而可能產生的資產，而其僅就某一宗或多宗不確定未來事件會否發生才能確認，而本集團並不能完全控制此等未來事件會否發生。

或然負債及資產在本集團的綜合財務狀況表中不予確認，但於業務合併中承擔，且為現有債務，以及可以可靠地釐定其公平值的或然負債除外。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

INCOME TAXES

The Group has exposure to income taxes in Singapore and the PRC. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax recoverable, income tax payable, deferred tax assets and deferred tax liabilities at 31 December 2018 were RMB7,022,000, RMB20,835,000, RMB83,322,000 and RMB31,573,000 respectively (2017: RMB14,000, RMB31,595,000, RMB23,126,000 and RMB36,939,000, respectively).

3. 主要會計政策概要(續)

股息

末期股息於股東大會上獲股東批准後才確認為負債。擬派末期股息於財務報表附註內披露。

4. 重大會計判斷及估計

編製本集團綜合財務報表需要管理層作出判斷、估計及假設，該等判斷、估計及假設影響在各申報期末的收入、開支、資產及負債的申報金額、隨附披露以及或然負債的披露。然而，該等假設及估計的不明朗因素可導致可能需要對於未來期間受影響的資產或負債的賬面值作出重大調整的後果。

判斷

在應用本集團的會計政策時，除涉及估計者外，管理層已作出下列判斷，而該等判斷對於綜合財務報表內確認的金額有最重大的影響：

所得稅

本集團在新加坡及中國須繳納所得稅。釐定所得稅撥備時涉及重大判斷。在日常業務過程中，若干交易及計算法均不能確定最終稅款的釐定。本集團根據會否有額外稅項到期的估計，確認對預期稅務事宜之負債。倘該等事宜之最終稅務結果與初步確認之金額不同，該等差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。本集團於二零一八年十二月三十一日的可收回所得稅、應付所得稅、遞延稅項資產及遞延稅項負債的賬面值分別為人民幣7,022,000元、人民幣20,835,000元、人民幣83,322,000元及人民幣31,573,000元(二零一七年：分別為人民幣14,000元、人民幣31,595,000元、人民幣23,126,000元及人民幣36,939,000元)。

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4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

IMPAIRMENT OF COAL MINING RIGHTS AND GOODWILL

The carrying values of coal mining rights and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable in accordance with the accounting policy for the impairment of non-financial assets in the section of summary of significant accounting policies. The recoverable amounts of the coal mining rights and goodwill, or, where appropriate, the cash-generating units to which they belong, are calculated as the value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows. At 31 December 2018, no impairment loss has been recognised for the coal mining rights and goodwill. The carrying amount of the coal mining rights and goodwill at 31 December 2018 were RMB88,172,000 (2017: RMB90,684,000) and RMB29,001,000 (2017: RMB25,361,000) respectively. Further details are given in Note 16 and Note 17.

4. 重大會計判斷及估計(續)

估計不明朗因素

以下描述可能引致資產或負債之賬面值於下個財政年度或須予以重大調整，且有關未來的主要假設，以及於各報告期末存在之估計不確定性的其他主要來源。

煤礦開採權及商譽減值

當出現任何事件或情況發生變化，顯示賬面值根據會計政策就主要會計政策概要一節非金融資產減值不可收回時，本公司會評估煤礦開採權及商譽的賬面值減值。煤礦開採權及商譽或其所屬的現金產生單位(如適用)的可收回金額按使用價值計算。使用價值的評估需要本集團評估來自現金產生單位的估計未來現金流量，以及選擇合適的折現率以計算該等現金流量的現時價值。於二零一八年十二月三十一日，煤礦開採權及商譽並無確認減值虧損。於二零一八年十二月三十一日煤礦開採權及商譽的賬面值為人民幣88,172,000元(二零一七年：人民幣90,684,000元)及人民幣29,001,000元(二零一七年：人民幣25,361,000元)。進一步詳情載於附註16及附註17。

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

COAL MINE RESERVE

The estimation of the Group's coal mine reserve are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before an estimated coal mine reserve can be designated as "proved" and "probable". Proved and probable coal mine reserve estimates are updated on regular intervals taking into recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of the proved and probable coal mine reserve also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortisation rates.

The capitalised cost of the coal mining right is amortised over the estimated useful life of the related coal mine reserve. The useful life is reviewed annually in accordance with the production of the plants of the Group and the proven and probable reserves of the coal mines. The carrying amount of the coal mining rights at 31 December 2018 was RMB88,172,000 (2017: RMB90,684,000).

PURCHASE PRICE ALLOCATION

Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair values of the assets and liabilities acquired, including intangible assets. The Group has exercised judgement to determine the fair value adjustments required during the purchase price allocation review. Significant estimates have been made to determine the fair value adjustments amount. Details of purchase price allocation are disclosed in Note 37(a).

4. 重大會計判斷及估計(續)

估計不明朗因素(續)

煤礦儲備

由於採集該等資料過程中的主觀判斷，本集團的煤礦儲備的估計不可避免為非精確值，僅表示約計數量。指定估計煤礦儲備為「經探明」及「可能」之前，應參照有關須達成的工程標準的官方指引。經探明及可能的煤礦儲備估計乃在考慮每個煤礦近期的產量及技術資料後定期予以更新。此外，由於價格及成本水平逐年變動，經探明及可能的煤礦儲備的估計亦將變動。該變動被視為作為會計目的的估計變動，並以預期基準反映於有關攤銷率中。

煤礦開採權的資本化成本按有關煤礦儲備的估計使用年期予以攤銷。使用年期根據本集團煤礦產量及經探明及可能的煤礦儲備每個年度予以檢視。於二零一八年十二月三十一日煤礦開採權的賬面值為人民幣88,172,000元(二零一七年：人民幣90,684,000元)。

購買價分配

購買會計處理要求廣泛使用會計估計，以將購買價分配至所購買資產及負債的公平值，包括無形資產。本集團已行使判斷以釐定購買價分配檢討所需的公平值調整。已作出重大估計以釐定公平值調整金額。購買價分配詳情於附註37(a)披露。

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5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products, and has five reportable operating segment (2018: five) as follows:

- (i) Manufacturing and sale of urea
- (ii) Manufacturing and sale of compound fertiliser
- (iii) Manufacturing and sale of dimethyl ether (DME) and methanol
- (iv) Manufacturing and sale of melamine
- (v) Manufacturing and sale of furfuryl alcohol

In the opinion of the directors, there were only limited operations in the subsidiaries that are engaged in coal mining and the sale of coal and the assets and liabilities were not material for the purpose of segment reporting. Accordingly, a separate operating segment for the coal mining business carried out by these subsidiaries has not been presented.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

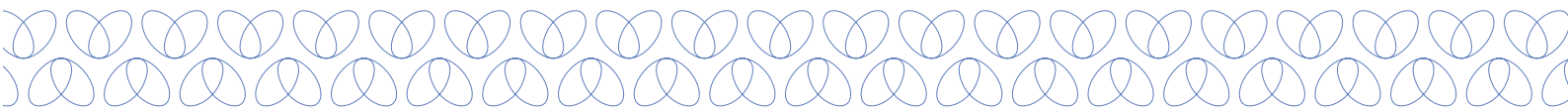
5. 經營分部資料

就管理而言，本集團按其產品劃分為業務單位，並擁有五個(二零一八年：五個)可申報經營分部：

- (i) 生產及銷售尿素
- (ii) 生產及銷售複合肥
- (iii) 生產及銷售二甲醚(DME)及甲醇
- (iv) 生產及銷售三聚氰胺
- (v) 生產及銷售糠醇

董事認為，從事煤礦開採及煤炭銷售的附屬公司開展的業務十分有限，故其資產及負債對分部申報而言並不重大。因此，並無另立獨立經營分部以呈列該等附屬公司所經營的煤礦開採業務。

除上文所指外，並無經營分部已合併組成上述可申報經營分部。



5. OPERATING SEGMENT INFORMATION (CONTINUED)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of gross profit. Group financing (including finance costs), income taxes and other unallocated items, as explained below, are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

ALLOCATION BASIS

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other income and gains, other expenses, selling and distribution expenses, general and administrative expenses, finance costs and income tax expense.

Group assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments. Assets of the Group are utilised interchangeably between different segments and there is no reasonable basis to allocate liabilities of the Group between different segments. Accordingly, it is not meaningful to disclose assets, liabilities and capital expenditure by operating segments.

GEOGRAPHICAL INFORMATION

There is no geographical information presented as the Group mainly operates in Mainland China only.

5. 經營分部資料(續)

管理層獨立地監控本集團經營分部的業績，就資源分配及考績作出決策。分部業績基於可申報分部利潤進行評估，該利潤根據毛利計量。本集團的融資(包括財務成本)、所得稅及其他未分配項目(如下文所述)以組合基準管理，且並未分配至經營分部。

分部間的銷售和轉讓是按當時市場價格出售予第三方的銷售價格來進行交易。

分配基準

分部業績包括分部直接應佔的項目及按合理基準所分配的項目。未分配項目包括其他收入及收益、其他開支、銷售及分銷開支、一般及行政開支、財務成本以及所得稅開支。

本集團的資產及負債不能直接分配至個別分部，因將其分配至分部並不實際可行。本集團的資產乃於不同分部之間交替使用，而且沒有合理基準將本集團的負債於不同分部之間分配。因此，按經營分部披露資產、負債及資本開支並無意義。

地區資料

由於本集團主要只在中國內地經營業務，因此並無呈列地區資料。

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5. OPERATING SEGMENT INFORMATION (CONTINUED)

SEGMENT PROFIT INFORMATION

The directors of the Company are of the opinion that the segment profit is the gross profit.

5. 經營分部資料(續)

分部溢利資料

本公司董事認為分部溢利為毛利。

Year ended 31 December 2018 截至二零一八年 十二月三十一日止年度	Urea 尿素 RMB'000 人民幣千元	Compound fertiliser 複合肥 RMB'000 人民幣千元	DME and Methanol DME與甲醇 RMB'000 人民幣千元	Melamine 三聚氰胺 RMB'000 人民幣千元	Furfuryl alcohol 糠醇 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Elimination 對銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
REVENUE	收入								
Sales to external customers	銷售給外部客戶	3,548,835	2,807,396	1,498,798	560,558	522,313	256,776	-	9,194,676
Intersegment sales	分部間銷售	562,179	383,783	1,219	-	-	7,423	(954,604)	-
Total revenue	總收入	4,111,014	3,191,179	1,500,017	560,558	522,313	264,199	(954,604)	9,194,676
Segment result	分部業績	1,091,246	417,691	322,975	293,079	44,183	70,257	-	2,239,431
<i>Reconciliation:</i>	<i>對賬:</i>								
Interest income	利息收入								9,188
Unallocated other income and gains	未分配其他收入及收益								104,185
Unallocated expenses	未分配開支								(1,250,328)
Finance costs	財務成本								(325,329)
Profit before tax	除稅前溢利								777,147
Income tax expense	所得稅開支								(121,833)
Profit for the year	本年度溢利								655,314
Other segment information:	其他分部資料:								
Loss on disposal of items of property, plant and equipment (note 7)	出售物業、廠房及設備項目的虧損(附註7)								3,509
Depreciation of items of property, plant and equipment (note 7)	物業、廠房及設備項目的折舊(附註7)								636,406
Amortisation of prepaid land lease payments (note 7)	預付土地租賃款項攤銷(附註7)								14,120
Amortisation of coal mining rights (note 7)	煤礦開採權攤銷(附註7)								2,512
Capital expenditure*	資本開支*								1,666,977

* Capital expenditure consists of additions to investment in an associate, property, plant and equipment and intangible assets including assets acquired from the acquisition of subsidiaries.

* 資本開支包括於聯營公司投資、物業、廠房及設備及無形資產，包括來自收購附屬公司的已收購資產。

5. OPERATING SEGMENT INFORMATION (CONTINUED) 5. 經營分部資料(續)

Year ended 31 December 2017 截至二零一七年 十二月三十一日止年度		Urea 尿素	Compound fertiliser 複合肥	Methanol 甲醇	Melamine 三聚氰胺	Furfuryl alcohol 糠醇	Others 其他	Elimination 對銷	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
REVENUE	收入								
Sales to external customers	銷售給外部客戶	2,852,270	2,271,824	684,597	382,546	462,094	908,216	-	7,561,547
Intersegment sales	分部間銷售	1,341,358	43,196	3,069	-	-	93,103	(1,480,726)	-
Total revenue	總收入	4,193,628	2,315,020	687,666	382,546	462,094	1,001,319	(1,480,726)	7,561,547
Segment result	分部業績	654,770	314,507	128,807	215,234	43,812	229,820	-	1,586,950
<i>Reconciliation:</i>	<i>對賬:</i>								
Interest income	利息收入								10,962
Unallocated other income and gains	未分配其他收入及收益								76,632
Unallocated expenses	未分配開支								(903,976)
Finance costs	財務成本								(285,851)
Profit before tax	除稅前溢利								484,717
Income tax expense	所得稅開支								(61,185)
Profit for the year	本年度溢利								423,532
Other segment information:	其他分部資料:								
Gain on disposal of items of property, plant and equipment (note 6)	出售物業、廠房及設備項目的收益(附註6)								3,216
Depreciation of items of property, plant and equipment (note 7)	物業、廠房及設備項目折舊(附註7)								606,984
Amortisation of prepaid land lease payments (note 7)	預付土地租賃款項攤銷(附註7)								9,605
Amortisation of coal mining rights (note 7)	煤礦開採權攤銷(附註7)								4,415
Capital expenditure*	資本開支*								1,384,113

* Capital expenditure consists of additions to investment in an associate, property, plant and equipment and intangible assets including assets acquired from the acquisition of subsidiaries.

* 資本開支包括於聯營公司投資、物業、廠房及設備及無形資產，包括來自收購附屬公司的已收購資產。

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5. OPERATING SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

(A) REVENUE FROM EXTERNAL CUSTOMERS

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
North-east area	東北部區域	756,390	540,731
Central Region	中部區域	3,190,851	2,979,796
East area	東部區域	3,718,145	2,846,233
Western Region	西部區域	1,465,060	1,190,135
Overseas area	海外區域	64,230	4,652
		9,194,676	7,561,547

The revenue information of continuing operations above is based on the locations of the customers.

INFORMATION ABOUT A MAJOR CUSTOMER

The Group had no customers from whom the revenue derived individually accounted for more than 10% of the Group's total revenue in year 2018 and year 2017, including sales to a group of entities which are known to be under common control with that customer.

5. 經營分部資料(續)

地區資料

(A) 來自外部客戶的收入

上述持續經營的收入資訊乃基於客戶的位置。

主要客戶的資訊

於二零一八年度及二零一七年度本集團概無單個產生的收入佔本集團總收入的10%以上的客戶，包括向該客戶已知共同控制的一組實體的銷售額。

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

6. 收入、其他收入及收益

收入，即本集團的營業額，出售貨品並扣除相關稅項、退貨及折扣後的淨發票價值。

本集團的收入、其他收入及收益分析如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入		
Sales of goods	銷售貨品	9,194,676	7,561,547
Sales of urea, compound fertilizer, methanol, melamine, furfuryl alcohol and related products is recognised at a point in time. Please refer to Note 5 for disaggregation of revenue.	尿素、複合肥、甲醇、三聚氰胺、糠醇及相關產品的銷售額在某個時間點確認。關於收入的分解，請參閱附註5。		
Other income	其他收入		
Bank interest income	銀行利息收入	9,188	10,962
Net profit from sales of by-products	銷售副產生的純利	16,292	25,304
Net income on sale of electricity and water	銷售水電的淨收益	33,877	1,422
Dividend income from equity investments at fair value through profit or loss	按公平值計入損益的股權投資的股息收益	1,107	-
Share of profits and losses of an associate	應佔聯營公司溢利及虧損	657	-
Net rental income	淨租賃收入	3,989	-
		65,110	37,688
Gains	收益		
Amortisation of deferred grants (note 28)	遞延補貼攤銷(附註28)	6,933	7,774
Subsidy income	補助金收入	16,004	27,660
Compensation income	補償收益	1,189	4,083
Exchange gains	匯兌收益	-	6,797
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備的收益	-	3,216
Gain on fair value change of derivative financial instrument	遞延金融工具公平值變動收益	17,719	-
Others	其他	6,418	376
		113,373	87,594

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註		
Cost of inventories sold	銷售存貨成本	6,955,245	5,974,597
Depreciation of items of property, plant and equipment	物業、廠房及設備項目的折舊	636,406	606,984
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	14,120	9,605
Amortisation of coal mining rights	煤礦開採權攤銷	2,512	4,415
Minimum lease payments under operating leases:	經營租約項下的最低租金付款：		
Land	土地	1,990	1,276
Buildings	樓宇	1,120	2,239
Factories	工廠	4,202	1,858
		7,312	5,373
Auditor's remuneration	核數師酬金	3,773	2,666
Employee benefit expenses (including directors' remuneration (Note 9):	僱員福利開支 (包括董事薪酬 (附註9))：		
Salaries and bonuses	薪金及花紅	568,193	523,467
Pension scheme contributions (defined contribution scheme)	退休金計劃供款 (界定供款計劃)	76,849	73,343
Benefits in kind	實物利益	42,864	29,019
		687,906	625,829
Impairment of trade receivables, other receivables and due from related companies	貿易應收款項、其他應收款項及應收關連公司款項減值	22,241	3,254
Impairment of property, plant and equipment	物業、廠房及設備減值	188,487	-
Unrealised exchange loss/(gain), net*	未變現匯兌(收益)/虧損，淨額*	27,587	(6,008)
Realised exchange gain, net*	已變現匯兌收益，淨額*	(763)	(789)
Loss on disposal of items of property, plant and equipment*	出售物業、廠房及設備項目的虧損*	3,509	-

* Included in "Other expenses" disclosed in the consolidated statement of profit or loss and other comprehensive income.

7. 除稅前溢利

本集團的除稅前溢利乃經扣除/(計入)：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註		
Cost of inventories sold	銷售存貨成本	6,955,245	5,974,597
Depreciation of items of property, plant and equipment	物業、廠房及設備項目的折舊	636,406	606,984
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	14,120	9,605
Amortisation of coal mining rights	煤礦開採權攤銷	2,512	4,415
Minimum lease payments under operating leases:	經營租約項下的最低租金付款：		
Land	土地	1,990	1,276
Buildings	樓宇	1,120	2,239
Factories	工廠	4,202	1,858
		7,312	5,373
Auditor's remuneration	核數師酬金	3,773	2,666
Employee benefit expenses (including directors' remuneration (Note 9):	僱員福利開支 (包括董事薪酬 (附註9))：		
Salaries and bonuses	薪金及花紅	568,193	523,467
Pension scheme contributions (defined contribution scheme)	退休金計劃供款 (界定供款計劃)	76,849	73,343
Benefits in kind	實物利益	42,864	29,019
		687,906	625,829
Impairment of trade receivables, other receivables and due from related companies	貿易應收款項、其他應收款項及應收關連公司款項減值	22,241	3,254
Impairment of property, plant and equipment	物業、廠房及設備減值	188,487	-
Unrealised exchange loss/(gain), net*	未變現匯兌(收益)/虧損，淨額*	27,587	(6,008)
Realised exchange gain, net*	已變現匯兌收益，淨額*	(763)	(789)
Loss on disposal of items of property, plant and equipment*	出售物業、廠房及設備項目的虧損*	3,509	-

* 包括在綜合損益及其他全面收益表中披露的「其他開支」中。

8. FINANCE COSTS

An analysis of finance costs is as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest on bank loans, overdrafts, other loans and bonds wholly repayable within five years	須於五年內悉數償還的 銀行貸款、銀行透支、 其他貸款及融資債券的利息	325,273	285,766
Interest on government loans	政府貸款的利息	56	85
		325,329	285,851

9. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Fees	袍金	1,050	800
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,262	2,274
Performance related bonuses*	業績花紅*	17,550	8,977
Pension scheme contributions	退休金計劃供款	78	66
		19,890	11,317
		20,940	12,117

* Certain executive directors of the Company are entitled to bonuses which are determined as a percentage of the profit after tax of the Group.

8. 財務成本

財務成本分析如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest on bank loans, overdrafts, other loans and bonds wholly repayable within five years	須於五年內悉數償還的 銀行貸款、銀行透支、 其他貸款及融資債券的利息	325,273	285,766
Interest on government loans	政府貸款的利息	56	85
		325,329	285,851

9. 董事酬金

本年度董事及主要行政人員的酬金，根據上市規則披露、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司條例第2部分(披露有關董事福利的資料)披露如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Fees	袍金	1,050	800
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,262	2,274
Performance related bonuses*	業績花紅*	17,550	8,977
Pension scheme contributions	退休金計劃供款	78	66
		19,890	11,317
		20,940	12,117

* 本公司若干執行董事有權獲得按本集團除稅後溢利百分比釐定的花紅。

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9. DIRECTORS' REMUNERATION (CONTINUED)

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Ong Kian Guan	王建源	300	300
Li Shengxiao	李生校	250	250
Ong Wei Jin	王為仁	250	250
Li Hongxing	李紅星	250	-
		1,050	800

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

9. 董事酬金(續)

(a) 獨立非執行董事

年內付予獨立非執行董事之袍金如下：

年內概無應付予獨立非執行董事的其他酬金(二零一七年：無)。

9. DIRECTORS' REMUNERATION (CONTINUED)

(b) EXECUTIVE DIRECTORS, A NON-EXECUTIVE DIRECTOR

Year ended 31 December 2018 截至二零一八年 十二月三十一日止年度		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼 及實物利益 RMB'000 人民幣千元	Performance- related bonuses 考績花紅 RMB'000 人民幣千元	Pension scheme contributions 退休金 計劃供款 RMB'000 人民幣千元	Total remuneration 總計酬金 RMB'000 人民幣千元
Executive directors: 執行董事：						
Liu Xingxu 劉興旭		-	874	7,020	26	7,920
Yan Yunhua 閔蘊華		-	694	4,387	26	5,107
Zhang Qingjin 張慶金		-	694	6,143	26	6,863
		-	2,262	17,550	78	19,890
Non-executive director: 非執行董事：						
Zheng Jiaqi* 鄭嘉齊		-	-	-	-	-
Lian Jie 廉潔		-	-	-	-	-
		-	2,262	17,550	78	19,890
Year ended 31 December 2017 二零一七年十二月 三十一日止年度						
Executive directors: 執行董事：						
Liu Xingxu 劉興旭		-	878	3,591	22	4,491
Yan Yunhua 閔蘊華		-	698	2,693	22	3,413
Zhang Qingjin 張慶金		-	698	2,693	22	3,413
		-	2,274	8,977	66	11,317
Non-executive director: 非執行董事：						
Lian Jie 廉潔		-	-	-	-	-
		-	2,274	8,977	66	11,317

* Mr Zheng Jiaqi was appointed as a non-executive director with effect from 16 May 2018 while Mr Lian Jie resigned as a non-executive director with effect from 16 May 2018.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2017: Nil).

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. 董事酬金(續)

(B) 執行董事，非執行董事

* 鄭嘉齊先生自二零一八年五月十六日獲委任為非執行董事，而廉潔先生於二零一八年五月十六日辭任非執行董事。

年內概無董事放棄或同意放棄任何酬金的安排(二零一七年：無)。

年內，本集團並無向董事支付酬金，作為加入或於加入本集團時的獎勵或作為離職的補償。

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10. FIVE HIGHEST PAY EMPLOYEES

The five highest paid employees during the year included three (2017: three) directors, details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining two (2017: two) non-director, highest paid employees for the year are as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	555	424
Performance-related bonuses	業績花紅	1,285	1,200
Pension scheme contributions	退休金計劃供款	51	43
		1,891	1,667

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Group 本集團	
		2018 二零一八年	2017 二零一七年
Nil to RMB500,000	零至人民幣 500,000 元	-	-
RMB500,001 to RMB1,000,000	人民幣 500,001 元 至人民幣 1,000,000 元	2	2
		2	2

During the year, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 五名最高薪酬僱員

本集團本年度的五名最高薪酬僱員包括三名(二零一七年：三名)董事，其酬金的詳情載於上文附註9。有關其餘兩名(二零一七年：兩名)非董事最高薪酬僱員的酬金的詳情如下：

酬金屬下列範圍之內的非董事最高薪酬僱員的數目如下：

本年度內，本集團並無向五名最高薪酬的僱員支付酬金，作為加入或於加入本集團時的獎勵或作為離職的補償。

11. INCOME TAX

The Company is incorporated in Singapore and is subject to income tax at the rate of 17% (2017: 17%) for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The Company's subsidiaries in Mainland China are subject to income tax at the rate of 25% (2017: 25%). In year 2018, three of the subsidiaries were given the New/High Tech Enterprise Award as recognition of their innovation and use of state-of-the-art equipment. This award brought these subsidiaries a tax concession of a lower income tax rate (i.e. 15%) for the year ended 31 December 2018 and the years ending 31 December 2019.

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

11. 所得稅

本公司於新加坡註冊成立，於本年度須按17%（二零一七年：17%）的所得稅稅率繳納稅項。

於其他地方應課稅溢利的稅項按本集團經營所在的國家現行的稅率計算。

本公司的附屬公司於中國內地須按所得稅稅率25%（二零一七年：25%）繳納稅項。於二零一八年，其中三家附屬公司獲發高新技術企業證書，以肯定其科技創新及使用先進的技術設備。該獎項使該等附屬公司於截至二零一八年十二月三十一日、二零一九年十二月三十一日止年度享有較低所得稅稅率（即15%）的稅務優惠。

截至二零一八年及二零一七年十二月三十一日止財政年度所得稅開支之主要部分如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current – PRC	即期 – 中國		
Charge for the year	年度稅項	182,752	77,294
Under provision in prior years	過往年度撥備不足	7,231	3,068
Deferred (Note 34)	遞延稅項(附註34)	(68,150)	(19,177)
Total tax charge for the year	本年度稅項開支總額	121,833	61,185

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11. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge for the year at the effective tax rate is as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	777,147	484,717
Tax at statutory tax rates	按法定稅率計算的稅項	194,287	121,179
Adjustments in respect of current tax of prior years	就過往年度的即期稅項作出的調整	7,231	3,068
Benefits from previously unrecognised tax losses	受益於先前未確認稅項虧損	(3,830)	-
Effect of a tax concession	稅務優惠的影響	(90,086)	(74,493)
Expenses not deductible for tax	不可扣稅開支	7,409	4,823
Tax losses not recognised	未確認稅項虧損	8,245	7,484
Withholding tax	預扣稅項	13,443	(1,202)
Recognition of deductible temporary differences previously not recognised	確認先前未確認的可抵扣暫時性差異	(13,233)	-
Others	其他	(1,633)	326
Tax charge at the effective rate of 15.7% (2017: 12.6%)	按實際稅率 15.7% (二零一七年：12.6%) 計算的稅項開支	121,833	61,185

12. DIVIDEND

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Proposed final dividend – RMB10.00 cents (2017: RMB8.49 cents) per ordinary share	建議末期股息 – 每股普通股人民幣 10.00 分 (二零一七年：人民幣 8.49 分)	117,162	85,500

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. 所得稅(續)

本年度使用適用於本公司及其附屬公司所在國家的法定稅率計算的除稅前溢利的稅項開支與按實際稅率計算的稅項開支對賬如下：

12. 股息

於年內建議的末期股息須待本公司股東於即將舉行的股東週年大會上批准，始可作實。

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) of 1,171,621,000 (2017: 1,171,736,000), as adjusted to reflect the convertible bonds issued in 2011.

The calculations of basic and diluted earnings per share are based on the following data:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	用於計算每股基本及攤薄盈利的母公司普通股權益持有人應佔溢利	624,932	397,778

		Group 本集團	
		2018 二零一八年 Number of shares 股份數目	2017 二零一七年 Number of shares 股份數目
Shares	股份		
Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments issued) for the purpose of calculating basic and diluted earnings per share	就計算每股基本及攤薄盈利而言的普通股加權平均數(包括已發行的強制性可換股工具)	1,171,621,000	1,171,736,000

13. 母公司普通股權益持有人應佔每股盈利

每股基本及攤薄盈利金額乃根據母公司普通股權益持有人應佔年內溢利，及經調整以反映二零一一年已發行的可換股債券的普通股加權平均數1,171,621,000股(包括已發行的強制性可換股工具)(二零一七年：1,171,736,000股)計算得出。

每股基本及攤薄盈利乃基於以下數據計算得出：

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14. PROPERTY, PLANT AND EQUIPMENT

31 December 2018

Group	本集團	Other fixtures and structures		Plant and machinery	Office equipment and furniture	Motor vehicles	Construction in progress	Total
		Buildings	其他固定					
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本:							
At 1 January 2018	於二零一八年一月一日	1,109,047	1,581,727	7,041,254	288,411	93,349	1,280,416	11,394,204
Additions	添置	23,836	1,581	332,685	6,637	9,630	1,063,909	1,438,278
Transfers	轉讓	149,498	411,143	795,468	28,142	987	(1,385,238)	-
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	17,689	28,674	133,969	11,825	2,453	36,592	231,202
Disposals	出售	(4,375)	(82)	(617,261)	(885)	(8,316)	-	(630,919)
At 31 December 2018	於二零一八年十二月三十一日	1,295,695	2,023,043	7,686,115	334,130	98,103	995,679	12,432,765
Accumulated depreciation:	累計折舊:							
At 1 January 2018	於二零一八年一月一日	186,445	259,418	2,109,756	178,821	52,181	-	2,786,621
Depreciation during the year (Note 7)	年內折舊(附註7)	47,691	63,149	464,985	45,963	14,618	-	636,406
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	3,443	3,104	15,251	1,945	851	-	24,594
Disposals	出售	(2,889)	(52)	(196,841)	(1,559)	(6,528)	-	(207,869)
At 31 December 2018	於二零一八年十二月三十一日	234,690	325,619	2,393,151	225,170	61,122	-	3,239,752
Impairment:	減值:							
At 1 January 2018	於二零一八年一月一日	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	1,293	706	1,980	25	-	-	4,004
Impairment during the year (Note 7)	年內減值(附註7)	39,615	30,157	104,286	3,059	-	11,370	188,487
At 31 December 2018	於二零一八年十二月三十一日	40,908	30,863	106,266	3,084	-	11,370	192,491
Net carrying amount:	賬面淨值:							
At 31 December 2018	於二零一八年十二月三十一日	1,020,097	1,666,561	5,186,698	105,876	36,981	984,309	9,000,522

In current financial year, a subsidiary of the Group sold plant and machinery with net carrying value of RMB431,118,000 to a third party and entered into an arrangement with the third party to lease back the assets for RMB300,000,000 over a period of three years. The sales and lease back arrangement is to secure a bank borrowing of RMB300,000,000 granted to the Group (Note 30). The difference between the net carrying value of the assets and lease consideration of RMB131,118,000 is deferred and amortised over the lease term as other assets. As at 31 December 2018, the balance of other assets amounts to RMB127,759,000.

14. 物業、廠房及設備

二零一八年十二月三十一日

於本財政年度，本集團的附屬公司向第三方出售廠房及機械，賬面淨值為人民幣431,118,000元，並與該第三方訂立安排，以三年期回租資產，代價為人民幣300,000,000元。銷售及回租安排旨在確保向本集團授出銀行借貸人民幣300,000,000元(附註30)。資產的賬面淨值與租賃代價的差額人民幣131,118,000元已遞延並於租賃期內按其他資產攤銷。於二零一八年十二月三十一日，其他資產餘額為人民幣127,759,000元。

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has plant and machinery with a carrying value RMB293,081,000 (2017 : RMB190,096,000) is mortgaged to secure the Group's bank loans (Note 30).

31 December 2017

Group	本集團	Buildings 樓宇 RMB'000 人民幣千元	Other fixtures and structures 其他固定 附著物及建築 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Office equipment and furniture 辦公室 設備及傢俱 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本：							
At 1 January 2017	於二零一七年一月一日	1,061,409	1,224,733	6,877,643	281,738	85,447	897,182	10,428,152
Additions	添置	8,613	6,315	64,477	8,070	9,908	1,269,488	1,366,871
Transfers	轉讓	122,868	438,983	323,177	1,226	-	(886,254)	-
Disposals	出售	(83,843)	(88,304)	(224,043)	(2,623)	(2,006)	-	(400,819)
At 31 December 2017	於二零一七年十二月三十一日	1,109,047	1,581,727	7,041,254	288,411	93,349	1,280,416	11,394,204
Accumulated depreciation:	累計折舊：							
At 1 January 2017	於二零一七年一月一日	147,208	181,203	1,719,306	138,351	40,563	-	2,226,631
Depreciation during the year (Note 7)	年內折舊(附註7)	44,294	85,044	423,517	41,325	12,804	-	606,984
Disposals	出售	(5,057)	(6,829)	(33,067)	(855)	(1,186)	-	(46,994)
At 31 December 2017	於二零一七年十二月三十一日	186,445	259,418	2,109,756	178,821	52,181	-	2,786,621
Net carrying amount:	賬面淨值：							
At 31 December 2017	於二零一七年十二月三十一日	922,602	1,322,309	4,931,498	109,590	41,168	1,280,416	8,607,583

14. 物業、廠房及設備(續)

本集團抵押賬面值人民幣 293,081,000 元(二零一七年：人民幣 190,096,000 元)廠房及機器以為本集團的銀行貸款提供擔保(附註 30)。

二零一七年十二月三十一日

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15. PREPAID LAND LEASE PAYMENTS AND OTHER INTANGIBLE ASSETS

Group	本集團	Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值		390,661	383,024
Additions	添置		228,700	17,242
Acquisition of subsidiaries	收購附屬公司	37	43,118	-
Amortisation during the year	年內攤銷	7	(14,120)	(9,605)
Carrying amount at 31 December	於十二月三十一日 的賬面值		648,359	390,661
Current portion included in prepayments	計入預付款項的即期 部分	19	(17,753)	(8,953)
Non-current portion	非即期部分		630,606	381,708

15. 預付土地租賃款項及其他無形資產

16. GOODWILL

Group	本集團	Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost:	成本：			
At 1 January	於一月一日		25,361	25,361
Acquisition of subsidiaries	收購附屬公司	37	3,640	-
At 31 December	於十二月三十一日		29,001	25,361
Accumulated impairment:	累計減值：			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	於二零一七年 一月一日、 二零一七年 十二月三十一日、 二零一八年一月一日 及二零一八年 十二月三十一日		-	-
Net carrying amount:	賬面淨值：			
At 31 December	於十二月三十一日		29,001	25,361

16. 商譽

16. GOODWILL (CONTINUED)

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business acquisitions have been allocated to following cash generating units ("CGU") for impairment testing:

- Coal mining cash-generating unit; and
- Furfural products cash-generating unit;
- Humic acid products cash-generating unit

COAL MINING CASH-GENERATING UNIT

The recoverable amount of the coal mining CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 30-year period approved by management. The pre-tax discounted rate applied to the cash flow projections is 11.2% (2017: 11.2%).

FURFURAL PRODUCTS CASH-GENERATING UNIT AND HUMIC ACID PRODUCTS CASH-GENERATING UNIT

The recoverable amounts of the furfural products CGU and humic acid products CGU have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by management. The pre-tax discounted rates applied to the cash flow projections are 17.6% and 20.0% respectively (2017: Nil).

Based on the annual impairment testing, no impairment charge was recognised during the year.

16. 商譽(續)

商譽減值測試

透過業務合併收購的商譽已分配至以下現金產生單位(「現金產生單位」)，以進行減值測試。

- 煤礦開採現金產生單位；
- 糠醛產品現金產生單位；及
- 腐植酸產品現金產生單位。

煤礦開採現金產生單位

煤礦開採權現金產生單位的可收回金額已按使用價值計算為基準釐定，而使用價值乃採用經管理層批准的財務預算為基準，涵蓋30年期間的現金流量預測計算。稅前現金流量預測採用11.2%(二零一七年：11.2%)的折現率折現。

糠醛產品現金產生單位及腐植酸產品現金產生單位

糠醛產品現金產生單位及腐植酸產品現金產生單位的可收回金額已按使用價值計算為基準釐定，而使用價值乃採用經管理層批准的財務預算為基準，涵蓋5年期間的現金流量預測計算。稅前現金流量預測分別採用17.6%與20.0%的折現率折現(二零一七年：無)。

根據年度減值測試，於本年度內並無確認減值撥備。

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16. GOODWILL (CONTINUED)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Coal mining 煤礦開採		Furfural products 糠醛產品		Humic acid products 腐植酸產品		Total 總計	
	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount of goodwill 商譽賬面值	25,361	25,361	1,528	-	2,112	-	29,001	25,361

ASSUMPTIONS USED IN THE VALUE-IN-USE CALCULATION

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of coal mining CGU, furfural products CGU and humic acid products CGU:

(I) BUDGETED SALES AND OPERATING COSTS

The basis used to determine the value assigned to the budgeted sales and operating costs are compared to the historical data and adjusted for management's expected efficiency improvements and expected market development.

(II) COMMODITY PRICE

The basis used to determine the value assigned to commodity price is the expectation of future changes in the market.

(III) PRE-TAX DISCOUNT RATE

The pre-tax discount rate used is before tax and reflects specific risks relating to the relevant unit.

With regards to the assessment of value in use for coal mining CGU, furfural products CGU and humic acid products CGU, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the coal mining CGU, furfural products CGU and humic acid products CGU to materially exceed its recoverable amount.

16. 商譽(續)

分配至各現金產出單位的商譽賬面值如下：

使用價值計算採用的假設

各主要假設如下所述，據此管理層已根據現金流量預測對煤礦開採現金產生單位、糠醛產品現金產生單位及腐植酸產品現金產生單位進行減值測試：

(I) 預算銷售額及經營成本

用於釐定預算銷售額及經營成本的指定價值的基準與歷史數據可比較，並可根據管理層的預期效率改進及預期市場發展作出調整。

(II) 商品價格

用於釐定商品價格的指定價值的基準為市場未來變動的預期。

(III) 稅前折現率

採用的稅前折現率為稅前並反映有關相關單位的特殊風險。

就評估煤礦開採現金產生單位、糠醛產品現金產生單位及腐植酸產品現金產生單位的使用價值而言，管理層認為，任何上述主要假設之合理可能變動概不會導致煤礦開採現金產生單位、糠醛產品現金產生單位及腐植酸產品現金產生單位的賬面值超過其可收回金額。

17. COAL MINING RIGHTS

17. 煤礦開採權

Group	本集團	RMB'000 人民幣千元
31 December 2018	二零一八年十二月三十一日	
Cost at 1 January 2018, net of accumulated amortisation	於二零一八年一月一日的成本，扣除累計攤銷	90,684
Amortisation provided during the year (Note 7)	年度攤銷撥備(附註7)	(2,512)
At 31 December 2018	於二零一八年十二月三十一日	88,172
At 31 December 2018:	於二零一八年十二月三十一日：	
Cost	成本	109,570
Accumulated amortisation	累計攤銷	(21,398)
Net carrying amount	賬面淨值	88,172
31 December 2017	二零一七年十二月三十一日	
Cost at 1 January 2017, net of accumulated amortisation	於二零一七年一月一日的成本，扣除累計攤銷	95,099
Amortisation provided during the year (Note 7)	年度攤銷撥備(附註7)	(4,415)
At 31 December 2017	於二零一七年十二月三十一日	90,684
At 31 December 2017:	於二零一七年十二月三十一日：	
Cost	成本	109,570
Accumulated amortisation	累計攤銷	(18,886)
Net carrying amount	賬面淨值	90,684

IMPAIRMENT TESTING OF COAL MINING RIGHTS

During the year ended 31 December 2018, the Group performed impairment assessment on the coal mining rights of RMB88,172,000.

The recoverable amount of coal mining rights has been determined based on a value-in-use calculation. The key assumptions are included in Note 16 to the consolidated financial statements.

Based on the annual impairment testing, no impairment charge was recognised during the year.

煤礦開採權的減值

截至二零一八年十二月三十一日止年度，本集團對煤礦開採權人民幣88,172,000元進行減值評估。

煤礦開採權的可收回金額已根據使用價值計算釐定。主要假設載於綜合財務報表附註16。

根據年度減值測試，於本年度內並無確認減值撥備。

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18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENT

18. 按公平值計入損益的股權投資／可供出售投資

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current	非流動		
Unquoted equity investment, at fair value:	非上市股權投資，按公平值：		
PRC	中國	6,708	6,708
Current	流動		
Listed equity investments, at fair value:	上市股權投資，按公平值：		
Singapore	新加坡	2,678	2,678
Hong Kong	香港	34,500	34,500
		37,178	37,178

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current	流動		
Listed equity investments, at fair value:	上市股權投資，按公平值：		
Singapore	新加坡	2,678	2,678
Hong Kong	香港	34,500	34,500
		37,178	37,178

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENT (CONTINUED)

LISTED EQUITY INVESTMENTS

As disclosed in Note 2.2, upon adoption of IFRS 9, the Group elects to measure the listed equity investments at FVPL. In the current year, no fair value gain or loss in respect of these investments were charged to profit or loss. In prior year, these investments are available-for-sale investments measured at fair value and the fair value loss amounted to RMB1,507,000 were charged to other comprehensive income.

As at 31 December 2018, the listed equity investments were classified as current assets because the directors of the Company have intention to dispose of these investments in the forthcoming year.

UNQUOTED EQUITY INVESTMENT

The Group's investment in an unlisted equity security represents a 15% equity interest in the unlisted registered capital of Manas Biyuan Water Supply Company Limited ("Biyuan"), a company registered in the PRC. The Group has no control nor significant influence over the financial and operating policies of Biyuan. The Group does not intend to dispose of it in the near future.

As at 31 December 2017, the investment was stated at cost of RMB7,500,000 less impairment loss of RMB792,000.

Upon adoption of IFRS9, the investment is carried at FVPL and the fair value as at 31 December 2018 is RMB6,708,000.

18. 按公平值計入損益的股權投資／可供出售投資(續)

上市股權投資

如附註2.2所披露，經採用國際財務報告準則第9號，本集團選擇按公平值計入損益計量上市股權投資。於本年度，該等投資的公平值收益或虧損概無計入損益。於上一年度，該等投資乃按公平值計量的可供出售投資，公平值損失人民幣1,507,000元已列入其他全面收益。

於二零一八年十二月三十一日，上市股權投資被歸類為流動資產，因為本公司的董事有意在未來一年內出售該等投資。

非上市股權投資

本集團之未上市股本證券投資乃指於瑪納斯縣碧源供水有限責任公司(「碧源」，一間於中國註冊成立之公司)的未上市註冊資本的15%股權。本公司董事認為無法可靠計量其公平值。本集團無意於可見未來出售有關投資。

於二零一七年十二月三十一日，投資按成本人民幣7,500,000元減去減值虧損人民幣792,000元呈列。

經採用國際財務報告準則第9號，投資按公平值計入損益列賬，於二零一八年十二月三十一日的公平值為人民幣6,708,000元。

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19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

19. 預付款項，按金及其他應收款項

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current	非流動		
Prepayments for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的預付款項	489,348	135,493
Current	流動		
Prepayments:	預付款項：		
Advanced deposits to suppliers	預付供應商的按金	530,686	445,910
Current portion of prepaid land lease payments (note 15)	預付土地租賃款項的即期部分(附註15)	17,753	8,953
Others	其他	3,965	2,455
		552,404	457,318
Deposits and other receivables:	按金及其他應收款項：		
Deposits	按金	6,574	103,600
VAT recoverable	應收增值稅	351,887	326,058
Receivable of disposal of fixed assets	出售固定資產之應收款項	-	197,636
Others	其他	72,924	93,818
		431,385	721,112
Total prepayments, deposits and other receivables	預付款項、按金及其他應收款項總額	983,789	1,178,430

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current	流動		
Prepayments	預付款項	1,546	4,805

20. INVENTORIES

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Raw materials	原材料	549,440	331,607
Parts and spares	部件及備用零件	116,035	83,954
Finished goods	製成品	401,378	299,477
		1,066,853	715,038

20. 存貨

21. DERIVATIVE FINANCIAL INSTRUMENTS

		Group 本集團			
		2018 二零一八年		2017 二零一七年	
		Notional amount 名義金額 RMB'000 人民幣千元	Asset 資產 RMB'000 人民幣千元	Notional amount 名義金額 RMB'000 人民幣千元	Asset 資產 RMB'000 人民幣千元
Foreign currency swaps	外匯掉期	256,546	17,719	-	-

21. 衍生金融工具

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22. TRADE AND BILLS RECEIVABLES

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	103,366	131,017
Less: impairment allowance	減：減值撥備	(6,467)	(3,254)
		96,899	127,763
Bills receivable	應收票據	234,232	33,066
		331,131	160,829

Trade receivables are non-interest-bearing and are normally settled on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's bills receivable are non-interest-bearing and are normally settled on terms of 90 to 180 days. Trade and bills receivables are denominated in RMB.

The Group's trading terms with its customers are mainly payment in advance or on credit for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. 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. The Group does not hold any collateral or other credit enhancements over these balances.

22. 貿易應收款項及應收票據

貿易應收款項為免息及一般於30至90日內清償。該等應收賬款以其原始發票金額確認，該等金額代表其在初始確認時的公平值。本集團的應收票據為免息及一般於90至180日內清償。貿易應收款項及應收票據以人民幣計值。

本集團與其客戶的交易條款主要為預付款項，若干客戶或可取得信貸期。各客戶有信貸期上限。本集團尋求維持對其尚未到期的應收款項的嚴格控制，以減低信貸風險。逾期結餘會由高級管理層定期審閱。鑒於上文所述，及本集團的貿易應收款項分佈於大量分散的客戶，故並無重大信貸集中風險。本集團並無就該等結餘持有任何抵押品或其他信貸保證。

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

An aging analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 month	1個月以內	62,991	98,220
1 to 3 months	1至3個月	21,630	8,058
3 to 6 months	3至6個月	6,120	6,835
6 to 12 months	6至12個月	2,149	10,969
Over 12 months	12個月以上	4,009	3,681
		96,899	127,763

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. 貿易應收款項及應收票據(續)

已逾期但未減值之應收款項

本集團貿易應收款項於申報期末的賬齡分析(根據發票日期及扣除撥備)如下:

未逾期亦未減值的應收款項與大量近期沒有拖欠記錄的分散客戶有關。

已逾期但未減值的應收款項與若干與本集團存有良好往績記錄的獨立客戶有關。根據過往經驗，本公司董事認為毋須就該等結餘計提減值撥備，因信貸質素並無重大變動及該等結餘仍被視為可全數收回。

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22. TRADE AND BILLS RECEIVABLES (CONTINUED)

RECEIVABLES THAT ARE IMPAIRED

IMPAIRMENT UNDER IAS 39 FOR THE YEAR ENDED 31 DECEMBER 2017

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

		Group 本集團 2017 二零一七年 RMB'000 人民幣千元
Trade receivables – nominal amounts	貿易應收款項 – 名義金額	3,254
Less: Allowance for impairment	減：減值撥備	(3,254)
		–
Movement in allowance accounts:	撥備賬之變動：	
At 1 January	於一月一日	–
Charge for the year	年度稅項	(3,254)
At 31 December	於十二月三十一日	(3,254)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

EXPECTED CREDIT LOSSES

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer based on customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

22. 貿易應收款項及應收票據(續)

已減值之應收款項

於截至二零一七年十二月三十一日止年度國際會計準則第39號項下的減值

本集團於報告期末已減值的貿易應收款項以及用於記錄減值的撥備賬波動如下：

於報告期末個別釐定為減值的貿易應收款項與陷入重大財務困難及已拖欠付款的債務人有關。該等應收款項並未以任何抵押品或信貸保證作抵押。

預期信貸虧損

於各報告日期均採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於客戶類別及評級的多個客戶進行分組而逾期的日數計算量。該計算反映或然率加權結果、貨幣時值及於報告日期可得的有關過往事項、當前條件及未來經濟條件預測的合理及可靠資料。一般而言，貿易應收款項如果逾期超過一年並且不受強制執行活動的影響則予以註銷。

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

EXPECTED CREDIT LOSSES (CONTINUED)

The movement in allowance for expected credit losses of trade and other receivables computed based on ECL are as follows:

TRADE RECEIVABLES

		Group 本集團 2018 二零一八年 RMB'000 人民幣千元
At beginning of year	於年初	3,254
Effect of adoption of IFRS 9	採用國際財務報告準則第9號的影響	1,706
At beginning of year (restated)	於年初(經重述)	4,960
Impairment losses, net (note 7)	減值虧損，淨額(附註7)	1,507
At end of year	年末	6,467

OTHER RECEIVABLES

		Group 本集團 2018 二零一八年 RMB'000 人民幣千元
At beginning of year	於年初	-
Effect of adoption of IFRS 9	採用國際財務報告準則第9號的影響	3,787
At beginning of year (restated)	於年初(經重述)	3,787
Impairment losses, net (note 7)	減值虧損，淨額(附註7)	19,858
At end of year	於年末	23,645

22. 貿易應收款項及應收票據(續)

預期信貸虧損(續)

根據預期信貸虧損計算的貿易及其他應收款項的預期信貸虧損撥備變動如下：

貿易應收款項

其他應收款項

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22. TRADE AND BILLS RECEIVABLES (CONTINUED)

DUE FROM RELATED COMPANIES/A SUBSIDIARY

		Group 本集團 2018 二零一八年 RMB'000 人民幣千元
At beginning of year	於年初	–
Effect of adoption of IFRS 9	採用國際財務報告準則第9號的影響	452
At beginning of year (restated)	於年初(經重述)	452
Impairment losses, net (note 7)	減值虧損，淨額(附註7)	876
At end of year	於年末	1,328

Set out below is the information about the credit risk exposure on the Group's trade receivables, other receivable and amount due from related companies/a subsidiary using a provision matrix:

22. 貿易應收款項及應收票據(續)

應收關聯公司／一間附屬公司款項

下文載列有關本集團貿易應收款項、其他應收款項及使用撥備矩陣的應收關聯公司／一間附屬公司款項的信貸風險資料：

ECL FOR TRADE RECEIVABLES

		Current 即期	Past due 逾期			Total 總計
			Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	63,838	30,992	2,904	5,632	103,366
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	847	1,093	307	4,220	6,467

貿易應收款項的預期信貸虧損

ECL FOR OTHER RECEIVABLES

		Current 即期	Past due 逾期			Total 總計
			Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	57,986	15,795	15,820	13,542	103,143
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	887	386	9,905	12,467	23,645

其他應收款項的預期信貸虧損

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

ECL FOR AMOUNT DUE FROM RELATED COMPANIES/A SUBSIDIARY

		Current 即期	Past due 逾期			Total 總計
			Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	31,366	346	-	-	31,712
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	1,057	271	-	-	1,328

BILLS RECEIVABLE

At 31 December 2018, the Group endorsed bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with an aggregate carrying amount of RMB1,389,935,000 (2017: RMB1,310,538,000) with maturity ranging from one to six months at the end of the reporting period, to certain of its suppliers for settlement of the trade payables due to these suppliers (the "Endorsement"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, all risks and rewards relating to the Endorsed Bills have been substantially transferred upon the Endorsement. Accordingly, the Group has derecognised the full carrying amounts of the Endorsed Bills and the associated trade payables. The maximum exposure arising from the Group's Continuing Involvement in the Endorsed Bills and the undiscounted cash flows to repurchase these Endorsed Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Endorsed Bills are not significant.

During the years ended 31 December 2018 and 2017, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

22. 貿易應收款項及應收票據(續)

應收關聯公司／一間附屬公司款項的預期信貸虧損

應收票據

於二零一八年十二月三十一日，本集團已向其若干供應商背書獲中國內地銀行兌現，賬面值總額為人民幣1,389,935,000元（二零一七年：人民幣1,310,538,000）的應收票據（「背書票據」），以清償應付該等供應商的貿易應付款項（「背書」），期限介乎報告期末一至六個月內。根據中國有關可轉讓票據的法律，倘中國銀行拖欠還款，背書票據的持有人有權向本集團追索欠款（「持續參與」）。董事認為，與背書票據有關的絕大部分風險和回報在作出背書後已獲轉讓。因此，本集團已終止確認背書票據和相關的貿易應付款項的全數賬面值。本集團因持續參與背書票據而面臨的最大風險和購回該等背書票據的未折現現金流量，均相等於其賬面值。董事認為，本集團持續參與背書票據的公平值並不重大。

於截至二零一八年及二零一七年十二月三十一日止年度，本集團並無確認於轉讓背書票據日期的任何收益或虧損。於年內或累積期間，均無來自持續參與的任何收益或虧損獲確認。背書已於整個年度內平均作出。

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23. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY

Particulars of the balances with related companies and a subsidiary, in which certain shareholders, executive directors of the Company are also direct/indirect shareholders and directors are as follows:

23. 與關連公司／一間附屬公司的結餘

與關連公司及一間附屬公司的結餘的詳情(其中本公司若干股東、執行董事亦為直接／間接股東及董事)如下：

		Notes 附註	Group 本集團 2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Due from related companies	應收關連公司款項			
Non-current:	非即期：			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司	(i)	25,635	13,272
Current:	即期：			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司		28	2,251
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司		-	350
Xinjiang Antai Shenzhou Fengtuo Co. Ltd.	新疆安泰神州封頭有限公司		-	1
Anhui Xinlianxin Heavy Sealing Co., Ltd.	安徽心連心重型封頭有限公司		6	1
Henan Shenleng Gas Co., Ltd.	河南深冷燃氣有限公司	(ii)	18,570	-
Henan Xinlianxin Shenleng Energy Co., Ltd.	河南心連心深冷能源股份有限公司		4,394	-
Xinjiang Shenleng Gas Co., Ltd.	心連心深冷燃氣有限公司	(iii)	7,386	-
			30,384	2,603

**23. BALANCES WITH RELATED COMPANIES/A
SUBSIDIARY (CONTINUED)**

**23. 與關連公司／一間附屬公司的
結餘(續)**

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Notes 附註		
Due to related companies	應付關連公司款項		
Current:	即期：		
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司	(4,183)	(20)
Henan XLX Jingmi Fengtou Co., Ltd.	河南心連心精密封頭有限公司	(10)	(23)
Henan Xinlianxin Chemicals Group Co., Ltd.	河南心連心化工集團有限公司	(27)	(2)
Xinjiang Antai Shenzhou Fengtou Co., Ltd.	新疆安泰神州封頭有限公司	(1)	-
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司	(7,415)	-
	(i)		
Henan Shenleng Gas Co., Ltd.	河南深冷燃氣有限公司	(52)	-
Henan Xinlianxin Shenleng Energy Co., Ltd.	河南心連心深冷能源股份有限公司	(179)	-
Xinjiang Shenleng Gas Co., Ltd.	心連心深冷燃氣有限公司	(9,185)	-
	(iii)		
		(21,052)	(45)

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23. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY (CONTINUED)

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Due from a subsidiary	應收附屬公司款項		
Current:	即期：		
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化肥有限公司	134,213	329,721
Due to subsidiaries	應付附屬公司款項		
Current:	即期：		
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化肥有限公司	-	(294,951)
Henan Heli Energy Co., Ltd.	河南禾力能源有限公司	(114,400)	-
		(114,400)	(294,951)

Notes:

- (i) Balance represented prepayments for equipment and spare parts purchases from Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.. Further details are set out in Note 40(a)(iii).
- (ii) Balance represented receivable for dimethyl ether sold to Henan Shenleng Gas Co., Ltd.. Further details are set out in Note 40(a)(i).
- (iii) Balance represented trade payable for purchasing gases from Xinjiang Shenleng Gas Co., Ltd..

The balances are unsecured, repayable on demand and interest-free and the carrying amounts of these balances approximate their fair values.

23. 與關連公司／一間附屬公司的結餘(續)

附註：

- (i) 自新鄉市心連心化工設備有限公司採購設備及零件的預付款項餘額。進一步詳情乃載於附註40(a)(iii)。
- (ii) 向河南深冷燃氣有限公司出售二甲醚的應收款項餘額。進一步詳情乃載於附註40(a)(i)。
- (iii) 從心連心深冷燃氣有限公司購買燃氣的貿易應付款項餘額。

結餘為無抵押、按要求應付及免息且該等結餘之賬面值與其公平值相若。

24. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	346,151	341,270
Time deposits	定期存款	258,839	186,465
		604,990	527,735
Less: Pledged cash and bank balance and time deposits:	減：已抵押現金及銀行結餘及定期存款：		
Pledged for environmental improvement	就環境改善已抵押的款項	(5,483)	(5,388)
Pledged time deposits for bank loans	就銀行貸款已抵押的定期存款	(100,000)	-
Pledged time deposits for L/C and others	就信用證及其他已抵押的定期存款	(12,175)	-
Pledged time deposits for bills payable	就應付票據已抵押的定期存款	(141,181)	(181,077)
Cash and cash equivalents	現金及現金等價物	346,151	341,270

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	7,549	52,416

At 31 December 2018, the cash and bank balances of the Group denominated in RMB amounted to RMB337,267,000 (2017: RMB334,583,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. 現金及現金等價物以及已抵押定期存款

於二零一八年十二月三十一日，以人民幣計值的本集團現金及銀行結餘達到人民幣337,267,000元（二零一七年：人民幣334,583,000元）。人民幣並不可自由兌換為其他貨幣，然而，根據中國內地的外匯管制條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款按日常銀行存款利率的浮動利率賺取利息。短期定期存款介乎一日至三個月之間的可變期間，視乎本集團即時的現金需求而定，並按各自的短期定期存款利率賺取利息。銀行結餘及已抵押存款乃存放於信譽可靠兼無近期拖欠記錄的銀行。

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25. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 month	1個月以內	141,879	128,832
1 to 3 months	1至3個月	58,442	50,374
3 to 6 months	3至6個月	40,331	38,120
6 to 12 months	6至12個月	22,249	12,985
Over 12 months	12個月以上	19,924	16,390
		282,825	246,701

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

26. BILLS PAYABLE

The Group's bills payable have an average maturity period of 180 days and are non-interest-bearing. Bills payable are denominated in RMB and are secured by time deposits of RMB141,181,000 (2017: RMB181,077,000) (Note 24).

27. ACCRUALS AND OTHER PAYABLES

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current:	即期：		
Accruals	應計費用		
Accrued expenses	應計開支	267,946	166,243
Accruals for construction costs and purchases of items of property, plant and equipment	建設費用及購買物業、廠房及設備項目的應計費用	637,038	411,273
		904,984	577,516

25. 貿易應付款項

貿易應付款項於申報期末的賬齡分析(根據發票日期)如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 month	1個月以內	141,879	128,832
1 to 3 months	1至3個月	58,442	50,374
3 to 6 months	3至6個月	40,331	38,120
6 to 12 months	6至12個月	22,249	12,985
Over 12 months	12個月以上	19,924	16,390
		282,825	246,701

貿易應付款項為免息及一般於30至90日內清償。貿易應付款項以人民幣計值。

26. 應付票據

本集團的應付票據平均於180日內到期，且為免息。應付票據以人民幣計值，並以定期存款人民幣141,181,000元(二零一七年：人民幣181,077,000元)抵押(附註24)。

27. 應計費用及其他應付款項

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current:	即期：		
Accruals	應計費用		
Accrued expenses	應計開支	267,946	166,243
Accruals for construction costs and purchases of items of property, plant and equipment	建設費用及購買物業、廠房及設備項目的應計費用	637,038	411,273
		904,984	577,516

27. ACCRUALS AND OTHER PAYABLES (CONTINUED)

27. 應計費用及其他應付款項(續)

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current (continued):	即期(續):		
Other payables	其他應付款項		
VAT and other operating tax payables	增值稅及其他應付經營稅項	11,200	5,276
Tender deposits	投標按金	96,327	57,233
Others	其他	149,334	83,863
		256,861	146,372
Total accruals and other payables (current)	應計費用及其他應付款項 總額(流動)	1,161,845	723,888
Contract liabilities	合約負債	689,951	795,448
Non-current:	非即期:		
Accruals and other payables	應計費用及其他應付款項		
Long-term borrowing from third parties	第三方長期借貸	20,000	-
Warranty for construction of property, plant and equipment	建設物業、廠房及設備 之保證金	3,618	110,244
Others	其他	-	726
Total accruals and other payables (non-current)	應計費用及其他應付款項總額 (非流動)	23,618	110,970

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current	即期:		
Accruals	應計費用		
Accrued expenses	應計開支	27,631	14,825

Other payables are non-interest-bearing and have an average term of six months.

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

其他應付款項為免息，平均年期為六個月。

合約負債主要與本集團向本集團已收到客戶預付款項的客戶轉移貨品的責任有關。合約負債於本集團根據合約履約時確認為收入。

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28. DEFERRED GRANTS

28. 遞延補貼

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	於一月一日	126,676	73,755
Acquisition of subsidiaries	收購附屬公司	906	-
Received during the year	年內收取	1,730	52,921
At 31 December	於十二月三十一日	129,312	126,676
Accumulated amortisation:	累計攤銷：		
At 1 January	於一月一日	26,746	18,972
Amortisation during the year (note 6)	年內攤銷(附註6)	6,933	7,774
At 31 December	於十二月三十一日	33,679	26,746
Net carrying amount:	賬面淨值：		
Current	流動	5,443	5,943
Non-current	非流動	90,190	93,987
		95,633	99,930

As at 31 December 2018 and 31 December 2017, deferred grants related to government grants were given to the Group for the construction of production plants and installation and building of machinery to implement energy-saving production methods and to reduce production cost. They are amortised over the useful lives of the related items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants. During the year, aggregate government grants of RMB2,636,000 (2017: RMB52,921,000) were received by the Group.

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團獲授與政府補貼有關的遞延補貼，以建設生產廠房以及安裝及建設機器，目的為推行節約能源生產方式及減低生產成本，並根據有關物業、廠房及設備項目的可使用年期攤銷。本集團並無與該等補貼有關的未履行條件或或然事項。於年內，政府已向本集團授予合共人民幣2,636,000元（二零一七年：人民幣52,921,000元）的補貼。

29. LOANS FROM A NON-CONTROLLING INTEREST

29. 非控股權益貸款

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Loans from a non-controlling interest	非控股權益貸款	75,500	75,250
Less:	減：		
Current portion	即期部分	(50,500)	(24,750)
Non-current portion	非即期部分	25,000	50,500

The loans from a non-controlling interest are both unsecured and bear interest at 4.75% per annum. One is granted for a term of three years from 30 August 2016, and the other is granted for a term of two years from 26 December 2018. According to the payment terms of the loan agreement between the parties, RMB50,500,000 is expected to be repaid within twelve months after the end of the reporting period and is considered as current liability as at 31 December 2018.

非控股權益貸款為無抵押及按年利率4.75%計息。獲授貸款的期限自二零一六年八月三十日起為期三年，其他獲授貸款的期限自二零一八年十二月二十六日起為期兩年。根據雙方訂立的貸款協議的支付條款，人民幣50,500,000元預期於申報期間末後十二個月內償還及於二零一八年十二月三十一日被視作流動負債。

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30. INTEREST-BEARING BANK AND OTHER BORROWINGS

30. 計息銀行及其他借款

Group	本集團	2018 二零一八年			2017 二零一七年		
		Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元	Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元
Current	流動						
Bank loans	銀行貸款						
- secured	- 有抵押	4.35% to 至 6.58%	2019 二零一九年	200,428			-
- unsecured	- 無抵押	4.00% to 至 6.00%	2019 二零一九年	2,481,797	4.35% to 至 4.75%	2018 二零一八年	1,646,112
Finance lease payables	應支付融資租賃		2019 二零一九年	92,227			-
				2,774,452			1,646,112
Non-current	非流動						
Bank loans	銀行貸款						
- secured	- 有抵押			-	4.13%	2019 二零一九年	176,000
- unsecured	- 無抵押	4.50% to 至 6.18%	2020 to 2022 二零二零年至 二零二二年	2,422,331	4.35% to 至 6.00%	2019 to 2022 二零一九年至 二零二二年	2,786,288
Loan from the government	政府貸款						
- unsecured	- 無抵押	Floating rate at 0.3% above the market prime lending rate 浮動利率 (高於市場貸款 基準利率0.3%)	2020 二零二零年	1,818	Floating rate at 0.3% above the market prime lending rate 浮動利率 (高於市場貸款 基準利率0.3%)	2020 二零二零年	2,727
Finance lease payables	應支付融資租賃		2020 to 2021 二零二零年至 二零二一年	144,290			-
				2,568,439			2,965,015
				5,342,891			4,611,127

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

30. 計息銀行及其他借款(續)

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Analysed into:	分析為：		
Bank loans repayable:	應償還銀行貸款：		
Within one year or on demand	於一年內或於通知時	2,682,225	1,646,112
In the second year	於第二年	1,852,543	2,032,400
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	569,788	929,888
		5,104,556	4,608,400
Loan from the government:	政府貸款：		
In the second year	於第二年	1,818	2,727
Finance lease payables:	應支付融資租賃：		
Within one year or on demand	於一年內或於通知時	92,227	-
In the second year	於第二年	99,782	-
In the third to fifth years, inclusive	於第三至第五年 (包括首尾兩年)	44,508	-
		236,517	-
		5,342,891	4,611,127

Notes:

- (a) The Group's bank facilities amounting to RMB9,768,305,700 (2017: RMB9,195,825,000), of which RMB5,913,805,000 (2017: RMB4,608,400,000) had been utilised as at the end of the reporting period, are unsecured.
- (b) The current bank loans amounting to RMB24,000,000 are guaranteed by the related companies, Xinxiang Xinlianxin Chemicals Equipment Co., Ltd and Henan Shenzhou Precision Manufacturing Co., Ltd. The current bank loans amounting to RMB79,428,000 are secured by the pledge of certain of the Group's bill receivable amounting to RMB79,428,000. The current bank loans amounting to RMB97,000,000 are secured by the pledge of certain of the Group's time deposits amounting to RMB100,000,000.

附註：

- (a) 本集團人民幣9,768,305,700元(二零一七年：人民幣9,195,825,000元)的銀行融資額，其中人民幣5,913,805,000元(二零一七年：人民幣4,608,400,000元)於報告期末已獲動用，乃無抵押。
- (b) 金額為人民幣24,000,000元的即期銀行貸款是由新鄉市心連心化工設備有限公司及河南神州精工製造股份有限公司作擔保。即期銀行貸款人民幣79,428,000元餘額是由本集團金額為人民幣79,428,000元的若干應收票據的質押作抵押。金額為人民幣97,000,000元的即期銀行貸款是以本集團金額為人民幣100,000,000元的若干定期存款的質押作抵押。

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30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

- (c) The finance lease payables of RMB236,517,000 are secured by certain of the Group's items of property, plant and equipment.
- (d) Balance of RMB256,546,400 (2017: RMB242,423,000) are denominated in United States dollars ("USD") as at the end of the reporting period. All remaining borrowings are in RMB.
- (e) There was no bank loan (2017: RMB120,750,000) with restricted clauses that the Bank has the right to accelerate the maturity of the loans. The Group did not classify the loans in current portion of bank loans at 31 December 2018.

30. 計息銀行及其他借款(續)

- (c) 應付融資租賃人民幣236,517,000元由本集團若干物業、廠房及設備項目作抵押。
- (d) 結餘人民幣256,546,400元(二零一七年：人民幣242,423,000元)於報告期末以美元(「美元」)計值。所有餘下借款均以人民幣計值。
- (e) 概無銀行貸款(二零一七年：人民幣120,750,000元)附有受限制條款，即銀行有權加速該等貸款到期。於二零一八年十二月三十一日，本集團將該等貸款分類為銀行貸款之即期部分。

Company	本公司	2018 二零一八年			2017 二零一七年		
		Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元	Contractual interest rate 合約利率	Maturity 到期日	RMB'000 人民幣千元
Current	流動						
Bank loans	銀行貸款						
- unsecured	- 無抵押			-	LIBOR+0.85% 倫敦銀行同業拆息 +0.85%	2018	232,600
Non-current	非流動						
Bank loans	銀行貸款						
- unsecured	- 有抵押	LIBOR+1.20% 倫敦銀行同業拆息 +1.20%	2020	178,443			-
				178,443			232,600

- (a) The bank loans of RMB178,443,000 (2017: RMB232,600,000) are denominated in United States dollars ("USD") as at the end of the reporting period.

- (a) 銀行貸款人民幣178,443,000元(二零一七年：人民幣232,600,000元)於報告期末以美元(「美元」)計值。

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

Group	本集團	2017 二零一七年 RMB'000 人民幣千元	Cash flows 現金流量 RMB'000 人民幣千元	Non cash changes 非現金變動			2018 二零一八年 RMB'000 人民幣千元
				Acquisition 收購 RMB'000 人民幣千元	Foreign exchange movement 匯兌變動 RMB'000 人民幣千元	Other 其他 RMB'000 人民幣千元	
Loans from a Non-controlling interest	非控股權益貸款						
- current	- 流動	24,750	25,750	-	-	-	50,500
- non-current	- 非流動	50,500	(25,500)	-	-	-	25,000
Interest-bearing bank and other borrowings	計息銀行及其他借款						
- current	- 流動	1,646,112	(264,519)	24,000	27,244	1,341,615	2,774,452
- non-current	- 非流動	2,965,015	939,047	-	343	(1,335,966)	2,568,439
Bonds payable	應付融資債券						
- current	- 流動	600,000	(600,000)	-	-	-	-
- non-current	- 非流動	500,000	191,507	-	-	1,326	692,833
Total	總計	5,786,377	266,285	24,000	27,587	6,975	6,111,224

30. 計息銀行及其他借款(續)

融資活動產生之負債之對賬如下：

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30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

30. 計息銀行及其他借款(續)

Group	本集團	1 January 2017 二零一七年 一月一日 RMB'000 人民幣千元	Cash flows 現金流量 RMB'000 人民幣千元	Acquisition 收購 RMB'000 人民幣千元	Non cash changes 非現金變動		2017 二零一七年 RMB'000 人民幣千元
					Foreign exchange movement 匯兌變動 RMB'000 人民幣千元	Other 其他 RMB'000 人民幣千元	
Loans from a Non-controlling interest	非控股權益貸款						
- current	- 流動	24,750	(24,750)	-	-	24,750	24,750
- non-current	- 非流動	75,250	-	-	-	(24,750)	50,500
Interest-bearing bank and other borrowings	計息銀行及其他借款						
- current	- 流動	756,156	(393,348)	-	(6,008)	1,289,312	1,646,112
- non-current	- 非流動	3,601,386	652,941	-	-	(1,289,312)	2,965,015
Bonds payable	應付融資債券						
- current	- 流動	200,000	(200,000)	-	-	600,000	600,000
- non-current	- 非流動	600,000	500,000	-	-	(600,000)	500,000
Total	總計	5,257,542	534,843	-	(6,008)	-	5,786,377

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

「其他」一列與因時間推移重新分類貸款及借款(包括融資租賃承擔)之非流動部分有關。

31. PROVISION FOR REHABILITATION

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At the beginning of year	於年初	-	-
Additions	添置	23,836	-
At the end of year	於年末	23,836	-

A provision for rehabilitation is mainly recognised for the present value of estimated costs to be incurred in complying with the Group's obligations for the closure and environmental restoration and clean-up on completion of the Group's mining activities. These costs are expected to be incurred on mine closure, based on the estimated rehabilitation expenditures at the mine when the mining licence expires, and are discounted at a discount rate of 4.90% for the year ended 31 December 2018. Changes in assumptions could significantly affect these estimates. Over time, the discounted provision is increased for the change in the present value based on the discount rate that reflects current market assessments and risks specific to the provision. The periodic unwinding of the discount is recognised in profit or loss as part of interest expenses.

32. BONDS PAYABLE

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Analysed into amount repayable:	分析為應付金額：		
Within one year	一年內	-	600,000
In the second to fourth years	於第二至四年	500,000	-
In the fifth year	於第五年	192,833	500,000
		692,833	1,100,000

The RMB bonds totalling RMB500,000,000 has a maturity term of within three years, and bear fixed interest rates of 7% per annum. In January 2018, the Group issued a corporate bond of RMB200,000,000 with a maturity term of within 5 years and a fixed interest rate of 6.98%.

31. 恢復撥備

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At the beginning of year	於年初	-	-
Additions	添置	23,836	-
At the end of year	於年末	23,836	-

恢復撥備主要按照本集團於完成本集團採礦活動時履行關閉及環境恢復和清理的義務而產生的估計成本的現值確認。根據採礦許可證到期時礦山的估計恢復支出，該等成本預計將在礦山關閉時產生，並按截至二零一八年十二月三十一日止年度的折現率4.90%折現。假設的變動可能會對該等估計產生重大影響。隨著時間的推移，折現撥備因基於反映當前市場評估和該撥備特定風險的折現率的現值變動而增加。定期展開折現於損益中確認為利息開支的一部分。

32. 應付融資債券

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Analysed into amount repayable:	分析為應付金額：		
Within one year	一年內	-	600,000
In the second to fourth years	於第二至四年	500,000	-
In the fifth year	於第五年	192,833	500,000
		692,833	1,100,000

總額人民幣500,000,000元的人民幣債券到期年期為三年，按固定年利率7%計息。於二零一八年一月，本集團發行人民幣200,000,000元的公司債券，到期年期為五年，按固定年利率6.98%計息。

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33. CONVERTIBLE BONDS

On 21 December 2011, the Company issued RMB denominated convertible bonds with a nominal value of RMB324,366,000. Convertible bonds interest of 4.5% per annum is payable in cash annually in arrears on the anniversary of the issue date (i.e., 21 December 2011) in each year, commencing on the first anniversary of the issue date, which is accrued and paid through the transfer from retained profits of the Group. The bonds are convertible into ordinary shares of the Company at the option of the bondholder at the initial conversion price of approximately RMB1.84 per share any time after the issuance of the convertible bonds. While the convertible bonds bear interest at 4.5% per annum, the Company may, at its sole discretion, elect to defer the interest pursuant to the terms of the convertible bonds.

Unless previously redeemed, purchased and cancelled or converted, all the convertible bonds outstanding shall be converted into ordinary shares of the Company on the fifth anniversary of the date of issue. On 14 December 2016, the Company and the bondholder agreed to extend the maturity date to 21 December 2018 and reduced the interest rate to 2% per annum.

The convertible bonds are redeemable at the option of the holder of the convertible bonds only upon the occurrence of a winding-up (any step taken by any person at the sole election of the Company not under direction of any third party, including judicial or regulatory) with a view to the voluntary winding-up or dissolution or administration of any group companies (including but not limited to a members' voluntary solvent winding-up), or any group companies cease or threaten to cease to carry on all or substantially all of its business or operations) at a redemption price which shall be equivalent to the aggregate of the outstanding principal amount of the convertible bonds together with a redemption premium of 8.0% per annum on the outstanding principal amount, up to the date fixed for redemption. In the opinion of the directors, the Company is able to defer or control the redemption of the principal, the payment of bond interest and other cash payments to the bondholder. Accordingly, the convertible bonds are classified as equity instruments.

In January, February and December, 2018 the convertible bonds were converted into 176,000,000 ordinary shares with a conversion unit price of RMB1.84, and resulting in an increase in paid-in capital of RMB322,436,000.

During the year, bond interest of RMB5,914,000 (2017: RMB6,487,000) was accrued and paid to the bondholder.

33. 可換股債券

於二零一一年十二月二十一日，本公司已發行面值為人民幣324,366,000元的以人民幣計值的可換股債券。年利率4.5%可換股債券應於每年（自發行日期第一週年開始）發行日期（即二零一一年十二月二十一日）週年以現金按年度支付，通過轉讓本集團保留溢利轉撥應計及支付。本公司債券持有人可於可換股債券發行後隨時按每股初始轉換價約人民幣1.84元將債券轉換為普通股。由於可換股債券按每年4.5%計息，根據可換股債券條款，本公司可全權酌情選擇遞延利息。

除過往被贖回、購買及撤銷或轉換外，所有未償還可換股債券應於發行日期的第五個週年轉換為本公司普通股。於二零一六年十二月十四日，本公司與債券持有人同意將到期日延長至二零一八年十二月二十一日，並將年利率降至2%。

可換股債券持有人可僅於發生清盤（任何人士經本公司全權選擇（並非根據任何第三方指示）採取任何司法或監管措施，以自動清盤或解散或管理任何集團成員公司（包括但不限於成員公司自動清盤），或任何集團公司終止或威脅終止經營其全部或大部分業務或經營活動），由可換股債券持有人選擇按贖回價（贖回價應相等於截至指定贖回日期，可換股債券未償還本金連同未償還本金每年8.0%的贖回溢價）贖回。董事認為，本公司可遞延或控制本金的贖回、向債券持有人的債券利息付款及其他現金付款。因此，可換股債券分類為股本工具。

於二零一八年一月、二月及十二月，可換股債券轉換為176,000,000股普通股，轉換單價為人民幣1.84元，實現繳足股本增加人民幣322,436,000元。

於本年度內，應計債券利息為人民幣5,914,000元（二零一七年：人民幣6,487,000元）已支付予債券持有人。

34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX LIABILITIES

Group 本集團		Fair value adjustments arising from acquisition of subsidiaries	Withholding tax	Total
		收購一家附屬公司產生的公平值調整 (note a) (附註 a)	預扣稅項 (note b) (附註 b)	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	21,919	34,872	56,791
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項 (附註 11)	(1,024)	(18,828)	(19,852)
At 31 December 2017 and at 1 January 2018	於二零一七年十二月三十一日及於二零一八年一月一日	20,895	16,044	36,939
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項 (附註 11)	(1,040)	(6,914)	(7,954)
Acquisition of subsidiaries (Note 37(a))	收購附屬公司 (附註 37(a))	2,588	-	2,588
At 31 December 2018	於二零一八年十二月三十一日	22,443	9,130	31,573

DEFERRED TAX ASSETS

Group 本集團		Loss available for offsetting against future taxable profits	Deductible temporary differences	Total
		抵銷未來溢利之未動用稅項虧損 (note c) (附註 c)	可扣稅暫時差額	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	11,006	12,795	23,801
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項 (附註 11)	(2,413)	1,738	(675)
At 31 December 2017 and at 1 January 2018	於二零一七年十二月三十一日及於二零一八年一月一日	8,593	14,533	23,126
Deferred tax credited to profit or loss during the year (Note 11)	年內在損益賬計入的遞延稅項 (附註 11)	(1,502)	61,698	60,196
At 31 December 2018	於二零一八年十二月三十一日	7,091	76,231	83,322

34. 遞延稅項

本年度遞延稅項負債及資產變動情況如下：

遞延稅項負債

遞延稅項資產

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34. DEFERRED TAX (CONTINUED)

Notes:

- (a) Deferred tax liabilities arising from fair value adjustments upon acquisitions of subsidiaries represent the deferred tax liabilities on the fair value uplift of the net tangible assets owned by the subsidiaries, arising in 2011, 2015 and 2018. The deferred tax liabilities are amortised to the profit or loss over the estimated useful lives of related assets.
- (b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China for earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group made provision for deferred tax liabilities on withholding tax at 5% and 10% of the forecasted dividend pay-out of the earnings of all its PRC subsidiaries because the directors believe that the PRC subsidiaries would not pay out all their earnings as dividends.
- (c) Deferred tax assets have not been recognised in respect of the tax losses amounted to RMB77,916,000 (2017: RMB113,118,000) as in the opinion of the directors, it is uncertain whether sufficient future taxable profits will be available against which the tax losses can be utilised.

35. SHARE CAPITAL

		Number of ordinary shares 普通股數目		Amount 金額	
		2018 二零一八年	2017 二零一七年	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Issued and fully paid	已發行及繳足	1,171,621,000	995,736,000	1,194,686*	872,579*

* Equivalent to Singapore dollars ("SGD") 238,937,000 in 2018 and SGD174,300,000 in 2017.

34. 遞延稅項(續)

附註：

- (a) 收購一家附屬公司產生的公平值調整而產生的遞延稅項負債指因二零一一年、二零一五年及二零一八年產生附屬公司所擁有有形資產淨值增加的遞延稅項負債。遞延稅項負債乃以相關資產估計使用年期損益攤銷。
- (b) 根據中國企業所得稅法，就二零零七年十二月三十一日後之收益在中國內地成立的外商投資企業向海外投資者宣派的股息會被徵收10%的預扣稅項。倘中國內地與海外投資者的司法權區訂有稅務條約，則較低的預扣稅率可能會適用。本集團已按其中國附屬公司的所有盈利的預測支派股息的5%和10%就遞延稅項負債計提預扣稅撥備，因為董事認為中國附屬公司不會將其所有盈利作為股息派發。
- (c) 未確認稅項虧損的遞延稅項資產金額為人民幣77,916,000元(二零一七年：人民幣113,118,000元)，同時亦不確定未來是否有充足的課稅溢利用於抵消稅項虧損。

35. 股本

* 二零一八年相等於238,937,000新加坡元(「新加坡元」)，二零一七年相等於174,300,000新加坡元。

35. SHARE CAPITAL (CONTINUED)

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

		Number of shares in issue 已發行股份數目	Share capital 股本 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	1,000,000,000	881,124
Shares repurchased and cancelled	回購及註銷的股份	(4,264,000)	(8,545)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	995,736,000	872,579
Convertible bonds converted into shares	可換股債券轉換為股份	176,000,000	322,436
Shares repurchased and cancelled	回購及註銷的股份	(115,000)	(329)
At 31 December 2018	於二零一八年十二月三十一日	1,171,621,000	1,194,686

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

In accordance with relevant laws applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

The special reserve refers to the safety fund accrued but not yet used for the coal mining operations.

Other reserve mainly arises from transformation of joint stock system of a subsidiary based on net assets with limited restriction to distribution amounting to RMB2,060,422,000.

35. 股本(續)

本公司股本的的變動概述如下：

		Number of shares in issue 已發行股份數目	Share capital 股本 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	1,000,000,000	881,124
Shares repurchased and cancelled	回購及註銷的股份	(4,264,000)	(8,545)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	995,736,000	872,579
Convertible bonds converted into shares	可換股債券轉換為股份	176,000,000	322,436
Shares repurchased and cancelled	回購及註銷的股份	(115,000)	(329)
At 31 December 2018	於二零一八年十二月三十一日	1,171,621,000	1,194,686

普通股持有人有權享有本公司宣派的股息，所有普通股均同股同權，普通股概無面值。

36. 儲備

本集團於本年度及過往年度的儲備金額及有關變動已於綜合權益變動表內呈列。

根據適用於中國附屬公司的相關法律，該等附屬公司須撥款至法定儲備金（「法定儲備金」）。根據適用的中國會計準則及法規所釐定的除稅後溢利的至少10%必須分配至法定儲備金，直至法定儲備金的累計總額已達到該等附屬公司註冊資本的50%。經相關中國機構批准後，法定儲備金可用作抵銷任何累計虧損或增加該等附屬公司的註冊資本。法定儲備金不可用於向股東作出股息分派。

特別儲備指煤礦開採經營所累計但尚未使用的保障基金。

其他儲備金主要來自附屬公司根據有限分派限制資產淨額人民幣2,060,422,000元的股份制改造。

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37. BUSINESS COMBINATIONS

37 (a) INVESTMENT IN SUBSIDIARIES

ACQUISITION OF HENAN HELI ENERGY CO LTD ("HELI ENERGY")

On 29 December 2018, the Group acquired a total of 57.82% of Heli Energy's shares. Heli Energy is engaged in the manufacture and trading of furaldehyde. Further details of the transaction are included in note 45(d) to the financial statements. The acquisition was made as part of the Group's strategy to expand its market share of manufacture and trading of furaldehyde. The purchase consideration for the acquisition was in the form of cash of RMB127,905,000.

The fair values of the identifiable assets and liabilities of Heli Energy as at the date of acquisition were as follows:

37. 業務合併

37 (a) 於附屬公司投資

收購河南禾力能源有限公司(「禾力能源」)

於二零一八年十二月二十九日，本集團合共收購禾力能源57.82%的股份。禾力能源從事糠醛的生產和貿易。有關交易的進一步詳情載於財務報表附註45(d)。此次收購是本集團擴大糠醛生產和貿易市場份額戰略的一部分。收購的購買代價為現金人民幣127,905,000元。

禾力能源於收購日期的可識別資產及負債的公平值如下：

		Notes 附註	Fair value recognised on acquisition 於收購確認的 公平值 RMB'000 人民幣千元
Inventories	存貨		22,535
Trade receivables	貿易應收款項		32,765
Other receivables	其他應收款項		195,426
Other current assets	其他流動資產		11,825
Property, plant and equipment	物業、廠房及設備	14	156,412
Prepayments for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的預付款項		1,730
Prepaid land lease payments and other intangible assets	預付土地租賃付款及其他無形資產	15	34,887
Deferred tax asset	遞延稅項資產		601
Interest-bearing bank and other borrowings	計息銀行及其他借款		(24,000)
Deferred grants	遞延補貼		(906)
Trade payables, accruals and other payables	貿易應付款項、應計費用及其他應付款項		(210,447)
Deferred tax liabilities	遞延稅項負債		(2,253)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額		218,575
Less: Non-controlling interests (42.18%)	減：非控股權益		(92,198)
Net assets acquired	所收購淨資產		126,377
Goodwill arising from acquisition	收購產生的商譽	16	1,528
Purchase consideration	收購代價		127,905

37. BUSINESS COMBINATIONS (CONTINUED)

37 (a) INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Notes 附註	Effects on cash flows of the Group 對本集團現金流量 的影響 RMB'000 人民幣千元
Consideration transferred for the acquisition of Heli Energy	收購禾力能源的轉讓代價	
Purchase consideration to be satisfied by cash	由現金支付的購買代價	127,905
Less: Deferred cash settlement	減：遞延現金結算	(114,400)
Consideration paid by cash		13,505
Less: Cash and cash equivalents of subsidiary acquired	減：所收購附屬公司的現金及現金等價物	(10,570)
Net cash outflow on acquisition	收購的現金流出淨額	2,935

The purchase price allocation review is finalised as at 31 December 2018.

TRANSACTION COSTS

There was no transaction costs related to the acquisition recognized in the Group's profit or loss.

TRADE AND OTHER RECEIVABLES ACQUIRED

Trade and other receivables acquired comprise of trade and other receivables with fair values of RMB228,191,000. Their gross amounts are RMB228,191,000 are expected to be collected.

IMPACT OF THE ACQUISITION ON PROFIT OR LOSS

The acquisition date is close to year end so there is no significant impact to the Group's revenue and profit or loss for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been RMB9,294,000,000 and the Group's profit for the year would have been RMB667,958,000.

37. 業務合併(續)

37 (a) 於附屬公司投資(續)

購買價分配檢討於二零一八年十二月三十一日完成。

交易成本

概無收購相關的交易成本於本集團的損益中確認。

所收購的貿易及其他應收款項

所收購的貿易及其他應收款項包括公平值為人民幣228,191,000元的貿易及其他應收款項。其總金額人民幣228,191,000元預計將收取。

收購對損益的影響

收購日期接近年末，因此對本集團於本年度的收入及損益並無重大影響。如果業務合併發生在年初，本集團的收入將為人民幣9,294,000,000元，而本集團的本年度溢利將為人民幣667,958,000元。

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37. BUSINESS COMBINATIONS (CONTINUED)

37 (a) INVESTMENT IN SUBSIDIARIES (CONTINUED)

ACQUISITION OF XINJIANG BLACK ECOLOGY TECHNOLOGY CO LTD ("XINJIANG BLACK TECHNOLOGY")

On 26 December 2018, the Group acquired a total of 57.42% of Xinjiang Black Technology's shares. Xinjiang Black Technology's is engaged in the manufacture and trading of humic acid. Further details of the transaction are included in note 45(d) to the financial statements. The acquisition was made as part of the Group's strategy to expand its market share of manufacture and trading of humic acid. The purchase consideration for the acquisition was in the form of cash of RMB57,918,000.

37. 業務合併(續)

37 (a) 於附屬公司投資(續)

收購新疆黑色生態科技股份有限公司(「新疆黑色生態科技」)

於二零一八年十二月二十六日，本集團共收購新疆黑色生態科技57.42%的股份。新疆黑色生態科技從事腐植酸的生產和貿易。有關交易的進一步詳情載於財務報表附註45(d)。此次收購是本集團擴大腐植酸生產和貿易市場份額戰略的一部分。收購的購買代價為現金人民幣57,918,000元。

		Notes 附註	Fair value recognised on acquisition 於收購確認的 公平值 RMB'000 人民幣千元
Inventories	存貨		8,306
Trade receivables	貿易應收款項		9,707
Other receivables	其他應收款項		45,705
Other current assets	其他流動資產		37,993
Property, plant and equipment	物業、廠房及設備	14	46,192
Prepayments for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的預付款項		3,752
Prepaid land lease payments and other intangible assets	預付土地租賃付款及其他無形資產	15	8,231
Trade payables, accruals and other payables	貿易應付款項、應計費用及其他應付款項		(62,362)
Deferred tax liabilities	遞延稅項負債		(335)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額		97,189
Less: Non-controlling interests (42.58%)	減：非控股權益		(41,383)
Net assets acquired	所收購淨資產		55,806
Goodwill arising from acquisition	收購產生的商譽	16	2,112
Purchase consideration	收購代價		57,918

37. BUSINESS COMBINATIONS (CONTINUED)

37 (a) INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Notes 附註	Effects on cash flows of the Group 對本集團現金 流量的影響 RMB'000 人民幣千元
Consideration transferred for the acquisition of Xinjiang Black Technology	收購新疆黑色生態科技的轉讓代價	
Purchase consideration to be satisfied by cash	由現金支付的購買代價	57,918
Less: Deferred cash settlement	減：遞延現金結算	(22,890)
		35,028
Less: Cash and cash equivalents of subsidiary acquired	減：所收購附屬公司的現金及現金等價物	(3,492)
Net cash outflow on acquisition	收購的現金流出淨額	31,536

The purchase price allocation review is finalised as at 31 December 2018.

TRANSACTION COSTS

There was no transaction costs related to the acquisition recognized in the Group's profit or loss.

TRADE AND OTHER RECEIVABLES ACQUIRED

Trade and other receivables acquired comprise of trade and other receivables with fair values of RMB55,412,000. Their gross amounts are RMB55,412,000 are expected to be collected.

IMPACT OF THE ACQUISITION ON PROFIT OR LOSS

The acquisition date is close to year end so there is no significant impact to the Group's revenue and profit or loss for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been RMB9,245,153,000 and the Group's profit for the year would have been RMB660,262,000.

37. 業務合併(續)

37 (a) 於附屬公司投資(續)

購買價分配檢討於二零一八年十二月三十一日完成。

交易成本

概無收購相關的交易成本於本集團的損益中確認。

所收購的貿易及其他應收款項

所收購的貿易及其他應收款項包括公平值為人民幣55,412,000元的貿易及其他應收款項。其總金額人民幣55,412,000元預計將收取。

收購對損益的影響

收購日期接近年末，因此對本集團於本年度的收入及損益並無重大影響。如果業務合併發生在年初，本集團的收入將為人民幣9,245,153,000元，而本集團的本年度溢利將為人民幣660,262,000元。

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37. BUSINESS COMBINATIONS (CONTINUED)

37 (b) INVESTMENT IN AN ASSOCIATE

The Group's investment in an associate is summarised below:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Henan Xinlianxin Shenleng Energy Co Ltd ("Shenleng")	河南心連心深冷能源股份 有限公司(「深冷」)	95,157	-

Aggregate information about the Group's investments in an associate that is not individually material are as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Total comprehensive income net of tax	全面收益總額扣除稅額	31,971	-

The summarised financial information in respect of Shenleng, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

37. 業務合併(續)

37 (b) 於聯營公司投資

本集團於聯營公司投資概述如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Henan Xinlianxin Shenleng Energy Co Ltd ("Shenleng")	河南心連心深冷能源股份 有限公司(「深冷」)	95,157	-

有關本集團於聯營公司投資(非個別重大)的總體資料如下：

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Total comprehensive income net of tax	全面收益總額扣除稅額	31,971	-

根據其國際財務報告準則的財務報表以及與綜合財務報表中投資賬面值的對賬，有關深冷的財務資料概要如下：

37. BUSINESS COMBINATIONS (CONTINUED)

37 (b) INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised statement of financial position

		2018 二零一八年 RMB'000 人民幣千元
Inventories	存貨	4,363
Trade receivables	貿易應收款項	46,229
Other receivables	其他應收款項	463
Other current assets	其他流動資產	219,975
Property, plant and equipment	物業、廠房及設備	394,407
Trade payables, accruals and other payables	貿易應付款項、應計費用及其他應付款項	(315,190)
Deferred tax liabilities	遞延稅項負債	(25)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額	350,223
Proportion of the Group's ownership	本集團擁有權的比率	27%
Group's share of net assets	本集團應佔淨資產	94,560
Goodwill on acquisition	有關收購的商譽	597
Carrying amount of the investment	投資的賬面值	95,157

37 (c) DISPOSAL OF OWNERSHIP IN INTEREST IN SUBSIDIARY, WITHOUT LOSS OF CONTROL

On 30 November 2018, the Group disposed of a 12.14% equity interest in Henan XLX. Following the disposal, the Group still controls Henan XLX and its subsidiaries, retaining 87.86% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

37. 業務合併(續)

37 (b) 於聯營公司投資(續)

財務狀況表概要

37 (c) 出售附屬公司擁有權權益而不失去控制權

於二零一八年十一月三十日，本集團出售河南心連心12.14%的股權。出售後，本集團仍控制河南心連心及其附屬公司，並保留87.86%的擁有權權益。該交易已作為非控股權益的股權交易入賬，導致：

		2018 二零一八年 RMB'000 人民幣千元
Proceeds from sale of ownership interest	出售擁有權權益所得款項	600,146
Less: Net assets attribution to NCI	減：歸屬於非控股權益的淨資產	(573,743)
Increase in equity attributable to parent	歸屬於母公司的權益增加	26,403
Increase in equity attributable to parent entity	歸屬於母公司實體的權益增加	26,403

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38. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had outstanding operating lease agreements for buildings, and plant and machinery in Mainland China. Future minimum rentals payable of the Group under non-cancellable operating leases at the end of the reporting period are as follows:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	79,334	82,620
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	2,010	84,079
After five years	五年以上	9,361	36,473
		90,705	203,172

39. COMMITMENTS

In addition to the operating lease commitments detailed in Note 38 above, the Group had the following capital and other commitments at the end of the reporting period:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Capital commitments	資本承擔		
Contracted, but not provided for:	已訂約但未撥備：		
Buildings	樓宇	731,998	217,751
Plant and machinery	廠房及機械	1,951,351	207,446
Coal mines	煤礦	9,903	25,870
		2,693,252	451,067
Other commitments	其他承擔		
Purchases of raw materials	購買原材料	793,264	554,272

38. 經營租約安排

於申報期末，本集團於中國內地擁有未履行樓宇、廠房及機器的經營租約協議。根據於申報期末的不可撤銷經營租約，本集團應付的未來最低租金如下：

39. 承擔

除上文附註38所詳述的經營租約承擔外，本集團於申報期末擁有以下資本及其他承擔：

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Sales of electricity, water and steam to: *	向以下公司銷售水電及蒸汽 *	(i)		
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		259	241
– Xinxiang Yuyuan Chemicals Co., Ltd. #	– 新鄉市玉源化工有限公司#		–	290
– Henan XLX Jingmi Fengtou Co., Ltd. #	– 河南心連心精密封頭有限公司#		807	842
– Henan Lingtong Xinlianxin Energy Co., Ltd. ##	– 河南靈通心連心能源有限公司##		26	–
– Henan Shenleng Gas Co., Ltd. ##	– 河南深冷燃氣有限公司##		36,889	–
Purchases of electricity, water and steam from:	向以下公司購買水電及蒸汽：	(ii)		
– Xinjiang Shenleng Gas Co., Ltd. ##	– 心連心深冷燃氣有限公司##		9,099	–
Purchases of equipment and service fee expenses from:	向以下公司購買設備及服務費支出：	(iii)		
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		62,663	31,797
– Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd. #	– 新鄉市神州防腐安裝有限公司#		7,239	5,094
Sales of equipment to: *	向以下公司銷售設備：*			
– Henan Xinlianxin Chemicals Group Co., Ltd. #	– 河南心連心化工集團有限公司#		42	–
Operating lease expenses to:*	經營租約開支予：*	(iv)		
– Henan Xinlianxin Chemicals Group Co., Ltd.	– 河南心連心化工集團有限公司		1,120	2,239
Operating lease income from:*	來自以下公司的經營租約收入：*			
– Henan XLX Jingmi Fengtou Co., Ltd. #	– 河南心連心精密封頭有限公司#		37	–
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		24	–
– Henan Xinlianxin Shenleng Energy Co., Ltd.	– 河南心連心深冷能源股份有限公司		9	–
Loan guarantee from:	來自以下公司的貸款擔保：	(v)		
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		10,000	–

40. 關連方交易

(a) 除了在此等財務報表其他部分載述的交易外，本集團於年內與關連方進行下列交易：

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40. RELATED PARTY TRANSACTIONS (CONTINUED)

These companies are subsidiaries of Henan Chemicals Equipment Co., Ltd., which has common shareholders with the Company. The Company's executive directors and executive officers have certain equity interests in Henan Chemicals Equipment Co., Ltd.

These companies are controlled by Henan Xinlianxin Shenleng Energy Co., Ltd., which was the associate of the Group.

* The amounts represent gross sales of by-products.

Notes:

(i) The sales of electricity were made according to the unit cost of electricity announced by the Henan Province Development and Reform Committee (河南省發展和改革委員會). The sales of water and steam were made according to mutually agreed terms with reference to the sales contract between the parties.

(ii) The purchase of electricity, water and steam were made according to the unit cost of electricity announced by the Henan Province Development and Reform Committee (河南省發展和改革委員會). The sales of water and steam were made according to mutually agreed terms with reference to the sales contract between the parties.

(iii) The purchases of items of property, plant and equipment were charged based on the mutually agreed terms with reference to the sales contract between the parties. The service fee expenses were the maintenance costs, which were charged by Xinxiang Xinlianxin Chemicals Equipment Co. Ltd. and Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd. respectively.

(iv) The operating lease expenses for half a year were charged at a fixed monthly amount of RMB186,600 (2017: RMB186,600).

(v) The amount represents guarantee amount of RMB10,000,000 which is secured by Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.

Save for the transactions with Henan Xinlianxin Shenleng Energy Co., Ltd. and companies controlled by it, all the related party transactions above constitute continuing connected transactions or connected transaction as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

40. 關連方交易(續)

該等公司為河南化工設備有限公司的附屬公司，河南化工的股東與本公司的股東相同。本公司的執行董事及行政人員於河南化工設備有限公司擁有若干股權。

該等公司由本集團的聯營公司河南心連心深冷能源股份有限公司控制。

* 該等金額代表副產品的銷售總額。

附註：

(i) 銷售電力乃根據河南省發展和改革委員會公佈的電力單位成本作出。銷售用水及蒸汽乃根據銷售合約項下雙方彼此協定之條款作出。

(ii) 採購水電及蒸汽乃根據河南省發展和改革委員會公佈的電力單位成本作出。銷售用水及蒸汽乃根據銷售合約項下雙方彼此協定之條款作出。

(iii) 購買物業、廠房及設備項目乃根據銷售合約項下雙方彼此協定之條款收取。服務費支出為維護費用，分別由新鄉市心連心化工設備有限公司與新鄉市神州防腐安裝有限公司收取。

(iv) 半年的經營租約開支乃根據每月人民幣186,600元(二零一七年：人民幣186,600元)收取。

(v) 該金額為由新鄉市心連心化工設備有限公司作抵押的擔保款項人民幣10,000,000元。

除與河南心連心深冷能源股份有限公司及其控制公司的交易外，上文的所有關連方交易構成香港聯合交易所有限公司證券上市規則第十四A章所界定的持續關連交易或關連交易。

40. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of directors and key management personnel of the Group:

		Group 本集團	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Directors' fees	董事袍金	1,050	800
Salaries and bonuses	薪金及花紅	23,348	14,080
Contributions to defined contribution plans	定期供款計劃的已供款部分	179	150
		24,577	15,030
Comprise amounts paid to:	包括支付予下列人士的金額：		
- Directors of the Company	- 本公司董事	20,940	12,117
- Other key management personnel	- 其他主要管理人員	3,637	2,913
		24,577	15,030

Further details of the directors' remuneration are included in Note 7 to these financial statements.

40. 關連方交易(續)

(b) 本集團董事及主要管理人員的薪酬：

董事酬金的進一步詳情載於此等財務報表附註7。

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41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS

Group 本集團		Notes 附註	IFRS 9 measurement category 國際財務報告準則第9號計量類別			Total 總計 RMB'000 人民幣千元
			Fair value through profit or loss 按公平值計入損益 RMB'000 人民幣千元	Amortised cost 攤銷成本 RMB'000 人民幣千元	Fair value through other comprehensive income 按公平值計入 其他全面收益 RMB'000 人民幣千元	
Equity investments	股權投資	18	43,886	-	-	43,886
Trade and bills receivables	貿易應收款項及 應收票據	22	-	96,899	234,232	331,131
Derivative financial instruments	遞延金融工具	21	17,719	-	-	17,719
Financial assets included in deposits and other receivables	計入按金及其他應收 款項的金融資產	19	-	79,498	-	79,498
Due from related companies	應收關連公司款項	23	-	30,384	-	30,384
Pledged time deposits	已抵押定期存款	24	-	258,839	-	258,839
Cash and cash equivalents	現金及現金等價物	24	-	346,151	-	346,151
			61,605	811,771	234,232	1,107,608

Group 本集團		Notes 附註	IAS 39 measurement category 國際會計準則第39號計量類別			Total 總計 RMB'000 人民幣千元
			Derivative financial instruments 衍生金融工具 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售金融資產 RMB'000 人民幣千元	
Available-for-sale investments	可供出售投資	18	-	-	37,178	37,178
Trade and bills receivables	貿易應收款項及 應收票據	22	-	160,829	-	160,829
Financial assets included in deposits and other receivables	計入按金及其他應收 款項的金融資產	19	-	395,054	-	395,054
Due from related companies	應收關連公司款項	23	-	2,603	-	2,603
Pledged time deposits	已抵押定期存款	24	-	181,077	-	181,077
Cash and cash equivalents	現金及現金等價物	24	-	341,270	-	341,270
				1,080,833	37,178	1,118,011

41. 按分類列示的金融工具

於申報期末，各類金融工具的賬面值如下：

金融資產

41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

FINANCIAL LIABILITIES

Group 本集團	Notes 附註	Financial liabilities at amortised cost 按攤銷成本列賬的金融負債		
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	
Trade payables	貿易應付款項	25	282,825	246,701
Bills payable	應付票據	26	280,105	423,915
Contract liabilities	合約負債	27	689,951	795,448
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	27	1,174,263	829,582
Due to related companies	應付關連公司款項	23	21,052	45
Loans from a non-controlling interest	非控股權益貸款	29	75,500	75,250
Interest-bearing bank and other borrowings	計息銀行及其他借款	30	5,342,891	4,611,127
Bonds payable	應付融資債券	32	692,833	1,100,000
			8,559,420	8,082,068

FINANCIAL ASSETS

Company 本公司	Notes 附註	IFRS 9 measurement category 國際財務報告準則第9號計量類別			
		2018 二零一八年 Amortised cost 攤銷成本 RMB'000 人民幣千元	Fair value through profit or loss 按公平值計入損益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Equity investments	股權投資	18	–	37,178	37,178
Due from a subsidiary	應收附屬公司款項	23	134,213	–	134,213
Cash and cash equivalents	現金及現金等價物	24	7,549	–	7,549
			141,762	37,178	178,940

41. 按分類列示的金融工具(續)

金融負債

金融資產

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41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

Company 本公司	Notes 附註	IAS 39 measurement category 國際會計準則第39號計量類別			
		Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Available-for-sale financial assets 可供出售金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Available-for-sale investments	可供出售投資	18	–	37,178	37,178
Due from a subsidiary	應收附屬公司款項	23	329,721	–	329,721
Cash and cash equivalents	現金及現金等價物	24	52,416	–	52,416
			382,137	37,178	419,315

41. 按分類列示的金融工具(續)

金融資產(續)

FINANCIAL LIABILITIES

金融負債

Company 本公司	Notes 附註	Financial liabilities at amortised cost 按攤銷成本列賬的金融負債		
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	27	27,631	14,825
Due to a subsidiary	應付附屬公司款項	23	114,400	294,951
Interest-bearing bank and other borrowings	計息銀行及其他借款	30	178,443	232,600
			320,474	542,376

42. FAIR VALUE OF ASSETS AND LIABILITIES

FAIR VALUE HIERARCHIES

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

42. 資產及負債的公平值

公平值層級

本集團採用公平值層級對公平值計量進行分類，該層級取決於如下使用的估值輸入：

- 第一級 – 本集團在計量日可以獲得的相同資產或負債於活躍市場的報價(未經調整)，
- 第二級 – 第一級所包括報價以外的資產或負債之輸入數據，可直接或間接觀察，及
- 第三級 – 資產或負債的不可觀察輸入數據。

按公平值計量的資產及負債

下表載列於報告期末按公平值計量的各級資產及負債分析：

		Group 本集團 2018 二零一八年			
		Fair value measurements at the end of the reporting period using 採用以下層級於報告期末的公平值計量			
Assets measured at fair value	按公平值計量的資產	Quoted prices in active markets for identical instruments (Level 1) 相同工具於活躍市場的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs other than quoted prices (Level 2) 報價以外重要可觀察輸入數據 (第二級) RMB'000 人民幣千元	Significant un-observable inputs (Level 3) 重要不可觀察輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Financial assets:	金融資產：				
Equity investments	股權投資	37,178	–	6,708	43,886
Bills receivable	應收票據	–	234,232	–	234,232
Derivative financial instruments	衍生金融工具	–	17,719	–	17,719
Financial assets as at 31 December 2018	於二零一八年十二月三十一日的金融資產	37,178	251,951	6,708	295,837

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

		Group 本集團 2017 二零一七年			
		Fair value measurements at the end of the reporting period using 採用以下層級於報告期末的公平值計量			
		Quoted prices in active markets for identical instruments (Level 1) 相同工具於活躍市場的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs other than quoted prices (Level 2) 報價以外重要可觀察輸入數據 (第二級) RMB'000 人民幣千元	Significant un-observable inputs (Level 3) 重要不可觀察輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Assets measured at fair value	按公平值計量的資產				
Financial assets:	金融資產：				
Available-for-sale investment	可供出售投資	37,178	-	-	37,178
Financial assets as at 31 December 2017	於二零一七年十二月三十一日的金融資產	37,178	-	-	37,178

		Company 本公司 2018 二零一八年			
		Fair value measurements at the end of the reporting period using 採用以下層級於報告期末的公平值計量			
		Quoted prices in active markets for identical instruments (Level 1) 相同工具於活躍市場的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs other than quoted prices (Level 2) 報價以外重要可觀察輸入數據 (第二級) RMB'000 人民幣千元	Significant un-observable inputs (Level 3) 重要不可觀察輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Assets measured at fair value	按公平值計量的資產				
Financial assets:	金融資產：				
Equity investments	股權投資	37,178	-	-	37,178
Financial assets as at 31 December 2018	於二零一八年十二月三十一日的金融資產	37,178	-	-	37,178

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

		Company 本公司 2017 二零一七年			
		Fair value measurements at the end of the reporting period using 採用以下層級於報告期末的公平值計量			
	Quoted prices in active markets for identical instruments (Level 1) 相同工具於活躍市場的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs other than quoted prices (Level 2) 報價以外重要可觀察輸入數據 (第二級) RMB'000 人民幣千元	Significant un-observable inputs (Level 3) 重要不可觀察輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Assets measured at fair value	按公平值計量的資產				
Financial assets:	金融資產：				
Available-for-sale investment	可供出售投資	37,178	-	-	37,178
Financial assets as at 31 December 2017	於二零一七年十二月三十一日的金融資產	37,178	-	-	37,178

LEVEL 2 FAIR VALUE MEASUREMENTS

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

BILLS RECEIVABLE

The fair value of bills receivable is estimated by discounting expected future cash flows at market incremental lending rate at the end of the reporting period.

DERIVATIVE

Foreign currency swap is valued using a valuation technique with market observable inputs. The most frequently applied valuation technique include forward pricing and swap model, using present value calculation. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curve.

42. 資產及負債的公平值 (續)

第二級公平值計量

第二級公平值計量

以下是公平值計量所使用估值技術和輸入數據的描述，用作分類於公平值層級第二級的資產及負債：

應收票據

應收票據的公平值通過於報告期末以市場增量貸款利率折現預期未來現金流量來估計。

衍生工具

外匯掉期使用具有市場可觀察輸入數據的估值技術進行估值。最常用的估值技術包括使用現值計算的遠期定價與掉期模型。該模型納入不同輸入數據，包括交易對手的信用質素、外匯現貨、遠期匯率及遠期匯率曲線。

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

LEVEL 3 FAIR VALUE MEASUREMENTS

(I) INFORMATION ABOUT SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUE MEASUREMENTS

Unquoted equity investment

The fair value of the unquoted equity investment designated at fair value through profit or loss, which was previously classified as available-for-sale equity investment, has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, price to earnings ("P/E") multiple and price to net book value ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discount for lack of marketability is applied to the corresponding earnings measure of the unquoted equity investment to measure the fair value.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2018:

	Valuation technique 估值技術	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 公平值對輸入數據的敏感度
Unquoted equity investment (2017: Unquoted available-for-sale equity investment) 未上市股權投資(二零一七年： 未上市可供出售的股權投資)	Valuation multiples 估值倍數	Average P/B multiple of peers 同行的平均市賬率倍數	2018: 1.2 (2017: 1.4) 二零一八年：1.2 (二零一七年：1.4)	5% (2017: 5%) increase in multiple would result in increase in fair value by RMB306,000 (2017: RMB372,000) 倍數增加5%(二零一七年：5%)，將導致公平值增加人民幣306,000元(二零一七年：人民幣372,000元)
		Discount for lack of marketability 缺乏適銷性的貼現	2018: 20% (2017: 20%) 二零一八年：20% (二零一七年：20%)	5% (2017: 5%) increase in discount would result in decrease in fair value by RMB76,000 (2017: RMB93,000) 貼現增加5%(二零一七年：5%)，將導致公平值減少人民幣76,000元(二零一七年：人民幣93,000元)

42. 資產及負債的公平值(續)

第三級公平值計量

(I) 第三級公平值計量中所使用重要不可觀察輸入數據的相關資料

非上市股權投資

指定按公平值計入損益的非上市股本證券(先前按可供出售的股權投資分類)的公平值乃基於並無獲可觀察市價或比率支持的假設採用市場估值方法估計。估值要求董事基於行業、規模、槓桿及策略釐定可比較公開公司(同行)，並就各經識別的可比較公司計算適當的價格倍數，例如企業價值與除利息、稅項、折舊及攤銷前盈利(「EV/EBITDA」)比率、市盈率(「市盈率」)及市賬率(「市賬率」)。該倍數按可比較公司的企業價值除以計量的盈利計算。屆時貿易倍數就可比較公司之間的非流動性及規模差異等考慮因素基於特定的公司實施及情況予以貼現。缺乏可銷售性的折現適用於非上市股權投資的相應盈利指標以計量公平值。

下文乃於二零一八年十二月三十一日金融工具估值的重大不可觀察輸入數據概要連同可定量的敏感度分析：

42. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

LEVEL 3 FAIR VALUE MEASUREMENTS (CONTINUED)

(II) MOVEMENTS IN LEVEL 3 ASSETS MEASURED AT FAIR VALUE

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

Group	本集團	
Opening balance	期初結餘	-
Reclassification from AFS	可供出售的重新分類	6,708
Closing balance	期末結餘	6,708

(III) VALUATION POLICIES AND PROCEDURES

The Group performed the valuation of unquoted equity securities. The management is responsible for the subject of valuation, valuation methodologies, and IFRS 13 fair value measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2018 and 31 December 2017.

42. 資產及負債的公平值(續)

第三級公平值計量(續)

(II) 按公平值計量的第三級資產變動

下表顯示按基於重大不可觀察輸入數據(第三級)的公平值計量的所有資產的對賬:

2018 二零一八年 RMB'000 人民幣千元 Fair value measurements using significant unobservable inputs (Level 3) Financial assets at FVPL Unquoted equity investment 採用重大不可觀察輸 入數據(第三級)的 公平值計量 按公平值計入 損益的金融資產 非上市股權投資
-
6,708
6,708

(III) 估值政策及程序

本集團對非上市股本證券進行估值。管理層負責估值標的、估值方法及國際財務報告準則第13號公平值計量指引。

管理層檢討所採用的估值方法及假設的適當性，以及估值所用輸入數據的可靠性。

截至二零一八年十二月三十一日及二零一七年十二月三十一日止財政年度，第一級與第二級並無轉移至第三級。

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42. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE AND WHOSE CARRYING AMOUNTS ARE REASONABLE APPROXIMATION OF FAIR VALUE

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, trade and bills receivables, deposits and other receivables, amounts due from/to related companies, trade and bills payables, loans from a non-controlling interest and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation. The following methods and assumptions were used to estimate the fair values:

The carrying amounts of financial liabilities approximate to their fair values. The fair value of the non-current portion of accruals and other payables, loans from a non-controlling interest, interest-bearing bank and other borrowings and bonds payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current accruals and other payables, loans from a non-controlling interest, interest-bearing bank and other borrowings and bonds payable as at 31 December 2018 was assessed to be insignificant.

LIABILITY MEASURED AT FAIR VALUE:

The Group had no financial liability measured at fair value as at 31 December 2018 and 31 December 2017.

42. 資產及負債的公平值(續)

並非按公平值計量且其賬面值合理地接近公平值的金融工具的公平值

經管理層評估，現金及現金等價物、已抵押定期存款、貿易應收款項及應收票據、按金及其他應收款項、應收／應付關連公司款項、貿易應付款項及應付票據、非控股權益貸款、計入應計費用及其他應付款項之金融負債之公平值與其賬面值相若，主要是其到期時間短使然。

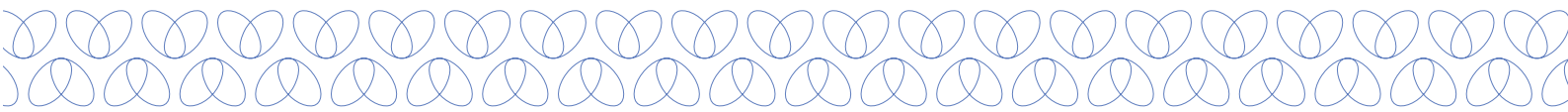
本集團的企業融資部乃由財務經理領導，負責釐定計量金融工具之公平值的政策及程序。企業融資部直接向首席財務管及審核委員會匯報。於各申報日期，企業融資部分析金融工具的價值變動並釐定適用於估值的主要計算因素。估值由首席財務官審閱及批准，且就中期及年度財務申報而言，估值過程及結果由審核委員會每年討論兩次。

金融資產及負債的公平值以該工具於自願交易方(而非強迫或清盤)當前交易下的可交易金額入賬。下列方法及假設乃用於估算公平值：

金融負債之賬面值接近其公平值。其他非即期累計及應付款項部份、非控股權益貸款、計息銀行及其他借款及應付融資債券的公平值乃透過現時工具按類似條款所得的利率、信貸風險及餘下到期日折現預期未來現金流量而計算。於二零一八年十二月三十一日，本集團其他非即期累計及應付款項、非控股權益貸款、計息銀行及其他借款及應付融資債券的不履約風險被評估為不重大。

按公平值計量的負債：

於二零一八年十二月三十一日及二零一七年十二月三十一日，本集團並無按公平值計量的金融負債。



43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the chief financial officer and finance manager.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(A) CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets such as cash and cash equivalents, pledged time deposits, available-for-sale investments, amounts due from related companies, bills receivables and deposits and other receivables, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that the majority of customers who wish to trade are required to pay cash on delivery or in advance before collecting any goods. A minority of customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

43. 財政風險管理目標及政策

本集團面對其經營及使用金融工具所產生的財務風險。主要財務風險包括信貸風險、流動資金風險、利率風險及外幣風險。董事會檢討及協定管理該等風險的政策及程序，而該等政策及程序乃由首席財務官及財務經理執行。

下節提供有關本集團所面對上述財務風險以及管理該等風險的目標、政策及程序的詳情。

(A) 信貸風險

信貸風險為倘對手方不履行其責任時尚未清償的金融工具可能產生的虧損風險。本集團面對的信貸風險主要來自貿易及其他應收款項。就現金及現金等價物有抵押定期存款、可供出售投資、應收關連公司款項、應收票據及按金和其他應收款項等其他金融資產而言，本集團透過僅與信貸評級高的對手方買賣以減低信貸風險。

本集團的目標為於尋求持續收入增長的同時，減低信貸風險增加所產生的虧損。本集團僅與獲認可兼信譽良好的第三方交易。根據本集團的政策，大部分擬交易的客戶必須於交付時支付現金或於收取任何貨品前進行預付。少數擬按信貸條款進行交易的客戶則必須通過信貸核實程序。此外，應收結餘會被持續監察，而本集團的壞賬風險並不重大。

本集團會在初步確認資產時考慮違約概率，以及於各報告期內信貸風險是否持續大幅增加。

當交易對手未能在到期日後90天內支付合約款項（該事項乃根據本集團的歷史資料得出），本集團將確定金融資產的違約事件。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) CREDIT RISK (CONTINUED)

The Group considers “low risk” to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

43. 財政風險管理目標及政策(續)

(A) 信貸風險(續)

本集團將「低風險」視為至少一家主要評級機構的投資級信用評級，用於該等具有信用評級的投資。為評估信貸風險是否顯著增加，本公司將於報告日期資產發生的違約風險與初始確認日期的違約風險進行比較。本集團已審閱可獲得的合理且支持性的前瞻性資料，包括以下指標：

- 內部信用評級
- 外部信用評級
- 預計會導致借款人履行其義務能力發生重大變動的業務、財務或經濟狀況的實際或預期重大不利變動
- 借款人經營業績的實際或預期重大變動
- 同一借款人的其他金融工具的信貸風險大幅增加
- 借款人的預期業績及行為發生重大變動，包括借款人於本集團付款狀態的變動，以及借款人經營業績的變動。

無論上述分析如何，如果債務人的合約付款逾期超過90天，則推定信貸風險大幅增加。

在下列情況下，本集團確定其金融資產存在信用減值：

- 發行人或借款人存在重大困難
- 違反合約，例如違約或逾期事件
- 借款人很可能破產或進行其他財務重組
- 由於財務困難，該金融資產的活躍市場消失

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) CREDIT RISK (CONTINUED)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 360 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's debt instrument at fair value through OCI comprised solely of bills receivables that are graded in the top investment category by A and, therefore, are considered at low credit risk.

The Group provides for lifetime expected credit losses for all trade and other receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on customer type. The expected credit losses also incorporate forward looking information such as GDP growth and central bank base rates.

The information about the credit risk exposure on the Group's trade and other receivables using provision matrix and the loss allowance movement of trade and other receivables are disclosed in Note 22.

EXPOSURE TO CREDIT RISK

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

43. 財政風險管理目標及政策(續)

(A) 信貸風險(續)

當債務人逾期360天而未能支付合約款項時，本集團將貸款或應收款項分類為潛在撇銷。當沒有合理的收回預期(例如債務人未能與本集團訂立還款計劃)時，金融資產會被註銷。如果貸款與應收款項已被撇銷，本公司將繼續進行強制活動，以試圖收回逾期應收款項。如果收回款項，則在損益中確認。

本集團按公平值計入其他全面收益的債務工具僅由應收票據組成，其獲最高投資類別的評級A，因此被視為低信貸風險。

本集團使用撥備矩陣為所有貿易及其他應收款項提供終身預期信貸虧損。撥備率乃基於本集團根據以客戶類型為依據的客戶分組逾期天數分析的歷史觀察違約率釐定。預期信貸虧損還包括前瞻性資料，如GDP增長及央行基準利率。

有關本集團使用撥備矩陣的貿易及其他應收款項的信貸風險資料，以及貿易及其他應收款項的虧損撥備變動於附註22披露。

面對的信貸風險

於申報期末，本集團的最高信貸風險乃指各金融資產類別於財務狀況表內所確認的賬面值。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) CREDIT RISK (CONTINUED)

CREDIT RISK CONCENTRATION PROFILE

The Group assesses concentration of credit risk by monitoring on an on-going basis the aged analysis of its trade receivables. There are no significant concentrations of credit risk within the Group. At 31 December 2018, the Group's trade receivables of RMB19,453,000 (2017: RMB11,965,000) were due from its 10 largest customers.

(B) LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

43. 財政風險管理目標及政策(續)

(A) 信貸風險(續)

信貸風險集中概況

本集團透過持續監察其貿易應收款項各個產品類別的賬齡分析評估信貸風險的集中程度。本集團並無存在重大信貸風險集中。於二零一八年十二月三十一日，本集團貿易應收款項人民幣19,453,000元(二零一七年：人民幣11,965,000元)為應收十大客戶的款項。

(B) 流動資金風險

流動資金風險為本集團因資金短缺而難以履行財務責任的風險。本集團面對的流動資金風險主要來自金融資產及負債到期時間的錯配。本集團的目標為透過使用備用信貸融通維持資金持續性與靈活性之間的平衡。

本集團監察並維持管理層認為充裕的現金及現金等價物水平，以撥支本集團的營運及減低現金流量波動的影響。

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Group		Within 1 year or on demand 1年內或於通知時 RMB'000 人民幣千元	1 to 3 years 1至3年 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	於二零一八年十二月三十一日					
Trade payables	貿易應付款項	282,825	-	-	-	282,825
Bills payable	應付票據	280,105	-	-	-	280,105
Contract liability	合約負債	689,951	-	-	-	689,951
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	1,150,645	23,618	-	-	1,174,263
Due to related companies	應付關連公司款項	21,052	-	-	-	21,052
Loans from a non-controlling interest	非控股權益貸款	53,300	26,207	-	-	79,507
Interest-bearing bank and other borrowings	計息銀行及其他借款	2,851,720	2,522,209	-	-	5,373,929
Bonds payable	應付融資債券	-	525,667	234,932	-	760,599
		5,329,598	3,097,701	234,932	-	8,662,231
31 December 2017	於二零一七年十二月三十一日					
Trade payables	貿易應付款項	246,701	-	-	-	246,701
Bills payable	應付票據	423,915	-	-	-	423,915
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	718,612	110,970	-	-	829,582
Due to related companies	應付關連公司款項	45	-	-	-	45
Loans from a non-controlling interest	非控股權益貸款	25,926	52,146	-	-	78,072
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,849,299	2,585,467	568,612	-	5,003,378
Bonds payable	應付融資債券	616,576	596,153	-	-	1,212,729
		3,881,074	3,344,736	568,612	-	7,794,422

43. 財政風險管理目標及政策(續)

(B) 流動資金風險(續)

根據合約性非折現付款，本集團金融負債於申報期末的到期概況如下：

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(B) LIQUIDITY RISK (CONTINUED)

The maturity profile of the Company's financial liabilities at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Company		Within 1 year or on demand 1年內或於通知時 RMB'000 人民幣千元	1 to 3 years 1至3年 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	於二零一八年十二月三十一日					
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	27,631	-	-	-	27,631
Due to a subsidiary	應付附屬公司款項	114,400	-	-	-	114,400
Interest-bearing bank and other borrowings	計息銀行及其他借款	-	178,443	-	-	178,443
		142,031	178,443	-	-	320,474
31 December 2017	於二零一七年十二月三十一日					
Financial liabilities included in accruals and other payables	計入應計費用及其他應付款項的金融負債	14,825	-	-	-	14,825
Due to a subsidiary	應付附屬公司款項	294,951	-	-	-	294,951
Interest-bearing bank and other borrowings	計息銀行及其他借款	232,600	-	-	-	232,600
		542,376	-	-	-	542,376

(C) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily from its loans and borrowings subject to a floating interest rate.

43. 財政風險管理目標及政策 (續)

(B) 流動資金風險 (續)

根據合約性非折現付款，本公司金融負債於申報期末的到期概況如下：

(C) 利率風險

利率風險為本集團金融工具的公平值或未來現金流量因市場利率變動而出現波動的風險。本集團所面對的市場利率變動風險主要來自其浮動利率貸款及借款。

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) INTEREST RATE RISK (CONTINUED)

SENSITIVITY ANALYSIS FOR INTEREST RATE RISK

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

For variable rate financial assets and liabilities, the Group has determined the carrying amounts of cash and short-term deposits based on their notional amounts, which reasonably approximate to their fair values because these are mostly short-term in nature or are repriced frequently. For interest-bearing bank and other borrowings, a change in interest rate at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group 本集團		Increase in basis points 基點增加	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest expense	利息開支			
RMB	人民幣	10	(4,405)	(3,506)
USD	美元	10	(218)	(198)
Interest income	利息收入			
RMB	人民幣	10	507	289
USD	美元	10	5	21
HKD	港元	10	3	-

43. 財政風險管理目標及政策(續)

(C) 利率風險(續)

利率風險敏感度分析

定息工具的公平值敏感度分析

本集團不會就定息金融資產及負債透過損益按公平值入賬。因此，利率於申報日期的變動並不影響損益。

浮息工具的現金流量敏感度分析

就浮息金融資產及負債而言，本集團已釐定現金及短期存款按名義金額得出的賬面值與其公平值合理地相若，因其大部分在本質上屬於短期或經常重新訂價。就計息銀行及其他借款而言，利率於申報日期的變動將按下文所示的金額增加／(減少)損益。此分析乃假設所有其他可變因素，尤其是外幣匯率保持不變。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(D) FOREIGN CURRENCY RISK

The Group holds cash and cash equivalents and interest-bearing bank borrowings denominated in foreign currencies for working capital purposes. At the end of the reporting period, these foreign currency net assets/(liabilities) (mainly in SGD, USD and Hong Kong dollars ("HKD")) are as follows:

Group 本集團		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
SGD	新加坡元	353	-
USD	美元	(250,371)	(208,056)
HKD	港元	2,356	-
		(247,662)	(208,056)

The following table demonstrates the sensitivity to a reasonably possible change in the SGD, USD and HKD exchange rates (against RMB), with all other variables held constant, on the Group's profit, net of tax and equity.

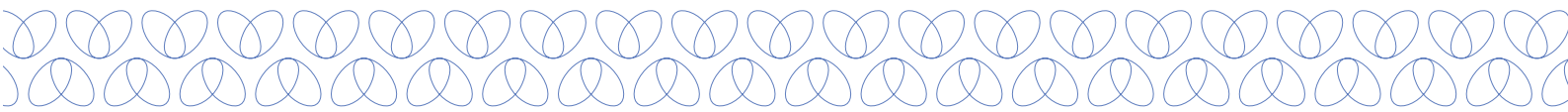
Group 本集團		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
SGD	- strengthened 5% (2017: 5%)	18	-
	- weakened 5% (2017: 5%)	(18)	-
USD	- strengthened 2% (2017: 2%)	(5,007)	(4,161)
	- weakened 2% (2017: 2%)	5,007	4,161
HKD	- strengthened 1% (2017: 1%)	39	-
	- weakened 1% (2017: 1%)	(39)	-

43. 財政風險管理目標及政策(續)

(D) 外匯風險

本集團持有以外幣計值的現金及現金等價物和計息銀行借款作營運資金用途。於申報期末，該等以外幣結算的淨資產/(負債)(主要為新加坡元、美元及港元(「港元」))如下：

下表顯示在所有其他可變因素保持不變下，本集團溢利(已扣除稅項及權益)對新加坡元、美元及港元(兌人民幣)的匯率的合理可能變動的敏感度。



44. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

As disclosed in Note 36, subsidiaries of the Group in the PRC are required by relevant laws of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by these subsidiaries for the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, short-term and long-term bonds payable, trade and bills payables, amounts due to related companies, accruals and other payables less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the parent less the statutory reserve fund. The Group's policy is to keep the gearing ratio below 90%.

44. 資本管理

本集團初步的資本管理目標是保護集團持續發展的能力並保持穩健的資本比率以為集團業務提供支援並儘量擴大股東價值。

本集團根據經濟現狀變化以及標的資產的風險特徵對其資本結構進行管理，並做出相應調整。本集團可以透過調整向股東派發的股息、向股東發還資本或發行新股以保持或調整資本結構。截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度，管理資本的目標、政策或程序概無任何變動。

誠如附註36所披露，本集團於中國的附屬公司須根據相關法律規定向不可分派的法定儲備金作出供款及維持儲備金，而使用法定儲備金須經相關中國機關批准。該等附屬公司於截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度已遵守此外部施加的資本要求。

本集團使用資產負債比率監控資本，資產負債比率為負債淨額除以總資本加負債淨額。負債淨額包括計息銀行及其他借款、應付融資債券、貿易應付款項及應付票據、應付關連公司款項、應計費用及其他應付款項，減現金及現金等價物及已抵押存款。資本包括母公司擁有人應佔權益減法定儲備金。本集團的政策為維持90%以下的資產負債比率。

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

44. CAPITAL MANAGEMENT (CONTINUED)

44. 資本管理(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables	貿易應付款項	282,825	246,701
Bills payable	應付票據	280,105	423,915
Contract Liabilities	合約負債	689,951	795,448
Accruals and other payables	應計費用及其他應付款項	1,185,463	834,858
Due to related companies	應付關連公司款項	21,052	45
Loans from a non-controlling interest	非控股權益貸款	75,500	75,250
Interest-bearing bank and other borrowings	計息銀行及其他借款	5,342,891	4,611,127
Bonds payable	應付融資債券	692,833	1,100,000
Less: Cash and cash equivalents	減：現金及現金等價物	(346,151)	(341,270)
Pledged time deposits	已抵押定期存款	(258,839)	(181,077)
Net debt	負債淨額	7,965,630	7,564,997
Equity attributable to owners of the parent	母公司擁有人應佔權益	3,921,814	3,366,675
Less: Statutory reserve fund	減：法定儲備金	(45,753)	(327,793)
Adjusted capital	經調整資本	3,876,061	3,038,882
Capital and net debt	資本及負債淨額	11,841,691	10,603,879
Gearing ratio	資本負債比率	67.27%	71.34%

45. INVESTMENTS IN SUBSIDIARIES

		Company 本公司	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Investments in subsidiaries	於附屬公司的投資	1,620,755	1,446,355

Particulars of Company's subsidiaries are as follows:

本公司附屬公司的詳情如下：

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Henan Xinlianxin Fertiliser Co., Ltd.*# 河南心連心化肥 有限公司**	PRC/Mainland China 中國／中國內地	RMB1,646,355,000 人民幣 1,646,355,000 元	87.86%	–	Manufacture and trading of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution 生產及銷售尿素、 複合肥、甲醇、 液態氨及氨溶液
Henan Shoulashou Fertiliser Co., Ltd.@# 河南手拉手化肥 有限公司@#	PRC/Mainland China 中國／中國內地	RMB1,000,000 人民幣 1,000,000 元	–	87.86%	Dormant 暫停業務

Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

45. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

45. 於附屬公司的投資(續)

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xinjiang Xinlianxin Energy Chemical Co., Ltd. ^{⑥#} ("Xinjiang XLX") 新疆心連心能源化工 有限公司 ^{⑥#} (「新疆心連心」)	PRC/Mainland China 中國/中國內地	RMB2,100,000,000 人民幣 2,100,000,000 元	-	77.40%	Investment holding, manufacture and trading of urea and compound fertiliser 投資控股、生產及 銷售尿素及複合肥
Manas Tianli Coal Co., Ltd. ("Tianli") ^{⑥#} 瑪納斯天利煤業 有限責任公司 (「天利」) ^{⑥#}	PRC/Mainland China 中國/中國內地	RMB65,000,000 人民幣 65,000,000 元	-	77.40%	Coal mining and sales of coal 煤礦開採及煤炭銷售
Manas Tianxin Coal Co., Ltd. ("Tianxin") ^{⑥#} 瑪納斯天欣煤業 有限責任公司 (「天欣」) ^{⑥#}	PRC/Mainland China 中國/中國內地	RMB65,000,000 人民幣 65,000,000 元	-	77.40%	Coal mining and sales of coal 煤礦開採及煤炭銷售
Henan Nongxin Fertiliser Co., Ltd. ("Nongxin") ^{⑥#} 河南農心肥業有限公司 (「農心」) ^{⑥#}	PRC/Mainland China 中國/中國內地	RMB37,000,000 人民幣 37,000,000 元	-	87.86%	Manufacture and trading of compound fertiliser and related products 製造及銷售複合肥及 相關產品
Xinxiang Country Runcheng Trading Co., Ltd. ("Runcheng") ^{⑥#} (note a) 新鄉縣潤誠貿易 有限公司 (「潤誠」) ^{⑥#} (附註 a)	PRC/Mainland China 中國/中國內地	RMB106,000,000 人民幣 106,000,000 元	-	87.86%	Leasing of land 租賃土地
Jiujiang Xinlianxin Fertiliser Co., Ltd. ("Jiujiang XLX") ^{⑥#} 九江心連心化肥 有限公司 (「九江心連心」) ^{⑥#}	PRC/Mainland China 中國/中國內地	RMB1,000,000,000 人民幣 1,000,000,000 元	-	87.86%	Manufacture and trading of urea and compound fertiliser 製造及銷售尿素及複 合肥

45. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

45. 於附屬公司的投資(續)

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Akesu Xinlianxin Compound Fertiliser Co., Ltd. ("Akesu XLX") ^{@#} 阿克蘇心連心複合肥 有限公司 ("阿克蘇心連心") ^{@#}	PRC/Mainland China 中國/中國內地	RMB200,000,000 人民幣 200,000,000 元	-	77.40%	Manufacture and trading of compound fertiliser 製造及銷售複合肥
Xinxiang Country Shoudian Co., Ltd. ("Shoudian") ^{@#} 新鄉縣心連心售電 有限公司("售電") ^{@#}	PRC/Mainland China 中國/中國內地	RMB97,165,400 人民幣 97,165,400 元	-	87.86%	Selling and distributing electricity 銷售及分銷電力
Xinlianxin (Jilin) Fertiliser Co., Ltd. ("Jilin XLX") ^{@#} 心連心(吉林)化肥 有限公司 ("吉林心連心") ^{@#}	PRC/Mainland China 中國/中國內地	RMB5,000,000 人民幣 5,000,000 元	-	87.86%	Manufacture and trading of urea and compound fertiliser 製造及銷售尿素及 複合肥
Henan Xinlianxin Fertiliser Testing Co., Ltd. [#] 河南心連心化肥檢測 有限公司 [#]	PRC/Mainland China 中國/中國內地	RMB1,000,000 人民幣 1,000,000 元	-	87.86%	Testing equipments 檢測設備
Henan Hydrogenpower Energy Co., Ltd.* [#] (note b) 河南氫力能源有限公司 (附注 b)* [#]	PRC/Mainland China 中國/中國內地	RMB60,000,000 人民幣 60,000,000 元	100%	-	Producing and selling furfuralcohol 制造及銷售糠醇
Henan Xinlianxin Blue Environmental Protection Technology Co., Ltd. [#] (note c) 河南心連心藍色環保 科技有限公司 [#] (附註 c)	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣 50,000,000 元		87.86%	Producing and selling vehicles urea solution 製造及銷售車用 尿素溶液
Henan Xinlianxin Tailan Environmental Protection Technology Co., Ltd. [#] (note d) 河南心連心泰藍環保 科技有限公司 [#] (附註 d)	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣 10,000,000 元	-	39.37%	Selling vehicles urea solution 銷售車用尿素溶液

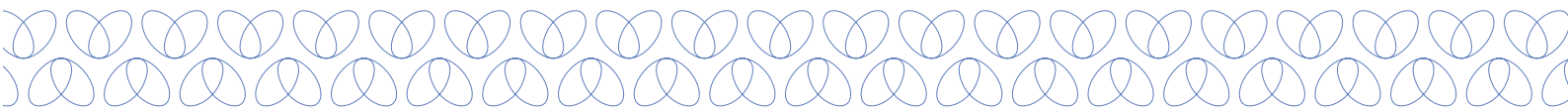
Notes to Financial Statements

財務報表附註 31 December 2018 於二零一八年十二月三十一日

45. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

45. 於附屬公司的投資(續)

Name 名稱	Place of registration and business 註冊及經營地點	Nominal value of registered capital 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Henan Black Ecological Technology Co., Ltd.* (note d) 河南黑色生態科技 有限公司* (附註d)	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣 20,000,000 元	-	50.45%	Manufacture and trading of humic acid 製造及銷售腐植酸
Xinjiang Black Ecological Technology Co., Ltd.* (note d) 新疆黑色生態科技 有限公司* (附註d)	PRC/Mainland China 中國/中國內地	RMB85,000,000 人民幣 85,000,000 元	-	50.45%	Manufacture and trading of humic acid 製造及銷售腐植酸
Henan Heli Energy Co., Ltd.** (note d) 河南禾力能源 有限公司** (附註d)	PRC/Mainland China 中國/中國內地	RMB78,000,000 人民幣 78,000,000 元	57.82%	-	Manufacture and trading of furaldehyde 生產及銷售糠醛
Xinxiang Huineng Yuyuan Power Generation Co., Ltd.# (note e) 新鄉市匯能玉源發電 有限公司# (附註e)	PRC/Mainland China 中國/中國內地	RMB30,000,000 人民幣 30,000,000 元	57.82%	-	Distribution and selling of electricity 分銷及銷售電力
Jiujiang Pengcheng Power Co., Ltd.# (note e) 九江彭誠電力 有限公司# (附註e)	PRC/Mainland China 中國/中國內地	RMB35,000,000 人民幣 35,000,000 元	-	87.86%	Distribution and selling of electricity 分銷及銷售電力
Jiujiang Pengcheng Port Co., Ltd.# (note f) 九江彭誠港口 有限公司# (附註f)	PRC/Mainland China 中國/中國內地	RMB300,000,000 人民幣 300,000,000 元	-	87.86%	Port cargo handling and transportation 港口貨物裝卸和運輸



45. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- * The subsidiaries are registered as foreign investment enterprises under PRC law.
- Ⓔ These subsidiaries are established in the PRC and registered under PRC law.
- # Not audited by Ernst & Young LLP, Singapore or another member firm of the Ernst & Young global network

Notes:

- (a) On 4 May 2018, Runcheng was liquidated, and absorbed by Henan XLX.
- (b) On 8 March 2018, Henan XLX established a new subsidiary named Henan Xinlianxin Blue Environmental Protection Technology Co., Ltd. with a registered capital of RMB50,000,000. The main business of the subsidiary is producing and selling vehicles urea solution(專用尿素溶液).
- (c) On 8 April 2018, Henan Xinlianxin Blue Environmental Protection Technology Co., Ltd. established a new subsidiary named Henan Xinlianxin Tailan Environmental Protection Technology Co., Ltd. with a registered capital of RMB10,000,000. The main business of the subsidiary is selling vehicles urea solution.
- (d) Xinjiang Black Ecology Technology Co., Ltd., Henan Black Ecological Technology Co., Ltd.(the subsidiary of Xinjiang Black Technology), Henan Heli Energy Co., Ltd., Xinxiang Huineng Yuyuan Power Generation Co., Ltd. (the subsidiary of Heli Energy) were purchased from third party. Details please refer to Note 37 Business combination.
- (e) On 20 August 2018, Henan XLX established a new subsidiary named Jiujiang Pengcheng Power Co., Ltd. with a registered capital of RMB35,000,000. The main business of the subsidiary is distribution and selling of electricity.
- (f) On 10 July 2018, Jiujiang XLX established a new subsidiary named Jiujiang Pengcheng Port Co., Ltd. with a registered capital of RMB300,000,000. The main business of the subsidiary is Port cargo handling and transportation.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2019.

45. 於附屬公司的投資(續)

- * 該附屬公司是根據中國法律註冊成立的外商投資企業。
- Ⓔ 該等附屬公司於中國成立並根據中國法例註冊。
- # 並非由Ernst & Young LLP, 新加坡或安永會計師事務所全球網絡的其他成員會計師事務所審核。

附註：

- (a) 二零一八年五月四日，潤誠被清算，並由河南心連心吸收。
- (b) 二零一八年三月八日，河南心連心成立一家新附屬公司，名稱為河南心連心藍色環保科技有限公司，註冊資本為人民幣50,000,000元。該附屬公司的主要業務是製造及銷售車用尿素溶液。
- (c) 二零一八年四月八日，河南心連心藍色環保科技有限公司成立一家新附屬公司，名稱為河南心連心泰藍環保科技有限公司，註冊資本為人民幣10,000,000元。該附屬公司的主要業務是銷售車用尿素溶液。
- (d) 新疆黑色生態科技股份有限公司、河南黑生態科技有限公司(為新疆黑色生態科技的附屬公司)、河南禾力能源有限公司、新鄉市匯能玉源發電有限公司(為禾力能源的附屬公司)為從第三方收購。詳情請參閱附註37業務合併。
- (e) 二零一八年八月二十日，河南心連心成立一家新附屬公司，名稱為九江彭誠電力有限公司，註冊資本為人民幣35,000,000元。該附屬公司的主要業務是分銷和銷售電力。
- (f) 二零一八年七月十日，九江心連心成立一家新附屬公司，名稱為九江彭誠港口有限公司，註冊資本為人民幣300,000,000元。該附屬公司的主要業務是港口貨物裝卸和運輸。

46. 批准財務報表

董事會已於二零一九年三月二十五日批准並授權刊發財務報表。

Five-Year Financial Summary

五年財務資料摘要

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

以下載列本集團於過去五個財政年度的綜合業績及資產與負債概要，乃摘錄自已刊發之經審核財務報表。

		Year ended 31 December 截至十二月三十一日止年度				
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Results	業績					
Revenue	收入	9,194,676	7,561,547	5,710,698	5,788,181	5,081,748
Cost of sales	銷售成本	(6,955,245)	(5,974,597)	(4,687,090)	(4,464,611)	(4,182,984)
Gross profit	毛利	2,239,431	1,586,950	1,023,608	1,323,570	898,764
Other income and gains	其他收入及收益	113,373	87,594	69,985	80,699	56,272
Selling and distribution expenses	銷售及分銷開支	(508,048)	(482,909)	(435,334)	(347,186)	(197,946)
General and administrative expenses	一般及行政開支	(496,623)	(415,467)	(318,612)	(317,496)	(242,789)
Other expenses	其他開支	(245,657)	(5,600)	(33,192)	(33,181)	(10,976)
Finance costs	財務成本	(325,329)	(285,851)	(266,366)	(228,190)	(218,020)
Profit before tax	除稅前溢利	777,147	484,717	40,089	478,216	285,305
Income tax expense	所得稅開支	(121,833)	(61,185)	(11,054)	(69,945)	(48,579)
Profit for the year	本年度溢利	655,314	423,532	29,035	408,271	236,726
Attributable to:	以下人士應佔:					
Owners of the parent	母公司擁有人	624,932	397,778	30,120	408,780	240,796
Non-controlling interests	非控股權益	30,382	25,754	(1,085)	(509)	(4,070)
		655,314	423,532	29,035	408,271	236,726
Assets, liabilities and non-controlling interests	資產及負債及非控股權益					
Total assets	總資產	13,655,296	11,905,762	10,919,995	10,835,284	9,588,469
Total liabilities	總負債	(8,742,497)	(8,255,808)	(7,637,034)	(7,834,267)	(6,915,013)
Non-controlling interests	非控股權益	(990,985)	(283,279)	(247,174)	-	1,499
		3,921,814	3,366,675	3,035,787	3,001,017	2,674,955

Glossary

詞彙表

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

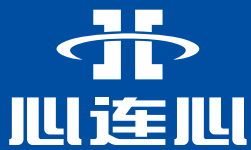
於本年報內，除文義另有指明外，下列詞彙均具有以下涵義：

“AC” or “Audit Committee”	Audit Committee of the Company	「審核委員會」	指	本公司的審核委員會
“AGM”	Annual General Meeting of the Company	「股東週年大會」	指	本公司的股東週年大會
“Board”	The Board of Directors	「董事會」	指	董事會
“Companies Act”	The Companies Act (Chapter 50) of Singapore	「公司法」	指	新加坡法例第50章公司法
“Company” or “China XLX” or “XLX”	China XLX Fertiliser Ltd.	「本公司」或「中國心連心」或「心連心」	指	中國心連心化肥有限公司
“Constitution”	Constitution of the Company	「章程」	指	本公司的章程
“Director(s)”	Director(s) of the Company	「董事」	指	本公司的董事
“EGM”	Extraordinary General Meeting of the Company	「股東特別大會」	指	本公司的股東特別大會
“FY2017”	The financial year ended 31 December 2017	「二零一七財政年度」	指	截至二零一七年十二月三十一日止的財政年度
“FY2018”	The financial year ended 31 December 2018	「二零一八財政年度」	指	截至二零一八年十二月三十一日止的財政年度
“Group”	The Company and its subsidiaries altogether	「本集團」	指	本公司連同其附屬公司
“Henan XLX”	Henan Xinlianxin Fertiliser Co., Ltd., a wholly owned subsidiary of the Company	「河南心連心」	指	河南心連心化肥有限公司，為本公司的全資附屬公司
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong	「港元」	指	港元，香港法定貨幣
“Listing Rules”	The Rules Governing the Listing of Securities on the SEHK	「上市規則」	指	聯交所證券上市規則

Glossary

詞彙表

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules	「標準守則」	指	上市發行人董事進行證券交易的標準守則(上市規則附錄10)
“NC” or “Nomination Committee”	Nomination Committee of the Company	「提名委員會」	指	本公司的提名委員會
“PRC” or “China”	The People’s Republic of China	「中國」	指	中華人民共和國
“RC” or “Remuneration Committee”	Remuneration Committee of the Company	「薪酬委員會」	指	本公司的薪酬委員會
“RMB”	Renminbi, the lawful currency of the PRC	「人民幣」	指	中國法定貨幣人民幣
“S\$”	Singapore dollars	「新加坡元」	指	新加坡元
“SEHK”	The Stock Exchange of Hong Kong Limited	「聯交所」	指	香港聯合交易所有限公司
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)	「證券及期貨條例」	指	香港法例第571章證券及期貨條例
“SGX-ST”	Singapore Exchange Securities Trading Limited	「新交所」	指	新加坡證券交易所有限公司
“Shareholder(s)”	Shareholder(s) of the Company	「股東」	指	本公司的股東
“XLX Chem”	Henan Xinlianxin Chemicals Group Co., Ltd.	「心連心化工」	指	河南心連心化工集團有限公司



China XLX Fertiliser Ltd.
中國心連心^{*}化肥有限公司^{*}

(Incorporated in Singapore with limited liability)
(於新加坡註冊成立之有限公司)

Stock Code 股份代號：1866

^{*} For identification purpose only 僅供識別



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