High-Efficiency Fertilisers in China

中國高效肥

ANNUAL REPORT 2019 年報

心连心

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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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 eight 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

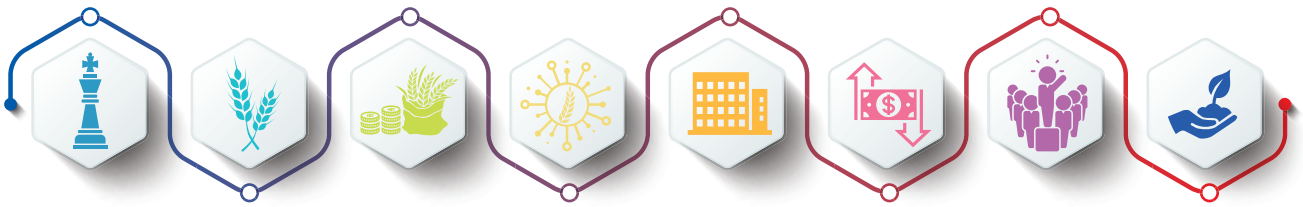
- 中國高效肥倡導者
- 國家環保部、中國氮肥工業協會樹立的環保標準企業
- 連續八年獲得中國石油和化學工業聯合會頒發「**合成氨能效領跑者標杆企業**」
- 中國高新技術企業(享受15%的優惠所得税率)
- 首個國家級氮肥研發中心和全國性高效農業服務中心
- 中國第一家掌握控失尿素生產專利技術的生產企業

1
Strategic geographical location
戰略性地理佈局

3
"Low-cost + differentiation" production strategy
「低成本+差異化」產品戰略

5
Leading enterprise in the industry
行業的領軍者

7
Stable, experienced management team and highly loyal employees
擁有穩定和經驗豐富的管理團隊及高度忠誠員工



2
Obvious cost leadership
成本效益優勢明顯

4
Strong brand and sales network
強大的品牌和銷售網絡

6
Strong and healthy operating cash flow
強勁和健康的經營現金流

8
Continuously improving corporate governance and internal supervision
不斷完善的企業管治和內部監控

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 People's Republic of China (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, 2,900,000 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新加坡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華人民共和國(「**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290萬噸、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

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
閆蘊華

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
Leung Kwan Wai

JOINT COMPANY SECRETARIES

Leung Kwan Wai
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 Minsheng Bank
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

閆蘊華
梁君慧

聯席公司秘書

梁君慧
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）
旭齡及穆律師樓（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
民生銀行
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

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

STOCK CODE

Hong Kong Stock Code: 1866

股票代碼

香港股份代號：1866

CORPORATE WEBSITE

www.chinaxlx.com.hk

公司網址

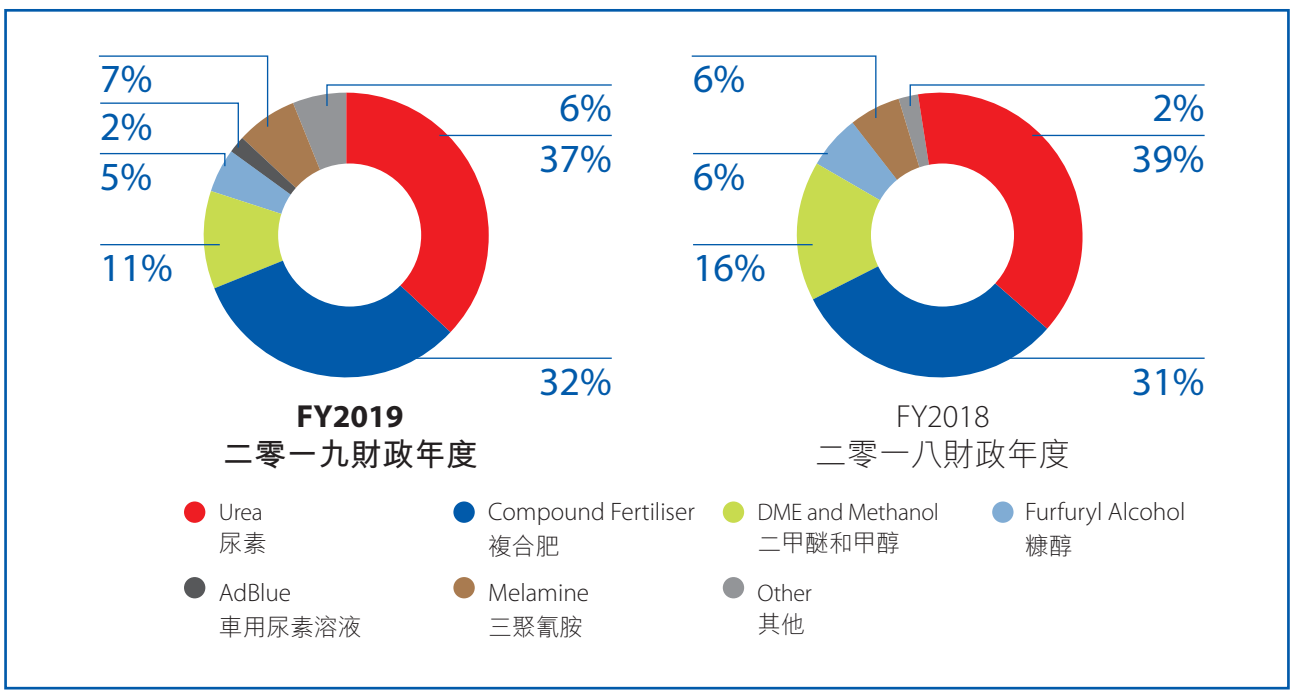
www.chinaxlx.com.hk

Financial Highlights
財務概要

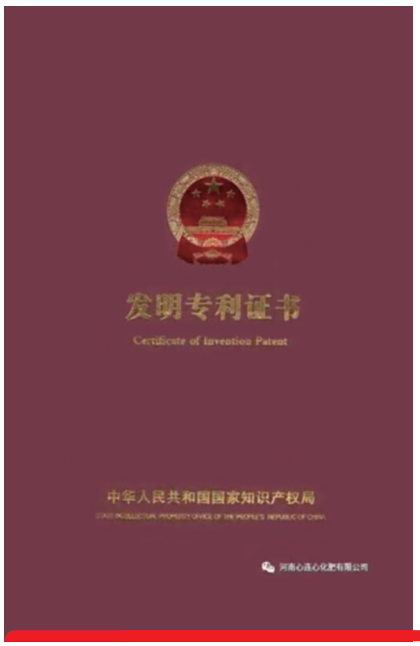
RESULTS PERFORMANCE 業績表現

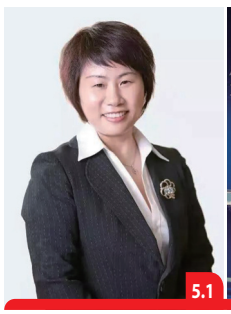
(RMB million)	（人民幣百萬元）	2018 二零一八年度	**2019 二零一九年度**	**Change (%) 同比變幅 (%)**
Revenue	收入	9,195	**8,928**	-3
Cost of sales	銷售成本	(6,955)	**(6,987)**	0.5
Gross profit	毛利	2,240	**1,941**	-13
Profit before tax	除税前盈利	777	**526**	-32
Income tax expense	所得税開支	(122)	**(112)**	-8
Net profit	純利	655	**414**	-37
Basic and diluted earnings per share (RMB cents)	每股基本及攤薄盈利（人民幣分）	53.34	**27.01**	–
Dividend per share (RMB cents)	每股派息（人民幣分）	10	**8**	–

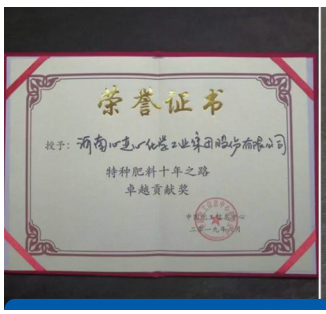
REVENUE BREAKDOWN BY SEGMENT 分類產品收入



Major Events in 2019
二零一九年度大事記







1月 JANUARY

The patent achievement of China XLX vehicle urea won the Chinese Patent Award
心連心車用尿素專利成果榮獲中國專利獎 1

2月 FEBRUARY

The opening ceremony for projects in the first quarter of Xinxiang – the commencement ceremony of China XLX's industrial upgrading project – were held
新鄉市一季度項目集中開工活動暨心連心公司產業升級項目開工儀式隆重舉行 2

3月 MARCH

New start, new journey, new brilliance - Henan Xinlianxin Chemicals Group starts a new era of development
新起點 新征程 新輝煌 心連心化學工業集團開啟發展新紀元 3

4月 APRIL

China XLX was honored as "Xinxiang Five-star Industrial Enterprise in 2018"
心連心榮膺「新鄉市2018年度五星級工業企業」4

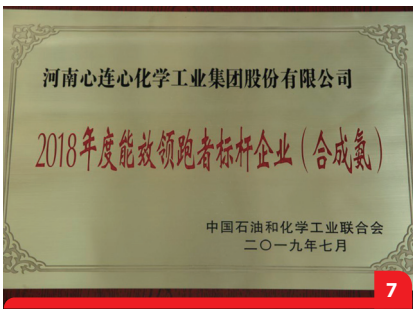
5月 MAY

Ms. Yan Yunhua, the Executive Director, won the glorious title of "National Labour Day Medal"
閆蘊華同志(執行董事)榮膺「全國五一勞動獎章」光榮稱號 5.1

Innovation Center for Efficient Utilization of Nitrogen Fertilizer was launched in Xinlianxin Group
氮肥高效利用創新中心在心連心集團啟動 5.2

6月 JUNE

Xinlianxin Humic Acid shines 2019 CNCIC Global Special Fertilizer Conference
心連心腐植酸閃耀2019 CNCIC全球特種肥料大會 6



7

8

9.1

9.2

10

11

12

7月 JULY

Xinlianxin was awarded "Standard Enterprise for Synthetic Ammonia Efficiency Leaders" for eight consecutive years
心連心獲合成氨能效領跑八連冠 7

8月 AUGUST

Listing of urea futures - China XLX was a designated delivery factory and an inspection-free delivery brand enterprise
尿素期貨上市 心連心為指定交割廠庫及免檢交割品牌企業 8

9月 SEPTEMBER

Henan Xinlianxin Chemical Industry Group held its 50th anniversary celebration ceremony
心連心化學工業集團建廠五十周年慶典大會隆重舉行 9.1

Liu Xingxu, the Chairman, was awarded the medal "Celebrating the 70th Anniversary of the Founding of the People's Republic of China"
董事長劉興旭獲「慶祝中華人民共和國成立70周年」紀念章 9.2

10月 OCTOBER

China XLX was awarded "2019 Henan Environmental Protection Credit Green Integrity Company"
心連心公司獲評「2019年河南省環保信用綠色誠信單位」 10

11月 NOVEMBER

China XLX was awarded "the 1st Batch of Industrial Product Green Design Demonstration Enterprises" by the Ministry of Industry and Information Technology
心連心被工信部授予「首批工業產品綠色設計示範企業」 11

12月 DECEMBER

China XLX was elected as the Secretary-General Company of China Internal Combustion Engine Industry Association, Automotive Urea Aqueous Branch 12
心連心公司當選中國內燃機工業協會車用尿素水溶液分會秘書長單位

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. ("China XLX " or "the Company", together with its subsidiaries, is collectively referred to as "the Group"). On behalf of the Board, I am pleased to report the shareholders of the Company the audited consolidated financial statements of the Group for the fiscal year as of 31 December 2019, 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(「中國心連心」或「本公司」，與附屬子公司合稱「本集團」)的支持和信任，本人謹代表本公司董事會，欣然向本公司各位股東報告本集團截至二零一九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 2019, the Group continued to promote transformation and upgrading, and according to the development idea of "Fertiliser as base, fertiliser and chemical side by side", gave full play to the advantages of coal gasification technology and cost, and meanwhile we adhered to market demand-oriented, increased the research and application of new technologies and new products, and further enhance the Group's market competitiveness in the industry.

二零一九年，本集團繼續推進轉型升級，按照「以肥為主肥化並舉」的發展思路，充分發揮煤氣化技術優勢和成本優勢，堅持以市場需求為導向，加大新技術和新產品的研發和應用，進一步提升本集團在行業中的市場競爭力。

The Group continued to optimize its capital structure, and received strategic investment of approximately RMB800 million from shareholders such as CCB, Shanghai Jinpu Guodiao, Xiamen Baodarun and Tongling Lingtong, thus further optimized the Company's financial structure and supported the Company's rapid development. Meanwhile, the Group has achieved an integrated circular economy development model on furfural, furfuryl alcohol and biomass power generation in the field of fine chemicals, which has become the Company's new business growth point.

本集團繼續優化資本結構，獲建信、上海金浦國調、廈門寶達潤及銅陵靈通等股東戰略性投資約人民幣8億元，進一步優化公司財務結構，支撐公司快速發展。同時本集團在精細化工領域實現了糠醛、糠醇和生物質發電的一體化循環經濟發展模式，成為公司新的業績增長點。

LIU Xingxu 劉興旭
Chairman of the Board 董事會主席

RESULT HIGHLIGHTS

- Realized revenue of approximately RMB8,928 million, an decrease of 3% year-on-year.
- Net profit of the Group was approximately RMB414 million, representing a decrease of 37% year-on-year.
- Overall gross profit margin decreased by 2 percentage points year-on-year to approximately 22%, mainly due to the falling prices of chemical products such as methanol, melamine and DME.
- The Board of Directors recommended a final dividend of RMB8 cents per share and a total dividend of RMB8 cents per share for the year.

業績表現

- 實現收入約人民幣89.28億元，同比下降約3%。
- 本集團純利約人民幣4.14億元，同比下降約37%。
- 整體毛利率同比下降2個百分點至約22%，主要由於甲醇、三聚氰胺及二甲醚等化工產品售價下滑所致。
- 董事會建議派發末期股息每股人民幣8分，全年合共派發股股息每股人民幣8分。

BUSINESS REVIEW

The Group adhered to the development strategy of the main business of fertilizer, strictly implemented the "customer-centric" concept, enhanced "integration" operation, and flexibly adjusted the product structure according to market demand and profitability, making the main value chain more closely linked, thus the flexible production mode of "one head and multi-tails-ept" was more improved. At the same time, based on the industry's leading coal gasification technology and cost advantages, the Group further extended the product chain, improved and consolidated product differentiation and circular economy, and realized the Company's steady business growth, such as high-efficiency fertilizers, vehicle urea, fine chemicals, air separation and carbon dioxide. At this point, the "one chess" pattern in the three major bases was initially formed, and the operating structure was more reasonable.

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 11 Board meetings in the year 2019 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 2019, focusing on enhancing internal risk control over procurement management, capital 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

本集團按照堅持做好化肥主業的發展戰略，嚴格落實「以客戶為中心」的理念，實施「一體化」經營，根據市場需求和盈利能力，靈活調節產品結構，使得主價值鏈銜接更加緊密，「一頭多尾」的柔性生產模式更加完善。同時本集團以行業領先的煤氣化技術和成本優勢為基礎，進一步延伸產品鏈，完善和夯實產品差異化和循環經濟，實現了公司高效肥、車用尿素、精細化工、空分和二氧化碳等業務穩定增長。至此，本集團三大基地「一盤棋」的格局初步形成，經營結構也更加合理。

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。本集團在二零一九年度召開了11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，二零一九年主要由本公司內審團隊進行內控審計，重點對公司採購管理、資金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，讓其及時瞭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

The background of the domestic security and environmental protection situation remains unchanged. It is expected that more obsolete 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. The Group has successively launched the relocation project of Plant I and the coal gasification technology transformation of Plant II and III. In the next two years, all the coal gasification equipments of the Company will be converted into new advanced coal gasification technology. This will further consolidate the Group's leading position in the industry in terms of safety, environmental protection, technology and cost. The construction of the Jiangxi base project is expected to be completed and put into operation this year. After the operation, the Group's urea production capacity will exceed 3 million tons. The scale advantage will be further improved.

STRATEGIC OBJECTIVES

Working for a better tomorrow is also our corporate 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 continue to adhere to the operation development direction of "Fertiliser as base, fertiliser and chemical side by side", stick 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, ensure the leading position in the fertilizer industry and strengthen the three major bases. Lead the industry in the name of "Pioneer of High-Efficiency Fertiliser in China"; 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

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。本集團陸續啟動第一生產廠搬遷項目和第二與第三生產廠煤氣化技術改造，未來兩年公司的所有煤氣化裝置將轉換為工藝領先的新型粉煤氣化技術。這將進一步鞏固本集團的安全、環保、技術和成本在行業中的領先優勢。而江西基地大項目建設預計將在今年完工投產，投產後本集團的尿素生產能裡將超過300萬噸，規模優勢進一步提升。

戰略目標

為了明天更美好亦是我們的企業使命，更是全體心連心人不懈追求的強企之夢。根據本集團發展總戰略，繼續堅持「以肥為主 肥化並舉」的經營發展方向，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，確保化肥的行業領先優勢，做強三大基地。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, we are still confident and never forget our original intentions. We always believe that in the process of deep transformation and upgrading of the industry, it brings us not only challenges but also opportunities. No matter how the external environment changes, we must unswervingly adhere to ourselves and build our own core competitiveness based on the entire value chain.

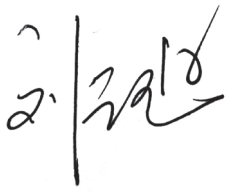
Lastly, on behalf of the Board, I would like to take this opportunity to extend my heartfelt gratitude to all Shareholders, the Company's management team, all the staff, customers and friends who have been caring for and supporting us. In 2020, the Group's senior management and staff will continue working 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
30 March 2020

致謝

回顧過去，我們信心滿滿；展望未來，我們依然充滿自信，不忘初心。我們始終堅信在行業深度轉型升級的過程中，帶給我們的不僅僅有挑戰，還有機遇，但是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！二零二零年，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
二零二零年三月三十日

(I) BUSINESS REVIEW

(I) 業務回顧

COAL AND ELECTRICITY CONSUMPTION

煤和電消耗情況

Fixed bed technology coal consumption (tons)	固定床技術煤消耗(噸)	2019 二零一九年 每噸尿素	2018 二零一八年 每噸尿素
Raw coal	原料煤	**0.605**	0.609
Fuel coal	燃料煤	**0.156**	0.142
Total coal consumption	總煤耗量	**0.761**	0.751

Coal water slurry technology coal consumption (tons)	水煤漿技術煤消耗(噸)	2019 二零一九年 每噸尿素	2018 二零一八年 每噸尿素
Raw coal	原料煤	**0.774**	0.779
Fuel coal	燃料煤	**0.180**	0.186
Total coal consumption	總煤耗量	**0.954**	0.965

Electricity consumption (KWh)	電耗量(千瓦時)	2019 二零一九年 KWh per ton 每噸千瓦時	2018 二零一八年 KWh per ton 每噸千瓦時
Urea (Fixed bed technology)	尿素(固定床技術)	**798**	781
Urea (Coal water slurry technology)	尿素(水煤漿技術)	**319**	299

SALES VOLUME

銷量情況

		2019 二零一九年	2018 二零一八年
Urea	尿素	**1,907**	1,999
Compound fertiliser	複合肥	**1,373**	1,396
Methanol	甲醇	**40**	149
Melamine	三聚氰胺	**130**	82
Furfuryl alcohol	糠醇	**42**	39
Liquid ammonia	液氨	**66**	50
Dimethyl ether	二甲醚	**320**	314

REVENUE

Revenue decreased by RMB267 million or approximately 3% from RMB9,195 million in the financial year ended 31 December 2018 ("FY2018") to RMB8,928 million in the financial year ended 31 December 2019 ("FY2019"). The decrease of revenue was mainly due to lower average selling prices of dimethyl ether (DME), melamine, methanol, furfuryl alcohol and melamine, and the decrease was partially offset by the increase in sales volume of melamine and liquid ammonia.

UREA

Revenue derived from the sales of urea decreased by RMB236 million or approximately 7% year on year ("YoY") to approximately RMB3,313 million in FY2019 from RMB3,549 million in FY2018 due mainly to a decrease in the sales volume and average selling price of urea. Urea sales volume decreased by approximately 5% YoY to approximately 1,906,000 tons resulted from the closure of Plant I during the relocation of the Group's Xinxiang production facilities in FY2019. The average selling price of urea decreased by approximately 2% due to the increase in the supply of urea in the industry.

COMPOUND FERTILISER

Revenue derived from the sales of compound fertilisers increased by RMB45 million or approximately 2% YoY to approximately RMB2,852 million in FY2019 from RMB2,807 million in FY2018, due mainly to the increase in average selling price by approximately 3% as a result of a higher percentage of high-efficient fertilisers sold.

收入

收入由截至二零一八年十二月三十一日止年度(「**二零一八財政年度**」)的人民幣9,195,000,000元減少約人民幣267,000,000元或約3%至截至二零一九年十二月三十一日止年度(「**二零一九財政年度**」)的約人民幣8,928,000,000元。收入減少主要由於二甲醚(DME)、三聚氰胺、甲醇和糠醇的平均售價下跌所致，跌幅部分被三聚氰胺和液氨銷量增加所抵銷。

尿素

尿素的銷售收入由二零一八財政年度的約人民幣3,549,000,000元同比減少約人民幣236,000,000元或約7%至二零一九財政年度的約人民幣3,313,000,000元，主要由於尿素的銷量及平均售價下跌所致。尿素銷量同比減少約5%至約1,906,000噸，原因為二零一九財政年度本集團在新鄉生產設施搬遷期間關閉第一生產廠。由於尿素市場供應相對充足，導致尿素平均售價同比下跌約2%。

複合肥

複合肥的銷售收入由二零一八財政年度的約人民幣2,807,000,000元同比增加約人民幣45,000,000元或約2%至二零一九財政年度的約人民幣2,852,000,000元，主要由於已售高效化肥的比例上升帶動平均售價上漲約3%。

METHANOL

Revenue derived from the sales of methanol decreased by RMB283 million or approximately 79% YoY to approximately RMB74 million in FY2019 from RMB357 million in FY2018, mainly because the Group chose to further process methanol products into dimethyl ether products which enjoyed a higher profit margin. As a result, sales volume of methanol decreased by 73% to approximately 40,000 tons in FY2019, as the Group only produced to maintain relationship with the most strategic customers. In line with the weakened international energy prices, the average selling price of methanol decreased by 23% YoY.

DIMETHYL ETHER (DME)

Revenue derived from the sales of DME decreased by approximately RMB224 million or approximately 20% from approximately RMB1,142 million in FY2018 to RMB918 million in FY2019. The decrease was due mainly to a decrease in the average selling price of DME by 21.8% YoY which was in line with the weakened international energy prices. The impacts of the decrease in DME price was partially offset by an increase in the sales volume of 2% YoY to 320,000 tones for FY2019.

MELAMINE

Revenue derived from the sales of melamine increased by approximately RMB96 million or 17% from approximately RMB561 million in FY2018 to RMB657 million in FY2019 mainly due to the increase in sales volume by 59%. In July 2018, the Group's melamine project Phase II in Xinjiang Plant V with an annual production capacity of 60,000 tons successfully commenced operation, enabling the Group's total annual melamine production increase to 120,000 tons. The increase in sales volume was partially offset by a decrease in average selling price of melamine by approximately 26% YoY due to the weakened demand in domestic chemical products.

甲醇

甲醇的銷售收入由二零一八財政年度的約人民幣357,000,000元同比減少約人民幣283,000,000元或約79%至二零一九財政年度的約人民幣74,000,000元，主要由於本集團選擇將甲醇產品進一步加工為利潤率較高的二甲醚產品所致。因此，甲醇銷量減少73%至二零一九財政年度的約40,000噸，原因為本集團僅為維持最具戰略性的客戶關係而生產。與國際能源價格的弱勢一致，甲醇平均售價同比下跌23%。

二甲醚(DME)

二甲醚的銷售收入由二零一八財政年度的約人民幣1,142,000,000元減少約人民幣224,000,000元或約20%至二零一九財政年度的人民幣918,000,000元。該減少主要由於二甲醚平均售價同比下跌21.8%，與國際能源價格的弱勢一致。二甲醚價格下跌的影響部分被二零一九財政年度的銷量同比增長2%至320,000噸所抵銷。

三聚氰胺

三聚氰胺的銷售收入由二零一八財政年度的約人民幣561,000,000元增加約人民幣96,000,000元或約17%至二零一九財政年度的約人民幣657,000,000元，主要由於銷量增加59%。於二零一八年七月，本集團於新疆五廠的年產能60,000噸三聚氰胺二期項目已成功開始營運，使本集團的三聚氰胺總年產能由提升至120,000噸。銷量增加部分被三聚氰胺平均售價因國內化工產品需求減弱而同比下跌約26%所抵銷。

FURFURYL ALCOHOL

Revenue derived from the sales of furfuryl alcohol decreased by approximately RMB115 million or 22% from approximately RMB522 million in FY2018 to RMB407 million in FY2019. The decrease was mainly due to the decrease in the average selling prices of furfuryl alcohol by approximately 28% YoY as a result of the recovery of supply in the market followed by the more flexible environment control in PRC. This was partially offset by the increase in sales volume of approximately 8% YoY to approximately 42,000 tons for FY2019.

PROFITABILITY

UREA

Gross profit margin of urea of the Group decreased to approximately 28.1% in FY2019 from approximately 30.8% in FY2018. The decrease was due to a combination of a 2% decrease in the average selling price and a 2% increase in the cost of goods sold. The decrease in the average selling price was the result of recovery of supply from urea industry. The increase in the cost of goods sold was mainly caused by the increase in the sales volume of high efficient urea with higher cost of goods sold.

COMPOUND FERTILISER

Gross profit margin of compound fertilisers of the Group increased marginally by 0.9% to approximately 15.8% in FY2019 from approximately 14.9% in FY2018. The increase was mainly due to the increase in average selling price of approximately 3% YoY, as a higher percentage of high efficient fertiliser was sold.

METHANOL

Gross profit margin of methanol of the Group decreased to approximately -0.1% in FY2019 from approximately 15% in FY2018, mainly due to a 23% decline in the average selling price and reduced scale of production. The declined average selling price was in line with the weakened international energy prices.

糠醇

糠醇的銷售收入由二零一八財政年度的約人民幣522,000,000元減少約人民幣115,000,000元或22%至二零一九財政年度的約人民幣407,000,000元。該減少主要由於糠醇平均售價同比下跌約28%所致，原因為中國環境管控更趨靈活令市場供應恢復。該減少部分被銷量同比增加約8%至二零一九財政年度的約42,000噸所抵銷。

盈利能力

尿素

本集團的尿素毛利率由二零一八財政年度的約30.8%下跌至二零一九財政年度的約28.1%。該下跌乃由於平均售價下跌2%加上銷售貨物成本增加2%所致。平均售價下跌乃由於尿素行業供應恢復所致。銷售貨物成本增加乃由於銷售貨物成本較高的高效尿素銷量增加所致。

複合肥

本集團的複合肥毛利率由二零一八財政年度的約14.9%微升0.9%至二零一九財政年度的約15.8%。該上升主要由於已售高效化肥佔比上升帶動平均售價同比上漲約3%所致。

甲醇

本集團的甲醇毛利率由二零一八財政年度的約15%下降至二零一九財政年度的約-0.1%，主要由於平均售價下跌23%及生產規模減小所致。平均售價下跌與國際能源價格的弱勢一致。

DIMETHYL ETHER (DME)

As a result of a 21% decrease of average selling price of DME, the gross profit margin of DME decreased from 23.5% in FY2018 to 5.1% in FY2019. As an alternate to liquid natural gas (LNG), the decline in average selling price of DME was in line with the weakened global energy prices.

MELAMINE

Gross profit margin of melamine decreased from approximately 52.3% in FY2018 to 35.6% in FY2019. This was due mainly to a 26% decrease in the average selling price resulting from the weakened demand in domestic chemical products.

FURFURYL ALCOHOL

Gross profit margin of furfuryl alcohol increased from approximately 8.5% in FY2018 to 15.3% in FY2019. This was due mainly to (1) the decline in cost of raw materials and (2) reduction of wastage of raw materials during production through research and development.

OTHER INCOME AND GAINS

Other income and gains increased by approximately RMB48 million from approximately RMB112 million in FY2018 to RMB160 million in FY2019. The increase was mainly due to (1) the increase of RMB35 million in gains from disposal of fixed assets and right of use assets; (2) the increase of RMB10 million in gains from sales of by-products and the sale of water, steam and electricity; (3) an increase of RMB10 million of interest received from banks; and (4) an increase of RMB8 million of the penalties from suppliers for non-compliance of supply contract. The increase was partially offset by the RMB34 million fair value change of derivative financial instruments and fair value change of financial instruments through profits and loss from a gain of RMB18 million in FY2018 to a loss of RMB16 million in FY2019.

二甲醚(DME)

由於二甲醚的平均售價下降約21%，二甲醚的毛利率由二零一八財政年度的約23.5%下降至二零一九財政年度的約5.1%。作為液化天然氣的替代品，二甲醚的平均售價下跌與國際能源價格的弱勢一致。

三聚氰胺

三聚氰胺的毛利率由二零一八財政年度的約52.3%下降至二零一九財政年度的35.6%。這主要由於國內化工產品需求疲弱導致平均售價下跌26%所致。

糠醇

糠醇的毛利率由二零一八財政年度的約8.5%上升至二零一九財政年度的15.3%。這主要由於(1)原材料成本下降及(2)透過研發減少生產過程中的原材料浪費所致。

其他收入及收益

其他收入及收益由二零一八財政年度的約人民幣112,000,000元增加約人民幣48,000,000元至二零一九財政年度的約人民幣160,000,000元。該增加主要由於(1)出售固定資產及使用權資產收益增加人民幣35,000,000元；(2)銷售副產品及銷售水、蒸汽及電的收益增加人民幣10,000,000元；(3)自銀行收取利息增加人民幣10,000,000元；及(4)供應商違反供應合約罰款增加人民幣8,000,000元所致。該增加部分被衍生金融工具的公平值變動及計入損益的金融工具的公平值變動人民幣34,000,000元(由二零一八財政年度的收益人民幣18,000,000元變為二零一九財政年度的虧損人民幣16,000,000元)所抵銷。

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB8 million from RMB508 million in FY2018 to RMB516 million in FY2019. Such increase was mainly due to (1) RMB8 million increase in staff salaries; (2) RMB4 million increase in promotion costs; (3) RMB3 million increase in depreciation charges; and (4) RMB2 million increase in selling administrative expenses. These are largely the result of the initial set up expenses of Jiangxi production base. The increase was partially offset by the decrease in advertisement expenses by approximately RMB12 million.

銷售及分銷開支

銷售及分銷開支由二零一八財政年度的約人民幣508,000,000元增加約人民幣8,000,000元至二零一九財政年度的約人民幣516,000,000元。該增加主要由於(1)職員薪金增加人民幣8,000,000元；(2)促銷費用增加人民幣4,000,000元；(3)折舊開支增加人民幣3,000,000元；及(4)銷售行政開支增加人民幣2,000,000元所致。上述各項大致上乃由於江西生產基地的初步設立開支所致。該增加部分被廣告開支減少約人民幣12,000,000元所抵銷。

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by approximately RMB164 million from approximately RMB497 million in FY2018 to approximately RMB661 million in FY2019. The increase was mainly due to the initial set up of new Jiangxi production base and increase in the number of employees from the acquisition of Shen Leng Energy, Heli Energy and Black Technology, of which salaries, staff welfare, staff social security provident funds, environment protection expenses, entertainment expenses, repair cost and staff education expenses increased by approximately RMB46 million, RMB23 million, RMB22 million, RMB12 million, RMB11 million, RMB11 million and RMB7 million respectively. The increase as partially offset by the decrease in rental expenses of RMB7 million.

一般及行政開支

一般及行政開支由二零一八財政年度的約人民幣497,000,000元增加約人民幣164,000,000元至二零一九財政年度的約人民幣661,000,000元。該增加主要由於江西新生產基地初告設立，以及對深冷能源、禾力能源及黑色科技的收購令員工人數增加所致，其中薪金、員工福利、員工社保公積金、環保開支、招待開支、維修成本及員工教育開支分別增加約人民幣46,000,000元、人民幣23,000,000元、人民幣22,000,000元、人民幣12,000,000元、人民幣11,000,000元、人民幣11,000,000元及人民幣7,000,000元所致。該增加部分被租金開支減少人民幣7,000,000元抵銷。

OTHER EXPENSES

Other expenses decreased by approximately RMB207 million from approximately RMB223 million in FY2018 to approximately RMB16 million in FY2019. The decrease was mainly due to the decrease in the impairment of property, plant and equipment and the foreign exchange losses of approximately RMB188 million and RMB21 million respectively.

FINANCE COSTS

Finance costs increased by approximately RMB49 million from approximately RMB325 million in FY2018 to approximately RMB374 million in FY2019 due to the increase in amount of interest-bearing borrowings and loans.

INCOME TAX EXPENSE

Income tax expense decreased by approximately RMB10 million from approximately RMB122 million in FY2018 to approximately RMB112 million in FY2019 due to lower taxable income generated by the Group.

PROFIT FOR THE YEAR

The profit for the year decreased by RMB241 million or approximately 36.79% from RMB655 million in FY2018 to RMB414 million in FY2019.

其他開支

其他開支由二零一八財政年度的約人民幣223,000,000元減少約人民幣207,000,000元至二零一九財政年度的約人民幣16,000,000元。該減少主要由於物業、廠房及設備減值及匯兑虧損分別減少約人民幣188,000,000元及人民幣21,000,000元所致。

財務成本

財務成本由二零一八財政年度的約人民幣325,000,000元增加約人民幣49,000,000元至二零一九財政年度的約人民幣374,000,000元，主要由於計息借款及貸款增加所致。

所得稅開支

所得稅開支由二零一八財政年度的約人民幣122,000,000元減少約人民幣10,000,000元至二零一九財政年度的約人民幣112,000,000元，乃由於本集團產生的應課稅溢利減少所致。

年內溢利

年內溢利由二零一八財政年度的約人民幣655,000,000元減少人民幣241,000,000元 或 約36.79%至二零一九財政年度的約人民幣414,000,000元。

The decrease in the Group's net profit in FY2019 was mainly due to:

(1) the decrease in the sales volume and profit margin of urea. The decrease in sales volume of urea was resulted from the closure of Plant I during the relocation of the Group's Xinxiang production facilities in 2019.

(2) the decrease in average selling prices of melamine and dimethyl ether (DME) of 26% and 21% respectively YoY. In 2019, international economic environments have been rapidly changing, China domestic consumption remained weak, while export of petrol chemical products declined. These factors have negatively impacted petrol chemical products market, lowering average selling prices and profit margin of melamine, DME and methanol.

(3) the increase in general administrative expenses of approximately RMB164 million YoY, which comprised mainly increase in salaries, staff welfare, staff social security provident providence funds, environment protection expenses, entertainment expenses, repair cost and staff education expenses by approximately RMB46 million, RMB23 million, RMB22 million, RMB12 million, RMB11 million, RMB11 million and RMB7 million respectively. The increase was partially offset by the decrease in rental expenses of RMB7 million. The increase in salaries and staff welfare was mainly due to the set up of new Jiangxi production base and increase in the number of employees from the acquisition of Shen Leng Energy, Heli Energy and Black Technology.

本集團二零一九財政年度的淨利潤減少主要由於：

(1) 尿素銷量及利潤率下降。尿素銷量減少的原因為二零一九年本集團在新鄉生產設施搬遷期間關閉第一生產廠。

(2) 三聚氰胺及二甲醚的平均售價同比分別下跌26%及21%。於二零一九年，國際經濟環境快速轉變，中國國內消費繼續疲弱，同時石化產品出口量萎縮。該等因素對石化產品市場造成負面影響，導致三聚氰胺、二甲醚及甲醇的平均售價及利潤率下降。

(3) 一般行政開支同比增加約人民幣164,000,000元，主要包括薪金、員工福利、員工社保公積金、環保開支、招待開支、維修成本及員工教育開支分別增加約人民幣46,000,000元、人民幣23,000,000元、人民幣22,000,000元、人民幣12,000,000元、人民幣11,000,000元、人民幣11,000,000元及人民幣7,000,000元。該增加部分被租金開支減少人民幣7,000,000元抵銷。薪金及員工福利增加乃主要由於設立江西新生產基地，以及收購深冷能源、禾力能源及黑色科技令員工人數增加所致。

(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%.

(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。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	**366,636**	282,825
Bills payable	應付票據	**809,050**	280,105
Contract liabilities	合約負債	**582,181**	689,951
Accruals and other payables	應計費用及其他應付款項	**1,198,812**	1,185,463
Due to related companies	應付關連公司款項	**7,543**	21,052
Loans from a non-controlling interest	非控股權益之貸款	**48,670**	75,500
Interest-bearing bank and other borrowings	計息銀行及其他借款	**6,513,256**	5,342,891
Bonds payable	應付債券	**888,697**	692,833
Lease liabilities	租賃負債	**170,400**	–
Less: Cash and cash equivalents	減：現金及現金等價物	**(884,448)**	(346,151)
Pledged time deposits	已抵押定期存款	**(499,346)**	(258,839)
Net debt	負債淨額	**9,201,451**	7,965,630
Equity attributable to owners of the parent	母公司擁有人應佔權益	**4,235,241**	3,921,814
Less: Statutory reserve fund	減：法定儲備金	**(145,518)**	(45,753)
Adjusted capital	經調整資本	**4,089,723**	3,876,061
Capital and net debt	資本和負債淨額	**13,291,174**	11,841,691
Gearing ratio	資產負債比率	**69.23%**	67.27%

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

負債淨額包括計息銀行及其他貸款、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、其他應付款項及租賃負債，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。

LOANS 貸款

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Analysed into:	分析為：		
Bank loans repayable:	須償還銀行貸款：		
Within one year or on demand	一年內或按要求	**2,590,784**	2,682,225
In the second year	第二年	**2,486,204**	1,852,543
In the third to fifth years, inclusive	第三至五年（含）	**896,784**	569,788
Beyond five years	五年後	**41,000**	–
		6,014,772	5,104,556
Loan from the government:	政府貸款：		
Within one year or on demand	一年內或按要求	**909**	–
In the second year	第二年	**–**	1,818
		909	1,818
Loans from leasing company finance lease payables:	應付租賃公司貸款／融資租賃：		
Within one year or on demand	一年內或按要求	**182,476**	92,227
In the second year	第二年	**119,355**	99,782
In the third to fifth years, inclusive	第三至五年（含）	**195,744**	44,508
		497,575	236,517
		6,513,256	5,342,891

(III) PROSPECTS

Since the outbreak of the novel coronavirus in January 2020, with the strengthening of domestic epidemic prevention and control measures, the markets and demands for fertilizer and chemical products in the PRC have been adversely affected to certain extent, leading to a decline in the prices of the Company's fertilizer and chemical products. As the epidemic is continuously under control, it is expected that the market demand and selling prices of the Company's products will gradually recover. The international epidemic situation is expected to affect and reduce exports of fertilizers and imports of grains, and then affect the changes in the demand in the domestic fertilizer market. This also brings challenges and opportunities to the Group's production and operation.

The relocation of Plant I will complete and commence production in the 2nd half of 2020, while the Jiangxi production base will complete in the 4th quarter of 2020 and commence production in 2021. The commencement of the new projects will further increase the scale of the Group, and improve the profitability and production flexibility of the Group.

Despite the challenging macro-economic environment, the Group will continue to steadfastly implement low cost and product differentiation strategies to further increase sale of high-efficient fertilisers, hence elevating the Group's competitiveness in the market. Furthermore, the Group will leverage on its coal gasification production competitive advantage to further increase its product offerings. The Group is able to flexibly adjust the fertiliser and chemical product mix according to changing market conditions, hence improving overall profitability and its ability to withstand market volatility.

(IV) PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB8 cents per share for the year ended 31 December 2019 (the "Proposed Final Dividend") (2018: RMB10 cents per share), subject to the shareholders' approval at the forthcoming annual general meeting of the Company. The final dividend, if approved, is expected to be paid on 31 July 2020.

(III) 前景

自二零二零年一月新型冠狀病毒疫情發生以來，隨著國內疫情防控壓力升級，對國內化肥和化工品市場和產品需求產生了一定的負面影響，導致公司的化肥和化工品價格均有一定的下滑。而隨著疫情的不斷控制，預計公司各產品的市場需求和售價會逐步恢復。而國際疫情預計會在一定程度上影響並減少國內對化肥的出口量和糧食的進口量，進而影響國內化肥市場的需求變化。這也給本集團生產運營帶來的一定的挑戰和機遇。

新鄉第一生產廠的搬遷將於二零二零年下半年完成和投產，而江西生產基地將於二零二零年第四季度完工並於二零二一年投產。新項目的投產將進一步擴大本集團的規模，並提高本集團的盈利能力及生產靈活性。

儘管宏觀經濟環境挑戰重重，本集團將繼續穩步落實低成本和產品差異化戰略，以進一步提升高效肥的銷售額，從而提升本集團的市場競爭力。此外，本集團將利用自身煤炭氣化生產競爭優勢，以進一步擴大產品種類。本集團能夠因應市況轉變靈活調整肥料和化工產品組合，從而改善整體盈利能力及抵禦市場波動的能力。

(IV) 建議末期股息

董事會建議派發截至二零一九年十二月三十一日止年度末期股息每股人民幣8分(「**建議末期股息**」)(二零一八年：每股人民幣10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)預計將於二零二零年七月三十一日支付。

The translation of RMB into HKD for the purpose of dividend payment in HKD is made at the rate of approximately RMB1.00 = HKD1.0912, which is the official exchange rate of HKD against RMB as quoted on 30 March 2020 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 HKD0.0873 per ordinary share.

將人民幣兑換為港元以用作以港元支付股息，乃按人民幣1.00元兑1.0912港元的匯率計算，這是港元兑人民幣的官方匯率，為二零二零年三月三十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0.0873港元。

(V) SUPPLEMENTARY INFORMATION

(V) 補充資料

1. OPERATIONAL AND FINANCIAL RISKS

1. 營運及財務風險

(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.

(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) COMMODITY PRICE RISK

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

(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) 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.

(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) 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.

(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。

(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 2.9% in the year ended 31 December 2019 as compared with an increase of approximately 2.1% in 2018. 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 2019, approximately RMB2,774 million (31 December 2018: RMB2,774 million), or approximately 42.59% (31 December 2018: 46.23%) 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二零一九年十二月三十一日止年度上漲約2.9%，而二零一八年則上漲約2.1%。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。於二零一九年十二月三十一日，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(二零一八年十二月三十一日：人民幣2,774,000,000元)或約42.59%(二零一八年十二月三十一日：46.23%)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 2019 and 2018. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) increased from approximately 67.27% as at 31 December 2018 to approximately 69.23% as at 31 December 2019.

(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。於截至二零一九年及二零一八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。於二零一九年十二月三十一日，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)自二零一八年十二月三十一日的約67.27%上升至約69.23%。

2. CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities (2018: Nil).

2. 或然負債

於二零一九年十二月三十一日，本集團並無任何重大或然負債(二零一八年：無)。

3. MATERIAL LITIGATION AND ARBITRATION

As at 31 December 2019, the Group was not involved in any material litigation or arbitration (2018: Nil).

3. 重大訴訟及仲裁

於二零一九年十二月三十一日，本集團並未牽涉任何重大訴訟或仲裁(二零一八年：無)。

4. SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of preliminary announcement of group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Ernst & Young LLP, to the amount set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young LLP in this respect did not constitute an assurance engagement in accordance with International standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Accounting Standards Board and consequently no assurance has been expressed by Ernst & Young LLP on the preliminary announcement.

5. AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

6. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company devotes to best practice on corporate governance, and has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") during the year ended 31 December 2019.

4. 安永會計師事務所的工作範圍

本集團的核數師安永會計師事務所已同意，就截至二零一九年十二月三十一日止年度的本集團業績作出初步公佈的數字，可作為本集團年度綜合財務報表所載的金額。安永會計師事務所在此方面作出的工作，並不構成根據國際會計準則理事會頒佈的國際審核準則、國際審閱業務準則或國際鑑證業務準則的鑑證業務，因此安永會計師事務所就初步公告未作出任何保證。

5. 審核委員會

本公司的審核委員會(「審核委員會」)已檢討本集團採納的會計原則及準則，並討論及檢討內部監控及申報事宜。審核委員會已審閱截至二零一九年十二月三十一日止年度的業績。

6. 遵守企業管治守則

本公司致力奉行最佳企業管治常規，並已於截至二零一九年十二月三十一日止年度遵守香港聯交所證券上市規則(「**上市規則**」)附錄十四所載的企業管治守則的所有守則條文。

7. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by the directors of the Company. The Board confirms that, having made specific enquiries with all directors of the Company, all directors have complied with the required standards of the Model Code during the year ended 31 December 2019.

7. 遵守上市發行人董事進行證券交易的標準守則

董事會已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「**標準守則**」)及其不時的修訂本,作為其本身有關本公司董事進行證券交易的行為準則。董事會確認,經向本公司全體董事作出指定查詢後,於截至二零一九年十二月三十一日止年度內,全體董事均已遵守標準守則規定的準則。

8. PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

For the year ended 31 December 2019, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the securities of the Company.

8. 購買、出售或贖回本公司的證券

截至二零一九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任何證券。

9. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, there were 7,036 (2018: 6,485) 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.

9. 僱員及薪酬政策

於二零一九年十二月三十一日,本集團有7,036名(二零一八年:6,485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。

10. DISCLOSURE ON THE WEBSITES OF THE SEHK AND THE COMPANY

This report is published on the website of the SEHK (http://www.hkexnews.hk) and on the website of the Company (http://www.chinaxlx.com.hk).

10. 於聯交所及本公司網站的披露

本報告已於聯交所網站(http://www.hkexnews.hk)及本公司網站(http://www.chinaxlx.com.hk)刊發。

BOARD

EXECUTIVE DIRECTORS

MR. LIU XINGXU CHAIRMAN OF THE BOARD

Aged 65, 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 sole shareholder and a director of Pioneer Top Holdings Limited, a controlling Shareholder.

董事會

執行董事

劉興旭先生 董事會主席

65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。劉先生為控股股東Pioneer Top Holdings Limited的唯一股東及董事。

MR. ZHANG QINGJIN

Aged 53, 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 49, 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, "Labour Day Medal of Henan Province" in 2015, and "National Labour Day Medal" in 2019. Ms. Yan is the sole shareholder and a director of Go Power Investments Limited, a substantial Shareholder.

張慶金先生

53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。

閆蘊華女士

49歲，主要負責本集團內所有財務事宜相關的決策。閆女士於二零零六年十一月十日獲委任為執行董事。閆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。閆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。閆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」，二零一五年獲「河南省五一勞動獎章」，及二零一九年獲「全國五一勞動獎章」殊榮。閆女士為主要股東Go Power Investments Limited的唯一股東及董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. ONG KIAN GUAN

Aged 52, 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 an 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. Mr. Ong resigned as an independent director of Alliance Mineral Assets Limited (a company listed on SGX-ST) with effect from 17 December 2019. He graduated from the Nanyang Technological University in Singapore with a Bachelor of Accountancy degree in May 1992.

MR. LI SHENGXIAO

Aged 57, 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 was as an independent director of Anhui Jiangnan Chemical Industry Co, Ltd. (a company listed on the Shenzhen Stock Exchange) between 2012 and 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.

獨立非執行董事

王建源先生

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。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)。王先生已辭任Alliance Mineral Assets Limited(一家於新交所上市的公司)的獨立董事，自二零一九年十二月十七日起生效。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。

李生校先生

57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。李先生自二零一二年至二零一八年擔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。

MR. ONG WEI JIN

Aged 53, 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.

王為仁先生

53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。

MR. LI HONGXING

Aged 44, has been appointed as an independent non-executive Director since 16 May 2018. Mr. Li has been the Managing Director of CDG International 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.

李紅星先生

44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CDG International Company Limited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。

SENIOR MANAGEMENT

MR. MA TONGSHENG

Aged 50, 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.

MR. PAUL WONG WING WANG

Aged 49, 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.

高級管理層

馬通生先生

50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，第二生產廠副廠長；2010年2月至2012年7月，第三生產廠廠長；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。

王永宏先生

49歲，自2019年3月18日起出任中國心心首席財務官，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。

MR. LI YUSHUN

Aged 59, 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 56, 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.

李玉順先生

59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

56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。

MR. ZHAO LIANZI

Aged 57, 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 49, 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

57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

49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 51, 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.

任榮魁先生

51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。

MS. SUN HONG

Aged 51, 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.

孫洪女士

51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。

JOINT COMPANY SECRETARIES

MS. LEUNG KWAN WAI

Ms. Leung Kwan Wai was appointed as a joint company secretary of the Company since 4 July 2019. Ms. Leung is a manager of Corporate Services of Tricor Services Limited (a global professional services provider specializing in integrated business, corporate and investor services). She has over 10 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.

MS. CHEOK HUI YEE

Ms. Cheok Hui Yee 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.

聯席公司秘書

梁君慧女士

梁君慧女士自二零一九年七月四日起獲委任為本公司聯席公司秘書。梁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)企業服務經理。彼於公司秘書領域擁有逾10年經驗，並一直為香港上市公司以及跨國公司、私營公司及離岸公司提供專業的企業服務。梁女士為特許秘書、特許管治專業人士，以及香港特許秘書公會和英國特許公司治理公會的會員。

石慧儀女士

石慧儀女士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。

Investor Relations
投資者關係

During 2019, 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.

二零一九年，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。

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 2019, the Company published 46 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.chinaxlx.com.hk) is also an important channel for its information disclosure and important platform for investors to obtain information on the Company.

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。二零一九年，本公司在聯交所的網站上共發佈了46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.chinaxlx.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。

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.

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。

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 2019, 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 2019, 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 2019, meanwhile, the Company organised large-scale reverse roadshow activities in the second half of 2019, 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

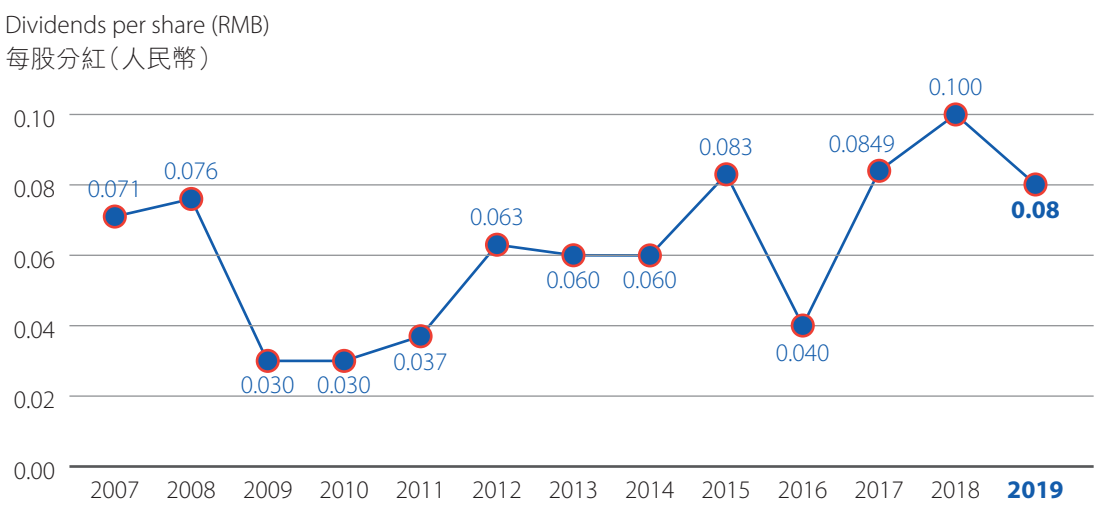
The Company attaches great importance to the Shareholders' views on its dividend payout. The Company determines its dividend payout every year with reference to the Company's financial status, long-term development needs and potential investment opportunities. When the Company was listed on the SGX-ST 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. In 2019, the Group proposed dividend of RMB0.08 per Share and a dividend payout ratio of 29.62% net profit attributable to owners of the parent.

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。二零一九年，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。二零一九年，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，二零一九年先後組織近四十批次投資者實地考察本集團本部，同時，二零一九年下半年，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新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%，本公司均兑現有關承諾。二零一九年，本集團計劃每股股份派息人民幣0.08元，派息比例佔歸屬母公司擁有人淨利潤的29.62%。

The situation of the Company's dividend payment since listing
上市以來本公司分紅情況



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 2019, 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。

截至二零一九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。

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.

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，以提供説明資料，又或由參與特別項目的外部顧問提供説明資料。

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.

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。

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.

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。

A2. BOARD COMPOSITION

A2. 董事會構成

As at 31 December 2019, the composition of the Board is as follows:

截至二零一九年十二月三十一日止年度，董事會的組成如下：

Executive Directors:

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

Mr. Zhang Qingjin

Ms. Yan Yunhua

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

閆蘊華女士

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)*

During the year ended 31 December 2019, 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.

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.

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）*

於截至二零一九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。

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。

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.

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列載的獨立性指引的獨立性。

A3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

A3. 主席和首席執行官

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. Ma Tongsheng 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.

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；而馬通生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。

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.

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. APPOINTMENT AND RE-ELECTION OF DIRECTORS

A4. 委任及重選董事

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

委任及罷免董事的程序及流程載於章程。

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. All Directors are appointed for a specific term of three years. They are also subject to retirement and re-election in accordance with the Constitution at least once every three years at an AGM.

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. 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.

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 2019, the Directors have participated training as follows:

- All Directors (being Mr. Liu Xingxu, Mr. Zhang Qingjin, Ms. Yan Yunhua, Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing) received regular briefings and updates from the Company Secretaries/ Company's management on the Group's business, operations and corporate governance matters.

- Mr. Liu Xingxu, Mr. Zhang Qingjin and Ms. Yan Yunhua attended relevant seminars organised by professional firms/institutions.

- All Directors 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.

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。

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。

截至二零一九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、閆蘊華女士、王建源先生、李生校先生、王為仁先生及李紅星先生)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。

- 劉興旭先生、張慶金先生及閆蘊華女士出席由專業公司／機構組織的相關研討會。

- 全體董事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。

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 2019 are set out below:

A6. 董事出席記錄

各董事於截至二零一九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：

		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	Extraordinary General Meeting 股東特別大會
Name of Director 董事姓名 / No. of Meetings held 會議次數		11	4	2	2	1	1
Executive Directors:	*執行董事：*						
Mr. Liu Xingxu	劉興旭先生	11	–	–	2	1	1
Mr. Zhang Qingjin	張慶金先生	10	–	–	–	0	0
Ms. Yan Yunhua	閆蘊華女士	11	–	–	–	1	1
Non-executive Director:	*非執行董事：*						
Mr. Zheng Jiaqi (Note)	鄭嘉齊先生(附註)	1	–	–	–	0	0
Independent non-executive Directors:	*獨立非執行董事：*						
Mr. Ong Kian Guan	王建源先生	9	4	2	2	1	1
Mr. Li Shengxiao	李生校先生	11	4	2	2	1	0
Mr. Ong Wei Jin	王為仁先生	10	4	2	2	0	0
Mr. Li Hongxing	李紅星先生	9	4	2	2	0	1

Note: Mr. Zheng Jiaqi resigned as a non-executive director with effect from 23 November 2019. Prior to his resignation, 9 board meetings, 1 annual general meeting and 1 extraordinary general meeting were held during the year ended 31 December 2019.

附註： 鄭嘉齊先生已辭任非執行董事，自二零一九年十一月二十三日起生效。於辭職前，截至二零一九年十二月三十一日止年度已舉行9次董事會、1次年度股東大會及1次臨時股東大會。

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.

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。

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.

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。

A7. MODEL CODE FOR SECURITIES TRANSACTIONS

A7. 進行證券交易的標準守則

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 2019.

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，董事確認已於截至二零一九年十二月三十一日止年度內一直遵守標準守則。

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 2019.

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。截至二零一九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。

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.

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. 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.

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.

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. 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.

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。

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.

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。

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.

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最新資料。

During the year ended 31 December 2019, the AC has held 4 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 2019:

於截至二零一九年十二月三十一日止年度，審核委員會已舉行4次會議。各委員的個別出席會議詳情載列於上文A6節。於截至二零一九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：

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2018 together with the Environmental, Social and Governance Report, and the related accounting principles and practices adopted by the Group;

- 審閱及討論截至二零一八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；

- Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2019, and the related accounting principles and practices adopted by the Group;

- 審閱及討論截至二零一九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；

- Review and discussion of the financial results for the first quarter ended 31 March 2019 and the third quarter ended 30 September 2019 respectively;
- 審閱及討論分別截至二零一九年三月三十一日止第一季度及截至二零一九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 2018 from the external auditor;
- 考慮及討論外部核數師的截至二零一八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)；
- Consideration and discussion of the major internal audit issues for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively;
- 考慮及討論分別截至二零一八年十二月三十一日止年度及截至二零一九年六月三十日止六個月之主要內部審核事宜；
- Review of the independence of the external auditor and recommendation of its re-appointment for the year ended 31 December 2019;
- 審閱外部核數師的獨立性並建議於截至二零一九年十二月三十一日止年度續聘外部核數師；
- Review and discussion of the continuing connected transactions for the year ended 31 December 2019;
- 審閱及討論截至二零一九年十二月三十一日止年度的持續關連交易；
- Review and discussion of the effectiveness of the financial reporting system, the risk management and internal control systems and the internal audit function;
- 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；
- Review of the arrangement of whistle-blowing policy; and
- 審閱申訴政策的安排；及
- Review and discussion of Ernst & Young LLP's audit plan for the year ended 31 December 2019.
- 審閱及討論安永會計師事務所截至二零一九年十二月三十一日止年度的審核計劃。

During the year ended 31 December 2019, the external auditor has met the AC twice and discussed with the AC on issues arising from the audit and financial reporting matters.

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 2020 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.

截至二零一九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。

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。審核委員會建議在二零二零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。

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, and the 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.

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.

在制定薪酬組合時,薪酬委員會將考慮行業內可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。

During the year ended 31 December 2019, 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 2018 and the remuneration proposal for the year ended 31 December 2019, 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.

於截至二零一九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,檢討截至二零一八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二零一九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。

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 2019 is set out below:

根據企業管治守則守則條文第B.1.5條，截至二零一九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：

Remuneration band (RMB) 薪酬範圍（人民幣元）	Number of individuals 人數
700,000-900,000	2
900,001-1,000,000	3

Details of the remuneration of each Director for the year ended 31 December 2019 are set out in note 9 to the consolidated financial statements contained in this annual report.

截至二零一九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. NOMINATION COMMITTEE

B3. 提名委員會

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.

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。

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.

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.

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。

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 2019, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

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。就截至二零一九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。

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.

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。

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.

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。

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.

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.

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。

During the year ended 31 December 2019, 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; and (iii) recommended the re-election of the retiring Directors at the 2019 AGM.

於截至二零一九年十二月三十一日止年度，提名委員會已舉行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，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；及(iii)建議於二零一九年股東週年大會上重選退任董事。

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

C. 董事就財務報表的財務報告責任

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.

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。

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2019.

董事已知悉彼等就編製本公司截至二零一九年十二月三十一日止年度財務報表的責任。

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.

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。

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.

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. 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.

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 2019. 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 2019.

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二零一九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二零一九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。

During the year ended 31 December 2019, 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.

截至二零一九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。

The Company has implemented control procedures throughout the year ended 31 December 2019 to ensure that unauthorised access and use of inside information are strictly prohibited.

於截至二零一九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. INTERNAL AUDIT

E. 內部審核

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.

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)。

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.

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。

F. COMPANY SECRETARIES

During the year ended 31 December 2019, Ms. Leung Kwan Wai of Tricor Services Limited and Ms. Cheok Hui Yee of Tricor Singapore Pte. Ltd., both of which companies being external service providers, have been engaged as the Company's Joint Company Secretaries. On 4 July 2019, Ms. Leung Kwan Wai has been appointed as the Company's Joint Company Secretary in replacement of Ms. So Yee Kwan of Tricor Services Limited. Details of the said change of secretaries are set out in the Company's announcement dated 4 July 2019.

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 2019, the Company Secretaries have taken not less than 15 hours of relevant professional training.

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 2019 is set out in the section headed "Independent Auditor's Report" of this annual report.

F. 公司秘書

截至二零一九年十二月三十一日止年度，卓佳專業商務有限公司的梁君慧女士及Tricor Singapore Pte. Ltd.的石慧儀女士(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。二零一九年七月四日，梁君慧女士獲委聘為本公司之聯席公司秘書，以取代卓佳專業商務有限公司的蘇漪筠女士。上述秘書變動的詳情乃載於本公司日期為二零一九年七月四日的公告。

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閆蘊華女士及本公司投資者關係主任朱偉偉先生。

於截至二零一九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. 外部核數師及核數師酬金

本公司外部核數師就其對截至二零一九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。

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 2019 are analysed below:

就截至二零一九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：

Type of services provided by the external auditor 外部核數師提供的服務種類	Fees paid/payable 已付／應付費用 (RMB'000) （人民幣千元）
Audit services **審核服務**	
– Audit fee for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度的審核費用	3,990
Non-audit services **非審核服務**	
– Tax compliance service 稅項合規服務	187
TOTAL: 總計：	4,177

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.

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;

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。

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. 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.

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.

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説明備忘錄；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。

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. 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.

I1. CONVENING AN EXTRAORDINARY GENERAL METING

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;

(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

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。

I1. 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)；

(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) 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.

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.

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

(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. 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。

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) 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.

(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。

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.

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。

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.

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。

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.

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 2019.

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 2019 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 2019; 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 46 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 44 to the consolidated 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 2019 Environmental, Social and Governance ('ESG') Report of the Group, which will be published on the websites of SEHK 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,以及本公司截至二零一九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二零一九年十二月三十一日本集團及本公司之財務狀況和於截至二零一九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46。

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44。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二零一九年環境、社會及管治(「環境、社會及管治」)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 divided 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 2019 and the Group's financial position at that date are set out in the financial statements on pages 89 to 92 of this annual report.

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of RMB8 cents (2018: RMB10 cents) per ordinary share in respect of the year to the Shareholders whose names appear on the Register of Members on 2 July 2020. Subject to the approval of Shareholders at the 2020 AGM, the final dividend will be paid on 31 July 2020 in HKD of HKD0.0873 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 222 of this annual report.

SHARE CAPITAL AND CONVERTIBLE BONDS

Details of the Company's share capital and convertible bonds are set out in Notes 36 and 34 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

本集團截至二零一九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89至第92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二零二零年七月二日名列股東名冊的股東派發末期股息每股普通股人民幣8分（二零一八年：人民幣10分）。待股東於二零二零年股東週年大會上批准後，末期股息將於二零二零年七月三十一日以港元派付，為每股普通股0.0873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222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36及34。

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

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 2019.

DISTRIBUTABLE RESERVES

At 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB264,836,000 of which RMB93,730,000 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 7% (2018: less than 20%) of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 35.6% (2018: 31%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 12% (2018: 7%).

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 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

除上文披露者外，截至二零一九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

於二零一九年十二月三十一日，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264,836,000元，當中人民幣93,730,000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7%(二零一八年：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35.6%(二零一八年：31%)，而其中向最大供應商採購則佔12%(二零一八年：7%)。

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權益。

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.

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。

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling RMB553,996 (2018: RMB2,972,890).

慈善捐款

於本年度，本集團作出慈善捐款合共人民幣553,996元(二零一八年：人民幣2,972,890元)。

DIRECTORS

The Directors during the year are:

EXECUTIVE DIRECTORS:

Liu Xingxu
Zhang Qingjin
Yan Yunhua

NON-EXECUTIVE DIRECTOR:

Zheng Jiaqi (resigned on 23 November 2019)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Ong Kian Guan
Li Shengxiao
Ong Wei Jin
Li Hongxing

Pursuant to Articles 89 and 90 of the Constitution, Ms. Yan Yunhua, Mr. Li Shengxiao and Mr. Ong Wei Jin shall retire by rotation at the 2020 AGM, and being eligible, will offer themselves for re-election at the 2020 AGM.

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

董事

本年度的董事如下：

執行董事：

劉興旭
張慶金
閆蘊華

非執行董事：

鄭嘉齊(於二零一九年十一月二十三日離任)

獨立非執行董事：

王建源
李生校
王為仁
李紅星

根據章程大綱第89條與第90條，閆蘊華女士、李生校先生和王為仁先生將於二零二零年股東週年大會上輪值退任，並符合資格在二零二零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 31 to 39 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, 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 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 2020 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31至39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，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。

概無於二零二零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。

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.

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。

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" and in Note 41 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.

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41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。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2019, 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:

董事及主要行政人員於股份的權益

於二零一九年十二月三十一日，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：

LONG POSITIONS
好倉

Name of Directors/ Chief Executive 董事／主要行政人員姓名	Number of ordinary shares interested 擁有權益的普通股數目			Approximate percentage# of the Company's issued share capital 佔本公司已發行股本的約百分比#
	Personal interests 個人權益	Corporate interests 公司權益	Total interests 總權益	
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 閆蘊華女士	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%
Mr. Ma Tongsheng 馬通生先生	8,000	–	8,000	0.00%

The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2019

該百分比指擁有權益的普通股數目除以本公司於二零一九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 in 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 more than 1,000 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 in and the rights to the day-to-day management of Go Power.

Save as disclosed above, as at 31 December 2019, 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。閆蘊華女士實益擁有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逾1,000名受益人信託持有Go Power餘下87.26%股權。根據該信託協議，閆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，於二零一九年十二月三十一日，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。

EQUITY-LINKED AGREEMENTS

No 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the following parties had interests of 5% or more in the issued shares and underlying 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:

LONG POSITIONS
好倉

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 2019.

該百分比指擁有權益的已發行普通股數目除以本公司於二零一九年十二月三十一日的已發行股份數目。

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 in Pioneer Top 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".

股票掛鈎協議

本公司於年內並未訂立或在年末存續任何股票掛鈎協議，其將導致或可能導致本公司發行股份或要求本公司訂立任何將導致或可能導致本公司發行股份的協議。

主要股東於股份、相關股份或債權證的權益

於二零一九年十二月三十一日，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：

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於Pioneer Top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 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 more than 1,000 beneficiaries under a trust agreement dated 26 July 2016. Ms. Yan Yunhua has the absolute discretion to exercise the voting rights in Go Power 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 2019, 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.

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 are also the related party transactions set out in Note 41 to the financial statements that constituted continuing connected transactions, and has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

As at 31 December 2019, 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.

(b) Go Power乃於英屬處女群島成立之投資控股公司。閆蘊華女士實益擁有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逾1,000名受益人信託持有Go Power餘下87.26%股權。根據該信託協議，閆蘊華女士可全權酌情行使於Go Power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」一節披露為閆蘊華女士的權益。

(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，於二零一九年十二月三十一日，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。

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41所載構成持續關連交易的部分關連方交易)，並已遵守上市規則第14A章的披露規定。

於二零一九年十二月三十一日，劉興旭先生、閆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。

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.

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 RMB4,000,000 for FY2019.

For the year ended 31 December 2019, the aggregate amount received by the Group from XLX Chem Group for the sales of water, electricity and steam amounted to approximately RMB1,085,000 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.

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。

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，將二零一九財政年度的年度上限釐定為人民幣4,000,000元。

截至二零一九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1,085,000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。

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 rates for the needs of the Group for equipment to support its production, Henan XLX entered into a new Equipment Purchase Agreement with XLX China 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 expend 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 under the agreement at RMB85,000,000 for FY2019.

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向心連心化工集團支付的金額，將二零一九財政年度的年度上限釐定為人民幣85,000,000元。

For the year ended 31 December 2019, the aggregate amount paid by the Group for the purchases of equipment from XLX Chem Group was approximately RMB72,080,000. The amount of RMB63,959,000 has been included in spare parts inventories in the Group's consolidated statement of financial position. Besides, the Group paid RMB8,121,000 as anti-corrosion service fees which has been accounted for as general and administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

截至二零一九年十二月三十一日止年度，本集團就購自心連心化工集團的設備支付的總金額約為人民幣72,080,000元。人民幣63,959,000元已計入本集團綜合財務狀況表的備用零件存貨。此外，本集團支付的防腐服務費為人民幣8,121,000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。

(III) GENERAL LEASE AGREEMENT AND LEASE RENEWAL AGREEMENT

(III) 一般租賃協議及續租協議

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.

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，心連心化工集團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。

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 annual cap for the amount paid by the Group to XLX Chem Group for the general lease under the agreement at RMB2,239,200 for FY2019.

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。本集團已就二零一九財政年度將本集團根據該協議就一般租賃向心連心化工集團支付金額的年度上限設定為人民幣2,239,200元。

The relevant leased premises were demolished by the XLX Chem Group in mid 2018 so no transactions were conducted under the Lease Renewal Agreement during the year ended 31 December 2019.

心連心化工集團於二零一八年年中拆除相關租賃物業，因此於截至二零一九年十二月三十一日止年度內未根據續租協議進行任何交易。

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

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) in the ordinary and usual course of business of the Group;

(1) 於本集團一般及日常業務過程中進行；

(2) on normal commercial terms or on terms no less favourable to the Group than terms available from independent suppliers; and

(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) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(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。

Ernst & Young LLP, the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with International 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.

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《國際審驗應聘服務準則3000》的「歷史財務資料審計或審閱以外的審驗應聘」並參照《實務説明》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。

DEEMED DISPOSAL OF HENAN XLX

On 11 June 2019, the Company and Henan Xinlianxin Chemicals Group Co., Ltd* (河南心連心化學工業集團股份有限公司) ("**Henan XLX**"), a subsidiary then owned as to 87.86% by the Company, entered into investment agreements with each of 10 Investors and on 22 July 2019, with CCB Financial Asset Investment Company Limited* (建信金融資產投資有限公司) ("**CCB**") (collectively, the "**Investment Agreements**"). Pursuant to the Investment Agreements, the 11 Investors (including CCB) agreed to subscribe for an aggregate of 1,896,355,000 shares in Henan XLX for RMB1,000 million. Completion of any one Investment Agreement is not conditional on the completion of the other Investment Agreements. As at 18 September 2019, Henan XLX has received an aggregate amount of RMB796,500,000 from the relevant Investors with respect to the issue of 1,845,480,000 shares. Upon completion of the Investment Agreements in September 2019, Henan XLX remains as a subsidiary of the Company and is owned as to 78.37% by the Company. Details of the shareholding of the relevant Investors in Henan XLX are set out in the announcement of the Company dated 18 September 2019.

Further details on the transaction are set out in the Company's announcement and circular dated 11 June 2019 and 31 July 2019 in relation to the deemed disposal of Henan XLX.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group are set out in Note 31 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in Note 38 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.

視作出售河南心連心化學

於二零一九年六月十一日，本公司及河南心連心化學工業集團股份有限公司(「**河南心連心化學**」)(本公司當時擁有87.86%股權的附屬公司)與10位投資者各自訂立一份投資協議，並於二零一九年七月二十二日與建信金融資產投資有限公司(「**建信**」)訂立一份投資協議(統稱「**投資協議**」)。根據投資協議，11名投資者(包括建信)同意以人民幣10億元認購合計1,896,355,000股河南心連心化學的股份。任何一份投資協議的完成均不以其他投資協議的完成為條件。於二零一九年九月十八日，河南心連心化學已就發行1,845,480,000股股份向相關投資者收取總額人民幣796,500,000元。於二零一九年九月完成投資協議後，河南心連心化學仍是本公司附屬公司，並由本公司擁有78.37%的股權。有關投資者於河南心連心化學的股權詳情載於本公司日期為二零一九年九月十八日的公告。

有關交易的進一步詳情載於本公司於二零一九年六月十一日及二零一九年七月三十一日發出有關視作出售河南心連心化學的公告及通函。

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31。

附屬公司

本公司附屬公司詳情載於財務報表附註38。

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

30 March 2020

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報告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
閆蘊華

二零二零年三月三十日

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 2019, 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 2019 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,當中包括二零一九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二零一九年十二月三十一日貴集團的綜合財務狀況及貴公司的財務狀況,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以及貴公司的權益變動。

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,我們乃獨立於貴集團。我們已遵循該等規範及ACRA準則履行其他職業道德責任。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 2019, 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 RMB618,987,100, RMB86,180,000 and RMB25,361,000, 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 17 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

截至二零一九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618,987,100元、人民幣86,180,000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17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。

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 17 and 18 to the consolidated financial statements.

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17與18中包含的減值評估與相關敏感度分析之披露的充分性。

ACCOUNTING FOR ACQUISITIONS

During the year ended 31 December 2019, the Group completed two acquisitions of controlling equity interests in Henan Shenleng Energy Co Ltd and Urumqi Black Ecology Technology Co Ltd (the "Acquirees") for purchase consideration of RMB117,521,000 and RMB35,000,000, respectively.

收購事項的會計處理

於截至二零一九年十二月三十一日止年度，貴集團完成兩項收購，即收購河南心連心深冷能源股份有限公司及烏魯木齊黑色生態科技股份有限公司(「被收購方」)的控股股權，收購代價分別這人民幣117,521,000元及人民幣35,000,000元。

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 external valuation specialists to allocate the purchase consideration to the fair value of the identified assets and liabilities of the Acquirees. 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.

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。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 specialists 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 specialists 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 38 to the consolidated financial statements.

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38所載有關該等業務合併之披露的充分性。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

載於年報的其他資訊

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.

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。

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

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。

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.

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。

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。

- 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.

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.

- 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。

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。

Independent Auditor's Report
獨立核數師報告

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

30 March 2020

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

二零二零年三月三十日

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 2019 截至二零一九年十二月三十一日止年度*

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	**收入**	6	**8,928,255**	9,194,676
Cost of sales	銷售成本		**(6,987,218)**	(6,955,245)
Gross profit	**毛利**		**1,941,037**	2,239,431
Other income and gains	其他收入及收益	6	**160,349**	112,716
Selling and distribution expenses	銷售及分銷開支		**(515,827)**	(508,048)
General and administrative expenses	一般及行政開支		**(661,442)**	(496,623)
Other expenses	其他開支		**(16,712)**	(223,416)
Finance costs	財務成本	8	**(374,076)**	(325,329)
Impairment losses on financial assets	金融資產的減值虧損		**(10,007)**	(22,241)
Share of profits of associates	應佔聯營公司溢利		**2,298**	(657)
Profit before tax	**除稅前溢利**	7	**525,620**	777,147
Income tax expense	所得稅開支	11	**(111,557)**	(121,833)
Profit for the year	**年內溢利**		**414,063**	655,314
Profit attributable to:	**應佔溢利：**			
Owners of the parent	母公司擁有人		**316,495**	624,932
Non-controlling interests	非控股權益		**97,568**	30,382
Total comprehensive income for the year	**年內全面收入總額**		**414,063**	655,314
Earnings per share attributable to Ordinary equity holders of the parent	**母公司普通股權益擁有人應佔每股盈利**			
Basic and diluted (RMB cents per share)	基本及攤薄（每股人民幣分）	13	**27.01**	53.34

Statements of Financial Position

財務狀況表 *As at 31 December 2019 於二零一九年十二月三十一日*

			Group 本集團		Company 本公司	
		Notes 附註	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元
Non-current assets	**非流動資產**					
Property, plant and equipment	物業、廠房及設備	14	**10,474,752**	9,000,522	**–**	–
Right-of-use assets	使用權資產	15	**1,079,808**	–	**–**	–
Other intangible assets	其他無形資產	16	**46,883**	–	**–**	–
Prepaid land lease payments and other intangible assets	預付土地租賃款項及其他無形資產	16	**–**	630,606		
Goodwill	商譽	17	**29,001**	29,001	**–**	–
Coal mining rights	煤礦開採權	18	**86,180**	88,172	**–**	–
Equity investment at fair value through profit or loss	按公平值計入損益的股權投資	19	**6,708**	6,708	**–**	–
Prepayments for purchases of items of plant and equipment	購置廠房及設備項目的預付款項	20	**844,713**	489,348	**–**	–
Prepayments to related companies	預付關連公司款項	24	**33,788**	25,635	**–**	–
Pledged time deposits	已抵押定期存款	25	**–**	110,289	**–**	–
Deferred tax assets	遞延稅項資產	35	**93,860**	83,322	**–**	–
Other assets	其他資產	14	**100,877**	114,318	**–**	–
Investments in associates	於聯營公司投資	38	**16,993**	95,157	**–**	–
Investments in subsidiaries	於附屬公司投資	46	**–**	–	**1,620,755**	1,620,755
Total non-current assets	**非流動資產總額**		**12,813,563**	10,673,078	**1,620,755**	1,620,755
Current assets	**流動資產**					
Equity investments at fair value through profit or loss	按公平值計入損益的股權投資	19	**20,903**	37,178	**20,903**	37,178
Prepayments	預付款項	20	**402,564**	552,404	**254**	1,546
Deposits and other receivables	按金及其他應收款項	20	**454,609**	431,385	**–**	–
Inventories	存貨	21	**983,604**	1,066,853	**–**	–
Other assets	其他資產	14	**13,441**	13,441	**–**	–
Derivative financial instruments	衍生金融工具	22	**1,358**	17,719	**–**	–
Trade and bills receivables	貿易應收款項及應收票據	23	**393,419**	331,131	**–**	–
Due from related companies/a subsidiary	應收關連公司／附屬公司款項	24	**745**	30,384	**7,600**	134,213
Income tax recoverable	可收回所得稅		**22,865**	7,022	**–**	–
Pledged time deposits	已抵押定期存款	25	**499,346**	148,550	**–**	–
Cash and cash equivalents	現金及現金等價物	25	**884,448**	346,151	**16,086**	7,549
Total current assets	**流動資產總額**		**3,677,302**	2,982,218	**44,843**	180,486

			Group 本集團		Company 本公司	
		Notes 附註	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元
Current liabilities	**流動負債**					
Trade payables	貿易應付款項	26	**366,636**	282,825	**–**	–
Bills payable	應付票據	27	**809,050**	280,105	**–**	–
Contract liabilities	合約負債	28	**582,181**	689,951	**–**	–
Accruals and other payables	應計費用及其他應付款項	28	**1,091,793**	1,161,845	**24,695**	27,631
Due to related companies/a subsidiary	應付關連公司／附屬公司款項	24	**6,092**	21,052	**–**	114,400
Income tax payable	應付所得稅		**29,720**	20,835	**–**	–
Deferred grants	遞延補貼	29	**7,976**	5,443	**–**	–
Lease liabilities	租賃負債	15	**102,887**	–	**–**	–
Loans from a non-controlling interest	非控股權益貸款	30	**25,000**	50,500	**–**	–
Interest-bearing bank and other borrowings	計息銀行及其他借款	31	**2,774,169**	2,774,452	**181,381**	–
Bonds payable	應付債券	33	**500,000**	–	**–**	–
Total current liabilities	**流動負債總額**		**6,295,504**	5,287,008	**206,076**	142,031
Net current (liabilities)/assets	**流動（負債）／資產淨額**		**(2,618,202)**	(2,304,790)	**(161,233)**	(38,455)
Total assets less current liabilities	**總資產減流動負債**		**10,195,361**	8,368,288	**1,459,522**	1,659,210
Non-current liabilities	**非流動負債**					
Due to related companies	應付關連公司款項	24	**1,451**	–	**–**	–
Loan from a non-controlling interest	非控股權益貸款	30	**23,670**	25,000	**–**	–
Interest-bearing bank and other borrowings	計息銀行及其他借款	31	**3,739,087**	2,568,439	**–**	178,443
Deferred grants	遞延補貼	29	**69,253**	90,190	**–**	–
Lease liabilities	租賃負債	15	**67,513**	–	**–**	–
Deferred tax liabilities	遞延稅項負債	35	**52,715**	31,573	**–**	–
Provision for rehabilitation	恢復撥備	32	**24,276**	23,836	**–**	–
Accruals and other payables	應計費用及其他應付款項	28	**107,019**	23,618	**–**	–
Bonds payable	應付債券	33	**388,697**	692,833	**–**	–
Total non-current liabilities	**非流動負債總額**		**4,473,681**	3,455,489	**–**	178,443
Net assets	**淨資產**		**5,721,680**	4,912,799	**1,459,522**	1,480,767

Statements of Financial Position

財務狀況表 *As at 31 December 2019 於二零一九年十二月三十一日*

			Group 本集團		Company 本公司	
		Notes 附註	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 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	36	**1,194,686**	1,194,686	**1,194,686**	1,194,686
Special reserve	特別儲備	37	**2,433**	2,433	**–**	–
Statutory reserve fund	法定儲備金	37	**145,518**	45,753	**–**	–
Other reserve	其他儲備	37	**2,176,500**	2,060,422	**–**	–
Retained profits	保留溢利		**716,104**	618,520	**264,836**	286,081
			4,235,241	3,921,814	**1,459,522**	1,480,767
Non-controlling interests	**非控股權益**		**1,486,439**	990,985	**–**	–
Total equity	**總權益**		**5,721,680**	4,912,799	**1,459,522**	1,480,767

Liu Xingxu
劉興旭

Director
董事

Yan Yunhua
閆蘊華

Director
董事

Statements of Changes in Equity

權益變動表 *For the financial year ended 31 December 2019 截至二零一九年十二月三十一日止年度*

			Attributable to owners of the Company . 本公司擁有人應佔									
		Notes 附註	Share capital 已發行股本 (Note 36) (附註36) RMB'000 人民幣千元	Convertible bonds 可換股債券 (Note 34) (附註34) 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 37) (附註37) RMB'000 人民幣千元	Other reserve 其他儲備 (Note 37) (附註37) RMB'000 人民幣千元	Special reserve safety fund 特定儲備保障金 (Note 37) (附註37) 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	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	**本年內溢利**		–	–	–	–	–	–	624,932	624,932	30,382	655,314
Disposal of partial interests in subsidiaries without losing control	出售附屬公司部分權益而未失去控制權	38(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	37	–	–	–	(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	38(a)	–	–	–	–	–	–	–	–	133,581	133,581
Cancellation of shares	股份註銷	36	(329)	–	–	–	–	–	–	(329)	–	(329)
Transfer to statutory reserve fund	轉撥至法定儲備金	37	–	–	–	30,674	–	–	(30,674)	–	–	–
Convertible bonds converted into shares	可換股債券轉換為股份	34	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	37	–	–	–	–	–	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	34	–	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 2019 截至二零一九年十二月三十一日止年度*

			Attributable to owners of the Company 本公司擁有人應佔							
		Notes 附註	Share capital 已發行股本 (Note 36) (附註36) RMB'000 人民幣千元	Statutory reserve fund 法定儲備金 (Note 37) (附註37) RMB'000 人民幣千元	Other reserve 其他儲備 (Note 37) (附註37) RMB'000 人民幣千元	Statutory reserve fund 法定儲備金 RMB'000 人民幣千元	Retained profits 保留溢利 (Note 37) (附註37) 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 2019	**於二零一九年一月一日**		1,194,686	45,753	2,060,422	2,433	618,520	3,921,814	990,985	4,912,799
Profit for the year	**年內溢利**		–	–	–	–	316,495	316,495	97,568	414,063
Other comprehensive income for the year:	年內其他全面收益：									
Total comprehensive income for the year	**年內全面收入總額**		–	–	–	–	316,495	316,495	97,568	414,063
Disposal of partial interests in subsidiaries without losing control	出售附屬公司部分權益而未失去控制權	38(c)	–	–	187,174	–	–	187,174	609,326	796,500
Acquisition of subsidiaries	收購附屬公司	38(a)	–	–	–	–	–	–	252,672	252,672
Transfer to statutory reserve fund	轉撥至法定儲備金	37	–	99,765	–	–	(99,765)	–	–	–
Acquisition of non-controlling interests	收購非控股權益		–	–	(71,096)	–	–	(71,096)	(428,304)	(499,400)
Dividends paid to non-controlling shareholders	派付至非控股股東的股息		–	–	–	–	–	–	(35,808)	(35,808)
Final 2018 dividend paid	支付二零一八年末期股息		–	–	–	–	(119,146)	(119,146)	–	(119,146)
At 31 December 2019	**於二零一九年十二月三十一日**		1,194,686	145,518	2,176,500	2,433	716,104	4,235,241	1,486,439	5,721,680

		Notes 附註	Share capital 股本 (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 equity 總權益 RMB'000 人民幣千元
Company	本公司				
At 1 January 2019	於二零一九年一月一日		1,194,686	286,081	1,480,767
Profit for the year	本年度溢利		–	97,901	97,901
Final 2018 dividend paid	支付二零一八年末期股息		–	(119,146)	(119,146)
At 31 December 2019	於二零一九年十二月三十一日		1,194,686	264,836	1,459,522

Statements of Changes in Equity

權益變動表 *For the financial year ended 31 December 2019 截至二零一九年十二月三十一日止年度*

		Notes 附註	Share capital 股本 (Note 36) (附註36) RMB'000 人民幣千元	Convertible bonds 可換股債券 (Note 34) (附註34) 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	Retained profits 保留溢利 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
Company	**本公司**						
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	36	(329)	–	–	–	(329)
Convertible bonds converted into shares	Convertible bonds converted into shares	34	322,436	(322,436)	–	–	–
Distribution arising from business combination under common control	Distribution arising from business combination under common control		–	–	–	(7,000)	(7,000)
Final 2017 dividend paid	Final 2017 dividend paid		–	–	–	(84,900)	(84,900)
Payment of convertible bonds interest	Payment of convertible bonds interest	34	–	(5,914)	–	–	(5,914)
Reclassification of convertible bonds interest	Reclassification of convertible bonds interest		–	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

Consolidated Statement of Cash Flows

綜合現金流量表 *For the financial year ended 31 December 2019 截至二零一九年十二月三十一日止年度*

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash flows from operating activities	**經營活動現金流量**			
Profit before tax	除税前溢利		**525,620**	777,147
Adjustments for:	經調整：			
Finance costs	財務成本	8	**374,076**	325,329
Amortisation of other intangible assets	其他無形資產攤銷	7	**6,202**	14,120
Amortisation of coal mining rights	煤礦開採權攤銷	7	**1,992**	2,512
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	7	**673,564**	636,406
(Gain)/loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的折舊(收益)／虧損	6,7	**(29,347)**	3,509
Gain on disposal of items of right-of-use assets	出售使用權資產項目的收益	6	**(5,946)**	–
Interest income	利息收入	6	**(19,229)**	(9,188)
Dividend income	股息收入	6	**(494)**	–
Gain on other investments	其他投資收益	6	**(5,868)**	–
Gain on derivative financial instruments	衍生金融工具收益	6	**(5)**	–
Loss on fair value change of financial instruments through profit or loss	金融工具的公平值變動虧損	6	**16,275**	–
Exchange loss from bank loans	銀行貸款匯兑虧損		**5,210**	27,587
Gain on bargain purchases	議價購買收益	6	**(4,543)**	–
Impairment losses on trade and other receivables	貿易及其他應收款項的減值虧損	7	**10,007**	22,241
Impairment of property, plant and equipment	物業、廠房及設備減值	7	**–**	188,487
Impairment of inventories	存貨減值	7	**1,443**	–
Amortisation of deferred grants	遞延補貼攤銷	6	**(8,052)**	(6,933)
Amortisation of other assets	其他資產攤銷		**13,441**	3,360
Interest accretion on bonds payable	應付債券利息增加		**1,864**	–
Depreciation of right-of-use assets	使用權資產折舊	7	**48,547**	–
Share of profits of associates	應佔聯營公司溢利及虧損		**(2,298)**	(657)
Fair value change of derivative financial instruments	遞延金融工具公平值變動	6	**(1,906)**	(17,719)

Consolidated Statement of Cash Flows

綜合現金流量表 *For the financial year ended 31 December 2019 截至二零一九年十二月三十一日止年度*

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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**		**1,600,553**	1,966,201
Decrease/(increase) in inventories	存貨減少／(增加)		**87,092**	(320,974)
Increase in trade and bills receivables	貿易應收款項及應收票據減少／(增加)		**(18,160)**	(131,043)
Decrease in other receivables	其他應收款項減少		**294,337**	174,252
Decrease/(increase) in deposits and prepayments	存款及預付款項減少／(增加)		**135,897**	(52,495)
Movement in balances with related companies	關連公司結餘變動		**21,747**	(8,102)
Increase/(decrease) in trade and bills payables	貿易應付款項及應付票據(增加)／減少		**516,592**	(116,282)
(Increase)/Decrease in pledged deposits	已抵押按金(增加)／減少		**(196,137)**	27,626
Decrease in accruals and other payables	應計費用及其他應付款項減少		**(53,920)**	(150,131)
Cash flows generated from operations	**經營活動產生的現金流量**		**2,388,001**	1,389,052
Government grants received	已收取政府補貼	29	**7,030**	1,730
Interest received	已收利息		**18,172**	9,188
Tax paid	已付稅項		**(111,734)**	(208,288)
Net cash flows generated from operating activities	**經營活動產生的現金流量淨額**		**2,301,469**	1,191,682
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		**45,046**	186,059
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目		**(2,867,077)**	(1,372,255)
Cash paid for acquisition of subsidiaries	購買附屬公司已付現金		**(6,627)**	(34,471)
Proceeds from disposal of a subsidiary	**出售附屬公司所得款項**		**(967)**	–
Purchases of items of other intangible assets	**購買其他無形資產項目**		**(5,573)**	(228,700)
Proceeds from disposal of right-of-use assets	**出售使用權資產所得款項**		**(18,706)**	–
Acquisition of non-controlling interests	**收購非控股權益**		**(499,400)**	–
Proceeds from disposal of other investments	**出售其他投資所得款項**		**81,500**	–
Purchase of investment in associates	**購買於聯營公司投資**		**(20,810)**	(94,500)
Dividend income received	**已收股息收益**		**494**	–
Gain on other investments and derivative financial instruments received	**已收其他投資及衍生金融工具收益**		**5,873**	–
Purchase of derivative financial instruments	**購買衍生金融工具**		**(500)**	–
Net cash flows used in investing activities	**投資活動所用現金流量淨額**		**(3,286,747)**	(1,543,867)

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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		**(119,146)**	(85,327)
Dividend paid on non-controlling shares	已付非控股股份股息		**(67,808)**	–
Injection of non-controlling interests	非控股權益注資		**796,500**	602,146
Payments of lease liabilities	支付租賃負債	15	**(113,933)**	–
Proceeds from issue of a long-term bond	發行長期債券所得款項	31	**194,000**	191,507
Repayment of a long-term bond	償還長期債券	31	**–**	(600,000)
Proceeds from loans and borrowings	貸款及借款所得款項	31	**5,195,290**	3,460,950
Increase/(decrease) in pledged time deposits	已抵押定期存款增加／（減少）		**6,129**	(100,000)
Cancellation of shares	股份註銷	36	**–**	(329)
Interest paid	已付利息		**(339,850)**	(325,709)
Repayments of loans and borrowings	償還貸款及借款	31	**(4,027,607)**	(2,786,172)
Net cash flows from financing activities	**融資活動所得現金流量淨額**		**1,523,575**	357,066
Net increase in cash and cash equivalents	**現金及現金等價物增加淨額**		**538,297**	4,881
Cash and cash equivalents at beginning of year	年初現金及現金等價物	25	**346,151**	341,270
Cash and cash equivalents at the end of year	**年末現金及現金等價物**		**884,448**	346,151
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**	25	**884,448**	346,151

During the financial year, there were acquisitions of property, plant and equipment with a total cost of RMB2,348,433,000 (2018: RMB1,438,278,000) of which RMB Nil (2018: RMB300,000,000) were acquired by means of finance leases and RMB440,000 (2018: RMB23,836,000) pertains to the provision for rehabilitation. In addition, RMB49,204,000 (2018: RMB640,645,000) was paid in accruals and other payables (Note 28). Bills payable for plant and equipment increased by RMB40,800,000 (2018: Nil) was unpaid. Prepayments for purchases of items of plant and equipment increased by RMB239,620,000. The VAT input was paid to gain the property, plant and equipment with a total cost of RMB271,070,000. The net cash outflow for the purchase of property, plant and equipment was RMB2,867,077,000 (2018: RMB1,372,255,000).

於本財政年度，收購物業、廠房及設備的總成本為人民幣2,348,433,000元（二零一八年：人民幣1,438,278,000元），其中人民幣零元（二零一八年：人民幣300,000,000元）以融資租賃方式獲得，人民幣440,000元（二零一八年：人民幣23,836,000元）通過恢復準備獲得。此外，人民幣49,204,000元（二零一八年：人民幣640,645,000元）已支付，並已計入應計費用及其他應付款項（附註28）。購買廠房及設備的應付票據增加人民幣40,800,000元（二零一八年：無），尚未支付。就取得物業、廠房及設備已支付進項稅，總成本為人民幣271,070,000元。購買物業、廠房及設備的現金流出淨額為人民幣2,867,077,000元（二零一八年：人民幣1,372,255,000元）。

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, 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 associates are disclosed in Note 46 and 38(b) respectively.

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」)河南省新鄉市新鄉縣經濟開發區。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46及38(b)披露。

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").

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.

The Group and the Company had net current liabilities of approximately RMB2,618 million (2018: RMB2,305 million) and RMB161 million (2018: Nil million), respectively as at 31 December 2019. 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.

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。

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」)。

本集團及本公司於二零一九年十二月三十一日分別有流動負債淨額約人民幣2,618,000,000元(二零一八年：人民幣2,305,000,000元)及人民幣161,000,000元(二零一八年：人民幣零元)。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。

2.1 BASIS OF PREPARATION (CONTINUED)

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 2019. 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.

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.

2.1 編製基準(續)

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」)於截至二零一九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，本集團会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。

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。

2.1 BASIS OF PREPARATION (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

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.

2.2 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 Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of IFRS 16, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.1 編製基準(續)

綜合基準(續)

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。

2.2 會計政策的變動及披露

所採納會計政策與上一財政年度所採納者一致，惟於本財政年度，本公司已採納於二零一九年一月一日或其後開始的年度財政期間生效的所有新訂及經修訂準則。除採納國際財務報告準則第16號外，採納該等準則對本集團財務表現或狀況並無重大影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 *LEASES*

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

2.2 會計政策的變動及披露(續)

國際財務報告準則第16號「租賃」

國際財務報告準則第16號取代國際會計準則第17號「租賃」、國際財務報告準則詮釋委員會詮釋第4號「釐定一項安排是否包含租賃」、常設詮釋委員會詮釋第15號「經營租賃 一優惠」及常設詮釋委員會詮釋第27號「評估牽涉租賃的法律形式的交易」的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人將大多數租賃按財務狀況表內模式入賬。

國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理。出租人將繼續使用與國際會計準則第17號類似的原則將租賃分類為經營或融資租賃。因此，國際財務報告準則第16號對本集團作為出租人的租賃並無產生任何影響。

本集團透過採用經修訂追溯採納法採納國際財務報告準則第16號，並於二零一九年一月一日首次應用。在此方法下，該準則已獲追溯應用，並將首次採納準則的累計影響於首次應用日期確認。本集團選擇使用過渡實用權宜之計，不重新評估於二零一九年一月一日的合約是否屬於或包含租賃。相反，本集團於首次應用日期僅對先前應用國際會計準則第17號及國際財務報告準則詮釋委員會詮釋第4號識別為租賃的合約應用該準則。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 *LEASES* (CONTINUED)

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

2.2 會計政策的變動及披露(續)

國際財務報告準則第16號「租賃」(續)

於二零一九年一月一日採納國際財務報告準則第16號第影響(增加／(減少))如下：

		RMB'000 人民幣千元
Assets	**資產**	
Right-of-use assets	使用權資產	**915,910**
Property, plant and equipment	物業、廠房及設備	**(293,090)**
Prepaid land lease payments	預付土地租賃款項	**(609,930)**
Increase in total assets	總資產增加	**12,890**
Liabilities	**負債**	
Lease liabilities	租賃負債	**249,406**
Interest-bearing bank and other borrowings	計息銀行及其他借款	**(236,516)**
Increase in total liabilities	總負債增加	**12,890**

The Group has lease contracts for various items of land and plant and machinery. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

本集團擁有多項土地、廠房及機器的租賃合約。採納國際財務報告準則第16號前，本公司於開始日期將其每項租賃(作為承租人)分類為融資租賃或經營租賃。

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

採納國際財務報告準則第16號後，本集團對所有租賃(短期租賃及低價值資產租賃除外)應用單一確認及計量方針。該準則載有具體過渡規定及實用權宜之計，均獲本集團應用。

» Leases previously classified as finance leases

» 先前分類為融資租賃的租賃

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

對於先前分類為融資租賃的租賃，本集團並無更改於首次應用日期已確認資產及負債的初始賬面值(即使用權資產及租賃負債等於根據國際會計準則第17號確認的租賃資產及負債)。國際財務報告準則第16號的規定已自二零一九年一月一日起應用於該等租賃。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 *LEASES* (CONTINUED)

» Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of RMB915,910,000 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of RMB249,406,000 were recognised and presented separately in the statement of financial position.

2.2 會計政策的變動及披露(續)

國際財務報告準則第16號「租賃」(續)

» 先前入賬列作經營租賃的租賃

除短期租賃及低價值資產租賃外，本集團就先前分類為經營租賃的該等租賃確認使用權資產及租賃負債。大部分租賃的使用權資產根據賬面值予以確認，猶如已一直應用該準則，惟於首次應用日期使用的增量借款利率則除外。就若干租賃而言，使用權資產根據相當於租賃負債的金額，並按先前已確認的任何相關預付或應計租賃款項調整後予以確認。租賃負債按剩餘租賃款項的現值，經使用首次應用日期的增量借款利率貼現後予以確認。

本集團亦應用可供使用的實用權宜之計，當中：

- 對具有合理相似特徵的租賃組合使用單一貼現率。
- 依賴其對於緊接首次應用日期前租賃是否屬繁重性質的評估。
- 對租賃期於首次應用日期起計十二個月內結束的租賃應用短期租賃確認豁免。
- 於首次應用日期計量使用權資產時撇除初步直接成本。
- 倘合約包含延長或終止租賃的選擇權，則於事後釐定租賃期。

根據上述情況，於二零一九年一月一日：

- 已確認使用權資產人民幣915,910,000元並單獨地於財務狀況表內呈列。
- 已確認額外租賃負債人民幣249,406,000元並單獨於財務狀況表內呈列。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 *LEASES* (CONTINUED)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

2.2 會計政策的變動及披露(續)

國際財務報告準則第16號「租賃」(續)

二零一九年一月一日的租賃負債與二零一八年十二月三十一日的經營租賃承擔的對賬如下：

Assets	資產	RMB'000 人民幣千元
Operating lease commitments as at 31 December 2018	二零一八年十二月三十一日的經營租賃承擔	90,705
Less:	減：	
Commitments relating to short-term leases	與短期租賃相關的承擔	76,885
Commitments relating to leases of low-value assets	與低價值資產租賃相關的承擔	1,618
Weighted average incremental borrowing rate as at 1 January 2019	二零一九年一月一日的加權平均增量借貸利率	5.41%
Discounted operating lease commitments as at 1 January 2019	二零一九年一月一日的貼現經營租賃承擔	12,890
Add:	加：	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	於二零一八年十二月三十一日確認的金融租賃負債	236,516
Lease liabilities as at 1 January 2019	二零一九年一月一日的租賃負債	249,406

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards and interpretation applicable to the Group that have been issued but not yet effective:

2.3 已頒佈但尚未生效的準則

本集團並未採納下列適用於本公司的已頒佈但尚未生效的準則及詮釋：

Description	說明	Effective for annual periods beginning on or after 於下列日期或之後開始的年度期間生效
IFRS 17 Insurance Contracts	國際財務報告準則第17號：保險合約	1 January 2020 二零二零年一月一日
Amendments to IFRS 3 : Definition of a Business	國際財務報告準則第3號修訂本：業務的定義	1 January 2020 二零二零年一月一日
Amendments to IFRS 1 and IFRS 8 : Definition of Material	國際財務報告準則第1號及國際財務報告準則第8號修訂本：重大的定義	1 January 2020 二零二零年一月一日
Amendments to IFRS 10 and IFRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	國際財務報告準則第10號及國際財務報告準則第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	To be determined 待定

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The directors expect that the adoption of the other standards and interpretation above will have no material impact on the financial statements in the period of initial application.

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.

2.3 已頒佈但尚未生效的準則(續)

董事預期採納上述其他準則及詮釋將不會對首次應用年度的財務報表產生重大影響。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

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.

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 2019. 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)

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。

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。本集團每年對截至二零一九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.

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.

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。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSOCIATES (CONTINUED)

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 mad to bring the accounting policies in line with those of the Group.

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)

聯營公司(續)

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，本集團會決定是否有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。

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。

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 other 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其他主要經濟環境貨幣(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 is 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報告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。

因於報告期末清償貨幣項目或換算貨幣項目而產生的匯兑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報告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。換算產生的匯兑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；

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONTINUED)

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:

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：

		Years 年期
Buildings	樓宇	20-25 年
Other fixtures and structures	其他固定附著物及建築	20-45 年
Plant and machinery	廠房及機器	10-15 年
Office equipment and furniture	辦公室設備及傢俱	5-15 年
Motor vehicles	汽車	5-15 年

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.

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)。

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.

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。

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.

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.

INTANGIBLE ASSETS

Intangible assets acquired separately are measure on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

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。

無形資產

單獨收購的無形資產在初始確認時按成本計量。企業合併中收購的無形資產的成本為其在收購日期的公平值。初始確認後，無形資產按成本減任何累計攤銷與累計減值虧損列賬。

無形資產的使用年期估計為有限或不確定。

當有跡象表明無形資產可能發生減值時，使用年期有限的無形資產在可使用經濟年期內攤銷並評估減值。使用年期有限的無形資產的攤銷期限和攤銷方法至少在每個報告期末進行複核。資產中包含的預期可使用年期或未來經濟利益的預期消耗方式的變動被認為修改攤銷期限或方法(如適當)，並被視為會計估計的變動。使用年期有限的無形資產的攤銷費用在損益表的費用類別中確認，該費用類別與無形資產的功能一致。

使用年期不確定的無形資產不進行攤銷，而是每年單獨或在現金產生單位級別進行減值測試。不確定使用年期的評估每年進行一次複核，以確定不確定使用年期是否繼續可以維持。如果不是，則按預期基準將使用年期從無限期更改為有限期。

無形資產在出售時(即在接收方獲得控制權日期)或當其使用或出售預期不會帶來未來經濟利益時終止確認。終止確認該資產產生的任何收益或虧損(按出售淨額與該資產賬面值之間的差額計算)計入損益表。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID LAND LEASE PAYMENTS

The accounting policies are applied on and after the initial application date of IFRS 16, 1 January 2019:

The Group recognises prepaid land lease payments as right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Refer to the accounting policies on Leases for more details.

The accounting policies are applied before the initial application date of IFRS 16, 1 January 2019:

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)

預付土地租賃款項

以下會計政策於國際財務報告準則第16號首次應用日期(二零一九年一月一日)及之後適用:

本集團於租賃開始日期(即相關資產可供使用日期)確認預付土地租賃款項為使用權資產。有關更多詳情,請參閱關於租賃的會計政策。

以下會計政策於國際財務報告準則第16號首次應用日期(二零一九年一月一日)之前適用:

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。

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.

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:

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。

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：

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

SUBSEQUENT MEASUREMENT (CONTINUED)

Investments in debt instruments (continued)

(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)

其後計量(續)

債務工具投資(續)

(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、匯兑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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

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.

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.

3. 主要會計政策概要(續)

投資及其他金融資產(續)

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。

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，本集團不會追踪信貸風險的變動，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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

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.

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.

3. 主要會計政策概要(續)

投資及其他金融資產(續)

金融資產減值(續)

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。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

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.

(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.

3. 主要會計政策概要(續)

金融負債(續)

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。

(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，直至債券獲兑換或贖回為止。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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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% (2018: 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.

3. 主要會計政策概要(續)

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。

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%(二零一八年：2%)將以現金於年末，即發行日期(二零一一年十二月二十一日)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。

應付債券

應付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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. 主要會計政策概要(續)

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兑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。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT GRANTS (CONTINUED)

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.

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 Group 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

The accounting policies are applied on and after the initial application date of IFRS 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. 主要會計政策概要(續)

政府補貼(續)

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。

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

會計政策自國際財務報告準則第16號首次應用日期(二零一九年一月一日)及之後開始適用：

本集團在合約開始時評估合約是否為租賃或包含租賃。換言之，如果合約轉移在一段時間內控制使用已識別資產的權利以換取代價。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Rights-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	2 to 15 years
Plant and machinery	5 to 15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3. 主要會計政策概要(續)

租約(續)

本集團為承租人

本集團對所有租賃採用單一確認與計量方法，惟短期租賃與低價值資產租賃除外。本集團確認租賃債務以令租賃付款與使用權資產代表使用相關資產的權利。

(i) 使用權資產

本集團於租賃開始日期(即相關資產可供使用日期)確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量，並按租賃負債之任何重新計量作出調整。使用權資產之成本包括已確認租賃負債之金額、產生之初步直接成本，以及於開始日期或之前作出之任何租賃付款減任何已收租賃優惠。使用權資產乃按直線法於其租期與估計可使用年期(以較短者為準)內計提折舊(如下所示)：

土地	2至15年
廠房及機器	5至15年

如果租賃資產的所有權在租賃期末轉移至本集團或成本反映出行使購買選擇權，則使用資產的估計使用年期計算折舊。

使用權資產亦受到減值影響。請參閱(s)非金融資產減值一節中的會計政策。

(ii) 租賃負債

於租賃開始日期，本集團確認按租賃期內將作出之租賃付款現值計量之租賃負債。租賃付款包括定額付款(包含實質定額款項)減任何租賃獎勵應收款項、取決於指數或利率之可變租賃款項以及預期根據剩餘價值擔保支付之金額。租賃付款亦包括在租賃期反映本集團行使終止租賃選擇權時，有關終止租賃之罰款。並非取決於指數或利率之可變租賃付款在出現觸發付款之事件或條件之期間內確認為開支(除非其為生產存貨而產生)。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

GROUP AS A LESSEE (CONTINUED)

(ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The accounting policies are applied before the initial application date of IFRS 16, 1 January 2019:

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

3. 主要會計政策概要(續)

租約(續)

本集團為承租人(續)

(ii) 租賃負債(續)

於計算租賃付款之現值時，倘租賃隱含利率不易釐定，則本集團使用租賃開始日期之增量借款利率計算。於開始日期後，租賃負債金額之增加反映利息之增長，並會因支付租賃付款而減少。此外，倘出現修訂、租賃期變更、租賃付款變更(例如，由於用於確定此類租賃付款的指數或利率的變動而導致的未來付款變動)或購買有關資產之選擇權評估出現變動，則租賃負債之賬面值將會重新計量。

(iii) 短期租賃及低價值資產租賃

本集團對短期機器與設備租賃(即自開始日期起租賃期為12個月或以下且不含購買選擇權之租賃)應用短期租賃確認豁免，並對其認為屬低價值之機器與設備租賃應用低價值資產租賃確認豁免。短期租賃及低價值資產租賃之租賃付款以直線法按租賃期確認為開支。

會計政策自國際財務報告準則第16號首次應用日期(二零一九年一月一日)之前開始適用：

經營租賃付款在租賃期內按直線法於損益中確認為支出。出租人提供優惠的總收益按直線法確認為租賃期內租賃費用減少。

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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

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 I, 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.

(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.

3. 主要會計政策概要(續)

收入確認(續)

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。

(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。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)

所得税

所得税包括即期和遞延税項。與確認於損益之外的税項有關的所得税確認於損益以外，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税率(及税法)，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，即期税項資產及負債以預估向税務機關收回或支付的金額計量。

遞延税項乃以負債法按資產及負債的税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。

所有税項暫時性差額均會確認遞延税項負債，惟於以下情況則除外：

- 倘遞延税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税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税暫時性差額而言，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報告期末予以審閱，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報告期末重新評估，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，並以於報告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。

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 2019 were RMB22,865,000, RMB29,720,000, RMB93,860,000 and RMB52,715,000 respectively (2018: RMB7,022,000, RMB20,835,000, RMB83,322,000 and RMB31,573,000 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報告期末的收入、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。本集團於二零一九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22,865,000元、人民幣29,720,000元、人民幣93,860,000元及人民幣52,715,000元(二零一八年：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。

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 included in coal mining CGU 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 2019, 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 2019 were RMB86,180,000 (2018: RMB88,172,000) and RMB29,001,000 (2018: RMB29,001,000) respectively. Further details are given in Note 17 and Note 18.

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現金產生單位的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。於二零一九年十二月三十一日，煤礦開採權及商譽並無確認減值虧損。於二零一九年十二月三十一日煤礦開採權及商譽的賬面值為人民幣86,180,000元(二零一八年：人民幣88,172,000元)及人民幣29,001,000元(二零一八年：人民幣29,001,000元)。進一步詳情載於附註17及附註18。

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY(CONTINUED)

COAL MINE RESERVE

The estimation of the Group's coal mine reserve is 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 2019 was RMB86,180,000 (2018: RMB88,172,000).

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 38(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。於二零一九年十二月三十一日煤礦開採權的賬面值為人民幣86,180,000元(二零一八年：人民幣88,172,000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38(a)披露。

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.

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.

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。

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。

5. OPERATING SEGMENT INFORMATION (CONTINUED)

SEGMENT PROFIT INFORMATION

The directors of the Company are of the opinion that the segment result 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業績為毛利。

Year ended 31 December 2019 截至二零一九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	3,312,620	2,851,631	991,624	657,497	407,468	707,415	–	8,928,255
Intersegment sales	分部間銷售	517,270	364,111	285,778	2,928	–	186,843	(1,356,930)	–
Total revenue	總收入	3,829,890	3,215,742	1,277,402	660,425	407,468	894,258	(1,356,930)	8,928,255
Segment result	分部業績	930,890	449,272	47,049	233,818	62,351	217,657	–	1,941,037
Reconciliation:	*對賬:*								
Interest income	利息收入								19,229
Unallocated other income and gains	未分配其他收入及收益								143,418
Unallocated expenses	未分配開支								(1,203,988)
Finance costs	財務成本								(374,076)
Profit before tax	除稅前溢利								525,620
Income tax expense	所得稅開支								(111,557)
Profit for the year	本年度溢利								414,063
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)								(29,347)
Gain on disposal of items of item of right-of-use assets (note 6)	出售使用權項目的收益(附註6)								(5,946)
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)								673,564
Amortisation of other intangible assets (note 7)	其他無形資產攤銷(附註7)								6,202
Depreciation of right of use assets (note 7)	使用權資產折舊(附註7)								48,547
Amortisation of coal mining rights	煤礦開採權攤銷								1,992
Capital expenditure*	資本開支*								2,919,268

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets acquired from the acquisition of subsidiaries.

* 資本開支包括物業、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)

SEGMENT PROFIT INFORMATION (CONTINUED)

5. 經營分部資料(續)

分部溢利資料(續)

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
Reconciliation:	*對賬:*								
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	除税前溢利								777,147
Income tax expense	所得税開支								(121,833)
Profit for the year	本年度溢利								655,314
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)								3,509
Depreciation of items of property, plant and equipment (note 7)	物業、廠房及設備項目折舊(附註7)								636,406
Amortisation of other intangible assets (note 7)	其他無形資產攤銷(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)

GEOGRAPHICAL INFORMATION

The Group mainly operates in Mainland China.

REVENUE FROM EXTERNAL CUSTOMERS:

5. 經營分部資料(續)

地區資料

本集團主要在中國內地經營。

來自外部客戶的收入：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
China: – Central Region	中國：– 中部區域	**3,533,518**	3,190,851
East Region	東部區域	**3,344,586**	3,718,145
Western Region	西部區域	**1,372,468**	1,465,060
North-east Region	東北部區域	**530,170**	756,390
Overseas	海外	**147,513**	64,230
		8,928,255	9,194,676

The revenue information of continuing operations above is based on the locations of the customers.

上述持續經營的收入資訊乃基於客戶的位置。

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 2019 and year 2018, including sales to a group of entities which are known to be under common control with that customer.

主要客戶的資訊

於二零一九年度及二零一八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	
		Notes 附註	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元
Revenue	**收入**			
Sales of goods	銷售貨品		**8,928,255**	9,194,676
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 and gains	**其他收入及收益**			
Bank interest income	銀行利息收入		**19,229**	9,188
Net profit from sales of by-products, water, electricity and steam	銷售副產品、水、電及蒸汽的純利		**60,169**	50,169
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		**494**	1,107
Rental income	租賃收入		**5,570**	3,989
Amortisation of deferred grants	遞延補貼攤銷	29	**8,051**	6,933
Subsidy income	補助金收入		**19,899**	16,004
Compensation income	補償收益		**9,453**	1,189
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備的收益		**29,347**	–
Gain on disposal of items of right-of-use assets	出售使用權資產的收益		**5,946**	–
Loss on fair value change of financial instrument through profit and loss	計入損益的金融工具的公平值變動		**(16,275)**	–
Gain on fair value change of derivative financial instruments	衍生金融工具的公平值變動		**1,906**	17,719
Gain on bargain purchases	議價購買收益	38a	**4,543**	–
Gain on other investment	其他投資收益		**5,868**	–
Gain on derivative financial instruments	衍生金融工具收益		**5**	–
Others	其他		**6,144**	6,418
			160,349	112,716

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

7. 除税前溢利

本集團的除税前溢利乃經扣除／（計入）：

		Notes 附註	Group 本集團 2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of inventories sold	銷售存貨成本		**6,833,592**	6,955,245
Depreciation of items of property, plant and equipment	物業、廠房及設備項目的折舊	14	**673,564**	636,406
Amortisation of other intangible assets	其他無形資產攤銷	16	**6,202**	14,120
Depreciation of right-of-use assets	使用權資產折舊	15	**48,547**	–
Amortisation of coal mining rights	煤礦開採權攤銷	18	**1,992**	2,512
Minimum lease payments under operating leases:	經營租約項下的最低租金付款：			
Factories	廠房		**76,813**	4,202
Buildings	樓宇		**1,690**	1,120
Land	土地		**–**	1,990
			78,503	7,312
Auditor's remuneration	核數師酬金		**3,990**	3,773
Employee benefit expenses (including directors' remuneration:	僱員福利開支（包括董事薪酬）：	9		
Salaries and bonuses	薪金及花紅		**552,619**	568,193
Pension scheme contributions (defined contribution scheme)	退休金計劃供款（界定供款計劃）		**92,787**	76,849
Benefits in kind	實物利益		**62,495**	42,864
			707,901	687,906
Impairment of trade and other and bills receivables	貿易應收款項、其他應收款項及應收累據減值	23	**10,007**	22,241
Impairment of property, plant and equipment	物業、廠房及設備減值	14	**–**	188,487
Impairment of inventories	存貨減值	21	**1,443**	–
Unrealised exchange loss, net*	未變現匯兑虧損，淨額*		**4,027**	27,587
Realised exchange loss/(gain), net*	已變現匯兑虧損／（收益），淨額*		**1,353**	(763)
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.

* 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:

8. 財務成本

財務成本分析如下：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest on bank loans, overdrafts, other loans and bonds wholly repayable within seven years	須於七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	**357,156**	325,273
Interest on lease liabilities	租賃負債的利息	**16,880**	–
Interest on government loans	政府貸款的利息	**40**	56
		374,076	325,329

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:

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	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Fees	袍金	**1,050**	1,050
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	**2,483**	2,262
Performance related bonuses*	業績花紅*	**11,146**	17,550
Pension scheme contributions	退休金計劃供款	**110**	78
		13,739	19,890
		14,789	20,940

* Certain executive directors of the Company are entitled to bonuses which are determined as a percentage of the profit after tax of the Group.

* 本公司若干執行董事有權獲得按本集團除税後溢利百分比釐定的花紅。

9. DIRECTORS' REMUNERATION (CONTINUED)

(A) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

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：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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**	250
		1,050	1,050

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

年內概無應付予獨立非執行董事的其他酬金(二零一八年：無)。

9. DIRECTORS' REMUNERATION (CONTINUED)

(B) EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE OFFICER

9. 董事酬金(續)

(B) 執行董事及行政總裁

Year ended 31 December 2019 截至二零一九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	–	872	4,459	28	5,359
Yan Yunhua	閆蘊華	–	692	2,786	28	3,506
Zhang Qingjin	張慶金	–	692	3,901	28	4,621
		–	2,256	11,146	84	13,486
Chief Executive Officer	行政總裁					
Ma Tongsheng	馬通生	–	227	350	26	603
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Executive directors:	執行董事：					
Liu Xingxu	劉興旭	–	874	7,020	26	7,920
Yan Yunhua	閆蘊華	–	694	4,387	26	5,107
Zhang Qingjin	張慶金	–	694	6,143	26	6,863
		–	2,262	17,550	78	19,890

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: 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.

年內概無董事放棄或同意放棄任何酬金的安排(二零一八年：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。

10. FIVE HIGHEST PAY EMPLOYEES

The five highest paid employees during the year included three (2018: three) directors, details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining two (2018: two) non-director, highest paid employees for the year are as follows:

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(二零一八年：三名)董事，其酬金的詳情載於上文附註9。有關其餘兩名(二零一八年：兩名)非董事最高薪酬僱員的酬金的詳情如下：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	**523**	555
Performance-related bonuses	業績花紅	**1,300**	1,285
Pension scheme contributions	退休金計劃供款	**57**	51
		1,880	1,891

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

酬金屬下列範圍之內的非董事最高薪酬僱員的數目如下：

		Group 本集團	
		2019 二零一九年	2018 二零一八年
Nil to RMB500,000	零至人民幣500,000元	**2**	–
RMB500,001 to RMB1,000,000	人民幣500,001元至人民幣1,000,000元	**–**	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.

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% (2018: 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% (2018: 25%). In year 2019, five 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 there years since the subsidires awarded the New High Tech Enterprise Award.

The major components of income tax expense for the financial years ended 31 December 2019 and 2018 are:

11. 所得税

本公司於新加坡註冊成立，於本年度須按17%（二零一八年：17%）的所得税税率繳納税項。

於其他地方應課税溢利的税項按本集團經營所在的國家現行的税率計算。

本公司的附屬公司於中國內地須按所得税税率25%（二零一八年：25%）繳納税項。於二零一九年，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自獲得研發高新技術企業證書後3年內可享有較低所得税税率（即15%）的税務優惠。

截至二零一九年及二零一八年十二月三十一日止財政年度所得税開支之主要部分如下：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current – PRC	即期 – 中國		
Charge for the year	年度開支	**104,476**	182,752
Under provision in prior years	過往年度撥備不足	**209**	7,231
Deferred charge/(credit) (note 35)	遞延扣除／(計入)(附註35)	**6,872**	(68,150)
Total tax charge for the year	本年度税項開支總額	**111,557**	121,833

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:

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：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	**525,620**	777,147
Tax at statutory tax rates	按法定稅率計算的稅項	**131,405**	194,287
Effect of a tax concession	稅務優惠的影響	**(63,028)**	(90,086)
Withholding tax	預扣稅項	**33,451**	13,443
Tax losses not recognised	未確認稅項虧損	**8,666**	8,245
Expenses not deductible for tax	不可扣稅開支	**5,126**	7,409
Adjustments in respect of current tax of prior years	就過往年度的即期稅項作出的調整	**209**	7,231
Income not subject to tax	毋須繳稅收入	**(833)**	–
Recognition of deductible temporary differences previously not recognised	確認先前未確認的可抵扣暫時性差異	**(789)**	(13,233)
Effect of other concession	其他優惠的影響	**(1,177)**	–
Reversal of previous years' losses	先前年度虧損撥回	**–**	(3,830)
Others	其他	**(1,473)**	(1,633)
Tax charge at the effective rate of 21.2% (2018: 15.7%)	按實際稅率21.2%(二零一八年：15.7%)計算的稅項開支	**111,557**	121,833

12. DIVIDEND

12. 股息

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Proposed final dividend RMB8 cents (2018: RMB10 cents) per ordinary share	建議末期股息 – 每股普通股人民幣8分(二零一八年：人民幣10分)	**93,730**	117,162

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 (2018: 1,171,621,000), 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:

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）（二零一八年：1,171,621,000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：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**316,495**	624,932

		Group 本集團	
		2019 二零一九年 Number of shares 股份數目	2018 二零一八年 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**	1,171,621,000

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

31 December 2019

二零一九年十二月三十一日

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 2019	於二零一九年一月一日	1,295,695	2,023,043	7,686,115	334,130	98,103	995,679	12,432,765
Effect of adoption of IFRS 16	於採納國際財務報告準則第16號生效	–	–	(300,000)	–	–	–	(300,000)
At 1 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及於二零一九年一月一日	1,295,695	2,023,043	7,386,115	334,130	98,103	995,679	12,132,765
Additions	添置	1,018	1,086	88,751	16,302	10,884	2,230,392	2,348,433
Transfers	轉讓	140,658	13,322	249,966	14,925	1,927	(622,798)	(202,000)
Reclassification	重新分類	73,367	(171,564)	98,197	–	–	–	–
Acquisition of subsidiaries	收購附屬公司	20,390	8,364	319,177	4,826	34,590	11,930	399,277
Disposals	出售	(2,261)	(217)	(479,162)	(35,179)	(3,915)	–	(520,734)
At 31 December 2019	於二零一九年十二月三十一日	1,528,867	1,874,034	7,663,044	335,004	141,589	2,615,203	14,157,741
Accumulated depreciation:	累計折舊：							
At 1 January 2019	於二零一九年一月一日	234,690	325,619	2,393,151	225,170	61,122	–	3,239,752
Effect of adoption of IFRS 16	於採納國際財務報告準則第16號生效	–	–	(6,910)	–	–	–	(6,910)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及於二零一九年一月一日	234,690	325,619	2,386,241	225,170	61,122	–	3,232,842
Depreciation during the year (Note 7)	年內折舊(附註7)	57,718	65,383	490,945	42,494	17,024	–	673,564
Reclassification	重新分類	3,581	(13,370)	9,789	–	–	–	–
Acquisition of subsidiaries	收購附屬公司	1,476	1,454	69,057	1,917	15,223	–	89,127
Disposals	出售	(799)	(8)	(389,617)	(31,203)	(3,166)	–	(424,793)
At 31 December 2019	於二零一九年十二月三十一日	296,666	379,078	2,566,415	238,378	90,203	–	3,570,740
Impairment:	減值：							
At 1 January 2019	於二零一九年一月一日	40,908	30,863	106,266	3,084	–	11,370	192,491
Disposals	出售	(501)	(203)	(76,856)	(2,682)	–	–	(80,242)
At 31 December 2019	於二零一九年十二月三十一日	40,407	30,660	29,410	402	–	11,370	112,249
Carrying amount:	賬面淨值：							
At 31 December 2019	於二零一九年十二月三十一日	1,191,794	1,464,296	5,067,219	96,224	51,386	2,603,833	10,474,752

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2018, 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 31). 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 2019 the balance of other assets amounts to RMB114,318,000 (2018: RMB131,118,000).

The Group has plant and machinery with a carrying value RMB709,589,000 (2018: RMB293,081,000) is mortgaged to secure the Group's bank loans (Note 31).

14. 物業、廠房及設備(續)

於本二零一八年，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31)。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。於二零一九年十二月三十一日，其他資產餘額為人民幣114,318,000元(二零一八年：人民幣131,118,000元)。

本集團抵押賬面值人民幣709,589,000元(二零一八年：人民幣293,081,000元)廠房及機器以為本集團的銀行貸款提供擔保(附註31)。

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 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	收購附屬公司	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	收購附屬公司	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	收購附屬公司	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

15. LEASES

The Group has lease contracts for various items of land, plant and machinery used in its operations. Leases of plant and machinery generally have lease terms between 4 and 15 years, while land generally have lease terms between 2 and 68 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(A) CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

15. 租賃

本集團擁有多項租賃合約，以在經營活動中使用各種土地、廠房及機器項目。廠房機器租賃的租賃期通常為4至15年，而土地租賃的租賃期通常為2至68年。本集團在租賃中所承擔的義務由出租人對租賃資產的所有權擔保。一般而言，本集團不得轉讓及轉租租賃資產，而部分合約要求本集團維持特定財務比率。

本集團亦有若干機器租賃，租賃期為12個月或以下，並租賃低價值的辦公設備。本集團對該等租賃採用「短期租賃」和「低價值資產租賃」確認豁免。

(A) 使用權資產的賬面值

下表載列於該期間已確認使用權資產的賬面金額及其變動：

		Land 土地 RMB'000 人民幣千元	Machinery 機器 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Group	**本集團**			
As at 1 January 2019	**於二零一九年一月一日**	**622,820**	**293,090**	**915,910**
Additions	添置	**230,752**	**–**	**230,752**
Acquisition of subsidiaries	收購附屬公司	**15,277**	**–**	**15,277**
Depreciation expense	折舊費用	**(19,332)**	**(29,215)**	**(48,547)**
Disposals	出售	**(33,584)**	**–**	**(33,584)**
As at 31 December 2019	**於二零一九年十二月三十一日**	**815,933**	**263,875**	**1,079,808**

		Land 土地 RMB'000 人民幣千元	Machinery 機器 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Company	**本公司**			
As at 1 January 2019	**於二零一九年一月一日**			
Additions	添置	–	–	–
Acquisition of subsidiaries	收購附屬公司	–	–	–
Depreciation expense	折舊費用	–	–	–
As at 31 December 2019	**於二零一九年十二月三十一日**	–	–	–

15. LEASES (CONTINUED)

(B) LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

15. 租賃(續)

(B) 租賃負債

下表載列於該期間租賃負債(包括計息貸款及借款)的賬面金額及其變動:

		Group 本集團 2019 二零一九年 RMB'000 人民幣千元	Company 本公司 2018 二零一八年 RMB'000 人民幣千元
As at 1 January	**於一月一日**	**249,406**	–
Additions	添置	**18,047**	–
Accretion of interest	利息增加	**16,880**	–
Payments	付款	**(113,933)**	–
As at 31 December 2019	**於二零一九年十二月三十一日**	**170,400**	–
Current	即期	**102,887**	–
Non-current	非即期	**67,513**	–

(C) AMOUNTS RECOGNISED IN PROFIT OR LOSS

The following are the amounts recognised in profit or loss:

(C) 於損益確認的金額

以下是於損益確認的金額:

		Group 本集團 2019 二零一九年 RMB'000 人民幣千元	Company 本公司 2018 二零一八年 RMB'000 人民幣千元
Depreciation expense of right-of-use assets	**使用權資產折舊費用**	**48,547**	–
Interest expense on leases liabilities	租賃負債利息支出	**16,880**	–
Expense relating to short-term leases (included in cost of sales)	短期租賃相關費用(計入銷售成本)	**76,885**	–
Expense relating to leases of low-value assets (included in administrative expenses)	低價值資產租賃相關費用(計入行政開支)	**1,618**	–
Total amount recognised in profit or loss	**於損益確認的總額**	**143,930**	–

(D) TOTAL CASH OUTFLOW

The Group had total cash outflows for leases of RMB192,436,000 in 2019.

(D) 現金流出總額

本集團於二零一九年的租賃現金流出總額為人民幣 192,436,000 元。

16. OTHER INTANGIBLE ASSETS

16. 其他無形資產

		Group 本集團			
		Patents 專利 RMB'000 人民幣千元	Software 軟件 RMB'000 人民幣千元	Prepaid land lease payments 預付土地租賃款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
2019	**二零一九年**				
As at 1 January	**於一月一日**	**19,399**	**19,030**	**609,930**	**648,359**
Effect of adoption of IFRS 16	於採納國際財務報告準則第16號生效	**–**	**–**	**(609,930)**	**(609,930)**
Additions	添置	**–**	**5,573**	**–**	**5,573**
Acquisition of subsidiary	收購附屬公司	**–**	**9,083**	**–**	**9,083**
Amortisation during the year (Note 7)	年內攤銷(附註7)	**(3,173)**	**(3,029)**	**–**	**(6,202)**
As at 31 December	**於十二月三十一日**	**16,226**	**30,657**	**–**	**46,883**
Current portion included in prepayments	計入預付款項的即期部分	**–**	**–**	**–**	**–**
Non-current portion	非即期部分	**16,226**	**30,657**	**–**	**46,833**
2018	**二零一八年**				
As at 1 January	**於一月一日**	8,333	–	382,328	390,661
Effect of adoption of IFRS 16	於採納國際財務報告準則第16號生效	–	–	–	–
Additions	添置	–	20,147	208,553	228,700
Acquisition of subsidiary	收購附屬公司	12,066	–	31,052	43,118
Amortisation during the year (Note 7)	年內攤銷(附註7)	(1,000)	(1,117)	(12,003)	(14,120)
As at 31 December	**於十二月三十一日**	19,399	19,030	609,930	648,359
Current portion included in prepayments	計入預付款項的即期部分	–	–	(17,753)	(17,753)
Non-current portion	非即期部分	19,399	19,030	592,177	630,606

17. GOODWILL

17. 商譽

Group	本集團	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	於一月一日	**29,001**	25,361
Acquisition of subsidiaries	收購附屬公司	**–**	3,640
At 31 December	於十二月三十一日	**29,001**	29,001
Net carrying amount:	賬面淨值：		
At 31 December	於十二月三十一日	**29,001**	29,001

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; and
- Humic acid products cash-generating unit.

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。

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 18-year period approved by management. The pre-tax discounted rate applied to the cash flow projections is 11.2% (2018: 11.2%).

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18年期間的現金流量預測計算。稅前現金流量預測採用11.2%(二零一八年：11.2%)的折現率折現。

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 10-year and 15-year periods approved by management. The pre-tax discounted rates applied to the cash flow projections are 17.6 and 20.0% respectively (2018: 17.6% and 20.0% respectively).

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10年及15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(二零一八年：分別採用17.6%與20.0%)。

Based on the annual impairment testing, no impairment charge was recognised during the year.

根據年度減值測試，於本年度內並無確認減值撥備。

17. GOODWILL (CONTINUED)

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

17. 商譽(續)

分配至各現金產出單位的商譽賬面值如下：

	Coal mining 煤礦開採		Furfural products 糠醛產品		Humic acid products 腐植酸產品		Total 總計	
	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Carrying amount of goodwill 商譽賬面值	**25,361**	25,361	**1,528**	1,528	**2,112**	2,112	**29,001**	29,001

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.

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元的特殊風險。

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。

18. COAL MINING RIGHTS

18. 煤礦開採權

Group	本集團	RMB'000 人民幣千元
31 December 2019	**二零一九年十二月三十一日**	
Cost at 1 January 2019, net of accumulated amortisation	於二零一九年一月一日的成本，扣除累計攤銷	**88,172**
Amortisation provided during the year (Note 7)	年度攤銷撥備(附註7)	**(1,992)**
At 31 December 2019	於二零一九年十二月三十一日	**86,180**
At 31 December 2019:	於二零一九年十二月三十一日：	
Cost	成本	**109,570**
Accumulated amortisation	累計攤銷	**(23,390)**
Net carrying amount	賬面淨值	**86,180**
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**

IMPAIRMENT TESTING OF COAL MINING RIGHTS

For the year ended 31 December 2019 and 2018, the Group performed impairment assessment on the coal mining CGU as disclosed in Note 17 to the consolidated financial statements, which include the above coal mining rights of RMB86,180,000 (2018: RMB88,172,000) and goodwill of RMB25,361,000 (2018: RMB25,361,000) (Note 17).

The key assumptions are included in Note 17 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

截至二零一九年及二零一八年十二月三十一日止年度，本集團對煤礦開採現金產生單位進行減值評估(如綜合財務報表附註17所述)，其中包括上述煤礦開採權人民幣86,180,000元(二零一八年：人民幣88,172,000元)及商譽人民幣25,361,000元(二零一八年：人民幣25,361,000元)(附註17)。

主要假設載於綜合財務報表附註17。

根據年度減值測試，於本年度內並無確認減值撥備。

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

19. 按公平值計入損益的股權投資

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**3,194**	2,678
Hong Kong	香港	**17,709**	34,500
		20,903	37,178

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**3,194**	2,678
Hong Kong	香港	**17,709**	34,500
		20,903	37,178

LISTED EQUITY INVESTMENTS

As at 31 December 2019, 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.

上市股權投資

於二零一九年十二月三十一日，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。

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

UNQUOTED EQUITY INVESTMENT

The Group's investment in unquoted equity investment represent equity investment in Manas Biyuan Water Supply Company Limited ("Biyuan"). The Group has no control nor significant influence over the financial and operating policies of Biyuan. The Group does not intend to dispose of them in the near future.

The investment is carried at FVPL and the fair value as at 31 December 2019 is RMB6,708,000 (2018 RMB6,708,000).

19. 按公平值計入損益的股權投資（續）

非上市股權投資

本集團之非上市股權投資乃指於瑪納斯縣碧源供水有限責任公司(「碧源」)的股權投資。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。

投資按公平值計入損益列賬，於二零一九年十二月三十一日的公平值為人民幣6,708,000元(二零一八年：人民幣6,708,000元)。

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

20. 預付款項，按金及其他應收款項

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**844,713**	489,348
Current	**流動**		
Prepayments:	預付款項：		
Advanced deposits to suppliers	預付供應商的按金	**386,887**	530,686
Current portion of prepaid land lease payments (note 16)	預付土地租賃款項的即期部分(附註16)	**–**	17,753
Others	其他	**15,677**	3,965
		402,564	552,404
Deposits and other receivables:	按金及其他應收款項：		
Deposits	按金	**10,126**	6,574
VAT recoverable	應收增值税	**386,576**	351,887
Interest receivable	應收利息	**1,057**	–
Others	其他	**56,850**	72,924
		454,609	431,385
Total prepayments, deposits and other receivables – current	預付款項、按金及其他應收款項總額 – 流動	**857,173**	983,789

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

20. 預付款項，按金及其他應收款項(續)

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current	**流動**		
Prepayments	預付款項	**254**	1,546

21. INVENTORIES

21. 存貨

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials at cost	原材料	**402,599**	549,440
Parts and spares at cost	部件及備用零件	**130,101**	116,035
Finished goods at lower of cost and net realisable value	以成本及可變現淨額較低者計量的製成品	**452,347**	401,378
Allowance for inventory obsolescence	存貨過期撥備	**(1,443)**	–
		983,604	1,066,853

22. DERIVATIVE FINANCIAL INSTRUMENTS

22. 衍生金融工具

		Group 本集團			
		2019 二零一九年		2018 二零一八年	
		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	**99,760**	848	**256,546**	17,719
Futures	期貨	**165**	510	**–**	–
		99,925	1,358	**256,546**	17,719

23. TRADE AND BILLS RECEIVABLES

23. 貿易應收款項及應收票據

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	**161,853**	103,366
Less: impairment allowance	減：減值撥備	**(13,847)**	(6,467)
		148,006	96,899
Bills receivable	應收票據	**245,413**	234,232
		393,419	331,131

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.

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。

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.

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。

23. 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:

23. 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報告期末的賬齡分析(根據發票日期及扣除撥備)如下:

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month	1個月以內	**90,899**	62,991
1 to 3 months	1至3個月	**25,693**	21,630
3 to 6 months	3至6個月	**13,738**	6,120
6 to 12 months	6至12個月	**10,458**	2,149
Over 12 months	12個月以上	**7,218**	4,009
		148,006	96,899

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.

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。

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 Group 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.

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。

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.

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。

23. 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	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**6,467**	4,960
Acquisition of subsidiaries	收購附屬公司	**1,639**	–
Written off	撇銷	**(44)**	–
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**5,785**	1,507
At end of year	年末	**13,847**	6,467

OTHER RECEIVABLES

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**23,645**	3,787
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**3,125**	19,858
At end of year	於年末	**26,770**	23,645

DUE FROM RELATED COMPANIES/A SUBSIDIARY

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**1,328**	452
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**(1,305)**	876
At end of year	於年末	**23**	1,328

23. 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

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**6,467**	4,960
Acquisition of subsidiaries	收購附屬公司	**1,639**	–
Written off	撇銷	**(44)**	–
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**5,785**	1,507
At end of year	年末	**13,847**	6,467

其他應收款項

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**23,645**	3,787
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**3,125**	19,858
At end of year	於年末	**26,770**	23,645

應收關聯公司／一間附屬公司款項

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**1,328**	452
Impairment losses, net (Note 7)	減值虧損，淨額（附註7）	**(1,305)**	876
At end of year	於年末	**23**	1,328

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

EXPECTED CREDIT LOSSES (CONTINUED)

BILLS RECEIVABLE

23. 貿易應收款項及應收票據(續)

預期信貸虧損(續)

應收票據

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	–	–
Impairment losses, net (Note 7)	減值虧損，淨額(附註7)	2,402	–
At end of year	於年末	2,402	–

Set out below is the information about the credit risk exposure on the Group's trade receivables, other receivables, amounts due from related companies/a subsidiary and bills receivable using a provision matrix:

下文載列有關本集團貿易應收款項、其他應收款項、使用撥備矩陣的應收關聯公司／一間附屬公司款項及應收票據的信貸風險資料：

ECL FOR TRADE RECEIVABLES

貿易應收款項的預期信貸虧損

		Past due 逾期				
		Current 即期	Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	Total 總計
2019	二零一九年					
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	94,069	51,700	7,362	8,722	161,853
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	3,170	1,811	156	8,710	13,847
2018	二零一八年					
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

ECL FOR OTHER RECEIVABLES

其他應收款項的預期信貸虧損

		Past due 逾期				
		Current 即期	Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	Total 總計
2019	二零一九年					
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	62,014	5,342	2,026	24,363	93,745
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	1,950	987	1,308	22,525	26,770
2018	二零一八年					
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

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

EXPECTED CREDIT LOSSES (CONTINUED)

ECL FOR AMOUNT DUE FROM RELATED COMPANIES/A SUBSIDIARY

23. 貿易應收款項及應收票據(續)

預期信貸虧損(續)

應收關聯公司／一間附屬公司款項的預期信貸虧損

		Past due 逾期				
		Current 即期	Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	Total 總計
2019	二零一九年					
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	17	647	55	49	768
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	2	15	2	4	23
2018	二零一八年					
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

ECL FOR BILLS RECEIVABLE

應收票據的預期信貸虧損

		Past due 逾期				
		Current 即期	Less than 1 year 少於一年	1 to 2 years 1-2年	Over 2 years 2年以上	Total 總計
2019	二零一九年					
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	100,051	147,764	–	–	247,815
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	555	1,847	–	–	2,402

BILLS RECEIVABLE

At 31 December 2019, the Group endorsed bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with an aggregate carrying amount of RMB719,576,000 (2018: RMB1,389,935,000) 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.

應收票據

於二零一九年十二月三十一日，本集團已向其若干供應商背書獲中國內地銀行兑現，賬面值總額為人民幣719,576,000元(二零一八年：人民幣1,389,935,000)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。

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

EXPECTED CREDIT LOSSES (CONTINUED)

BILLS RECEIVABLE (CONTINUED)

During the years ended 31 December 2019 and 2018, 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.

23. 貿易應收款項及應收票據(續)

預期信貸虧損(續)

應收票據(續)

於截至二零一九年及二零一八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。

24. 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:

24. 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：

			Group 本集團	
		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
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)	**33,747**	25,635
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司		**41**	–
			33,788	25,635
Current:	**即期：**			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.	新鄉市心連心化工設備有限公司		**421**	28
Henan XLX Jingmi Fengtou Co., Ltd.	河南心連心精密封頭有限公司		**297**	–
Anhui Xinlianxin Heavy Sealing Co., Ltd.	安徽心連心重型封頭有限公司		**22**	6
HenanLingtong Xinlianxin Energy Co., Ltd.	河南靈通心連心能源有限公司		**5**	–
Henan Shenleng Gas Co., Ltd.	河南深冷氣體有限公司		–	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.	心連心深冷氣體有限公司		–	7,386
			745	30,384

24. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY (CONTINUED)

24. 與關連公司／一間附屬公司的結餘（續）

			Group 本集團	
		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Due to related companies:	**應付關連公司款項：**			
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd..	新鄉市心連心化工設備有限公司	(ii)	**(2,867)**	(7,415)
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司	(iii)	**(2,667)**	(4,183)
Henan XLX Jingmi Fengtou Co., Ltd.	河南心連心精密封頭有限公司		**(258)**	(10)
Henan Xinlianxin Chemicals Group Co., Ltd.	河南心連心化工集團有限公司		**(229)**	(27)
Qingjin,Zhang	張慶金		**(50)**	–
Yunhua,Yan	閆蘊華		**(20)**	–
Xinjiang Antai Shenzhou Fengtou Co., Ltd.	新疆安泰神州封頭有限公司		**(1)**	(1)
Henan Shenleng Gas Co., Ltd.	河南深冷氣體有限公司		**–**	(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.	心連心深冷氣體有限公司		**–**	(9,185)
			(6,092)	(21,052)
Non-current:	**非即期：**			
Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd.	新鄉市神州防腐安裝有限公司		**(1,451)**	–

24. BALANCES WITH RELATED COMPANIES/A SUBSIDIARY (CONTINUED)

24. 與關連公司／一間附屬公司的結餘(續)

		Notes 附註	Company 本公司 2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current:	**即期：**			
Henan Heli Energy Co., Ltd.	河南禾力能源股份有限公司	(iv)	**7,600**	–
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化學工業集團股份有限公司		**–**	134,213
			7,600	134,213
Due to subsidiaries	**應付附屬公司款項**			
Current:	即期：			
Henan Heli Energy Co., Ltd.	河南禾力能源股份有限公司		**–**	(114,400)

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 41(a)(v).

(ii) Balance represented other payable for equipment and spare parts purchases from Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. Further details are set out in Note 41(a)(v).

(iii) Balances represented other payable for maintenance fees and anti-corrosion expenses charged by Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd. Further details are set out in Note 41(a)(iv)

(iv) Balances represented dividend receivable from Henan Heli Energy Co., Ltd.

The balances are unsecured, repayable on demand and interest-free and the carrying amounts of these balances approximate their fair values.

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41(a)(v)。

(ii) 自新鄉市心連心化工設備有限公司採購設備及零件的其他應付款項餘額。進一步詳情乃載於附註41(a)(v)。

(iii) 就新鄉市神州防腐安裝有限公司收取的維護費和防腐費的其他應付款項餘額。進一步詳情乃載於附註41(a)(iv)。

(iv) 應收河南禾力能源股份有限公司股息的餘額。

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。

25. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

25. 現金及現金等價物以及已抵押定期存款

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	**884,448**	346,151
Time deposits	定期存款	**499,346**	258,839
		1,383,794	604,990
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 time deposits for bills payable	就應付票據已抵押的定期存款	**(378,137)**	(141,181)
Pledged time deposits for bank loans	就銀行貸款已抵押的定期存款	**(93,871)**	(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	**(27,338)**	(12,175)
Pledged for environmental improvement	就環境改善已抵押的款項	**–**	(5,483)
Cash and cash equivalents	現金及現金等價物	**884,448**	346,151

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	**16,086**	7,549

At 31 December 2019, the cash and bank balances of the Group denominated in RMB amounted to RMB863,666,000 (2018: RMB337,267,000). 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.

於二零一九年十二月三十一日，以人民幣計值的本集團現金及銀行結餘達到人民幣863,666,000元（二零一八年：人民幣337,267,000元）。人民幣並不可自由兑換為其他貨幣，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兑換為其他貨幣。

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。

26. 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:

26. 貿易應付款項

貿易應付款項於報告期末的賬齡分析(根據發票日期)如下：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month	1個月以內	**157,435**	141,879
1 to 3 months	1至3個月	**92,956**	58,442
3 to 6 months	3至6個月	**51,156**	40,331
6 to 12 months	6至12個月	**42,167**	22,249
Over 12 months	12個月以上	**22,922**	19,924
		366,636	282,825

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

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。

27. 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 RMB378,137,000 (2018: RMB141,181,000) (Note 25).

27. 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378,137,000元(二零一八年：人民幣141,181,000元)抵押(附註25)。

28. ACCRUALS AND OTHER PAYABLES

28. 應計費用及其他應付款項

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current:	**即期：**		
Accruals	應計費用		
Accrued expenses	應計開支	**224,938**	267,946
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	**472,008**	637,038
		696,946	904,984

28. ACCRUALS AND OTHER PAYABLES (CONTINUED)

28. 應計費用及其他應付款項(續)

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	增值税及其他應付經營税項	**18,405**	11,200
Tender deposits	投標按金	**151,992**	96,327
Others	其他	**224,450**	149,334
		394,847	256,861
Total accruals and other payables (current)	應計費用及其他應付款項總額(流動)	**1,091,793**	1,161,845
Contract liabilities	合約負債	**582,181**	689,951
Non-current:	**非即期:**		
Other payables related to the construction of property, plant and equipment	建設物業、廠房及設備之其他應付款項	**107,019**	3,618
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
Total accruals and other payables (non-current)	應計費用及其他應付款項總額(非流動)	**107,019**	23,618

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current:	**即期:**		
Accruals	應計費用		
Accrued expenses	應計開支	**24,695**	27,631

Other payables are non-interest-bearing and have an average term of six months.

其他應付款項為免息,平均年期為六個月。

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.

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。

28. ACCRUALS AND OTHER PAYABLES (CONTINUED)

Set out below is the amount of revenue recognised from:

28. 應計費用及其他應付款項(續)

以下列出自以下方面確認的收入金額：

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Amount included in contract liabilities at the beginning of the year	計入年初合約負債之款項	**679,619**	790,230

29. DEFERRED GRANTS

29. 遞延補貼

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	於一月一日	**129,312**	126,676
Acquisition of subsidiaries	收購附屬公司	**5,407**	906
Received during the year	年內收取	**7,030**	1,730
Refund of deferred grant	退還遞延補貼	**(22,790)**	–
At 31 December	於十二月三十一日	**118,959**	129,312
Accumulated amortisation:	累計攤銷：		
At 1 January	於一月一日	**33,679**	26,746
Amortisation during the year	年內攤銷	**8,051**	6,933
At 31 December	於十二月三十一日	**41,730**	33,679
Net carrying amount:	賬面淨值：		
Current	流動	**7,976**	5,443
Non-current	非流動	**69,253**	90,190
		77,229	95,633

As at 31 December 2019 and 31 December 2018, 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 RMB12,437,000 (2018: RMB2,636,000) were received by the Group.

於二零一九年十二月三十一日及二零一八年十二月三十一日，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12,437,000元(二零一八年：人民幣2,636,000元)的補貼。

30. LOANS FROM A NON-CONTROLLING INTEREST

30. 非控股權益貸款

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loans from a non-controlling interest	非控股權益貸款	**48,670**	75,500
Less:	減：		
Current portion	即期部分	**(25,000)**	(50,500)
Non-current portion	非即期部分	**23,670**	25,000

The loans from a non-controlling interest are both unsecured, with interest bearing at 4.75% and Nil per annum respectively. One is granted for a term of two years from 26 December 2018, and the other is granted without repayment date in 2019. According to the payment terms of the loan agreement between the parties, RMB25,000,000 (2018: 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 2019.

非控股權益貸款均為無抵押，分別按年利率4.75%及零計息。一筆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，另一筆獲授貸款於二零一九年無償還日期。根據雙方訂立的貸款協議的支付條款，人民幣25,000,000元(二零一八年：人民幣50,500,000元)預期於報告期間末後十二個月內償還及於二零一九年十二月三十一日被視作流動負債。

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

31. 計息銀行及其他借款

		2019 二零一九年			2018 二零一八年		
Group	本集團	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%-6.53%	2020 二零二零年	244,223	4.35%-6.58%	2019 二零一九年	200,428
– unsecured	– 無抵押	3.63%-6.18%	2020 二零二零年	2,346,561	4.00%-6.00%	2019 二零一九年	2,481,797
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	909			–
Loans from leasing company/ finance lease payables	租賃公司貸款／應支付融資租賃	4.75%	2020 二零二零年	182,476	4.75%	2019 二零一九年	92,227
				2,774,169			2,774,452
Non-current	**非流動**						
Bank loans	銀行貸款						
– secured	– 有抵押			10,000			–
– unsecured	– 無抵押	4.75%-6.18%	2021 to 2026 二零二一年至二零二六年	3,413,988	4.50%-6.18%	2020 to 2022 二零二零年至二零二二年	2,422,331
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
Loans from leasing company/ finance lease payables	租賃公司貸款／應支付融資租賃	4.75%	2021 to 2022 二零二一年至二零二二年	315,099	4.75%	2020 to 2021 二零二零年至二零二一年	144,290
				3,739,087			2,568,439
				6,513,256			5,342,891

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

31. 計息銀行及其他借款(續)

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**2,590,784**	2,682,225
In the second year	於第二年	**2,486,204**	1,852,543
In the third to fifth years, inclusive	於第三至第五年（包括首尾兩年）	**896,784**	569,788
Beyond five years	五年以後	**41,000**	–
		6,014,772	5,104,556
Loan from the government:	政府貸款：		
Within one year or on demand	於一年內或於通知時	**909**	–
In the second year	於第二年	**–**	1,818
		909	1,818
Loans from leasing company/finance lease payables	租賃公司貸款／應支付融資租賃		
Within one year or on demand	於一年內或於通知時	**182,476**	92,227
In the second year	於第二年	**119,355**	99,782
In the third to fifth years, inclusive	於第三至第五年（包括首尾兩年）	**195,744**	44,508
		497,575	236,517
		6,513,256	5,342,891

Notes:

(a) The Group's bank facilities amounting to RMB9,220,600,000 (2018: RMB9,768,305,700), of which RMB5,034,545,000 (2018: RMB5,913,805,000) had been utilised as at the end of the reporting period, are unsecured.

(b) The Group's bank loans of RMB254,223,000 (2018: RMB24,000,000) are secured loan. Among of which, the current loans amounting to RMB34,000,000 and non-current loans amounting to RMB10,000,000.00 are guaranteed by the related companies and a third party, Xinxiang Xinlianxin Chemicals Equipment Co., Ltd, Henan Xinlianxin Chemicals Group Co., Ltd and Henan Shenleng New Energy Development Co., LTD. The current bank loans amounting to RMB76,353,000 and RMB93,870,000 are secured by the pledge of certain of the Group's bill receivable and time deposits amounting to RMB76,353,000 and RMB93,870,000 respectively. Besides, the current bank loans amounting to RMB20,000,000 are guaranteed by property, plant and equipment of RMB147,489,000; The rest of loans with the amount of RMB30,000,000 are secured by juridical persons.

附註：

(a) 本集團人民幣9,220,600,000元(二零一八年：人民幣9,768,305,700元)的銀行融資額，其中人民幣5,034,545,000元(二零一八年：人民幣5,913,805,000元)於報告期末已獲動用，乃無抵押。

(b) 本集團的銀行貸款人民幣254,223,000元(二零一八年：人民幣24,000,000元)為有抵押貸款。其中，即期貸款人民幣34,000,000元與非即期貸款人民幣10,000,000.00元由關聯公司及第三方新鄉市心連心化工設備有限公司、河南心連心化工集團有限公司及河南深冷新能源開發有限公司提供擔保。即期銀行貸款人民幣76,353,000元與人民幣93,870,000元以本集團若干應收票據及定期存款人民幣76,353,000元與人民幣93,870,000元作抵押。此外，即期銀行貸款人民幣20,000,000元由人民幣147,489,000元的物業、廠房及設備提供擔保；其餘貸款人民幣30,000,000元由法人提供擔保。

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(c) The loans from leasing company of RMB497,575,000 (2018: RMB236,517,000) are secured by certain of the Group's items of property, plant and equipment.

(d) Balance of RMB281,141,000 (2018: RMB256,546,000) 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 (2018: Nil) 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 as at 31 December 2019.

31. 計息銀行及其他借款(續)

(c) 租賃公司貸款人民幣497,575,000元(二零一八年: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281,141,000元(二零一八年:人民幣256,546,000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(二零一八年:無)附有受限制條款,即銀行有權加速該等貸款到期。於二零一九年十二月三十一日,本集團將該等貸款分類為銀行貸款之即期部分。

		2019 二零一九年			2018 二零一八年		
Company	本公司	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 +1.20% 倫敦銀行同業拆息 +1.20%**	**2020**	**181,381**			–
Non-current	**非流動**						
Bank loans	銀行貸款						
– unsecured	– 有抵押			–	LIBOR +1.20%	2020	178,443
				181,381			178,443

(a) The bank loans of RMB181,381,000 (2018: RMB178,443,000) are denominated in United States dollars ("USD") as at the end of the reporting period.

(a) 銀行貸款人民幣181,381,000元(二零一八年:人民幣178,443,000元)於報告期末以美元(「美元」)計值。

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

31. 計息銀行及其他借款(續)

融資活動產生之負債之對賬如下：

Group	本集團	2018 二零一八年 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 Acquisition of subsidiaries 收購附屬公司 RMB'000 人民幣千元	Non cash changes 非現金變動 Foreign exchange movement 匯兑變動 RMB'000 人民幣千元	Non cash changes 非現金變動 Other 其他 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Loans from a Non-controlling interest	非控股權益貸款						
–current	– 流動	50,500	(50,500)	–	–	25,000	**25,000**
–non-current	– 非流動	25,000	23,670	–	–	(25,000)	**23,670**
Interest-bearing bank and other borrowings	計息銀行及其他借款						
–current	– 流動	2,774,452	(995,926)	118,000	(13,557)	891,200	**2,774,169**
–non-current	– 非流動	2,568,439	2,190,439	81,000	–	(1,100,791)	**3,739,087**
Bonds payable	應付融資債券						
–current	– 流動	–	–	–	–	500,000	**500,000**
–non-current	– 非流動	692,833	194,000	–	–	(498,136)	**388,697**
Total	總計	6,111,224	1,361,683	199,000	(13,557)	(207,727)	**7,450,623**

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

31. 計息銀行及其他借款(續)

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 Acquisition of subsidiaries 收購附屬公司 RMB'000 人民幣千元	Non cash changes 非現金變動 Foreign exchange movement 匯兑變動 RMB'000 人民幣千元	Non cash changes 非現金變動 Other 其他 RMB'000 人民幣千元	2018 二零一八年 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

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time, interest accretion on bonds payable and reclassification of finance lease payables to lease liabilities.

「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)之非流動部分應付債券的利息增加及融資租賃應付款項重分類為租賃負債有關。

32. PROVISION FOR REHABILITATION

32. 恢復撥備

		Group 本集團 2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At the beginning of year	於年初	**23,836**	–
Additions	添置	**440**	23,836
At the end of year	於年末	**24,276**	23,836

32. PROVISION FOR REHABILITATION (CONTINUED)

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 2019. 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. 恢復撥備(續)

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，並按截至二零一九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。

33. BONDS PAYABLE

33. 應付融資債券

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Analysed into amount repayable:	分析為應付金額：		
Within one year	一年內	**500,000**	–
In the second year	於第二年	**–**	500,000
In the third year	於第三年	**194,311**	–
In the fourth year	於第四年	**194,386**	–
In the fifth year	於第五年	**–**	192,833
		888,697	692,833

The bonds of RMB500,000,000 and RMB200,000,000 issued in 2017 and 2018 have a maturity term of within three years and five years respectively, bear fixed interest rates of 7% and 6.98% per annum. In November 2019, the Group issued a bond of RMB200,000,000 with a maturity term of within 3 years and a fixed interest rate of 5.7%.

於二零一七年及二零一八年發行的人民幣500,000,000元及人民幣200,000,000元的債券分別於三年及五年內到期，按固定年利率7%及6.98%計息。於二零一九年十一月，本集團發行人民幣200,000,000元的債券，到期年期為三年，按固定年利率5.7%計息。

34. CONVERTIBLE BONDS

On 21 December 2011, the Company issued RMB denominated convertible bonds with a nominal value of RMB324,366,000. There was no movement during the year. 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. In 2018, RMB5,914,000 was accrued and paid to bondholder.

34. 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。本年度概無變動。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。於二零一八年，應計債券利息為人民幣322,436,000(二零一八年：人民幣5,914,000元)已支付予債券持有人。

35. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

35. 遞延税項

本年度遞延税項負債及資產變動情況如下：

Group 本集團		Fair value adjustments arising from acquisition of subsidiaries 收購附屬公司產生的公平值調整 (note a) (附註a) RMB'000 人民幣千元	Withholding tax 預扣税項 (note b) (附註b) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	20,895	16,044	36,939
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	年內在損益賬扣除／(計入)的遞延税項(附註11)	(1,040)	(6,914)	(7,954)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及於二零一九年一月一日	22,443	9,130	31,573
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	年內在損益賬扣除／(計入)的遞延税項(附註11)	(1,468)	18,878	(17,410)
Acquisition of subsidiaries (Note 38(a))	收購附屬公司(附註38(a))	3,732	–	3,732
At 31 December 2019	於二零一九年十二月三十一日	24,707	28,008	52,715

DEFERRED TAX ASSETS

遞延税項資產

Group 本集團		Loss available for offsetting against future taxable profits 抵銷未來溢利之未動用税項虧損 (note c) (附註c) RMB'000 人民幣千元	Deductible temporary differences 可扣税暫時差額 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	8,593	14,533	23,126
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	年內在損益賬扣除／(計入)的遞延税項(附註11)	(1,502)	61,698	(60,196)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及於二零一九年一月一日	7,091	76,231	83,322
Deferred tax charged/(credited) to profit or loss during the year (Note 11)	年內在損益賬扣除／(計入)的遞延税項(附註11)	26,565	(16,027)	10,538
At 31 December 2019	於二零一九年十二月三十一日	33,656	60,204	93,860

35. 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, 2018 and 2019. 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 10% of the forecasted dividend pay-out of the earnings of all its PRC subsidiaries because the directors believe that the PRC subsidiaries would pay out all their earnings as dividends.

(c) Deferred tax assets have not been recognised in respect of the tax losses amounted to RMB36,762,000 (2018: RMB77,916,000) 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. 遞延稅項(續)

附註：

(a) 收購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、二零一八年及二零一九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36,762,000元(二零一八年：人民幣77,916,000元)，同時亦不確定未來是否有充足的可課稅溢利用於抵消稅項虧損。

36. SHARE CAPITAL

36. 股本

		Number of ordinary shares 普通股數目		Amount 金額	
		2019 二零一九年	2018 二零一八年	**2019 二零一九年 RMB'000 人民幣千元**	2018 二零一八年 RMB'000 人民幣千元
Issued and fully paid	已發行及繳足	**1,171,621,000**	1,171,621,000	**1,194,686**	1,194,686*

* Equivalent to Singapore dollars ("SGD") 230,906,000 in 2019 and SGD 238,937,000 in 2018.

* 二零一九年相等於230,906,000新加坡元(「新加坡元」)，二零一八年相等於238,937,000新加坡元。

36. SHARE CAPITAL (CONTINUED)

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

36. 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 2018	於二零一八年一月一日	995,736,000	872,579
Convertible bonds converted into shares (note 34)	可換股債券轉換為股份（附註34）	176,000,000	322,436
Shares repurchased and cancelled	回購及註銷的股份	(115,000)	(329)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	1,171,621,000	1,194,686
At 31 December 2019	於二零一九年十二月三十一日	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.

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。

37. 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.

37. 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。

In accordance with the Wholly Foreign Owned Enterprise Law 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.

根據適用於中國附屬公司的外商獨資企業法，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税後溢利的至少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。

The special reserve refers to the safety fund accrued but not yet used for the coal mining operations.

特別儲備指煤礦開採經營所累計但尚未使用的保障基金。

In 2019, other reserve mainly arises from capital contribution from non-controlling shareholders of subsidiaries amounting to RMB187,174,000 and charged with acquisition of non-controlling interest shares of Xinjiang Xinlianxin Energy Chemical Co., Ltd and Henan Shenleng Energy Co., Ltd amounting to RMB66,245,000 and RMB4,851,000 respectively.

於二零一九年，其他儲備主要來自附屬公司非控股股東的注資人民幣187,174,000元，以及扣除收購新疆心連心能源化工有限公司與河南心連心深冷能源股份有限公司的非控股權益股份，金額分別為人民幣66,245,000元與人民幣4,851,000元。

37. RESERVES (CONTINUED)

In 2018, other reserve mainly arose from transformation of joint stock system of a subsidiary based on net assets with limited restriction to distribution amounting to RMB2,034,019,000.

37. 儲備(續)

於二零一八年，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2,034,019,000元的股份制改造。

38. BUSINESS COMBINATIONS

38 (A) INVESTMENT IN SUBSIDIARIES

ACQUISITION OF HENAN SHENLENG ENERGY CO LTD ("SHENLENG ENERGY")

In 2018, the Group acquired 27% equity shares in Henan Xinlianxin Shenleng Energy Co Ltd ("Shenleng Energy"). The investment was recorded as an investment in associate with carrying value of RMB95,157,000 as at 31 December 2018 (Note 38(b).

On 25 February 2019, the Group acquired additional shares in Shenleng Energy for consideration amounted to RMB 19,806,000 and equity shares in Shengleng Energy totalled 32.45%.

On 27 April 2019, Henan Xinlianxin (subsidiary of the Group) and Henan Shenleng New Energy Development co., LTD. ("Shenleng New Development") signed a consensus agreement, which Shenleng New Development entrust its 19.318% voting rights in Shenleng Energy to Henan Xinlianxin without compensation. In accordance with the provisions of the consensus agreement together with its shareholding in Shenleng Energy, Henan Xinlianxin owns 51.77% of the voting rights in Shenleng Energy. Accordingly, the Group recognised Shenleng Energy as a subsidiary on 27 April 2019.

Subsequently in September 2019, the Group acquired the 19.318% shares in Shenleng Energy from Shenleng New Development and additional shares from other shareholders for total consideration amounted to RMB85,874,000 and the Group's equity shares in Shenleng Energy totalled 53.91%. These transactions were accounted for as transactions with non-controlling interests.

Shenleng Energy is engaged in the manufacturing and trading of carbon dioxide and carbon monoxide. 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 Carbon dioxide and carbon monoxide.

38. 業務合併

38 (A) 於附屬公司投資

收購河南心連心深冷能源股份有限公司(「深冷能源」)

於二零一八年，本集團收購河南心連心深冷能源股份有限公司(「深冷能源」)27%的股權。該投資於二零一八年十二月三十一日入賬作為賬面值為人民幣95,157,000元的於聯營公司投資(附註38(b))。

於二零一九年二月二十五日，本集團以代價人民幣19,806,000元收購深冷能源額外股份，並於深冷能源持有股權合共32.45%。

於二零一九年四月二十七日，河南心連心(本集團附屬公司)與河南深冷新能源開發有限公司(「深冷新能源開發」)簽署一項共識協議，其中深冷新能源開發將其所持深冷能源19.318%的投票權委託給河南心連心，而毋需賠償。根據共識協議的規定及其所持深冷能源的股權，河南心連心擁有深冷能源51.77%的投票權。因此，本集團於二零一九年四月二十七日確認深冷能源為附屬公司。

其後於二零一九年九月，本集團以總代價人民幣85,874,000元向深冷新能源開發收購深冷能源19.318%的股份及從其他股東購買其他股份，而本集團持有深冷能源合共53.91%的股權。該等交易被列為具有非控制權益之交易。

深冷能源從事二氧化碳與一氧化碳的生產和銷售。該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二氧化碳與一氧化碳生產和銷售市場份額戰略的一部分。

38. BUSINESS COMBINATIONS (CONTINUED)

38 (A) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

ACQUISITION OF HENAN SHENLENG ENERGY CO LTD ("SHENLENG ENERGY") (CONTINUED)

The fair values of the identifiable assets and liabilities of Shenleng Energy as at the date of acquisition were as follows:

38. 業務合併(續)

38 (A) 於附屬公司投資(續)

收購河南心連心深冷能源股份有限公司(「深冷能源」)(續)

深冷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		5,286
Trade receivables	貿易應收款項		51,721
Other receivables	其他應收款項		4,814
Other current assets	其他流動資產		180,167
Property, plant and equipment	物業、廠房及設備	14	291,744
Prepayment of purchase of property, plant and equipment	購買物業、廠房及設備的預付款項		145,521
Other intangible assets	其他無形資產	16	9,083
Investment in an associate	投資一間聯營公司		5,250
Interest-bearing bank and other borrowings	計息銀行及其他借款		(199,000)
Trade payables	貿易應付款項		(55,060)
Accruals and other payables	應計費用及其他應付款項		(61,732)
Deferred tax liabilities	遞延稅項負債	35	(3,732)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額		374,062
Less: Non-controlling interests (67.548%)	減：非控股權益(67.548%)		(252,672)
Net assets acquired	所收購淨資產		121,390
Less: Transfer from investment in associate	減：轉撥自於聯營公司投資		(117,521)
Bargain on purchase	議價收購	6	3,869
Purchase consideration	收購代價		–

38. BUSINESS COMBINATIONS (CONTINUED)

38 (A) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

ACQUISITION OF HENAN SHENLENG ENERGY CO LTD ("SHENLENG ENERGY") (CONTINUED)

38. 業務合併(續)

38 (A) 於附屬公司投資(續)

收購河南心連心深冷能源股份有限公司(「深冷能源」)(續)

		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 Shenleng Energy	**收購深冷能源的轉讓代價**		
Purchase consideration	收購代價		–
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		(26,330)
Net cash inflow on acquisition	收購的現金流出淨額		(26,330)

The purchase price allocation review is finalised as at 31 January 2019.

購買價分配檢討於二零一九年一月三十一日完成。

TRANSACTION COSTS

There was no transaction costs related to the acquisition recognized in the Group's profit or loss.

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。

TRADE AND OTHER RECEIVABLES ACQUIRED

Trade and other receivables acquired comprise of trade and other receivables with fair values of RMB56,535,000. Their gross amounts are RMB56,535,000 are expected to be collected.

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56,535,000元的貿易及其他應收款項。其總金額人民幣56,535,000元預計將收取。

IMPACT OF THE ACQUISITION ON PROFIT OR LOSS

From the acquisition date, Shenleng Energy has contributed RMB473,628,000 of revenue and RMB26,745,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been RMB9,145,858,000 and the Group's profit for the year would have been RMB425,159,000.

收購對損益的影響

自收購日期起,深冷能源為本集團貢獻年度收入人民幣473,628,000元及溢利人民幣26,745,000元。如果業務合併發生在年初,本集團的持續經營收入將為人民幣9,145,858,000元,而本集團的年度溢利將為人民幣425,159,000元。

38. BUSINESS COMBINATIONS (CONTINUED)

38 (A) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

ACQUISITION OF URUMQI BLACK ECOLOGY TECHNOLOGY CO LTD ("URUMQI BLACK TECHNOLOGY")

On 13 March 2019, the Group acquired a total of 100% of Urumqi Black Technology's shares. Urumqi 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 RMB35,000,000.

38. 業務合併(續)

38 (A) 於附屬公司投資(續)

收購烏魯木齊黑色生態科技股份有限公司(「烏魯木齊黑色生態科技」)

於二零一九年三月十三日，本集團共收購烏魯木齊黑色生態科技100%的股份。烏魯木齊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35,000,000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
Other current assets	其他流動資產		2,772
Property, plant and equipment	物業、廠房及設備	14	18,406
Prepayment of purchase of Property, plant and equipment	購買物業、廠房及設備的預付款項		1,100
Right-of-use of assets	使用權資產	15	15,277
Trade payables, accruals and other payables	貿易應付款項、應計費用及其他應付款項		(1,881)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額		35,674
Net assets acquired	所收購淨資產		35,674
Bargain on purchase	議價收購	6	(674)
Purchase consideration	收購代價		35,000

38. BUSINESS COMBINATIONS (CONTINUED)

38 (A) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

ACQUISITION OF URUMQI BLACK ECOLOGY TECHNOLOGY CO LTD ("URUMQI BLACK TECHNOLOGY")(CONTINUED)

38. 業務合併(續)

38 (A) 於附屬公司投資(續)

收購烏魯木齊黑色生態科技股份有限公司(「烏魯木齊黑色生態科技」)(續)

		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 Urumqi Black Technology	**收購烏魯木齊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		35,000
Less: Deferred cash settlement	減：遞延現金結算		(2,000)
			33,000
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		(43)
Net cash outflow on acquisition	收購的現金流出淨額		32,957

The purchase price allocation review is finalised as at 20 September 2019.

購買價分配檢討於二零一九年九月二十日完成。

TRANSACTION COSTS

交易成本

There was no transaction costs related to the acquisition recognized in the Group's profit or loss.

概無收購相關的交易成本於本集團的損益中確認。

IMPACT OF THE ACQUISITION ON PROFIT OR LOSS

收購對損益的影響

From the acquisition date, Urumqi Black Technology has contributed RMB67,019,000 of revenue and RMB6,240,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been RMB8,928,255,000 and the Group's profit for the year would have been RMB412,993,000.

自收購日期起，烏魯木齊黑色生態科技為本集團貢獻年度收入人民幣67,019,000元及溢利人民幣6,240,000元。如果業務合併發生在年初，本集團的持續經營收入將為人民幣8,928,255,000元，而本集團的年度溢利將為人民幣412,993,000元。

38. BUSINESS COMBINATIONS (CONTINUED)

38 (B) INVESTMENTS IN ASSOCIATES

The Group's investments in associates are summarised below:

38. 業務合併(續)

38 (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	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Jiujiang Pengcheng Port Co., Ltd ("Pengcheng")	九江彭誠港口有限公司(「彭誠」)	**11,947**	–
Henan Lingtong Xinlianxin Energy Co., Ltd ("Lingtong")	河南靈通心連心能源有限公司(「靈通」)	**5,046**	–
Henan Xinlianxin Shenleng Energy Co., Ltd ("Shenleng Energy") (Note 38 (a))	河南心連心深冷能源股份有限公司(「深冷能源」)(附註38(a))	**–**	95,157
		16,993	95,157

In 2019, the Group disposed 70% shares of Jiujiang Pengcheng Port ("Pengcheng"). Accordingly, Pengcheng becomes an associate during the year.

於二零一九年，本集團出售了九江彭誠港口(「彭誠」)70%的股份。因此，彭誠於年內成為聯營公司。

Aggregate information about the Group's investments in associates that are not individually material are as follows:

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	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Total comprehensive income net of tax	**全面收益總額扣除税額**	**(260)**	31,971

38. BUSINESS COMBINATIONS (CONTINUED)

38 (B) INVESTMENTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of Lingtong and Pengcheng, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

38. 業務合併(續)

38 (B) 於聯營公司投資(續)

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，有關靈通及彭誠的財務資料概要如下：

Summarised statement of financial position

財務狀況表概要

Lingtong	靈通	2019 二零一九年 RMB'000 人民幣千元
Inventories	存貨	485
Trade receivables	貿易應收款項	1,546
Other receivables	其他應收款項	120
Other current assets	其他流動資產	741
Property, plant and equipment	物業、廠房及設備	14,261
Trade payables	貿易應付款項	(2,162)
Accruals and other payables	應計費用及其他應付款項	(574)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額	14,417
Proportion of the Group's ownership	本集團擁有權的比率	35%
Group's share of net assets	本集團應佔淨資產	5,046

Pengcheng	彭誠	2019 二零一九年 RMB'000 人民幣千元
Other receivables	其他應收款項	200
Other current assets	其他流動資產	4,504
Property, plant and equipment	物業、廠房及設備	11,293
Accruals and other payables	應計費用及其他應付款項	(4,050)
Total identifiable net assets at fair value	按公平值計量的可識別淨資產總額	11,947
Proportion of the Group's ownership	本集團擁有權的比率	100%
Group's share of net assets	本集團應佔淨資	11,947

38. BUSINESS COMBINATIONS (CONTINUED)

38 (C) DISPOSAL OF OWNERSHIP IN INTEREST IN SUBSIDIARY, WITHOUT LOSS OF CONTROL

On 30 September 2019, the Group disposed of a 9.479% equity interest in Henan XLX. Following the disposal, the Group still controls Henan XLX and its subsidiaries, retaining 78.38% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

		2019 二零一九年 RMB'000 人民幣千元
Proceeds from sale of ownership interest	出售擁有權權益所得款項	**796,500**
Less: Net assets attribution to NCI	減：歸屬於非控股權益的淨資產	**(609,326)**
Increase in equity attributable to parent entity	歸屬於母公司實體的權益增加	**187,174**

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:

		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 entity	歸屬於母公司實體的權益增加	**26,403**

38. 業務合併（續）

38 (C) 出售附屬公司擁有權權益而不失去控制權

於二零一九年九月三十日，本集團出售河南心連心9.479%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78.38%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：

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：

38. BUSINESS COMBINATIONS (CONTINUED)

38 (D) MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name 名稱	Country of incorporation and operation 註冊成立及營運國家	2019 二零一九年	2018 二零一八年
Henan Xinlianxin Fertiliser Co., Ltd. 河南心連心化學工業集團股份有限公司	Mainland China, Manufacture and trading of fertiliser 中國內地，化肥的生產和貿易	**78.37%**	87.86%

Accumulated balances of material non-controlling interest:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化學工業集團股份有限公司	**1,164,985**	536,944

Profit allocated to material non-controlling interest:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Henan Xinlianxin Fertiliser Co., Ltd.	河南心連心化學工業集團股份有限公司	**48,106**	(979)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

38. 業務合併(續)

38 (D) 重大部分擁有的附屬公司

具有重大非控制權益的附屬公司的財務資料如下：

非控股權益所持股權比例：

重大非控股權益的累計餘額：

分配給重大非控股權益的溢利：

該等附屬公司的財務資料概要如下。該資料基於扣除公司間抵銷前之金額。

38. BUSINESS COMBINATIONS (CONTINUED)

38 (D) MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss for 2019:

38. 業務合併(續)

38 (D) 重大部分擁有的附屬公司(續)

二零一九年損益表概要：

		2019 二零一九年 RMB'000 人民幣千元
Revenue from contracts with customers	來自客戶合約的收入	**9,421,902**
Cost of sales	銷售成本	**(7,231,098)**
Gross profit	毛利	**2,190,804**
Profit before tax	**除税前溢利**	**519,830**
Income tax	所得税	**66,858**
Profit for the year from continuing operations	**持續經營產生的年度溢利**	**452,972**
Total comprehensive income	**全面收益總額**	**452,972**
Attributable to non-controlling interests	非控股權益應佔	**404,510**
Dividends paid to non-controlling interests	支付予非控股權益的股息	**48,462**

Summarised statement of financial position as at 31 December 2019:

於二零一九年十二月三十一日之財務狀況表概要：

		2019 二零一九年 RMB'000 人民幣千元
Inventories and cash and bank balances (Current)	存貨、現金及銀行結餘(流動)	**2,267,392**
Property, plant and equipment and other non-current assets (non-current)	物業、廠房及設備及其他非流動資產(非流動)	**12,644,513**
Total equity	**總權益**	**5,611,146**
Attributable to:	以下人士應佔：	
Equity holders of parent	母公司權益持有人	**5,376,269**
Non-controlling interests	非控股權益	**234,877**

38. BUSINESS COMBINATIONS (CONTINUED)

38 (D) MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

Summarised cash flow information for year ended 31 December 2019:

38. 業務合併(續)

38 (D) 重大部分擁有的附屬公司(續)

截至二零一九年十二月三十一日止年度之現金流量概要：

		2019 二零一九年 RMB'000 人民幣千元
Operating	經營活動	**2,501,691**
Investing	投資活動	**(2,735,618)**
Financing	融資活動	**734,906**
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	**500,979**

39. 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:

39. 經營租約安排

於報告期末，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。根據於報告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：

		Group 本集團 2018 二零一八年 RMB'000 人民幣千元
Within one year	於一年內	**79,334**
In the second to fifth years, inclusive	於第二至第五年(包括首尾兩年)	**2,010**
After five years	於五年後	**9,361**
		90,705

As disclosed in Note 2.2, the Company has adopted IFRS 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 January and 31 December 2019, except for short-term and low-value assets.

如附註2.2所披露，本公司已於二零一九年一月一日採納國際財務報告準則第16號。除短期與低價值資產外，該等租賃付款已在於二零一九年一月一日及十二月三十一日的財務狀況表上確認為使用權資產與租賃負債。

40. COMMITMENTS

In addition to the operating lease commitments detailed in Note 39 above, the Group had the following capital and other commitments at the end of the reporting period:

40. 承擔

除上文附註39所詳述的經營租約承擔外，本集團於報告期末擁有以下資本及其他承擔：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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	**826,213**	731,998
Plant and machinery	廠房及機械	**2,919,181**	1,951,351
Coal mines	煤礦	**15,408**	9,903
		3,760,802	2,693,252
Other commitments	其他承擔		
Purchases of raw materials	購買原材料	**812,342**	793,264

41. 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:

41. 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：

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 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)		
–Xingjiang Shenleng Gas Co., Ltd. ##	– 心連心深冷氣體有限公司 ##		67,305	–
–Henan Xinlianxin Shen leng Energy Co, Ltd##	– 河南心連心深冷能源股份有限公司 ##		14,010	–
– Henan Xinlianxin Jingmi Fengtou Co., Ltd. #	– 河南心連心精密封頭有限公司 #		687	807
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司 #		398	259
– Henan Lingtong Xinlianxin Energy Co., Ltd ##	– 河南靈通心連心能源有限公司 ##		–	26
			82,400	1,092
Purchases of electricity, water and steam from:	向以下公司購買水電及蒸汽：	(ii)		
– Henan Xinlianxin Jingmi Fengtou Co., Ltd. #	– 河南心連心精密封頭有限公司 #		62	–
– Xinjiang Shenleng Gas Co., Ltd. ##	– 心連心深冷氣體有限公司 ##		–	9,099
			62	9,099
Sales of goods and raw material to:	向以下公司銷售商品及原材料：	(iii)		
– Henan Shenleng Gas Co., Ltd. ##	– 河南深冷氣體有限公司 ##		131,867	36,889
– Henan Lingtong Xinlianxin Energy Co., Ltd ##	– 河南靈通心連心能源有限公司 ##		2,469	–
– Xingjiang Shenleng Gas Co., Ltd. ##	– 心連心深冷氣體有限公司 ##		919	–
– Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司 #		297	–
			135,552	36,889
Purchases of equipment and service fee expenses from:	向以下公司購買設備及服務費支出：	(iv)		
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd #	– 新鄉市心連心化工設備有限公司 #		63,959	62,663
– Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd #	– 新鄉市神州防腐安裝有限公司 #		8,121	7,239
– Henan Xinlianxin Jingmi Fengtou Co., Ltd. #	– 河南心連心精密封頭有限公司 #		18	–
			72,098	69,902

41. RELATED PARTY TRANSACTIONS (CONTINUED)

41. 關連方交易（續）

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Purchase of goods or raw materials from:	向以下公司購買購買商品或原材料：	(v)		
– Henan Lingtong Xinlianxin Energy Co., Ltd ##	– 河南靈通心連心能源有限公司##		4,963	–
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		126	–
– Henan Xinlianxin Shen leng Energy Co, Ltd##	– 河南心連心深冷能源股份有限公司##		91	–
– Xinxiang Shenzhou Anti-corrosion Installation Co., Ltd #	– 新鄉市神州防腐安裝有限公司#		–	91
			5,180	91
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：			
– Henan Xinlianxin Chemicals Group Co., Ltd. #	– 河南心連心化工集團有限公司#		–	1,120
Service income from:	來自以下公司的服務收入：	(vi)		
– Xingjiang Shenleng Gas Co., Ltd. ##	– 心連心深冷氣體有限公司##		845	–
– Henan Xinlianxin Shen leng Energy Co, Ltd ##	– 河南心連心深冷能源股份有限公司##		47	9
– Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		42	24
– Henan Xinlianxin Jingmi Fengtou Co Ltd #	– 河南心連心精密封頭有限公司#		41	37
– Anhui Xinlianxin Fengtou Co Ltd #	– 安徽心連心封頭有限公司#		16	–
– Henan Xinlianxin Chemicals Group Co., Ltd.#	– 河南心連心化工集團有限公司#		9	–
			1,000	70
Loan guarantee from:	來自以下公司的貸款擔保：	(vii)		
Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. #	– 新鄉市心連心化工設備有限公司#		10,000	10,000
Henan Xinlianxin Chemicals Group Co., Ltd. #	– 河南心連心化工集團有限公司#		10,000	–
			20,000	10,000

41. 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 before 30 April 2019

* 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) Henan Xinlianxin sold dimethyl ether to Henan Shenleng Gas Co., Ltd, which was the associate before 30 April 2019. Besides, the group sold goods, raw material and spares parts to related parties, which included Henan Lingtong Xinlianxin Energy Co., Ltd, Xingjiang Shenleng Gas Co., Ltd and Xinlianxin Chemicals Equipment Co., Ltd.

(iv) 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. and Henan Xinlianxin Jingmi Fengtou Co., Ltd respectively.

41. 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。

於二零一九年四月三十日之前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) 河南心連心將二甲醚出售予河南深冷氣體有限公司(於二零一九年四月三十日之前為聯營公司)。此外，該集團向關聯方出售商品、原材料及零配件，其中包括河南靈通心連心能源有限公司、新疆深冷氣體有限公司及新鄉市心連心化工設備有限公司。

(iv) 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、新鄉市神州防腐安裝有限公司及河南心連心精密封頭有限公司收取。

41. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes: (continued)

(v) The purchases of goods and raw materials were charged by Henan Lingtong Xinlianxin Energy Co., Ltd, Xinxiang Xinlianxin Chemicals Equipment Co., Ltd and Henan Xinlianxin Shen leng Energy Co, Ltd from which the group purchased fuel oil, spare parts and gas respectively.

(vi) The service income represents brand royalty and income of measurement and testing paid by related parties.

(vii) Henan Hydrogenpower Energy Co., Ltd and Henan Heli Energy Co., Ltd; borrowed bank loans amounting to RMB10,000,000 respectively by which is secured by Xinxiang Xinlianxin Chemicals Equipment Co., Ltd. and Henan Xinlianxin Chemicals Group Co., Ltd.

All the related party transactions above constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Compensation of directors and key management personnel of the Group:

41. 關連方交易（續）

附註：（續）

(v) 採購商品和原材料由河南靈通心連心能源有限公司、新鄉市心連心化工設備有限公司及河南心連心深冷能源股份有限公司收取，本集團向其購買燃料油、零配件及蒸汽。

(vi) 服務收入指品牌使用費以及關聯方支付的計量與測試收入。

(vii) 河南氫力能源有限公司及河南禾力能源股份有限公司；已借銀行貸款為人民幣10,000,000元，由新鄉市心連心化工設備有限公司及河南心連心化工集團有限公司提供擔保。

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。

(b) 本集團董事及主要管理人員的薪酬：

		Group 本集團	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Directors' fees	董事袍金	**1,050**	1,050
Salaries and bonuses	薪金及花紅	**13,402**	23,348
Contributions to defined contribution plans	定期供款計劃的已供款部分	**84**	179
		14,536	24,577
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	**14,536**	20,940
– Other key management personnel	– 其他主要管理人員	**–**	3,637
		14,536	24,577

Further details of the directors' remuneration are included in Note 9 to these financial statements.

董事酬金的進一步詳情載於此等財務報表附註9。

42. 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:

42. 按分類列示的金融工具

於報告期末，各類金融工具的賬面值如下：

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 2019 二零一九年 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	Total 總計 RMB'000 人民幣千元
Equity investments at fair value through profit or loss	按公平值計入損益的股權投資	19	27,611	–	–	27,611
Trade and bills receivables	貿易應收款項及應收票據	23	245,413	148,006	–	393,419
Derivative financial instruments	遞延金融工具	22	1,358	–	–	1,358
Financial assets included in deposits and other receivables	計入按金及其他應收款項的金融資產	20	–	68,033	–	68,033
Due from related companies	應收關連公司款項	24	–	745	–	745
Pledged time deposits	已抵押定期存款	25	–	499,346	–	499,346
Cash and cash equivalents	現金及現金等價物	25	–	884,448	–	884,448
			274,382	1,600,578	–	1,874,960

Group 本集團		Notes 附註	IAS 39 measurement category 國際會計準則第39號計量類別 2018 二零一八年 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	Total 總計 RMB'000 人民幣千元
Equity investments at fair value through profit or loss	按公平值計入損益的股權投資	19	43,886	–	–	43,886
Trade and bills receivables	貿易應收款項及應收票據	23	–	96,899	234,232	331,131
Derivative financial instruments	遞延金融工具	22	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	20	–	79,498	–	79,498
Due from related companies	應收關連公司款項	24	–	30,384	–	30,384
Pledged time deposits	已抵押定期存款	25	–	258,839	–	258,839
Cash and cash equivalents	現金及現金等價物	25	–	346,151	–	346,151
			61,605	811,771	234,232	1,107,608

42. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

42. 按分類列示的金融工具(續)

FINANCIAL LIABILITIES

金融負債

Group 本集團		Notes 附註	Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	26	**366,636**	282,825
Bills payable	應付票據	27	**809,050**	280,105
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	28	**1,180,407**	1,174,263
Due to related companies	應付關連公司款項	24	**7,543**	21,052
Loans from a non-controlling interest	非控股權益貸款	30	**48,670**	75,500
Interest-bearing bank and other borrowings	計息銀行及其他借款	31	**6,513,256**	5,342,891
Bonds payable	應付融資債券	33	**888,697**	692,833
Lease liabilities	租賃負債		**170,400**	–
			9,984,659	7,869,469

FINANCIAL ASSETS

金融資產

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 2019 二零一九年 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	19	**–**	**20,903**	**20,903**
Due from a subsidiary	應收附屬公司款項	24	**7,600**	**–**	**7,600**
Cash and cash equivalents	現金及現金等價物	25	**16,086**	**–**	**16,086**
			23,686	**20,903**	**44,589**

42. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

42. 按分類列示的金融工具(續)

FINANCIAL ASSETS (CONTINUED)

金融資產(續)

			IAS 39 measurement category 國際會計準則第39號計量類別		
			2018 二零一八年		
Company 本公司		Notes 附註	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	19	–	37,178	37,178
Due from a subsidiary	應收附屬公司款項	24	134,213	–	134,213
Cash and cash equivalents	現金及現金等價物	25	7,549	–	7,549
			141,762	37,178	178,940

FINANCIAL LIABILITIES

金融負債

			Financial liabilities at amortised cost 按攤銷成本列賬的金融負債	
			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Company 本公司		Notes 附註		
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	28	**24,695**	27,631
Due to a subsidiary	應付附屬公司款項	24	**–**	114,400
Interest-bearing bank and other borrowings	計息銀行及其他借款	31	**181,381**	178,443
			206,076	320,474

43. 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:

43. 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

下表截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 2019 二零一九年 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	**20,903**	**–**	**6,708**	**27,611**
Bills receivable	應收票據	**–**	**245,412**	**–**	**245,412**
Derivative financial instruments	衍生金融工具	**–**	**1,358**	**–**	**1,358**
Financial assets as at 31 December 2019	**於二零一九年十二月三十一日的金融資產**	**20,903**	**246,770**	**6,708**	**274,381**

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

43. 資產及負債的公平值(續)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

按公平值計量的資產及負債(續)

		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			
		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	–	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

		Company 本公司 2019 二零一九年 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	**20,903**	**–**	**–**	**20,903**
Financial assets as at 31 December 2019	**於二零一九年十二月三十一日的金融資產**	**20,903**	**–**	**–**	**20,903**

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

43. 資產及負債的公平值(續)

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

按公平值計量的資產及負債(續)

		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

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 and future are 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.

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

外匯掉期及期貨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。

43. 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 2019:

43. 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。

下文乃於二零一九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:

	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 at fair value through profit or loss) 按公平值計入損益的未上市股權投資	Valuation multiples 估值倍數	Average P/B multiple of peers 同行的平均市賬率倍數	2019:1.25 (2018: 1.2) 二零一九年:1.25 (二零一八年:1.2)	5% (2018: 5%) increase in multiple would result in increase in fair value by RMB306,000 (2018: RMB306,000) 倍數增加5%(二零一八年:5%),將導致公平值增加人民幣306,000元(二零一八年:人民幣306,000元)
		Discount for lack of marketability 缺乏適銷性的貼現	2019: 20% (2018: 20%) 二零一九年:20% (二零一八年:20%)	5% (2018: 5%) increase in discount would result in decrease in fair value by RMB76,000 (2018: RMB76,000) 貼現增加5%(二零一八年:5%),將導致公平值減少人民幣76,000元(二零一八年:人民幣76,000元)

43. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

LEVEL 3 FAIR VALUE MEASUREMENTS (CONTINUED)

(II) VALUATION POLICIES AND PROCEDURES (CONTINUED)

It is the Group's policy to engage external valuation expert to perform valuation of unquoted equity securities. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on 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 2019 and 31 December 2018.

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:

43. 資產及負債的公平值(續)

第三級公平值計量(續)

(II) 估值政策及程序

本集團的政策是聘請外部估值專家對未報價的股本證券進行估值。管理層負責選擇及聘用在評估標的、評估方法及國際財務報告準則第13號「公平值計量指引」方面具有相關證書與知識的評估專家。

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。

截至二零一九年及二零一八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。

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：

43. 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 (CONTINUED)

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 2019 was assessed to be insignificant.

The carrying amounts of lease liabilities approximate their fair values as its incremental borrowing rate ("IBR") used to measure lease liabilities is close to market rate of interests for similar arrangement with financial institutions.

LIABILITY MEASURED AT FAIR VALUE:

The Group had no financial liability measured at fair value as at 31 December 2019 and 31 December 2018.

44. 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.

43. 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(續)

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。於二零一九年十二月三十一日，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。

租賃負債的賬面值接近其公平值，因為用於計量租賃負債的增量借貸利率接近於與金融機構進行類似安排的市場利率。

按公平值計量的負債：

於二零一九年及二零一八年十二月三十一日，本集團並無按公平值計量的金融負債。

44. 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。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

44. 財政風險管理目標及政策(續)

(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。

44. 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

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.

44. 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

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。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(A) CREDIT RISK (CONTINUED)

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 23.

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.

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 2019, the Group's trade receivables of RMB672,000 (2018: RMB19,453,000) 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)

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23披露。

面對的信貸風險

於報告期末，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。

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。於二零一九年十二月三十一日，本集團貿易應收款項人民幣672,000元(二零一八年：人民幣19,453,000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。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

44. 財政風險管理目標及政策(續)

(B) LIQUIDITY RISK (CONTINUED)

(B) 流動資金風險(續)

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:

根據合約性非折現付款，本集團金融負債於報告期末的到期概況如下：

Group 本集團		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 2019	**於二零一九年十二月三十一日**					
Trade payables	貿易應付款項	**366,636**	**–**	**–**	**–**	**366,636**
Bills payable	應付票據	**809,050**	**–**	**–**	**–**	**809,050**
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	**1,084,254**	**99,307**	**–**	**–**	**1,183,561**
Due to related companies	應付關連公司款項	**7,543**	**–**	**–**	**–**	**7,543**
Loans from a non-controlling interest	非控股權益貸款	**26,171**	**23,670**	**–**	**–**	**49,841**
Interest-bearing bank and other borrowings	計息銀行及其他借款	**2,829,341**	**2,615,051**	**973,541**	**43,986**	**6,461,919**
Bonds payable	應付融資債券	**560,360**	**50,720**	**436,760**	**–**	**1,047,840**
Lease liabilities	租賃負債	**110,834**	**47,079**	**8,296**	**18,686**	**184,895**
		5,794,189	**2,835,827**	**1,418,597**	**62,672**	**10,111,285**
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
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
		4,639,647	3,097,701	234,932	–	7,972,280

44. 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:

44. 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,本公司金融負債於報告期末的到期概況如下:

Company 本公司		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 2019	**於二零一九年十二月三十一日**					
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	**17,608**	**–**	**–**	**–**	**17,608**
Interest-bearing bank and other borrowings	計息銀行及其他借款	**184,810**	**–**	**–**	**–**	**184,810**
		202,418	**–**	**–**	**–**	**202,418**
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

(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.

(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。

44. 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.

44. 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。

Group 本集團		Increase in basis points 基點增加	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest expense	利息開支			
RMB	人民幣	10	**(177)**	(4,405)
USD	美元	10	**(1)**	(218)
Interest income	利息收入			
RMB	人民幣	10	**10**	507
USD	美元	10	**–**	5
HKD	港元	10	**–**	3

44. 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:

44. 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。於報告期末，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：

Group 本集團		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
SGD	新加坡元	**84**	353
USD	美元	**(153,647)**	(250,371)
HKD	港元	**2,158**	2,356
		(151,405)	(247,662)

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.

下表顯示在所有其他可變因素保持不變下，本集團溢利(已扣除税項及權益)對新加坡元、美元及港元(兑人民幣)的匯率的合理可能變動的敏感度。

Group 本集團				2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
SGD	– strengthened 5% (2018: 5%)	新加坡元	– 轉強 5%(二零一八年：5%)	**4**	18
	– weakened 5% (2018: 5%)		– 轉弱 5%(二零一八年：5%)	**(4)**	(18)
USD	– strengthened 2% (2018: 2%)	美元	– 轉強 2%(二零一八年：2%)	**(3,073)**	(5,007)
	– weakened 2% (2018: 2%)		– 轉弱 2%(二零一八年：2%)	**3,073**	5,007
HKD	– strengthened 1% (2018: 1%)	港元	– 轉強 1%(二零一八年：1%)	**22**	39
	– weakened 1% (2018: 1%)		– 轉弱 1%(二零一八年：1%)	**(22)**	(39)

45. 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 2019 and 31 December 2018.

As disclosed in Note 36, subsidiaries of the Group in the PRC are required by the Wholly Foreign Owned Enterprise Law 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 2019 and 31 December 2018.

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 and lease liabilities 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。截至二零一九年及二零一八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中國外商獨資企業法的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二零一九年及二零一八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、其他應付款項及租賃負債，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。

45. CAPITAL MANAGEMENT (CONTINUED)

45. 資本管理(續)

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	**366,636**	282,825
Bills payable	應付票據	**809,050**	280,105
Contract liabilities	合約負債	**582,181**	689,951
Accruals and other payables	應計費用及其他應付款項	**1,198,812**	1,185,463
Due to related companies	應付關連公司款項	**7,543**	21,052
Loans from a non-controlling interest	非控股權益貸款	**48,670**	75,500
Interest-bearing bank and other borrowings	計息銀行及其他借款	**6,513,256**	5,342,891
Bonds payable	應付融資債券	**888,697**	692,833
Lease liabilities	租賃負債	**170,400**	–
Less: Cash and cash equivalents	減：現金及現金等價物	**(884,448)**	(346,151)
Pledged time deposits	已抵押定期存款	**(499,346)**	(258,839)
Net debt	負債淨額	**9,201,451**	7,965,630
Equity attributable to owners of the parent	母公司擁有人應佔權益	**4,235,241**	3,921,814
Less: Statutory reserve fund	減：法定儲備金	**(145,518)**	(45,753)
Adjusted capital	經調整資本	**4,089,723**	3,876,061
Capital and net debt	資本及負債淨額	**13,291,174**	11,841,691
Gearing ratio	資本負債比率	**69.23%**	67.27%

46. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

46. 於附屬公司的投資

		Company 本公司	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Investments in subsidiaries	於附屬公司的投資	**1,620,755**	1,620,755

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.*# 河南心連心化學工業集團股份有限公司*#	PRC/Mainland China 中國／中國內地	RMB1,845,480,000 人民幣 1,845,480,000元	78.37%	–	–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
Xinjiang Xinlianxin Energy Chemical Co., Ltd.@# ("Xinjiang XLX") 新疆心連心能源化工有限公司@# (「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	–	78.37%	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
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	–	78.37%	Manufacture and trading of compound fertiliser 製造及銷售複合肥
Manas Tianli Coal Co., Ltd. ("Tianli")@# 瑪納斯天利煤業有限責任公司 (「天利」)@#	PRC/Mainland China 中國／中國內地	RMB114,000,000 人民幣 114,000,000元	–	78.37%	Coal mining and sales of coal 煤礦開採及煤炭銷售
Manas Tianxin Coal Co., Ltd. ("Tianxin")@# 瑪納斯天欣煤業有限責任公司 (「天欣」)@#	PRC/Mainland China 中國／中國內地	RMB580,000,000 人民幣 580,000,000元	–	78.37%	Coal mining and sales of coal 煤礦開採及煤炭銷售

46. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

46. 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	
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	–	78.37%	Trading of urea and compound fertiliser 銷售尿素及複合肥
Jiujiang Xinlianxin Fertiliser Co., Ltd. ("Jiujiang XLX")@# 九江心連心化肥有限公司(「九江心連心」)@#	PRC/Mainland China 中國／中國內地	RMB1,000,000,000 人民幣1,000,000,000元	–	78.37%	Manufacture and trading of urea and compound fertiliser 製造及銷售尿素及複合肥
Henan Nongxin Fertiliser Co., Ltd. ("Nongxin")@# 河南農心肥業有限公司(「農心」)@#	PRC/Mainland China 中國／中國內地	RMB37,000,000 人民幣37,000,000元	–	78.37%	Manufacture and trading of compound fertiliser and related products 製造及銷售複合肥及相關產品
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	–	78.37%	Selling and distributing electricity 銷售及分銷電力
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	–	78.37%	Testing equipments 檢測設備
Henan Hydrogenpower Energy Co., Ltd.*# 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	100.00%	–	Producing and selling furfuralcohol 制造及銷售糠醇
Henan Xinlianxin Blue Environmental Protection Technology Co., Ltd.*# 河南心連心藍色環保科技有限公司*#	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	–	78.37%	Producing and selling vehicles urea solution 製造及銷售車用尿素溶液
Jiujiang Xinlianxin Blue Environmental Protection Technology Co., Ltd.*# (note b) 九江心連心藍色環保科技有限公司*#(附註b)	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	–	78.37%	Producing and selling vehicles urea solution 製造及銷售車用尿素溶液
Harvest international Business Limited (note a)(附註a)	HK/Hongkong 香港	HKD5,000,000 5,000,000港元	–	78.37%	International business and trading 國際業務及貿易

46. INVESTMENTS IN SUBSIDIARIES (CONTINUED) 46. 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 Xinlianxin Tailan Environmental Protection Technology Co., Ltd.*# 河南心連心泰藍環保科技有限公司*#	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣 10,000,000 元	–	39.97%	Selling vehicles urea solution 銷售車用尿素溶液
Henan Black Ecological Technology Co., Ltd.*# 河南黑色生態科技有限公司*#	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣 20,000,000 元	–	44.98%	Manufacture and trading of humic acid 製造及銷售腐植酸
Xinjiang Black Ecological Co., Ltd.*# Technology 新疆黑色生態科技股份有限公司*#	PRC/Mainland China 中國／中國內地	RMB85,000,000 人民幣 85,000,000 元	–	44.98%	Selling humic acid 銷售腐植酸
Henan Shenleng Energy Co., Ltd.*# (note c) 河南心連心深冷能源股份有限公司*# (附註c)	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣 100,000,000 元	–	42.25%	Manufacture and trading of gas 製造及銷售燃氣
Henan Shenleng Gas Co., Ltd.*# (note c) 河南深冷氣體有限公司*#(附註c)	PRC/Mainland China 中國／中國內地	RMB1,000,000 人民幣 100,000,000 元	–	42.25%	Selling gas 銷售燃氣
Xinjiang Shenleng Gas Co., Ltd.*# (note c) 心連心深冷氣體有限公司*#(附註c)	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣 200,000,000 元	–	42.25%	Manufacture and trading of gas 製造及銷售燃氣
Jiangxi Shenleng Gas Co., Ltd.*# (note c) 江西深冷氣體有限公司*#(附註c)	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣 100,000,000 元	–	42.25%	Manufacture and trading of gas 製造及銷售燃氣
Henan Heli Energy Co., Ltd.*# 河南禾力能源股份有限公司*#	PRC/Mainland China 中國／中國內地	RMB78,000,000 人民幣 78,000,000 元	51.25%	–	Manufacture and trading of furaldehyde 生產及銷售糠醛
Xinxiang Huineng Yuyuan Power Generation Co., Ltd.*# 新鄉市匯能玉源發電有限公司*#	PRC/Mainland China 中國／中國內地	RMB30,000,000 人民幣 30,000,000 元	51.25%	–	Distribution and selling of electricity 分銷及銷售電力

46. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

46. 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	
Urumqi Black Ecological Technology Co., Ltd.*# (note c) 烏魯木齊黑色生態科技有限公司*#(附註c)	PRC/Mainland China 中國／中國內地	RMB35,000,000 人民幣35,000,000元	–	44.98%	Manufacture and trading of humic acid 製造及銷售腐植酸
Xinxiang Agriculture Development Co., Ltd.*# (note a) 新鄉縣心連心農業開發有限公司*#(附註a)	PRC/Mainland China 中國／中國內地	RMB1,000,000 人民幣1,000,000元	–	78.37%	Agricultural production 農業生產
Henan XinlianxinInternational Business and Trade Co., Ltd.*# (note a) 河南心連心國際商業和貿易有限公司*#(附註a)	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	–	78.37%	International business and trading 國際商業及貿易
Shanghai Yibo Water Technique Co., Ltd.*# (note a) 上海益波水務科技有限公司*#(附註a)	PRC/Mainland China 中國／中國內地	RMB200,000,000 人民幣200,000,000元	–	78.37%	Technological development 技術開發
Jiujiang Yibo Water Technique Co., Ltd.*# (note e) 九江益波水務科技有限公司*#(附註e)	PRC/Mainland China 中國／中國內地	RMB200,000,000 人民幣200,000,000元	–	78.37%	Technological development 技術開發
Henan Xinxing Chemical Co., Ltd.*# (note d) 河南省心興化工有限公司*#(附註d)	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100.00%	–	Producing and selling chemical production 生產及銷售化工產品
Jiujiang Pengcheng Power Co., Ltd.*# 九江彭誠電力有限公司*#	PRC/Mainland China 中國／中國內地	RMB35,000,000 人民幣35,000,000元	–	78.37%	Distribution and selling of electricity 分銷及銷售電力

* The subsidiary is registered as a wholly-foreign-owned enterprise under PRC law.

* 該附屬公司是根據中國法律註冊成立的外商獨資企業。

@ These subsidiaries are established in the PRC and registered under PRC law.

@ 該等附屬公司於中國成立並根據中國法例註冊。

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46. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

(a) On 18 January 2019, 21 June 2019, 15 July 2019, and 9 Oct 2019 Henan XLX established four new subsidiaries named Xinxiang Agriculture Development Co., Ltd., Henan Xinlianxin International Business and Trade Co., Ltd., Shanghai Yibo Water Technique Co., Ltd. and Harvest International Business Limited with registered capital of RMB1,000,000, RMB10,000,000, RMB200,000,000 and HKD5,000,000 respectively. The main business of these subsidiaries are Agricultural production, International business and trading and Technological development respectively.

(b) On 05 November 2019, Henan XLX Blue Environmental Protection Technology established a new subsidiary named Jiujiang Xinlianxin Blue Environmental Protection Technology Co., Ltd. with a registered capital of RMB20,000,000. The main business of the subsidiary is producing and selling vehicles urea solution.

(c) Urumqi Black Ecological Technology Co., Ltd , Henan Shenleng Energy Co., Ltd., Henan Shenleng Gas Co., Ltd, Xinjiang Shenleng Gas Co., Ltd and Jiangxi Shenleng Gas Co., Ltd were purchased from third parties. Details please refer to Note 38 Business combinations.

(d) On 15 November 2019, China XLX established a new subsidiary named Henan Xinxing Chemical Co., Ltd. with a registered capital of RMB50,000,000. The main business of the subsidiary is producing and selling chemical production.

(e) On 23 July 2019, Shanghai Yibo established a new subsidiary named Jiujiang Yibo Water Technique Co., Ltd. with a registered capital of RMB200,000,000. The main business of the subsidiary is technological development.

46. 於附屬公司的投資(續)

附註：

(a) 於二零一九年一月十八日、二零一九年六月二十一日、二零一九年七月十五日及二零一九年十月九日，河南心連心新成立四家附屬公司，名稱為新鄉縣心連心農業開發有限公司、河南心連心國際商業和貿易有限公司、上海益波水務科技有限公司及Harvest International Business Limited，註冊資本分別為人民幣1,000,000元、人民幣10,000,000元、人民幣200,000,000元及5,000,000港元。該等附屬公司的主要業務分別是農業生產、國際商業和貿易以及技術開發。

(b) 於二零一九年十一月五日，河南心連心藍色環保科技有限公司新成立一家附屬公司，名稱為九江心連心藍色環保科技有限公司，註冊資本為人民幣20,000,000元。該附屬公司的主要業務是製造及銷售車用尿素溶液。

(c) 烏魯木齊黑色生態科技有限公司、河南心連心深冷能源股份有限公司、河南深冷氣體有限公司、心連心深冷氣體有限公司及江西深冷氣體有限公司均購自第三方。詳情請參閱附註38業務合併。

(d) 於二零一九年十一月十五日，中國心連心新成立一家附屬公司，名稱為河南省心興化工有限公司，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化工產品。

(e) 於二零一九年七月二十三日，上海益波新成立一家附屬公司，名稱為九江益波水務技術有限公司，註冊資本為人民幣200,000,000元。該附屬公司的主要業務是技術開發。

47. EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of the Coronavirus Disease 2019 ("COVID-19") in January 2020, the prevention and control of the COVID-19 has been going on throughout China.

The COVID-19 situation has certain temporary impacts on the Group's production and operation. The degree of the impact depends on the levels of the epidemic preventive measures, the duration of the epidemic and the implementation of regulatory policies. The Company and its subsidiaries have implemented strict measures in epidemic prevention.

The Group will keep continuous attention on the COVID-19 situation, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the report, the assessment is still in progress.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2020.

47. 報告期後事項

自從二零二零年一月份2019冠狀病毒(「COVID-19」)爆發以來，中國各地一直在預防和控制COVID-19。

COVID-19的狀況會對本集團的生產和運營產生若干暫時性影響。影響程度取決於防疫措施層級、疫情持續時間以及監管政策的實施。本公司及其附屬公司在防疫方面採取嚴格措施。

本集團將繼續關注COVID-19的狀況，評估其對本集團財務狀況和經營業績的影響，並做出積極反應。截至本報告日期，評估仍在進行中。

48. 批准財務報表

董事會已於二零二零年三月三十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				
		2019 二零一九年 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	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
Results	**業績**					
Revenue	**收入**	**8,928,255**	9,194,676	7,561,547	5,710,698	5,788,181
Cost of sales	銷售成本	**(6,987,218)**	(6,955,245)	(5,974,597)	(4,687,090)	(4,464,611)
Gross profit	**毛利**	**1,941,037**	2,239,431	1,586,950	1,023,608	1,323,570
Other income and gains	其他收入及收益	**160,349**	112,716	87,594	69,985	80,699
Selling and distribution expenses	銷售及分銷開支	**(515,827)**	(508,048)	(482,909)	(435,334)	(347,186)
General and administrative expenses	一般及行政開支	**(661,442)**	(496,623)	(415,467)	(318,612)	(317,496)
Other expenses	其他開支	**(16,712)**	(223,416)	(5,600)	(33,192)	(33,181)
Impairment losses on financial assets	金融資產減值虧損	**(10,007)**	(22,241)	–	–	–
Share of profits of associates	應佔聯營公司溢利	**2,298**	657	–	–	–
Finance costs	財務成本	**(374,076)**	(325,329)	(285,851)	(266,366)	(228,190)
Profit before tax	**除税前溢利**	**525,620**	777,147	484,717	40,089	478,216
Income tax expense	所得税開支	**(111,557)**	(121,833)	(61,185)	(11,054)	(69,945)
Profit for the year	**本年度溢利**	**414,063**	655,314	423,532	29,035	408,271
Attributable to:	以下人士應佔：					
Owners of the parent	母公司擁有人	**316,495**	624,932	397,778	30,120	408,780
Non-controlling interests	非控股權益	**97,568**	30,382	25,754	(1,085)	(509)
		414,063	655,314	423,532	29,035	408,271
Assets, liabilities and non-controlling interests	**資產、負債及非控股權益**					
Total assets	總資產	**16,490,865**	13,655,296	11,905,762	10,919,995	10,835,284
Total liabilities	總負債	**(10,769,185)**	(8,742,497)	(8,255,808)	(7,637,034)	(7,834,267)
Non-controlling interests	非控股權益	**(1,486,439)**	(990,985)	(283,279)	(247,174)	–
		4,235,241	3,921,814	3,366,675	3,035,787	3,001,017

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
"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
"FY2019"	The financial year ended 31 December 2019	「二零一九財政年度」	指	截至二零一九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

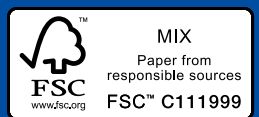
Glossary
詞彙表

"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

心连心

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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