High-Efficiency Fertilisers in China

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ANNUAL REPORT 2018 Ë

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China [redacted] Ltd

Chairman's Statement85:jP

Management Discussion and Analysis
M#4)±

Management Discussion and Analysis

M#4)±

Corporate Governance Report

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A2. BOARD COMPOSITION

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

Executive Directors:

Mr. Liu Xingxu	*(Chairman of the Board and Member of the NC)*
Mr. Zhang Qingjin (Note)	*(Chief Executive Officer)*
Ms. Yan Yunhua (Note)	*(Chief Financial Officer)*

Non-executive Director:

Mr. Zheng Jiaqi

Independent Non-executive Directors:

Mr. Ong Kian Guan	*(Chairman of the AC, Member of the RC and the NC)*
Mr. Li Shengxiao	*(Chairman of the NC, Member of the AC and the RC)*
Mr. Ong Wei Jin	*(Chairman of the RC, Member of the AC and the NC)*
Mr. Li Hongxing	*(Member of the AC, the RC and the NC)*

Note: Subsequent to the year end, on 18 March 2019, Mr. Zhang Qingjin resigned and Mr. Ma Tongsheng was appointed as the Chief Executive Officer of the Company; and Ms. Yan Yunhua

Corporate Governance Report

A7. MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

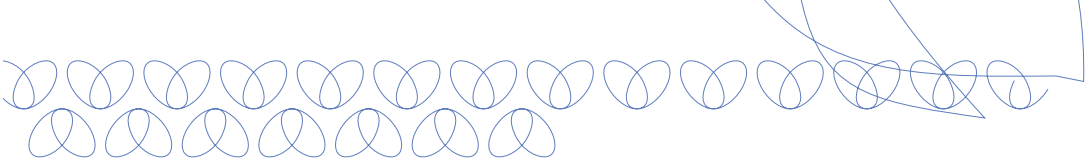
In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify the Directors and relevant employees in advance.

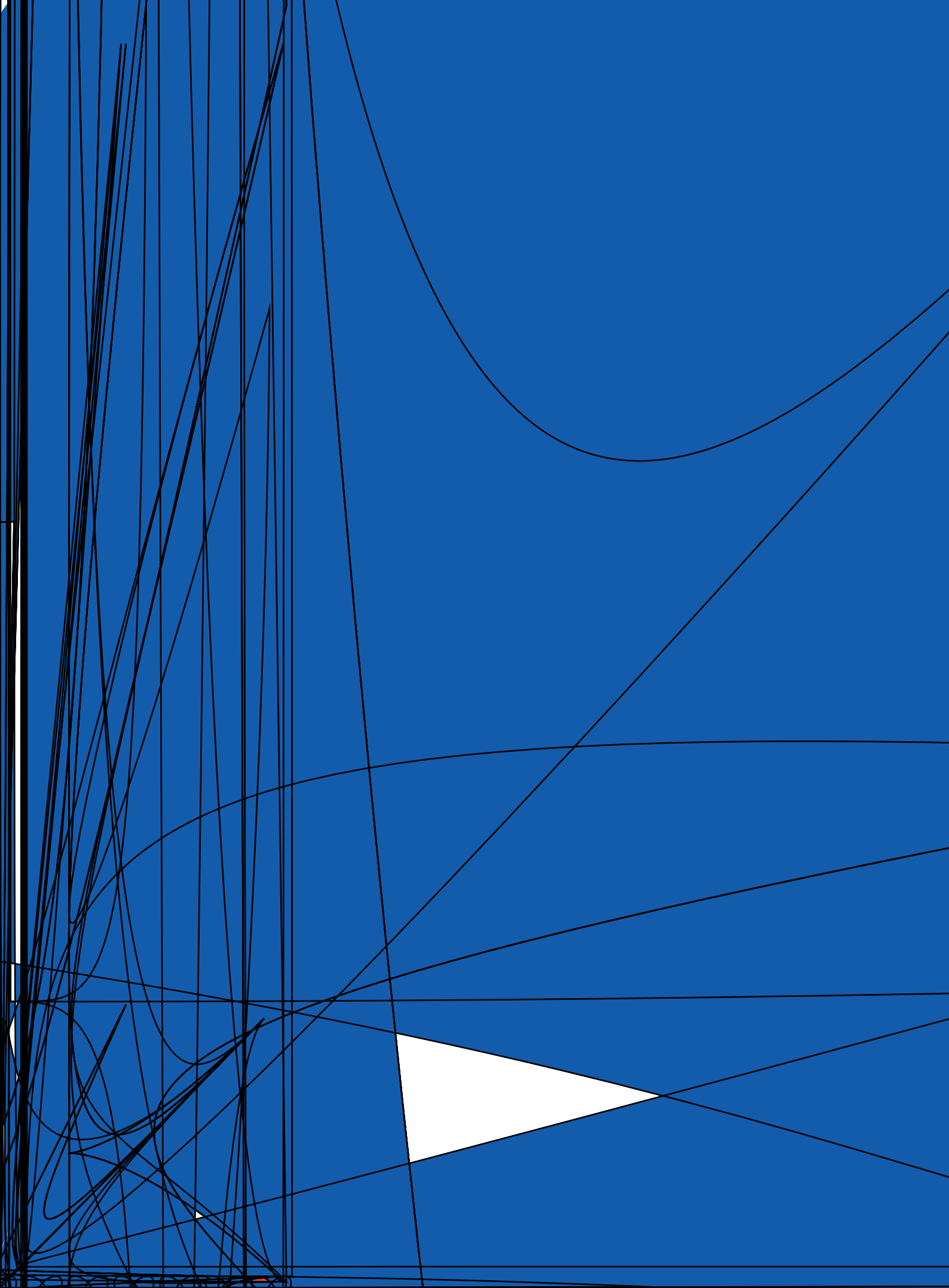
A8. CORPORATE GOVERNANCE FUNCTIONS

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

A7. 進行證券交易的標準守則

本公司已採納標準守則(上市規則附錄10





Corporate Governance Report

Corporate Governance Report

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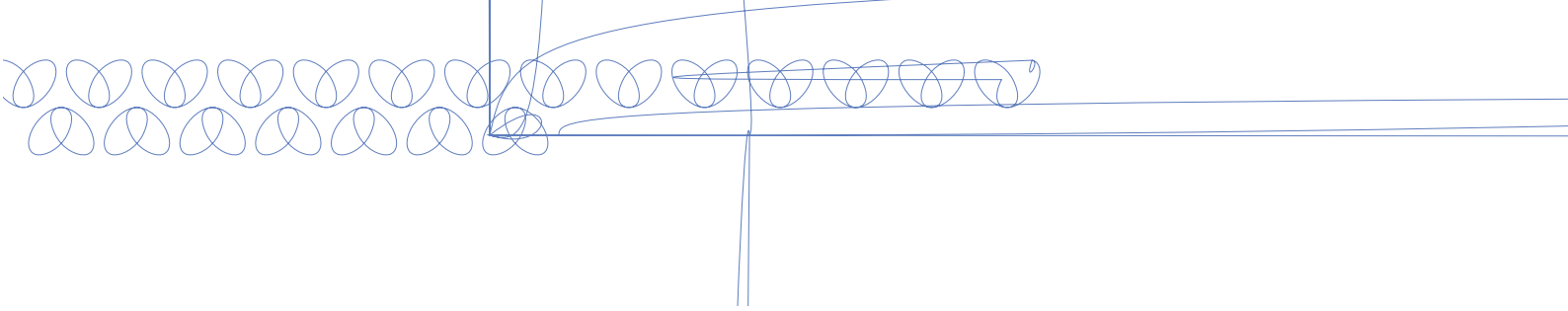
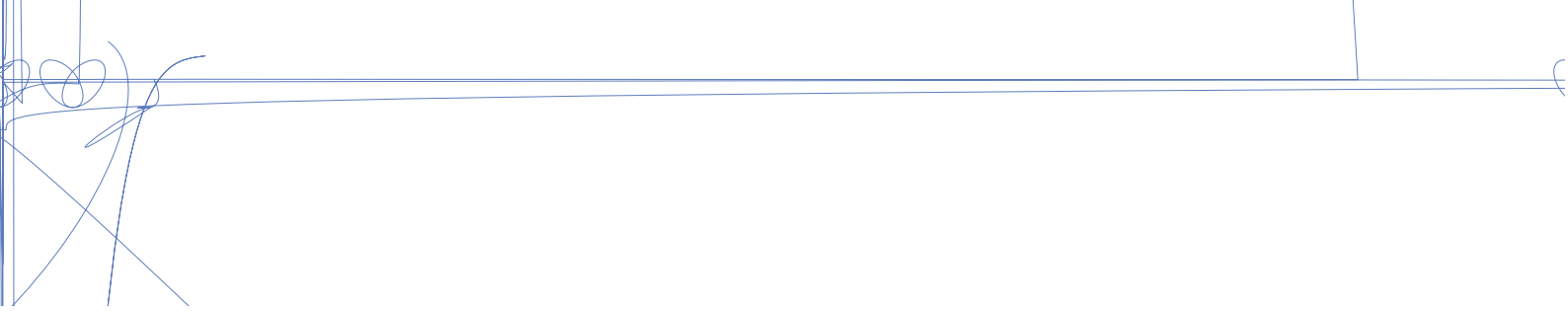
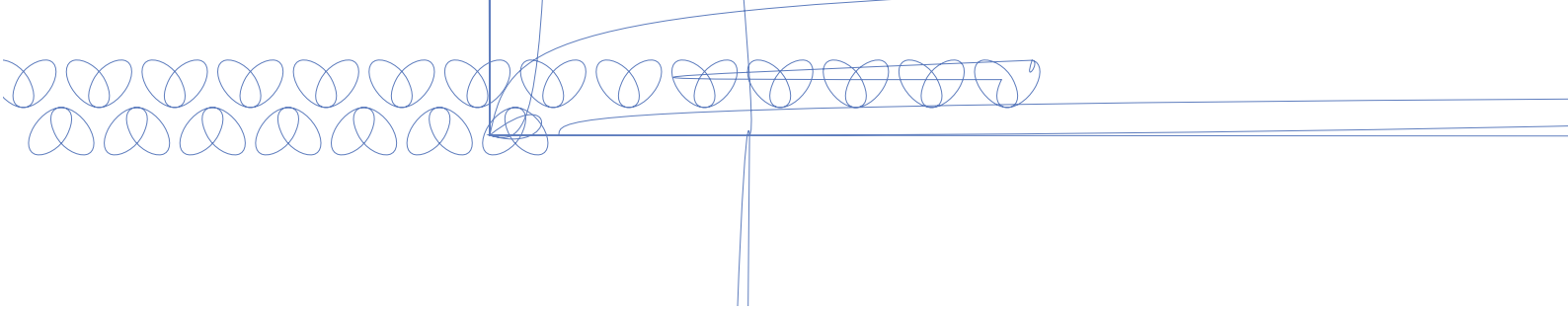
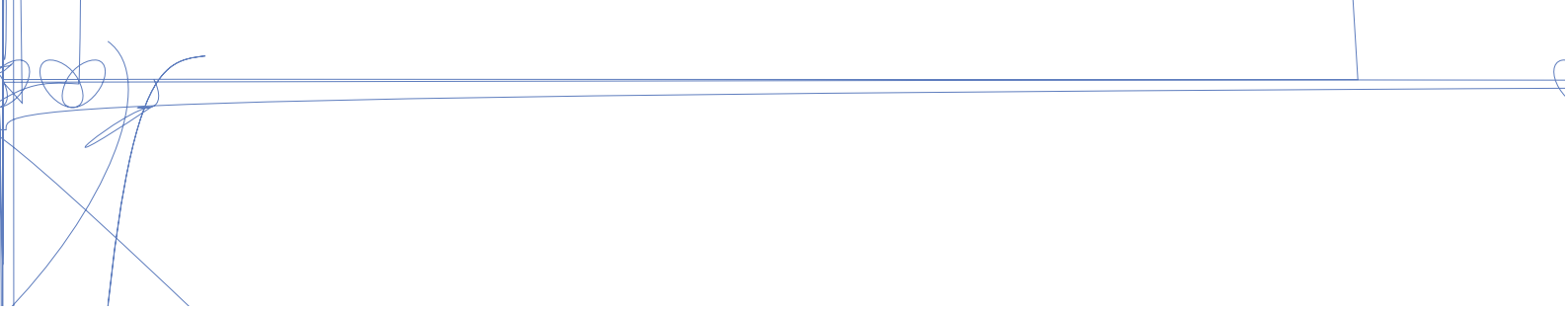
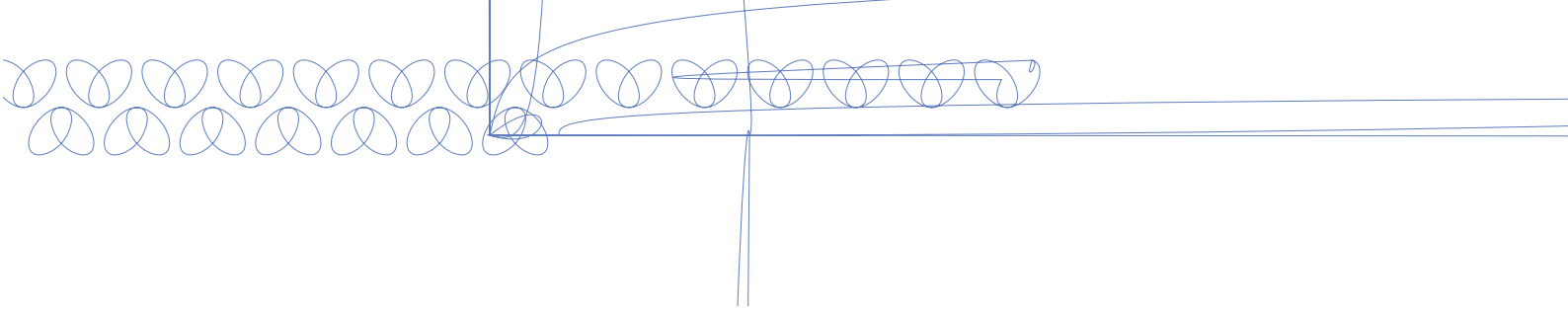
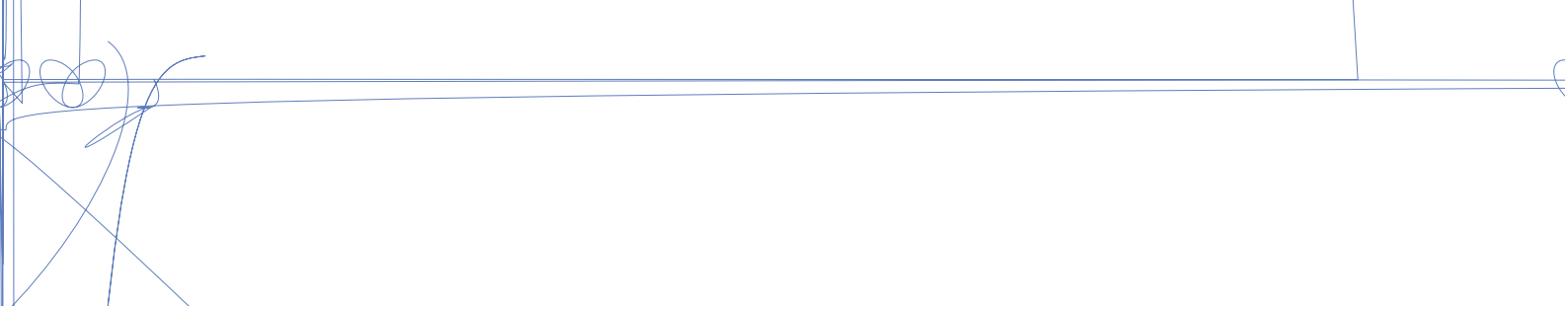


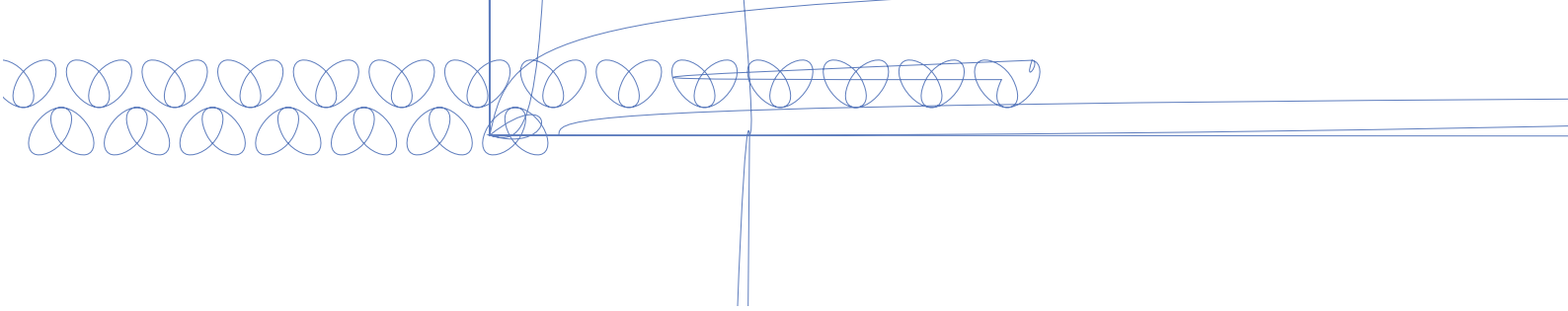


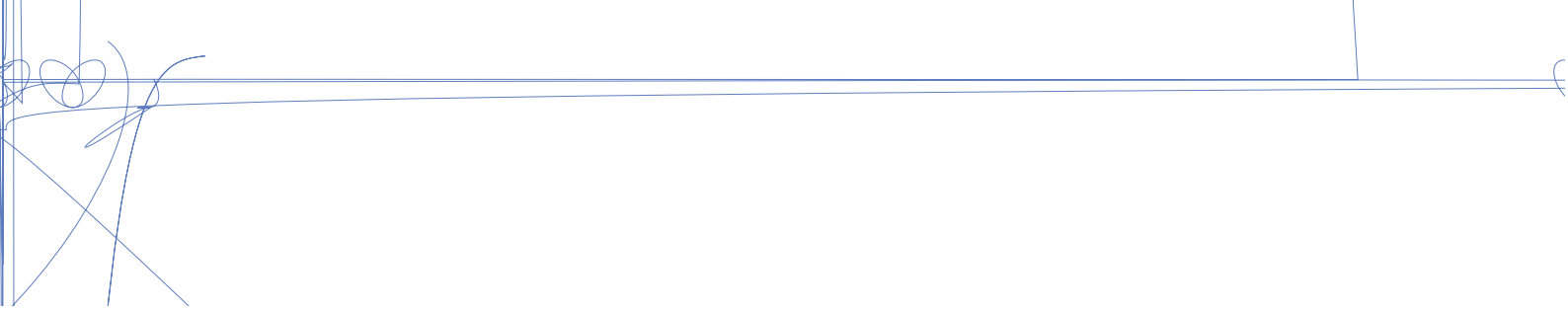


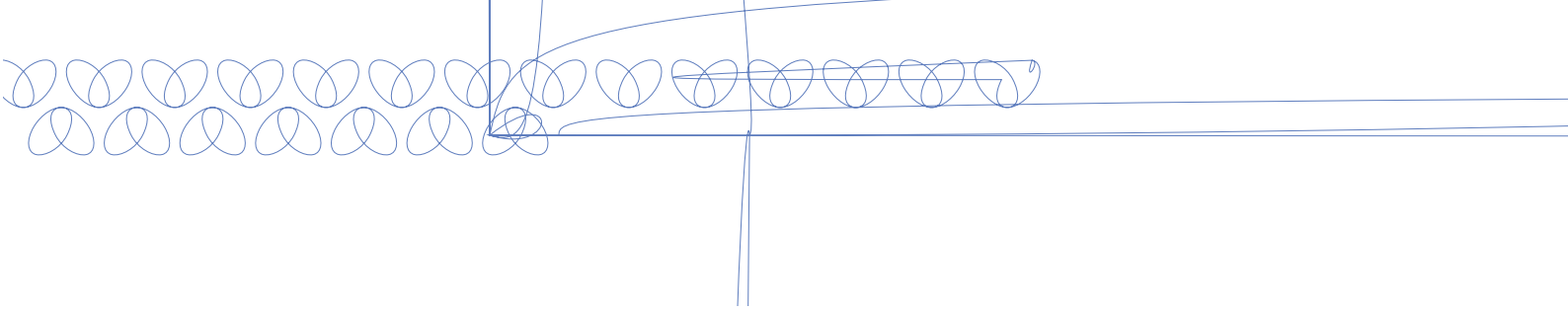


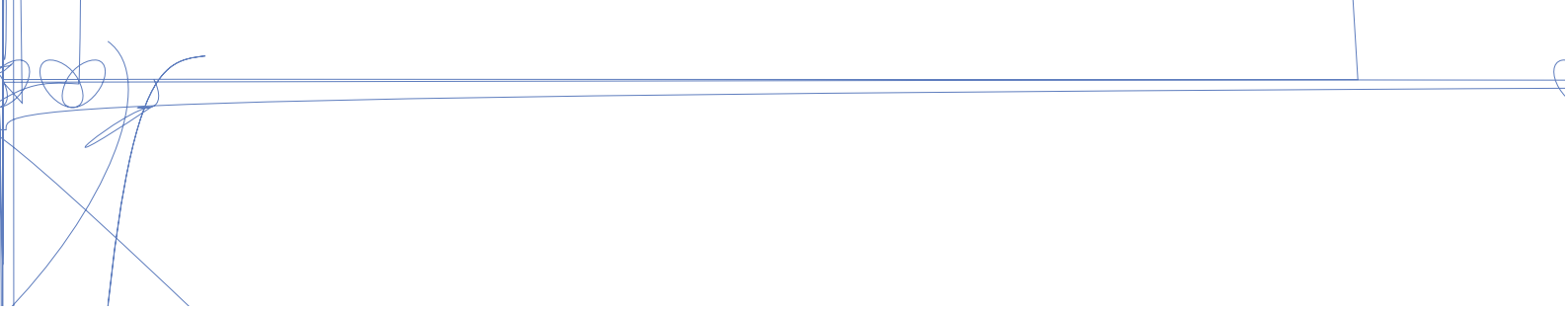


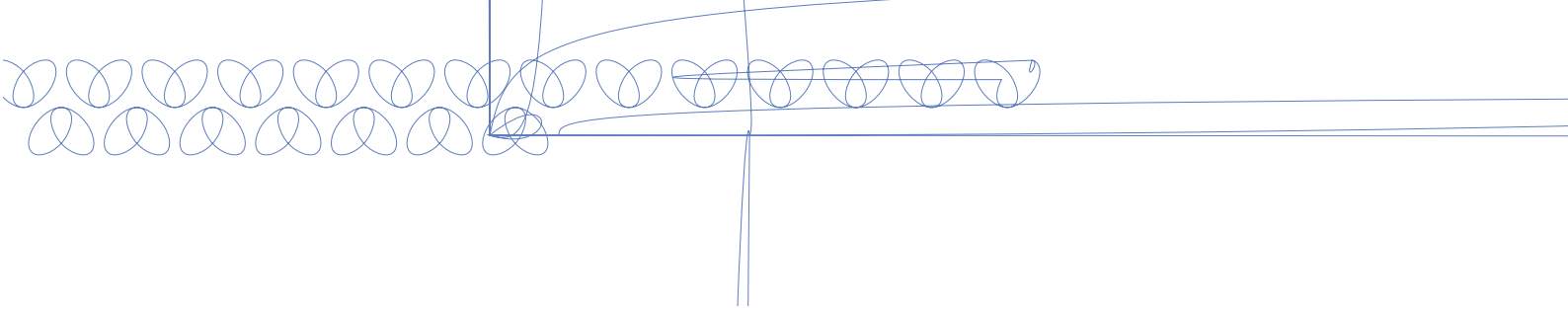


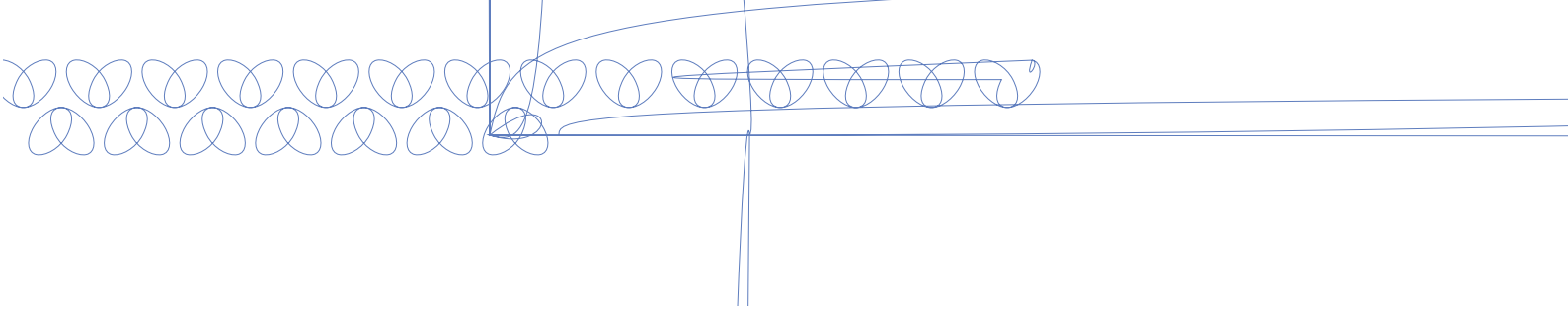


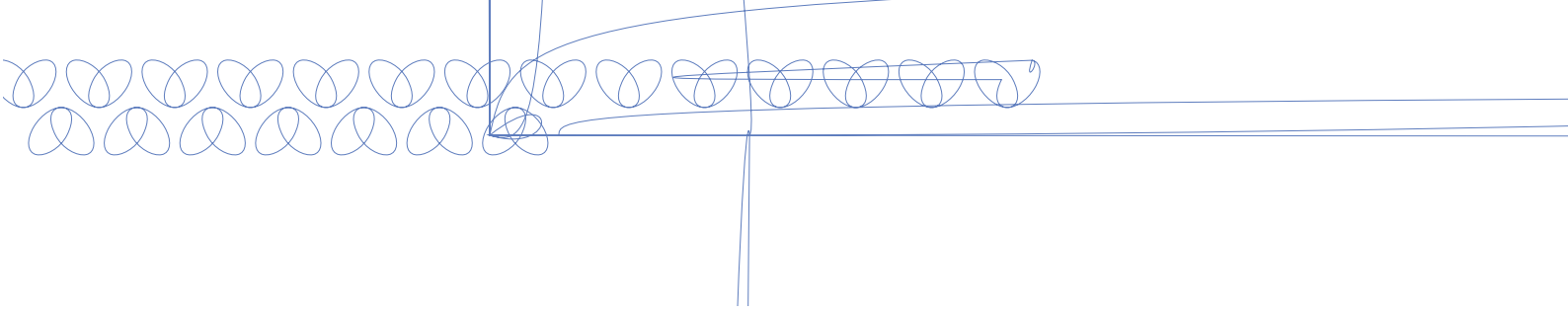












KEY AUDIT MATTERS

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2018

Statements of Financial Position

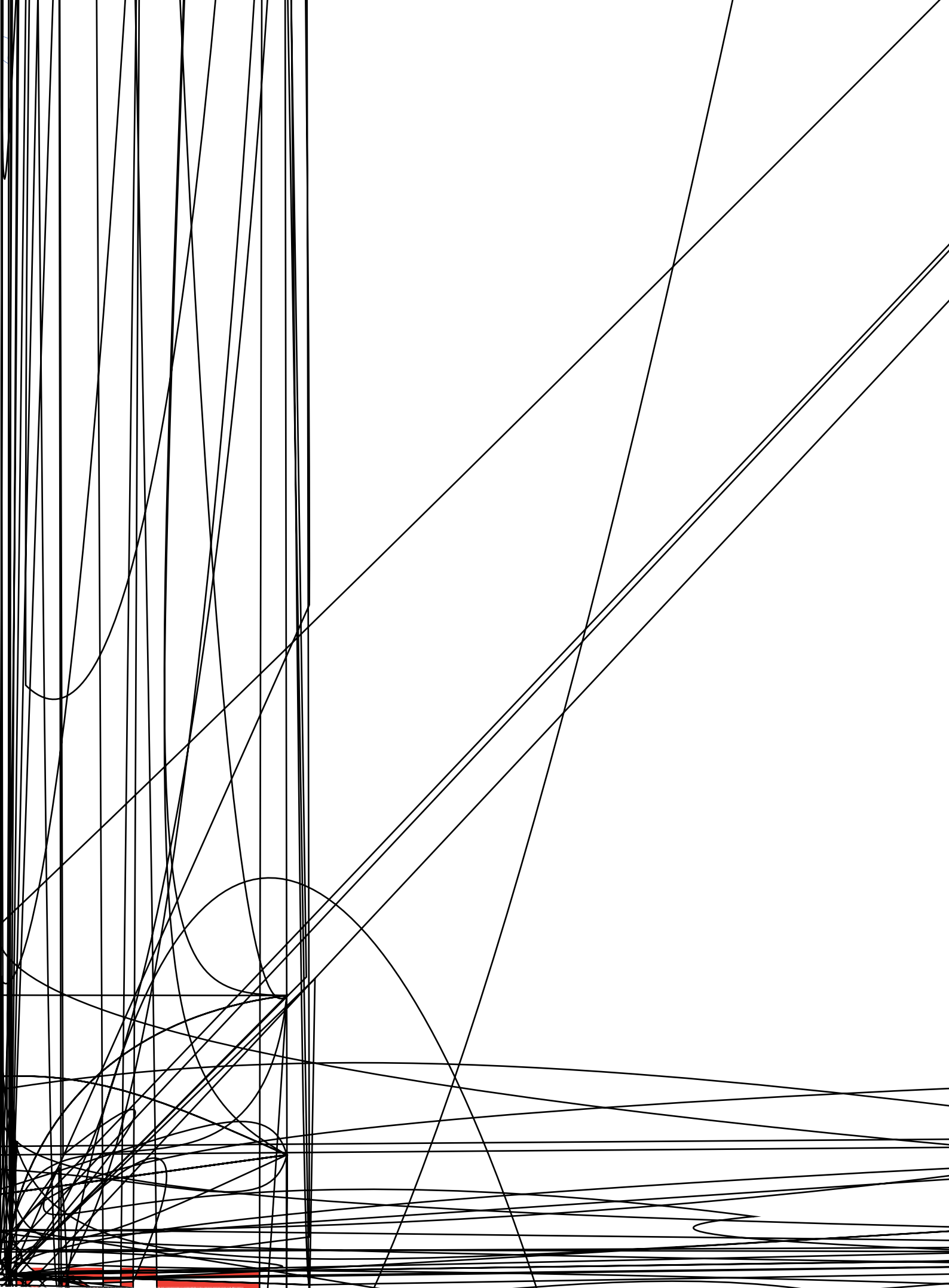
ÌK1ŒÆ *As as 31 December 2018 ãgSÆZÿdSÚ*

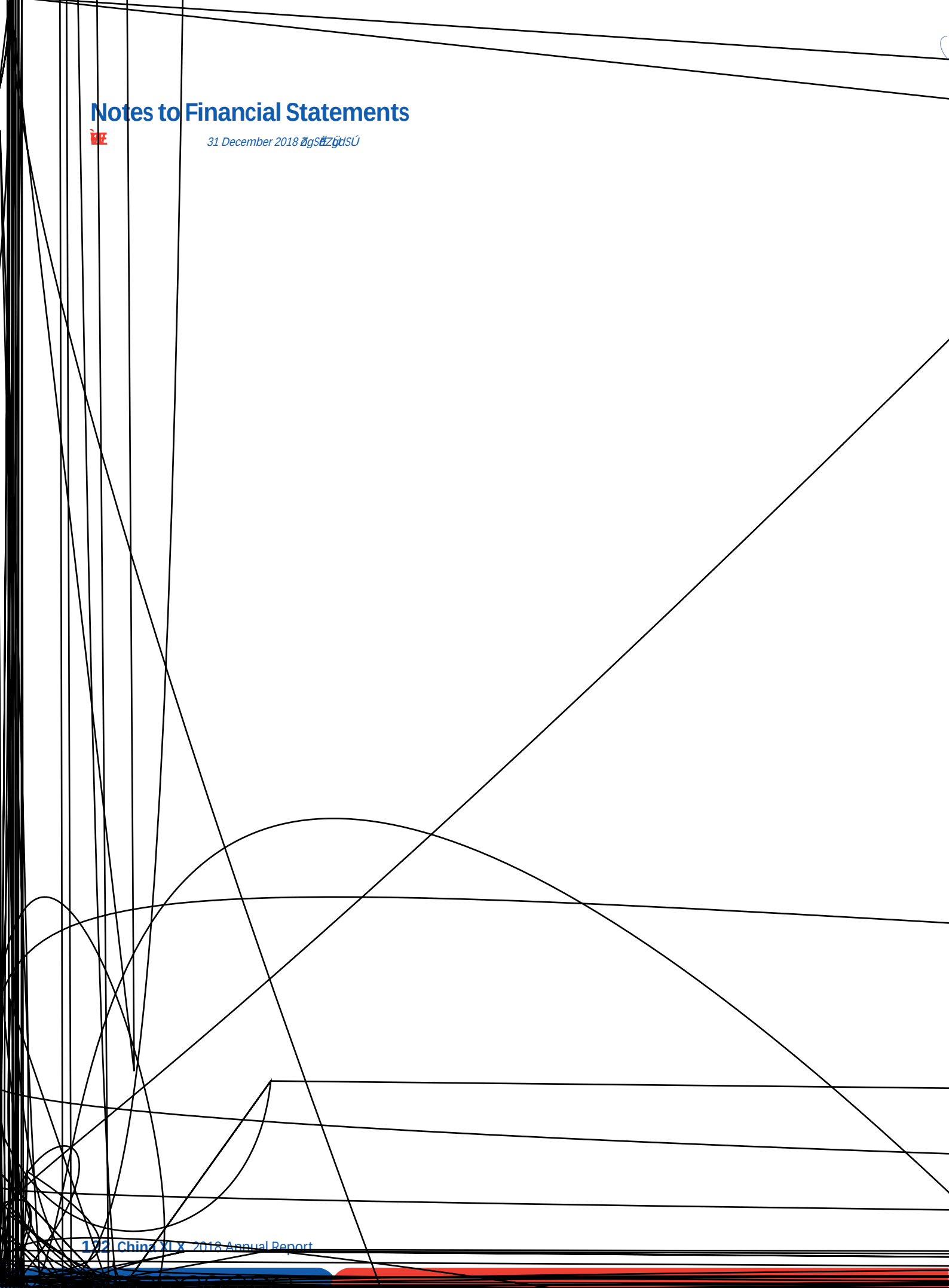
Statements of Changes in Equity

For the financial year ended 31 December 2018

		Attributable to owners of the Company							
	Notes	Share capital (Note 35)	Convertible bonds (Note 33)	Available-for-sale investment revaluation reserve	Statutory reserve fund (Note 36)	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group									
At 1 January 2017		881,124	322,436	505	285,412	1,546,310	3,035,787	247,174	3,282,961
Profit for the year		–	–	–	–	397,778	397,778	25,754	423,532
Other comprehensive income for the year:									
Change in fair value of an available-for-sale investment	18	–	–	(1,507)	–	–	(1,507)	–	(1,507)
Total comprehensive income for the year		–	–	(1,507)	–	397,778	396,271	25,754	422,025
Acquisition of non-controlling interest		–	–	–	–	(10,351)	(10,351)	10,351	–
Cancellation of shares	35	(8,545)	–	–	–	–	(8,545)	–	(8,545)
Transfer to statutory reserve fund	36	–	–	–	42,381	(42,381)	–	–	–
Final 2016 dividend paid	[1]	–	–	–	–	(40,000)	(40,000)	–	(40,000)
Convertible bonds interest	[1]	33	–	6,487	–	–	(6,487)	–	–
Payment of convertible bonds interest	[1]		–	(6,487)	–	–	–	(6,487)	–	(6,487)
At 31 December 2017			872,579	322,436	(1,002)	327,793	1,844,869	3,366,675	283,279	3,649,954

2018





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. 6A?

外幣交易

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

因於申報期末清償貨幣項目或換算貨幣項目而產生的匯兌差額乃在損益賬內確認。

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

關連方

倘下列任何條件適用，與本集團有關聯之一方：

(a) %[DY6n dò

  (i) › S[k«

  (ii) Á«HÞ3 þ i Ð

  (iii) %N® Y6M#ÞYÓ

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.

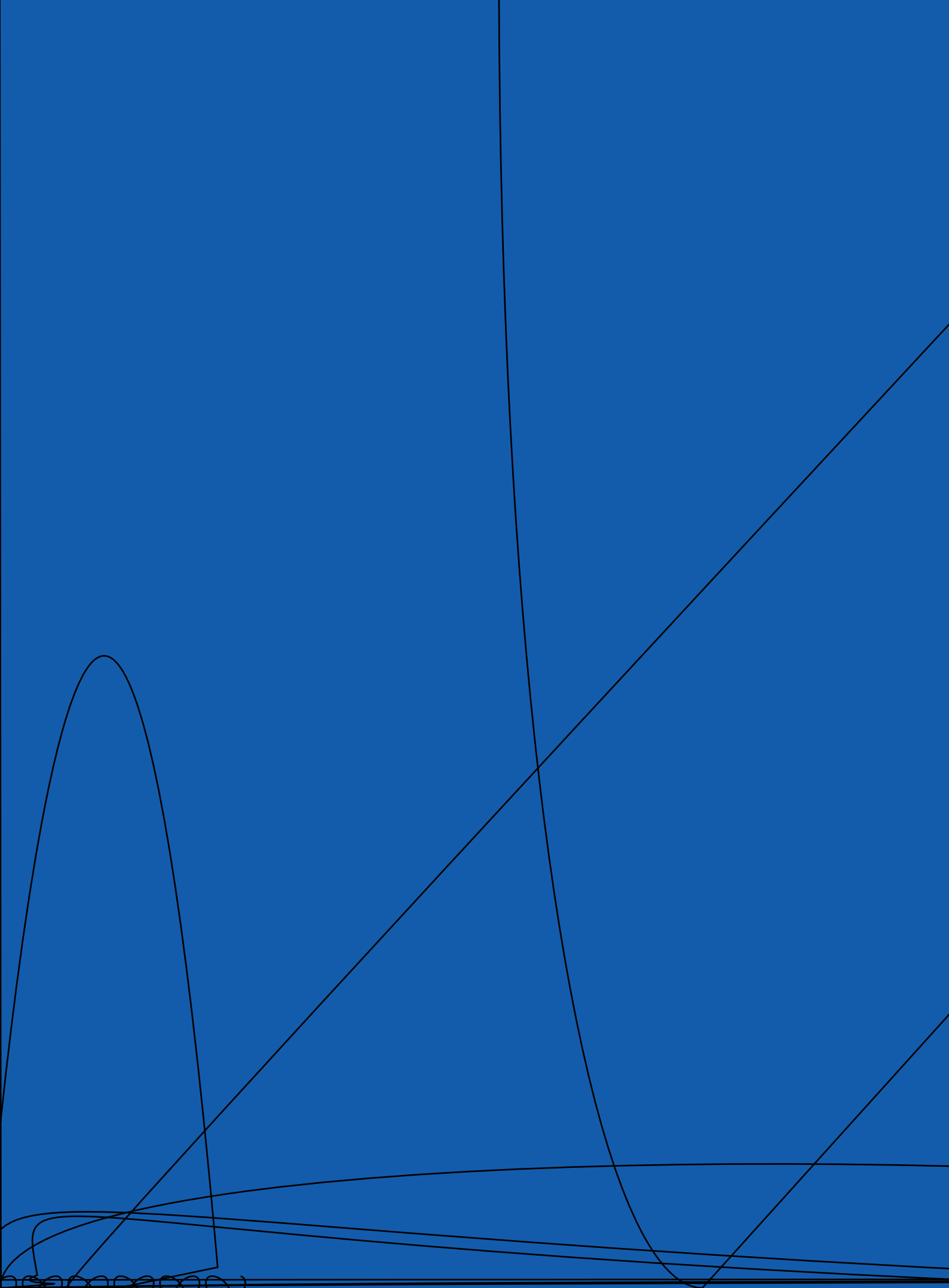
3. 6A?

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



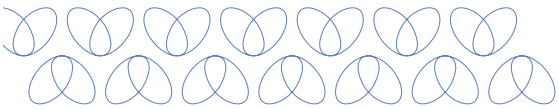
INFORMATION

19. [illegible]

	2018 Company [illegible]MB'000	2017 [illegible]MB'000
[illegible]	[illegible]Current[illegible]Prepayments	1,546	4,805

Xinxiang Xinlianxin Chemicals Equipment Co., Ltd.. Further details are set out in Note 40(a)(iii).

Co., Ltd.. Fuutheudetails aueset out in Note 40(a)(i).



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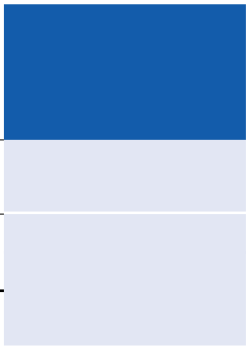

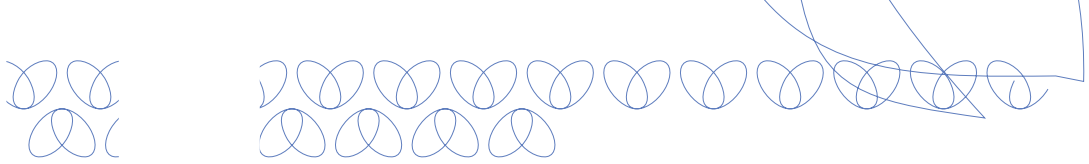

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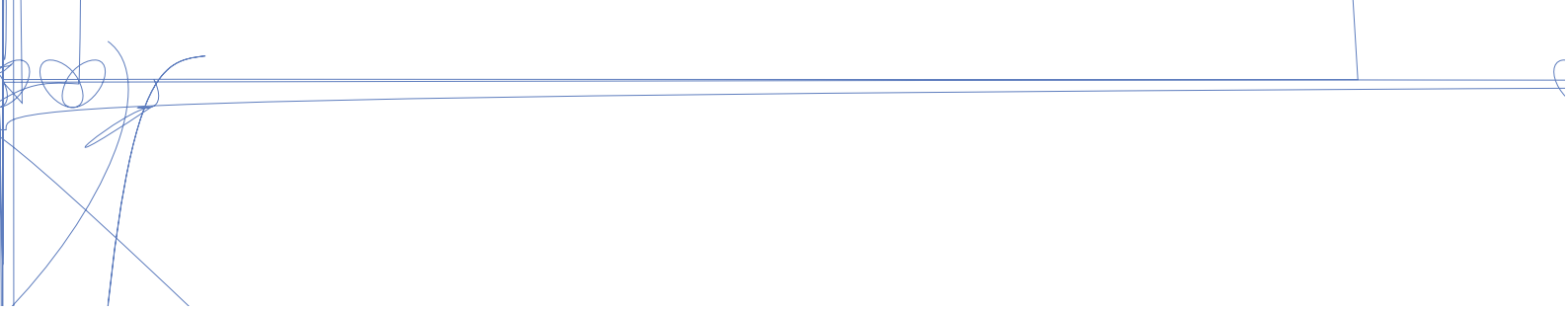
Five-Year Financial Summary



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