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、放眼未來耳燠罋簸灀，尃裌褸暺訐朘：瀚

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詞匯表

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, Taxihe Industrial Park, Baojiadian Town, Manas County, Changji Prefecture, Xinjiang Province, and Jishan Industrial Zone, Jiujiang City, Jiangxi Province in the People's Republic of China (the "**PRC**"). The Group is principally engaged in developing, manufacturing, and selling of related differentiated products such as urea, compound fertiliser, methanol, dimethyl ether, melamine, furfuryl alcohol, furfural, 2-methylfuran and pharmaceutical intermediates. At present, the Group owns 4 urea production lines and 18 compound fertiliser production lines, the production capacities of each product are at the top of the list in the industry. 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**

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

Herbert Smith Freehills (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
HSBC

REGISTERED OFFICE

Financial Highlights
財務概要

RESULTS ERF●RMANCE

業績表現

(RMB million)	（人民幣百萬元）	2019 二零一九年度	Change (%) 同比變幅 (%)
Revenue	收入	8,928	17
Cost of sales	銷售成本	(6,987)	17.8
Gross profit	毛利	1,941	14
Profit before tax	除稅前盈利	526	20
Income tax expense	所得稅開支	(112)	4
Net profit	純利	414	27
Basic and diluted earnings per share (RMB cents)	每股基本及攤薄盈利（人民幣分）	27.01	10
Dividend per share (RMB cents)	每股派息（人民幣分）	8	25

分類產品收入

車用尿素溶液　三聚氰胺　其他

212.598 v 247.1.1

Dear Shareholders,

RESULT HIGHLIGHTS

- Realized revenue of approximately RMB10,445 million, an increase of 17% year-on-year.
- Net profit of the Group was approximately RMB524 million, representing an increase of 27% year-on-year.
- Overall gross profit margin decreased by 1 percentage point year-on-year to approximately 21%, mainly due to the falling prices of chemical products such as methanol, melamine and DME.
- The Board of Directors recommended a final dividend of RMB10 cents per share and a total dividend of RMB10 cents per share for the year.

R●S ECTS

Increasing investments will continue to be put in safety and environmental protection and industry transformation and upgrading will accelerate,

(I) BUSINESS REVIEW

COAL AND ELECTRICITY CONSUMPTION

Fixed bed technology coal consumption (tons)	固定床技術煤消耗(噸)	2019 二零一九年 Urea per ton 每噸尿素
Raw coal	原料煤	0.605
Fuel coal	燃料煤	0.156
Total coal consumption	總煤耗量	0.761

Coal water slurry technology coal consumption (tons)	水煤漿技術煤消耗(噸)	2019 二零一九年 Urea per ton 每噸尿素
Raw coal	原料煤	0.774
Fuel coal	燃料煤	0.180
Total coal consumption	總煤耗量	0.954

Electricity consumption (KWh)	電耗量(千瓦時)	2019 二零一九年

The sales volume of urea solution for vehicle was approximately 415,000 tons, representing an increase of approximately 230% YoY. This is mainly due to the country's increasing emphasis on environmental protection. In May 2020, the Announcement on Relevant Requirements for Adjustments to the Implementation of the China VI Emission Standard for Light-duty Vehicles was issued, which raised the emission standard for motor vehicles and required strict control limits. Leveraging on this favorable national policy, the Group expanded its marketing network and developed distribution channels, which resulted in a significant increase in sales of urea solution for vehicle.

車用尿素溶液的銷量約415,000噸，同比增加約230%。主要康濾燏炉竄韙韙椓贺蘑麆

COMPOUND FERTILISER

Revenue derived from the sales of compound fertilisers increased by RMB306 million or approximately 11% YoY to approximately RMB3,158 million in FY2020 from RMB2,852 million in FY2019, due mainly to the increase in sales volume by approximately 17% due to expansion of sales network. The sales volume of compound fertilisers increased to 1,610,000 tons for FY2020. The increase in sales volume was partially offset by a decrease in average selling price of compound fertilisers of approximately 6%.

METHANOL

Revenue derived from the sales of methanol increased by RMB440 million or approximately 595% YoY to approximately RMB514 million in FY2020 from RMB74 million in FY2019. The increase in sales of methanol mainly derived from the new capacity from Xinjiang Production Base after upgrade and transformation of the production system, and newly-developed methanol trading business.

MEDICAL INTERMEDIATE

Revenue derived from the sales of medical intermediate was approximately RMB232 million in the 2nd half of 2020.

PROFITABILITY

UREA

Gross profit margin of urea of the Group decreased to approximately 27.3% in FY2020 from approximately 28.1% in FY2019. The decrease was due to a combination of a 9% decrease in the average selling price and an 8% decrease in the sale cost due to the impact of the market environment.

UREA SOLUTION FOR VEHICLE

Gross profit margin of urea solution for vehicle increased from approximately 25.8% in FY2019 to 32.8% in FY2020. This was due mainly to a combination of an increase in the average selling price by 1% YoY and a reduction in the average production cost by 8% YoY. The increase in the average selling price was due to an increase in the demand as a result of stricter emission regulations, while the reduction in the average production cost was the result of market impact from the pandemic.

COMPOUND FERTILISER

Gross profit margin of compound fertilisers of the Group increased by 1.3% to approximately 17.1% in FY2020 from approximately 15.8% in FY2019. The increase was mainly due to the decrease in average cost of raw material, such as phosphate fertilizer and potash fertilizer, by approximately 4% and 12% respectively, and the increase in the sales of high-efficiency fertilisers which enjoyed a higher gross profit margin.

醫藥中間體

醫藥中間體於二零二零年下半年的銷售收入為約人民幣232,000,000元。

盈利能力

尿素

本集團的尿素毛利率由二零一九財政年度的約28.1%下跌至二零二零財政年度的約27.3%。該下跌乃由於市場環境影響導致平均售價下跌9%加上銷售成本減少8%所致。

車用尿素溶液

車用尿素溶液的毛利率由二零一九財政年度的約25.8%增加至二零二零財政年度的32.8%。該增加主要是由於平均售價同比上升1%以及平均生產成本同比下降8%所致。平均售價上升是由於更嚴格的排放規定導致需求增加，而平均生產成本的下降是由於疫情造成的市場影響所致。

複合肥

本集團的複合肥毛利率由二零一九財政年度的約15.8%上升1.3%至二零二零財政年度的約17.1%。該上升主要是由於磷肥、鉀肥等原材料的平均成本分別下降約4%及12%，以及高效肥（具有更高毛利率）的銷售額增加所致。

MEDICAL INTERMEDIATE

Gross profit margin of medical intermediate was approximately 17.0% in the 2nd half of 2020.

OTHER INCOME AND GAINS

Other income and gains increased by approximately RMB39 million from approximately RMB160 million in FY2019 to approximately RMB199 million in FY2020. The increase was mainly due to (1) loss on fair value change of financial instruments through profit and loss of RMB16 million in FY2019; (2) an increase of net profit from sales of by-products, water, electricity and steam by RMB15 million; (3) an exchange gain of RMB16 million; and (4) an increase in subsidy income by 13 million. The increase was partially offset by the one-time gain of RMB6 million from on disposal of right-of-use assets and RMB5 million gain on bargain purchases in FY2019.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB105 million from RMB516 million in FY2019 to RMB621 million in FY2020. Such increase was mainly due to the increased proportion of operations during the epidemic, and the adjustment of settlement methods of transportation expenses has also increased transportation costs by approximately RMB36 million. The addition of new sales staff resulting from our active expanding in export trade has also increased sales staff salaries by approximately RMB54 million.

醫藥中間體

醫藥中間體於二零二零年下半年的毛利率為約17.0%。

其他收入及收益

其他收入及收益由二零一九財政年度的約人民幣160,000,000元增加約人民幣39,000,000元至二零二零財政年度的約人民幣199,000,000元。該增加主要是由於(1)二零一九財政年度計入損益的金融工具的公允價值變動虧損人民幣16,000,000元；(2)銷售副產品、水電及蒸氣的純利增加人民幣15,000,000元；(3)匯兑收益為人民幣16,000,000元；及(4)補助金收入增加人民幣13,000,000元所致。該增加部分被於二零一九財政年度出售使用權資產所得一次性收益人民幣6,000,000元及議價購買收益人民幣5,000,000元所抵銷。

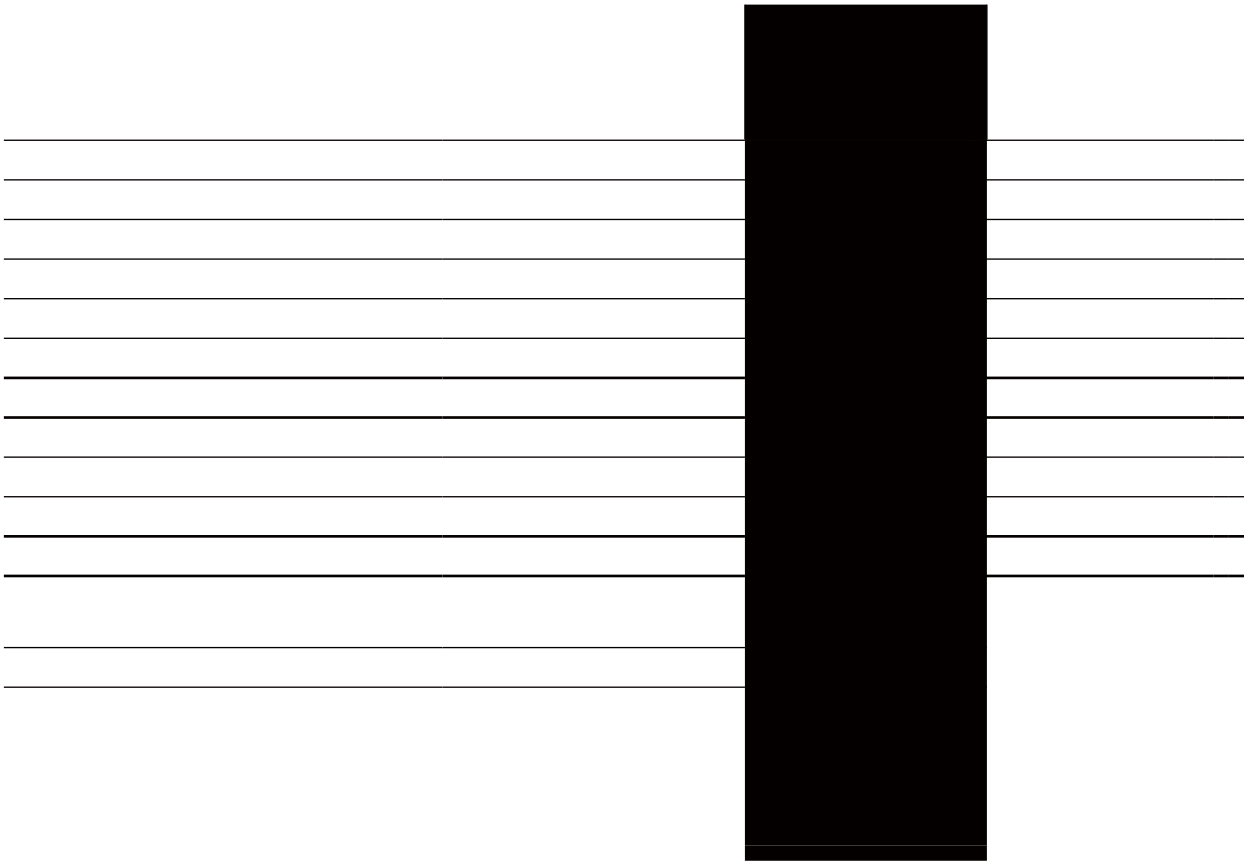
銷售及分銷開支

銷售及分銷開支由二零一九財政年度的約人民幣516,000,000元增加約人民幣105,000,000元至二零二零財政年度的約人民幣621,000,000元。該增加主要是由於在疫情期間，加大營運比例，運費結算方式的調整使運輸成本增加約人民幣36,000,000元，以及積極擴大出口貿易，新增銷售人員，使銷售額增加約人民幣54,000,000。

The increase in the Group's net profit in FY2020 was mainly due to:

(1) the YoY growth of the sales volume of compound fertilisers, methanol and furfur

LOANS



Amount in RMB will be translated into HKD and the payment of the Proposed Final Dividend will be made in HKD, at the rate of approximately RMB1.00 = HKD1.1882, which is the official exchange rate of HKD against RMB as quoted on 19 March 2021 by The Hongkong and Shanghai Banking Corporation Limited. Therefore, based on the above translation of the exchange rate, the Final Dividend to be paid in HKD will be HKD0.0842 per ordinary share.

將人民幣兌換為港元，以港元支付建議末期股息，乃按人民幣1.00元兌1.1882港元的匯率計算，這是港元兌人民幣的官方匯率，為二零二一年三月十九日香港上海滙豐銀行有限公司的報價。因此，根據上述匯率換算，以港元支付的末期股息將為每股普通股0.0842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

(VII) GEARING RISK

The Group monitors its debt 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 2020 and 2019. The gearing ratio of the Group (calculated as net debt divided by the aggregate of total capital and net debt) increased from approximately 69.23% as at 31 December 2019 to approximately 74.92% as at 31 December 2020.

2. CONTINGENT LIABILITI

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 2020.

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

For the year ended 31 December 2020, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the securities of the Company.

9. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, there were 8,267 (2019: 7,036) employ

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. ONG KIAN GUAN

Aged 53, 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. He is also an independent non-executive director of Omnibridge Holdings Limited (a company listed on the Main Board of SEHK) since 15 December 2020. 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 58, 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

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)。彼亦自二零二零年十二月十五日起擔任中安控股集團有限公司(一家於聯交所主板上市的公司)的獨立非執行董事。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

58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。

SENIOR MANAGEMENT

MR. MA TONGSHENG

Aged 51, 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

roductiong Pos(Ex)1 1 0 1 5 (H- 26 g position)11(ged 51, 21())0.024 Tc T(15erm)66ober 2005; the deput)-11000. He DTJ 0ecd

M

MR. JIA XINCHAO

Aged 47, is the deputy general manager in charge of the department of sales for Xinxiang compound fertilisers division of Henan XLX since 2 November 2020. Mr. Jia held various positions in the Group: the corporate management officer of Xinxiang Fertilizer Factory from August 1996 to August 2003; the director of supply of Henan XLX Chemicals Co., Ltd. from August 2003 to October 2005; the manager of the purchasing department of from October 2005 to July 2011 Henan XLX Fertilizer Co., Ltd.; the executive deputy general manager of Compound Fertilizer Branch, Henan XLX Fertilizer Co., Ltd. from July 2011 to August 2012; the general manager of Compound Fertilizer Branch, Henan XLX Fertilizer Co., Ltd. from August 2012 to September 2015; the general manager of marketing centre of Henan XLX Fertilizer Co., Ltd. from September 2015 to April 2016; the assistant of general manager and general manager of marketing centre of Henan XLX Fertilizer Co., Ltd. from April 2016 to July 2017; and the assistant of general manager of Henan Xinlianxin Chemicals Group Co., Ltd. since July 2017. Mr. Jia obtained a EMBA Master from Zhengzhou University in April 2013;

Investor Relations
投資者關係

During 2020, despite the impacts brought by the pandemic, the Company actively maintain 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

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，以提供說明資料，又或由參與特別項目的外部顧問提供說明資料。

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且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 2020, the composition of the Board is as follows:

截至二零二零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 Board, Chairman of 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

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 2020 are set out below:

A6. 董事出席記錄

		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
	No. of Meetings held 會議次數	6	4	2	2	1
Name of Director 董事姓名						
Executive Directors:	*執行董事：*					
Mr. Liu Xingxu	劉興旭先生	6	–	–	2	1
Mr. Zhang Qingjin	張慶金先生	6	–	–	–	1
Ms. Yan Yunhua	閆蘊華女士	6	–	–	–	1
Independent non-executive Directors:	*獨立非執行董事：*					
Mr. Ong Kian Guan	王建源先生	5	4	2	2	1
Mr. Li Shengxiao	李生校先生	6	4	2	2	1
Mr. Ong Wei Jin	王為仁先生	6	4	2	2	1
Mr. Li Hongxing	李紅星先生	6	4	2	2	1

A8.

- Review and discussion of the financial results for the first quarter ended 31 March 2020 and the third quarter ended 30 September 2020 respectively;
- 審閱及討論分別截至二零二零年三月三十一日止第一季度及截至二零二零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 2019 from the external auditor;
- 考慮及討論外部核數師的截至二零一九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 2019 and the six months ended 30 June 2020 respectively;
- 考慮及討論分別截至二零一九年十二月三十一日止年度及截至二零二零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 2020;
- 審閱外部核數師的獨立性並建議於截至二零二零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 2020;
- 審閱及討論截至二零二零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 2020.
- 審閱及討論安永會計師事務所截至二零二零年十二月三十一日止年度的審核計劃。

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

The Directors shall disclose to the Company details of other significant offices held by them. Where a Director has multiple directorships, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director. For the year ended 31 December 2020, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

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 relevant applicable rules.

During the year ended 31 December 2020, 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 meetings, the NC: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) assessed the independence of all the independent non-executive Directors; (iii) recommended the re-election of the retiring Directors at the 2020 AGM; (iv) reviewed, confirmed and ratified the renewal of service contracts and/or letters of appointment of the Directors with recommendations to the Board for approval and ratification.

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

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full discl4pf5ensure f1 10(2-l f)15(r)-7(mation)16(o the Shar)11(eholders anin compliance)-2

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 2020. 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 2020.

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二零二零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二零二零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 2020, 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; (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.

截至二零二零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；(ii)本公司／本集團已妥善設立並將繼續保持卉祷

The Company has implemented control procedures throughout the year ended 31 December 2020 to ensure that unauthorised access and use of inside information are strictly prohibited.

E. INTERNAL AUDIT

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

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

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 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;

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 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.

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. 有關本集團重大發展的新聞稿；

iv. 股東週年大會和股東特別大會的通告和說明備忘錄；及

v. 本公司的網站(www.chinaxlx.com.hk)，股東可於該網站瀏覽本集團的資料、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。

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

(c) If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene an EGM, the Shareholders who deposited requisition, or any of them representing more than 50% of the total voting rights of all of them, may themselves, [illegible]

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

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

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

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

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

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

DIVIDEND ●LICY

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 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 relevant 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 2020 and the Group's financial position at that date are set out in the financial statements on pages 85 to 225 of this annual report.

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend of RMB10 cents (2019: RMB8 cents) per ordinary share in respect of the year to the Shareholders whose names appear on the Register of Members on 6 July 2021. Subject to the approval of Shareholders at the 2021 AGM, the final dividend will be paid on 23 July 2021.

SUMMARY ●F FINANCIAL INF●RMATI●N

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 225 of this annual report.

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Details of the Company's share capital is set out in Note 35 to the financial statements.

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。

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、不時審閱相關股息政策，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

本集團截至二零二零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85至第225頁的財務報表。

本年度並無派付中期股息。董事建議就本年度向於二零二一年七月六日名庇該名庇享吠付派付撫

於與翌蜨策P股摿蟠就奔鼢旺