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SINOFERT HOLDINGS LIMITED
中化化肥控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 297)

ANNOUNCEMENT

FINANCIAL DATA OF SINOCHEM FERTILIZER FOR THE YEAR ENDED 31 DECEMBER 2019 AND THE THREE MONTHS ENDED 31 MARCH 2020

This announcement is made by Sinofert Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcements of the Company dated 21 August 2019, 22 August 2019, 25 October 2019, 28 October 2019, 10 March 2020, 11 March 2020, 17 April 2020 and 20 April 2020 in relation to the issue of super & short-term commercial paper by Sinochem Fertilizer Company Limited ("**Sinochem Fertilizer**"), an indirect wholly-owned subsidiary of the Company.

According to the relevant PRC regulations, Sinochem Fertilizer is required to publish its financial data on a quarterly basis on the website of Shanghai Clearing House at www.shclearing.com and the website of China Money at www.chinamoney.com.cn during the term of the above debts. Set out below are the audited financial data of Sinochem Fertilizer for the year ended 31 December 2019 and the unaudited financial data of Sinochem Fertilizer for the three months ended 31 March 2020, which are prepared in accordance with the China Accounting Standards for Business Enterprises, and have no material difference from those prepared in accordance with the Hong Kong Financial Reporting Standards. The financial data of Sinochem Fertilizer for the year ended 31 December 2019 contained herein have been consolidated into the accounts of the Group for the year ended 31 December 2019 published by the Company on 26 March 2020.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Qin Hengde
Executive Director and Chief Executive Officer

Hong Kong, 29 April 2020

As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer), Mr. Feng Mingwei and Mr. Harry Yang; the non-executive director of the Company is Mr. Yang Lin; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.

* *For identification purposes only*

SINOCHEM FERTILIZER CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND
ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

毕马威华振审字第 2001296 号

The Board of Directors of Sinochem Fertilizer Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Sinochem Fertilizer Co., Ltd. ("Sinochem Fertilizer") set out on pages 1 to 89, which comprise the consolidated and company balance sheets as at 31 December 2019, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Sinochem Fertilizer as at 31 December 2019, and the consolidated and company financial performance and cash flows of Sinochem Fertilizer for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Sinochem Fertilizer in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing Sinochem Fertilizer'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 Sinochem Fertilizer or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sinochem Fertilizer's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Sinochem Fertilizer's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's 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 Sinochem Fertilizer'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 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 Sinochem Fertilizer to cease to continue as a going concern.

- 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 Sinochem Fertilizer to express an opinion on the 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 those charged with governance 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.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Wang Ting

China Beijing

Li Qian

10 April 2020

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet as at 31 December 2019
(Expressed in renminbi yuan)

	Note	*31 December 2019*	*31 December 2018*
Assets			
Current assets			
Cash at bank and on hand	7	1,584,588,380.48	1,039,375,220.02
Financial assets held for trading	8	400,000,000.00	197,725,163.74
Accounts receivable	9	41,450,318.02	34,849,596.20
Receivables under financing	10	369,084,673.33	490,648,396.98
Prepayments	11	1,391,491,694.21	1,909,883,407.59
Other receivables	12	130,710,744.47	115,541,263.91
Inventories	13	5,022,640,619.14	4,975,520,379.79
Other current assets	14	1,279,830,908.20	2,328,107,292.20
Total current assets		10,219,797,337.85	11,091,650,720.43
Non-current assets			
Long-term equity investments	16	887,708,731.49	926,508,216.71
Investments in other equity instruments	17	283,289,198.53	386,565,948.00
Fixed assets	18	1,538,157,023.62	2,060,705,544.72
Construction in progress	19	854,762,452.63	412,763,768.83
Right-of-use assets	53	21,129,064.81	-
Intangible assets	20	963,324,469.85	1,057,954,449.19
Development costs	21	17,897,094.35	-
Goodwill	22	531,073,744.64	531,073,744.64
Long-term deferred expenses	23	23,627,662.07	28,961,186.33
Deferred tax assets	24	68,515,008.25	57,113,766.61
Other non-current assets	25	591,487,997.89	-
Total non-current assets		5,780,972,448.13	5,461,646,625.03
Total assets		16,000,769,785.98	16,553,297,345.46

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet as at 31 December 2018 (continued)
(Expressed in renminbi yuan)

	Note	*31 December* 2019	*31 December* 2018
Liabilities and owners' equity			
Current liabilities			
Short-term loans	27	527,815,500.00	928,082,800.00
Bills payable	28	2,018,712,682.75	1,879,120,546.47
Accounts payable		2,114,571,788.20	1,530,369,619.74
Contract liabilities		2,267,403,401.16	2,937,487,123.83
Employee benefits payable	29	42,006,475.66	67,230,926.58
Taxes payable	5(3)	59,671,177.02	90,868,000.45
Other payables	30	586,081,943.68	553,414,330.57
Non-current liabilities due within one year	31	21,601,735.66	3,027,884,999.32
Other current liabilities	32	2,400,000,000.00	-
Total current liabilities		10,037,864,704.13	11,014,458,346.96
Non-current liabilities			
Long-term employee benefits payable	34	43,868,013.78	53,757,499.04
Provisions	35	48,460,718.38	50,224,549.55
Deferred tax liabilities	24	183,590,653.74	215,321,316.11
Deferred income	36	86,917,826.31	25,574,222.03
Total non-current liabilities		362,837,212.21	344,877,586.73
Total liabilities		10,400,701,916.34	11,359,335,933.69

The notes on pages 19 to 89 form part of these financial statements.

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Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet as at 31 December 2019 (continued)
(Expressed in renminbi yuan)

	Note	*31 December* 2019	*31 December* 2018
Liabilities and owners' equity (continued)			
Owners' equity			
Paid-in capital	37	10,600,000,000.00	10,600,000,000.00
Capital reserve	38	637,750,108.76	662,010,569.14
Other comprehensive income		(108,130,959.68)	(30,673,397.58)
Specific reserve	39	19,772,029.81	14,497,011.06
Surplus reserve	40	487,741,563.04	487,741,563.04
Accumulated loss		(5,989,069,761.17)	(6,438,647,226.38)
Total equity attributable to owners of the Company		5,648,062,980.76	5,294,928,519.28
Non-controlling interests		(47,995,111.12)	(100,967,107.51)
Total owners' equity		5,600,067,869.64	5,193,961,411.77
Total liabilities and owners' equity		16,000,769,785.98	16,553,297,345.46

These financial statements have been approved by the Company on 10 April 2020.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated income statement for the year ended 31 December 2019
(Expressed in renminbi yuan)

	Note	*2019*	*2018*
Operating income	41	22,823,139,967.35	22,863,343,480.84
Less: Operating costs		20,898,980,508.75	21,093,964,582.18
Taxes and surcharges	42	36,600,576.14	42,972,301.93
Selling and distribution expenses		814,361,557.83	904,916,972.69
General and administrative expenses		528,138,885.81	527,696,572.80
Research and development expenses		29,353,940.07	22,764,653.40
Financial expenses	43	131,638,373.84	83,930,676.99
Including: Interest expenses		175,426,859.08	210,110,849.25
Interest income		51,486,544.96	126,722,990.66
Add: Other income	44	25,126,319.07	22,109,184.60
Investment income	45	99,255,871.29	129,549,844.78
Including: Income from investment in associates and joint ventures		20,071,383.29	45,983,934.80
Gains from changes in fair value	46	-	1,305,163.74
Credit losses	47	(3,800,913.66)	(7,550,458.86)
Impairment losses	48	(22,121,638.17)	(12,235,202.44)
(Losses)/gains from asset disposals	49	(169,916.99)	8,024,018.57
Operating profit		482,355,846.45	328,300,271.24
Add: Non-operating income	50	19,166,542.37	10,122,007.59
Less: Non-operating expenses	50	11,780,471.96	6,703,237.21
Profit before income tax		489,741,916.86	331,719,041.62

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated income statement for the year ended 31 December 2019
(continued)
(Expressed in renminbi yuan)

	Note	*2019*	2018
Profit before income tax		489,741,916.86	331,719,041.62
Less: Income tax expenses	51	6,177,896.89	(38,130,972.97)
Net profit for the year		483,564,019.97	369,850,014.59
Attributable to:			
Owners of the Company		454,852,483.96	340,804,004.11
Non-controlling interests		28,711,536.01	29,046,010.48
Other comprehensive income, net of tax		(77,457,562.10)	-
Total comprehensive income for the year		406,106,457.87	369,850,014.59
Attributable to:			
Owners of the Company		377,394,921.86	340,804,004.11
Non-controlling interests		28,711,536.01	29,046,010.48

These financial statements have been approved by the Company on 10 April 2020.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated cash flow statement for the year ended 31 December 2019
(Expressed in renminbi yuan)

	Note	2019	2018
Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		26,013,639,549.21	26,118,576,197.27
Proceeds from other operating activities		94,670,433.26	92,702,371.70
Sub-total of cash inflows		26,108,309,982.47	26,211,278,568.97
Payment for goods and services		23,446,975,745.94	26,438,995,897.47
Payment to and for employees		764,882,067.43	741,918,473.21
Payment of various taxes		93,723,739.55	93,147,825.64
Payment for other operating activities		241,346,642.60	216,706,873.35
Sub-total of cash outflows		24,546,928,195.52	27,490,769,069.67
Net cash generated from/(used in) operating activities	52(1)	1,561,381,786.95	(1,279,490,500.70)
Cash flows from investing activities:			
Proceeds from sale of investments		5,285,725,163.74	10,360,000,000.00
Proceeds from withdrawal of time deposits		500,000,000.00	-
Interest income from investments		132,486,274.76	191,204,783.21
Proceeds from disposal of fixed assets, and intangible assets		5,335,716.57	11,967,253.74
Consideration received from liquidation of a joint venture		61,189,618.42	5,634,758,931.14
Sub-total of cash inflows		5,984,736,773.49	16,197,930,968.09
Payment for acquisition of fixed assets, intangible assets and other long-term assets		827,489,197.77	485,812,703.18
Payment for purchase of investments		4,438,000,000.00	11,856,420,000.00
Placement of time deposits		302,500,000.00	500,000,000.00
Sub-total of cash outflows		5,567,989,197.77	12,842,232,703.18
Net cash inflow from investing activities		416,747,575.72	3,355,698,264.91

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated cash flow statement for the year ended 31 December 2019
(Expressed in renminbi yuan)

	Note	2019	2018
Cash flows from financing activities:			
Proceeds from borrowings		5,679,712,200.00	3,173,826,217.96
Proceeds from short-term commercial papers		3,400,000,000.00	-
Sub-total of cash inflows		9,079,712,200.00	3,173,826,217.96
Repayments of borrowings		6,079,979,500.00	4,287,541,917.96
Payment for purchase of debentures		-	470,000,000.00
Repayment of bonds		3,027,884,999.32	-
Repayment of short-term commercial paper		1,000,000,000.00	-
Payment for dividends, profit distributions or interest		186,885,223.83	217,387,242.58
Other cash paid relating to financing activities		20,656,393.94	-
Sub-total of cash outflows		10,315,406,117.09	4,974,929,160.54
Net cash outflow from financing activities		(1,235,693,917.09)	(1,801,102,942.58)
Effect of foreign exchange rate changes on cash and cash equivalents		277,714.88	2,545,771.18
Net increase in cash and cash equivalents	52(2)	742,713,160.46	277,650,592.81
Add: cash and cash equivalents at the beginning of the year		539,375,220.02	261,724,627.21
Cash and cash equivalents at the end of the year	52(3)	1,282,088,380.48	539,375,220.02

These financial statements have been approved by the Company on 10 April 2019.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Consolidated statement of changes in owners' equity for the year ended 31 December 2019
(Expressed in Renminbi Yuan)

	Note	Attributable to owners of the Company								
		Paid-in capital	*Capital reserve*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Accumulated loss*	*Sub-total*	*Non-controlling interests*	*Total*
Balance at 31 December 2018		10,600,000,000.00	662,010,569.14	(30,673,397.58)	14,497,011.06	487,741,563.04	(6,438,647,226.38)	5,294,928,519.28	(100,967,107.51)	5,193,961,411.77
Changes in accounting policies		-	-	-	-	-	-	-	-	-
Balance at 1 January 2019		10,600,000,000.00	662,010,569.14	(30,673,397.58)	14,497,011.06	487,741,563.04	(6,438,647,226.38)	5,294,928,519.28	(100,967,107.51)	5,193,961,411.77
Changes in equity for the year										
1.Total comprehensive expense		-	-	(77,457,562.10)	-	-	454,852,483.96	377,394,921.86	28,711,536.01	406,106,457.87
2.Shareholders'contributions and decrease of capital										
- Capital injection to a subsidiary, only by the Group		-	(24,260,460.38)	-	-	-	-	(24,260,460.38)	24,260,460.38	-
3.Specific reserve	39									
- Accrued		-	-	-	23,363,986.85	-	(23,363,986.85)	-	-	-
- Utilized		-	-	-	(18,088,968.10)	-	18,088,968.10	-	-	-
Sub-total of 1 to 3		-	(24,260,460.38)	(77,457,562.10)	5,275,018.75	-	449,577,465.21	353,134,461.48	52,971,996.39	406,106,457.87
Balance at 31 December 2019		10,600,000,000.00	637,750,108.76	(108,130,959.68)	19,772,029.81	487,741,563.04	(5,989,069,761.17)	5,648,062,980.76	(47,995,111.12)	5,600,067,869.64

These financial statements have been approved by the Company on 10 April 2020.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.

Consolidated statement of changes in owners' equity for the year ended 31 December 2018

(Expressed in Renminbi Yuan)

	Note	Attributable to owners of the Company								
		Paid-in capital	*Capital reserve*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Accumulated loss*	*Sub-total*	*Non-controlling interests*	*Total*
Balance at 31 December 2017		10,600,000,000.00	1,059,409,802.06	-	9,819,965.62	487,741,563.04	(7,180,362,216.93)	4,976,609,113.79	(210,105,295.43)	4,766,503,818.36
Changes in accounting policies		-	-	(30,673,397.58)	-	-	89,958,458.48	59,285,060.90	-	59,285,060.90
Balance at 1 January 2018		10,600,000,000.00	1,059,409,802.06	(30,673,397.58)	9,819,965.62	487,741,563.04	(7,090,403,758.45)	5,035,894,174.69	(210,105,295.43)	4,825,788,879.26
Changes in equity for the year										
1. Total comprehensive expense		-	-	-	-	-	340,804,004.11	340,804,004.11	29,046,010.48	369,850,014.59
2. Shareholders'contributions and decreaseof capital										
- Capital injection to a subsidiary through the conversion of shareholder's loans		-	(87,123,669.11)	-	-	-	-	(87,123,669.11)	87,123,669.11	-
- Expenditure of separation and hand-over of water/power/gas supply and property management facilities to entities designated by local government		-	-	-	-	-	(25,399,881.60)	(25,399,881.60)	(476,118.40)	(25,876,000.00)
3. Appropriation of profits										
- Distributions to shareholders		-	-	-	-	-	-	-	(6,555,373.27)	(6,555,373.27)
4. Specific reserve	39									
- Accrued		-	-	-	19,547,382.88	-	(19,547,382.88)	-	-	-
- Utilized		-	-	-	(14,870,337.44)	-	14,870,337.44	-	-	-
5. Other equity change	38									
- Disposal of interests in an associate		-	(310,275,563.81)	-	-	-	341,029,455.00	30,753,891.19	-	30,753,891.19
Sub-total of 1 to 5		-	(397,399,232.92)	-	4,677,045.44	-	651,756,532.07	259,034,344.59	109,138,187.92	368,172,532.51
Balance at 31 December 2018		10,600,000,000.00	662,010,569.14	(30,673,397.58)	14,497,011.06	487,741,563.04	(6,438,647,226.38)	5,294,928,519.28	(100,967,107.51)	5,193,961,411.77

These financial statements have been approved by the Company on 10 April 2020.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Company balance sheet as at 31 December 2019
(Expressed in renminbi yuan)

	Note	*31 December 2019*	*31 December 2018*
Assets			
Current assets			
Cash at bank and on hand	7	1,425,678,720.00	921,062,434.18
Financial assets held for trading	8	400,000,000.00	197,725,163.74
Accounts receivable	9	107,819,236.07	144,383,403.33
Receivables under financing	10	307,232,591.32	453,104,339.00
Prepayments	11	1,650,319,151.04	2,313,799,549.98
Other receivables	12	228,095,885.21	182,673,340.21
Inventories	13	4,219,807,375.58	4,027,292,182.07
Other current assets	14	2,801,759,395.19	4,284,368,405.04
Non-current assets due within one year	15	-	473,814,260.00
Total current assets		11,140,712,354.41	12,998,223,077.55
Non-current assets			
Long-term equity investments	16	5,881,869,345.71	5,516,079,262.34
Investments in other equity instruments	17	279,289,198.53	382,565,948.00
Fixed assets	18	177,342,454.47	127,356,076.43
Construction in progress	19	2,388,073.31	-
Right-of-use assets	53	21,129,064.81	-
Intangible assets	20	13,439,655.54	14,554,483.06
Development costs	21	17,897,094.35	-
Long-term deferred expenses	23	1,477,545.09	1,861,075.80
Deferred tax assets	24	49,163,800.12	43,737,861.42
Other non-current assets	25	315,000,000.00	7,500,000.00
Total non-current assets		6,758,996,231.93	6,093,654,707.05
Total assets		17,899,708,586.34	19,091,877,784.60

The notes on pages 19 to 89 form part of these financial statements.

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BEIJING

Sinochem Fertilizer Co., Ltd.
Company balance sheet as at 31 December 2019 (continued)
(Expressed in renminbi yuan)

	Note	*31 December 2019*	*31 December 2018*
Liabilities and owners' equity			
Current liabilities			
Short-term loans	27	1,101,638,371.96	971,582,800.00
Bills payable	28	1,868,544,630.31	1,679,459,827.54
Accounts payable		1,851,017,836.53	1,181,902,890.58
Contract liabilities		2,107,018,515.07	3,002,132,886.82
Employee benefits payable	29	6,807,120.36	9,670,480.05
Taxes payable	5(3)	34,313,389.36	80,461,955.33
Other payables	30	332,628,439.58	326,301,157.44
Non-current liabilities due within one year	31	21,601,735.66	3,560,184,999.32
Other current liabilities	32	2,400,000,000.00	-
Total current liabilities		9,723,570,038.83	10,811,696,997.08
Non-current liabilities			
Long-term loans	33	-	267,500,000.00
Deferred tax liabilities	24	-	19,761,686.97
Deferred income	36	2,433,500.00	2,583,500.00
Total non-current liabilities		2,433,500.00	289,845,186.97
Total liabilities		9,726,003,538.83	11,101,542,184.05

The notes on pages 19 to 89 form part of these financial statements.

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Sinochem Fertilizer Co., Ltd.
Company balance sheet as at 31 December 2019 (continued)
(Expressed in renminbi yuan)

	Note	*31 December 2019*	*31 December 2018*
Liabilities and owner's equity (continued)			
Owners' equity			
Paid-in capital	37	10,600,000,000.00	10,600,000,000.00
Capital reserve	38	744,745,753.41	744,745,753.41
Other comprehensive income		(108,130,959.68)	(30,673,397.58)
Surplus reserve	40	498,894,604.32	498,894,604.32
Accumulated loss		(3,561,804,350.54)	(3,822,631,359.60)
Total equity attributable to owners of the Company		8,173,705,047.51	7,990,335,600.55
Total liabilities and owners' equity		17,899,708,586.34	19,091,877,784.60

These financial statements have been approved by the Company on 10 April 2020.

Qin Hengde	*Gao Jian*	*Liu Junru*	*(Company stamp)*
Legal Representative	*Accounting Comptroller*	*The Head of the Accounting Department*	

The notes on pages 19 to 89 form part of these financial statements.

KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Company Income statement for the year ended 31 December 2019
(Expressed in renminbi yuan)

		Note	*2019*	*2018*
Operating income		41	21,411,090,450.63	21,350,957,969.88
Less:	Operating costs		20,361,439,917.07	20,381,337,675.38
	Taxes and surcharges	42	9,621,850.28	11,624,311.52
	Selling and distribution expenses		549,841,772.25	598,297,704.08
	General and administrative expenses		264,428,129.70	261,081,367.35
	Research and development expenses		27,770,605.48	18,107,317.41
	Financial expenses	43	174,332,556.03	84,919,452.96
	Including: Interest expenses		217,964,751.62	209,483,797.85
	Interest income		49,761,196.32	125,477,175.10
Add:	Other income	44	157,624.84	150,000.00
	Investment income	45	246,111,043.66	296,171,107.46
	Including: Income from investment in associates and joint ventures		17,690,083.37	46,588,904.77
	Gains from changes in fair value	46	-	1,305,163.74
	Credit losses	47	(5,322,392.00)	(65,900.20)
	Impairment losses	48	(5,265,417.35)	(7,945,362.80)
	Gains from asset disposals	49	7,720.16	6,043.05
Operating profit			259,344,199.13	285,211,192.43
Add:	Non-operating income	50	4,866,657.75	3,179,477.49
Less:	Non-operating expenses	50	2,752,286.12	573,186.99
Prolit before income tax			261,458,570.76	287,817,482.93

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Sinochem Fertilizer Co., Ltd.
Company Income statement for the year ended 31 December 2019 (continued)
(Expressed in renminbi yuan)

	Note	2019	2018
Profit before income tax		261,458,570.76	287,817,482.93
Less: Income tax expenses	51	631,561.70	(38,084,813.70)
Net profit for the year		260,827,009.06	325,902,296.63
Other comprehensive income, net of tax		(77,457,562.10)	-
Total comprehensive income for the year		183,369,446.96	325,902,296.63

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KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Company cash flow statement for the year ended 31 December 2019
(Expressed in renminbi yuan)

	Note	2019	2018
Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		24,032,973,994.49	24,198,168,424.30
Proceeds from other operating activities		5,740,782.85	7,291,023.02
Sub-total of cash inflows		24,038,714,777.34	24,205,459,447.32
Payment for goods and services		22,696,947,235.38	25,657,462,359.88
Payment to and for employees		405,172,302.76	370,745,510.83
Payment of various taxes		27,328,036.73	33,152,139.04
Payment for other operating activities		188,455,489.98	119,235,068.44
Sub-total of cash inflows		23,317,903,064.85	26,180,595,078.19
Net cash generated from / (used in) operating activities	52(1)	720,811,712.49	(1,975,135,630.87)
Cash flows from investing activities			
Proceeds from sale of investments		7,864,371,802.73	13,500,326,506.91
Proceeds from withdrawal of time deposits		500,000,000.00	-
Interest income from investments		285,383,237.85	358,771,653.40
Proceeds from disposal of fixed assets		5,154,224.34	254,882.85
Proceeds from disposal of a joint venture		-	5,644,238,997.88
Sub-total of cash inflows		8,654,909,264.92	19,503,592,041.04
Payment for acquisition of fixed assets, intangible assets and other long-term assets		87,902,738.72	41,367,640.40
Payment for purchase of investments		6,406,938,809.21	15,437,756,101.99
Payment for acquisition of subsidiaries		348,100,000.00	76,000,000.00
Placement of time deposits		302,500,000.00	500,000,000.00
Sub-total of cash outflows		7,145,441,547.93	16,055,123,742.39
Net cash inflow from investing activities		1,509,467,716.99	3,448,468,298.65

The notes on pages 19 to 89 form part of these financial statements.

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Sinochem Fertilizer Co., Ltd.
Company cash flow statement for the year ended 31 December 2019 (continued)
(Expressed in renminbi yuan)

	Note	2019	2018
Cash flows from financing activities:			
Proceeds from borrowings		6,148,765,071.96	3,609,326,217.96
Proceeds from short-term commercial papers		3,400,000,000.00	-
Sub-total of cash outflows		9,548,765,071.96	3,609,326,217.96
Repayments of borrowings		9,846,394,499.32	4,645,541,917.96
Payment for dividends, profit distributions or interest		210,009,580.48	211,960,528.78
Repayment of short-term commercial paper		1,000,000,000.00	-
Other cash paid relating to financing activities		20,656,393.94	-
Sub-total of cash outflows		11,077,060,473.74	4,857,502,446.74
Net cash outflow from financing activities		(1,528,295,401.78)	(1,248,176,228.78)
Effect of foreign exchange rate changes on cash and cash equivalents		132,258.12	1,868,334.91
Net increase in cash and cash equivalents	52(2)	702,116,285.82	227,024,773.91
Add: cash and cash equivalents at the beginning of the year		421,062,434.18	194,037,660.27
Cash and cash equivalents at the end of the year	52(3)	1,123,178,720.00	421,062,434.18

These financial statements have been approved by the Company on 10 April 2020.

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KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Company statement of changes in owners' equity for the year ended 31 December 2019
(Expressed in Renminbi Yuan)

	Paid-in Capital	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*Accumulated loss*	*Total*
Balance at 31 December 2018	10,600,000,000.00	744,745,753.41	(30,673,397.58)	498,894,604.32	(3,822,631,359.60)	7,990,335,600.55
Changes in accounting policies	-	-	-	-	-	-
Balance at 1 January 2019	10,600,000,000.00	744,745,753.41	(30,673,397.58)	498,894,604.32	(3,822,631,359.60)	7,990,335,600.55
Changes in equity for the year						
Total comprehensive expense	-	-	(77,457,562.10)	-	260,827,009.06	183,369,446.96
Sub-total	-	-	(77,457,562.10)	-	260,827,009.06	183,369,446.96
Balance at 31 December 2019	10,600,000,000.00	744,745,753.41	(108,130,959.68)	498,894,604.32	(3,561,804,350.54)	8,173,705,047.51

These financial statements have been approved by the Company on 10 April 2020.

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Legal Representative	Accounting Comptroller	The Head of the Accounting Department	

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KPMG HUAZHEN LLP FOR IDENTIFICATION ONLY BEIJING

Sinochem Fertilizer Co., Ltd.
Company statement of changes in owners' equity for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	Note	Paid-in Capital	Capital reserve	Other comprehensive income	Surplus reserve	Accumulated loss	Total
Balance at 31 December 2017		10,600,000,000.00	1,055,021,317.21	-	498,894,604.32	(4,579,521,569.71)	7,574,394,351.82
Changes in accounting policies		-	-	(30,673,397.58)	-	89,958,458.48	59,285,060.90
Balance at 1 January 2018		10,600,000,000.00	1,055,021,317.21	(30,673,397.58)	498,894,604.32	(4,489,563,111.23)	7,633,679,412.72
Changes in equity for the year							
1. Total comprehensive expense		-	-	-	-	325,902,296.63	325,902,296.63
2. Other equity changes	38						
- Disposal of interests in an associate		-	(310,275,563.80)	-	-	341,029,455.00	30,753,891.20
Sub-total of 1 to 2		-	(310,275,563.80)	-	-	666,931,751.63	356,656,187.83
Balance at 31 December 2018		10,600,000,000.00	744,745,753.41	(30,673,397.58)	498,894,604.32	(3,822,631,359.60)	7,990,335,600.55

These financial statements have been approved by the Company on 10 April 2019.

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1 Company status

Sinochem Fertilizer Co., Ltd. (the "Company"), previously known as Sinochem International Fertilizer Trading Co., Ltd., was founded in April 1993 with its head office located in Beijing. The Company was restructured as a foreign-owned enterprise held by China Fertilizer (Holdings) Co., Ltd. ("China Fertilizer") with the approval of the Commerce department (Foreign economic and Trade Committee) [2005] 0001 on 12 January 2005 and the registered capital is RMB 10,600,000,000.00. The parent of the Company is China Fertilizer, and its ultimate holding company is Sinochem Group Co., Ltd. ("Sinochem Group").

The major operations of the Company together with its subsidiaries (hereinafter collectively referred to as "the Group") include: License management projects: manufacture fertilizer raw materials, fertilizer products and fodder; wholesales of hazardous chemical (excluding state-operated trading); purchase and sales of minerals. General management projects: sales of home-made products; import and export of fertilizer raw materials, fertilizer products and pesticide; commission agency and its supporting businesses (excluding state-operating trading and import); wholesales and retails of fertilizer raw materials, fertilizer products and pesticide; operate fertilizer related businesses and fertilizer related technology development, technical services and technology consulting; property management of self-owned real estate (including scriptorium leasing).

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

The Group has adopted the revised "Accounting Standard for Business Enterprises No. 14 – *Revenue*" and "Accounting Standard for Business Enterprises No. 22 – *Financial Instruments: Recognition and Measurement*" and related new financial instruments standards, issued by the Ministry of Finance ("MOF") of the People's Republic of China in 2017, since 1 January 2018. In addition, it has adopted the revised "Accounting Standard for Business Enterprises No. 21 – *Leases*" issued by the MOF in 2018 since 1 January 2019 (see Note 4 (1)).

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2019, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

(2) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

3 Significant accounting policies and accounting estimates

(1) Business combinations and consolidated financial statements

(a) Business combinations not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. If (1) is less than (2), the difference is recognized in profit or loss for the current period. Acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(b) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognized in the financial statements.

Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period

(2) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate on the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rate on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (see Note 3(21)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

(3) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(4) Inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Cost of inventories is calculated using the weighted average method. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each class of inventories is recognized as a provision for impairment, and is recognized in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale including relevant taxes.

(5) Long-term equity investments

(a) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 3(1)(b).

In the Company's separate financial statements, investments in subsidiaries are measured as follows:

- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

- An investment in a subsidiary acquired other than through a business combination is initially recognized in accordance with the principles described in Note 3(5)(b).

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment is classified as held for sale (see Note 3(11)).Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognizes its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 3(13)(b)).

(b) Investments in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence.

An investment in a joint venture or an associate is initially recognized at the amount of cash paid if the Group acquires the investment by cash.

An investment in a joint venture or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note 3(11)).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.

- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.

- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The Group makes provision for impairment of investments in joint ventures and associates in accordance with the principles described in Note 3(13)(b).

(6) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services or administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(13)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(13)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalized borrowing costs (see Note 3(21)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life (years)	*Residual value rate*	*Depreciation rate*
Plant and buildings	20 - 30	3% - 5%	3.17% - 4.85%
Machinery and equipment	10 - 14	3% - 5%	6.79% - 9.70%
Office and other equipment	8	3% - 5%	11.88% - 12.13%
Underground structures	Depreciate under output method based on recoverable reserves		
Motor vehicles	4	3% - 5%	23.75% - 24.25%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

(7) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly speicied in a contrat and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease componets, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(a) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 3(12)(b).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognizes the finance lease receivable and derecognizes the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognized as income as they are earned.

Lease receipts from operating leases is recognized as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognized as income as they are earned.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 3(13)(b)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortization periods for such intangible assets are as follows:

	Amortization period
Land use right	10 - 50 years
Mining rights	Depreciate under output method based on recoverable reserves
Others	10 - 20 years

The development cost of research and development projects within the Group are divided into research phase and development phase. The cost for the research phase are charged in the current profit and loss when they occur. Cost in the development phase are capitalized if a product or process developed is technically and commercially feasible and the Group has sufficient resources and intention to complete the development work and the development phase expenditure is reliably measured.Capitalized development cost are stated in the balance sheet at cost less impairment losses (see Note 3(13)(b)). Other development expenses are recognized as expenses in the period in which they are incurred.

(9) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note 3(13)(b)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(10) Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognized as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 3(13)(b)).

Long-term deferred expenses are amortised over their beneficial periods. The respective amortisation periods for the long-term deferred expenses are as follows:

	Amortisation period
Catalyzer	2 - 5 years
Land rentals	3 - 22 years
Others	3 - 7 years

(11) Assets held for sale

The Group classifies a non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

The disposal group is a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition;

- The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value (see Note 3(14)) less costs to sell (except financial assets (see Note 3(12)) and deferred tax assets (see Note 3(16)). Any excess of the carrying amount over the fair value (see Note 3(14)) less costs to sell is recognized as an impairment loss in profit or loss.

(12) Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note 3(5)), receivables, payables, loans and borrowings, debentures payable and paid-in capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note 3(18).

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of financial assets

- Financial assets at FVTPL

  These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost shall be recognized in profit or loss when the financial asset is derecognized, through the amortisation process or in order to recognize impairment gains or losses.

- Equity investments at FVOCI

  These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

  A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

  Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

- Financial liabilities at amortised cost

  Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(f) Equity instrument

Except for the paid-in capital contributed by the investors, the Company does not have public equity instrument.

(13) Impairment of assets

Except for impairment of assets in Notes 3(4) and (16), impairment of assets is accounted for using the following principles:

(a) Impairment of financial instruments

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost.

Financial assets measured at fair value, including debt investments or equity securities at FVPL and equity securities designated at FVOCI, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date

- If the credit risk on a financial instrument has not increased significantly since initial recognition

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account::

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full (without recourse by the Group to actions such as realising security (if any is held)).

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- development costs
- goodwill
- long-term deferred expenses
- long-term equity investments

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(14)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

(14) Fair value measurement

Unless otherwise specified, the Group measures fair value measurement as below:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(15) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(c) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(16) Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and

- they relate to income taxes levied by the same tax authority on either: the same taxable entity; or different taxable entities which intend either to settle the 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.

(17) Provisions

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(18) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of 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. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognized as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognizes the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the customer can control the asset created or enhanced during the Group's performance; or

- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;

- the Group has transferred physical possession of the goods to the customer;

- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Sale of goods

The Group's goods sales include customer collection and delivery to designated location.

(i) Customer collection

When the Group issues the delivery notice and delivers it to the customer, the customer obtains control of the goods and revenue is recognized.

(ii) Delivery to the designated location

When the Group delivers the goods to the location designated by customers and receives the receipt notes from customers, the customer obtains control of the goods and revenue is recognized.

(b) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue is recognized by reference to the stage of completion based on the progress of work performed.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognized in profit or loss and no service revenue is recognized.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset is recognized as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognized. Otherwise, the grant is included in other income or non-operating income directly.

(20) Specific reserve

The Group recognizes a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

(21) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition, construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition construction activities are interrupted abnormally for a period of more than three months.

(22) Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

(23) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(24) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(25) Significant accounting estimates and justments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Notes 3(6) and (8) contain information about the accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets. Notes 9, 10, 11, 12, 13, 16, 17, 18, 19, 20 and 22 contain information about the accounting estimates relating to provisions for impairment of various types of assets. Other significant accounting estimates are as follows:

Note 56: Valuation of fair value of financial instruments

4 Changes in accounting policies

In 2019, the Group has adopted the following revised accounting standards issued by the MOF recently:

- CAS No.21 – *Leases* (Revised) ("New leases standard")
- *Notice on Revision of the 2019 Illustrative Financial Statements* (Caikuai [2019] No.6)
- *Notice on Revision of the 2019 Consolidation Financial Statements* (Caikuai [2019] No.16)
- CAS No.7 – *Exchange of Non-monetary Assets* (Revised) ("CAS 7 (2019)")
- CAS No.12 – *Debt Restructuring* (Revised) ("CAS 12 (2019)")

(1) Presentation of financial statements

The Group has prepared financial statements for the year ended 31 December 2019 in accordance with the financial statement format specified in Caikuai [2019] No.6 and Caikuai [2019] No.16. The Group has applied the new presentation requirements retrospectively.

Affected assets and liabilities items in the consolidated and company balance sheets as at 31 December 2018:

	The Group		
	Before adjustments	*Adjustments*	*After adjustments*
Bills and accounts receivable	525,497,993.18	(525,497,993.18)	-
Accounts receivable	-	34,849,596.20	34,849,596.20
Receivables under financing	-	490,648,396.98	490,648,396.98
Bills and accounts payable	3,409,490,166.21	(3,409,490,166.21)	-
Bills payable	-	1,879,120,546.47	1,879,120,546.47
Accounts payable	-	1,530,369,619.74	1,530,369,619.74
Total		-	

	The Company		
	Before adjustments	*Adjustments*	*After adjustments*
Bills and accounts receivable	597,487,742.33	(597,487,742.33)	-
Accounts receivable	-	144,383,403.33	144,383,403.33
Receivables under financing	-	453,104,339.00	453,104,339.00
Bills and accounts payable	2,861,362,718.12	(2,861,362,718.12)	-
Bills payable	-	1,679,459,827.54	1,679,459,827.54
Accounts payable	-	1,181,902,890.58	1,181,902,890.58
Tota		-	

(2) New leases standard

New leases standard has revised CAS No.21 – Leases issued by the MOF in 2006 ("previous leases standard"). The Group has applied new leases standard since 1 January 2019 and has adjusted the related accounting policies.

New leases standard refines the definition of a lease. The Group assesses whether a contract is or contains a lease in accordance with the definition in new leases standard. For contracts existed before the date of initial application, the Group has elected not to reassess whether a contract is or contains a lease at the date of initial application and surplus.

- As a lessee

  Under previous leases standard, the Group classifies leases as operating or finance leases based on its assessment of whether the lease transfers significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

  Under new leases standard, the Group no longer distinguishes between operating leases and finance leases. The Group recognizes right-of-use assets and lease liabilities for all leases (except for short-term leases and leases of low-value assets which are accounted for using practical expedient).

  For a contract that contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

  The Group has elected to recognize the cumulative effect of adopting new leases standard as an adjustment to the opening balances of retained earnings and other related items in the financial statement in the initial year of application. Comparative information has not been restated.

  For leases classified as operating leases before the date of initial application, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. Right-of-use assets are measured at either:

  - an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments – the Group applied this approach to all other leases.

  The Group also uses the following practical expedients to account for leases classified as operating leases before the date of initial application:

  - accounted for the leases for which the lease term ends within 12 months of the date of initial application as short-term leases;
  - applied a single discount rate to leases with similar characteristics when measuring lease liabilities;
  - excluded initial direct costs from measuring the right-of-use assets;
  - determined the lease term according to the actual implementation or other updates of options before the date of initial application if the contract contains options to extend or terminate the lease;
  - adjusted the right-of-use assets by the amount of onerous contract provision applying CAS No.13 – Contingencies immediately before the date of initial application, as an alternative to an impairment review;
  - accounted for lease modifications before the initial year of application according to the final arrangement of the change under new leases standard without retrospective adjustments.

For leases classified as finance leases before the date of initial application, the right-of-use asset and the lease liability are measured at the original carrying amount of the assets under finance lease and obligations under finance leases at the date of initial application.

- As a lessor

Under new leases standard, the Group, as the lessor of a sub-lease, is required to assess the classification of the sub-lease with reference to the right-of-use asset, not the underlying asset. The Group reassess sub-leased that were classified as operating leases and are ongoing at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sub-lease at the date of initial application, and determined the classification of sub-lease applying this standard. For subleases that were classified as finance leases, the Group accounted for the sub-lease as a new finance lease.

The Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor, except for sub-leases. The Group has applied new leases standard since the date of initial application.

- Effect of the application of new leases standard since 1 January 2019 on financial statements

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied by the Group is 4.5%.

	The Group	*The Company*
The total future minimum lease payments of significant operating leases disclosed in the consolidated financial statements as at 31 December 2018	61,857,177.57	61,655,193.57
Present value discounted using the Group's incremental borrowing rate at 1 January 2019	60,184,167.09	59,982,183.09
Lease liabilities under new leases standard at 1 January 2019	42,258,129.60	42,258,129.60
Difference between the present value and lease liabilities above	17,926,037.49	17,724,053.49

The impact of adoption new leases standard on the consolidated and company balance sheets after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 are summarised as follows:

	The Group		
	31 December 2018	*1 January 2019*	*Adjustments*
Assets:			
Right-of-use assets	-	42,258,129.60	42,258,129.60
Liabilities:			
Non-current liabilities due within one year	-	26,852,812.17	26,852,812.17
Lease liabilities	-	15,405,317.43	15,405,317.43
Total	-	42,258,129.60	42,258,129.60

5 Taxation

(1) Main types of taxes and corresponding tax rates

Tax type	计缴标准
Value-added tax (VAT)	Output VAT is 0%、3%、6%、9%、10%、13% or 16% of product sales and taxable services revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period

(2) Income tax

The statutory income tax rate of the Company is 25% (2018: 25%). The applicable income tax rate for the year is the statutory rate.

Except for the preferential tax treatments stated below, the tax rate for all the other subsidiaries of the Company for the year is 25% (2018: 25%).

Subsidiaries that are entitled to preferential tax treatments are as follows:

Names of enterprises	*Preferential rate*	*Reason*
Sinochem Chongqing Fuling Chemical Fertilizer Co., Ltd. ("Sinochem Fuling")	15%	Tax preference in West Development Strategy
Chongqing Fuling Qilixing Tiegongshui Transportation Co., Ltd.("Tiegongshui")	15%	Tax preference in West Development Strategy
Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong")	15%	Hi-tech enterprise

(3) Taxes payable

	The Group		The Company	
	2019	2018	2019	2018
VAT payable	6,059,730.24	43,387,059.48	1,882,020.53	46,851,757.17
Income tax payable	13,392,050.76	13,957,663.50	11,790,705.82	11,790,705.82
Others	40,219,396.02	33,523,277.47	20,640,663.01	21,819,492.34
Total	59,671,177.02	90,868,000.45	34,313,389.36	80,461,955.33

6 Business combinations and the consolidated financial statements

As at 31 December 2019, the consolidated financial statements included the following subsidiaries:

Names of the joint subsidiary	Registration place	Business nature	Registered capital	Direct and indirect shareholding percentage	Direct and indirect voting rights
Sinochem Fuling	Fuling	Production and sales of fertilizers	RMB148,000,000.00	60.00%	60.00%
Tiegongshui	Fuling	Freight forwarder	RMB40,000,000.00	30.60%	30.60%
Sinochem Jilin Changshan Chemical Co., Ltd. ("Jilin Changshan")	Changshan	Production and sales of fertilizers	RMB2,838,650,000.00	98.16%	98.16%
Sinochem Yunlong	Xundian	Production and sales of fodder	RMB500,000,000.00	100.00%	100.00%
Yunnan Julong Mining Development Co., Ltd. ("Julong Mining")	Xundian	Exploration and operation of mineral products	RMB50,000,000.00	100.00%	100.00%
Sinochem Shandong Fertilizer Co., Ltd. ("Shandong Fertilizer")	Linyi	Production and sales of fertilizers	RMB100,000,000.00	51.00%	51.00%
Sinochem Hainan Crop Science and Technology Co., Ltd. ("Sinochem Hainan")	Haikou	Sales of fertilizers	RMB200,000,000.00	100.00%	100.00%
Sinochem Yantai Crop Nutrition Co., Ltd. ("Sinochem Yantai")	Yantai	Production and sales of fertilizers	USD1,493,000.00	95.90%	95.90%
Sinochem Orient Fertilizer Co., Ltd. ("Sinochem Orient")	Wuhan	Production and sales of fertilizers	RMB30,000,000.00	98.00%	98.00%
Fujian Sinochem Zhisheng Chemical Fertilizer Co., Ltd. ("Sinochem Zhisheng")	Yongan	Production and sales of fertilizers	RMB47,000,000.00	53.19%	53.19%
Sinochem Fert-Mart Agricultural Superstore Co., Ltd. ("Fert-Mart")	Beijing	Sales of fertilizers	RMB100,000,000.00	100.00%	100.00%
Suifenhe Xinkaiyuan Trading Co., Ltd. ("Suifenhe")	Suifenhe	Sales of fertilizers	RMB5,000,000.00	100.00%	100.00%
Manzhouli Kaiming Fertilizer Co., Ltd. ("Manzhouli")	Manzhouli	Sales of fertilizers	RMB5,000,000.00	100.00%	100.00%
Pingyuan Couty Xinglong Textile Co., Ltd. ("Xinglong textile")	Pingyuan	Production and sales of textiles	RMB15,000,000.00	75.00%	75.00%
Sinochem Agriculture(Linyi) R&D Centre Co., Ltd.("Linyi R&D")	Linyi	Development of agriculture products	RMB122,300,000.00	100.00%	100.00%
Sinochem Agriculture(Xinjiang) Bio-Technology Co., Ltd. ("Xinjiang Bio-Technology")	Akesu	Production and sales of fertilizers	RMB31,800,000.00	100.00%	100.00%

The Board of the Company considers there are no material non-controlling interests of the Group's subsidiaries.

7 Cash at bank and on hand

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Cash on hand	12,391.01	11,127.20	-	1,670.33
Deposits with banks	1,282,075,989.47	539,364,092.82	1,123,178,720.00	421,060,763.85
Other monetary funds	302,500,000.00	500,000,000.00	302,500,000.00	500,000,000.00
Total	1,584,588,380.48	1,039,375,220.02	1,425,678,720.00	921,062,434.18

8 Financial assets held for trading

	The Group/Company	
	2019	*2018*
Debt instrument investment	400,000,000.00	197,725,163.74

9 Accounts receivable

(1) Accounts receivable by category:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Subsidiary	-	-	99,662,432.80	140,421,170.51
Related parties	1,369,392.80	-	-	-
Others	44,239,467.67	38,989,016.65	8,179,195.27	3,962,232.82
Sub-total	45,608,860.47	38,989,016.65	107,841,628.07	144,383,403.33
Less: loss allowance	4,158,542.45	4,139,420.45	22,392.00	-
Total	41,450,318.02	34,849,596.20	107,819,236.07	144,383,403.33

(2) The ageing analysis of accounts receivable is as follows:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Within 1 year (inclusive)	39,999,831.87	32,629,014.64	106,999,430.53	12,752,166.21
Over 1 year but within 2 years (inclusive)	3,491.08	220,984.45	20,530.50	8,557,770.16
Over 2 years but within 3 years (inclusive)	207,018.82	2,921.24	-	-
Over 3 years	5,398,518.70	6,136,096.32	821,667.04	123,073,466.96
Sub-total	45,608,860.47	38,989,016.65	107,841,628.07	144,383,403.33
Less: loss allowance	4,158,542.45	4,139,420.45	22,392.00	-
Total	41,450,318.02	34,849,596.20	107,819,236.07	144,383,403.33

The ageing is counted starting from the date when accounts receivable are recognized.

(3) Assessment of ECLs on accounts receivable:

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.。

2019

	Loss given default	*Carrying amount at the end of the year*	*Impairment loss at the end of the year*
within 1 year	0.04%	39,999,831.87	15,487.94
more than 1 year but within 2 years	14.63%	3,491.08	510.79
more than 2 year but within 3 years	23.65%	207,018.82	48,954.36
more than 3 years	75.83%	5,398,518.70	4,093,589.36
Total		45,608,860.47	4,158,542.45

2018

	Loss given default	*Carrying amount at the end of the year*	*Impairment loss at the end of the year*
within 1 year	0.07%	32,629,014.64	22,142.76
more than 1 year but within 2 years	17.26%	220,984.45	38,146.76
more than 2 year but within 3 years	53.53%	2,921.24	1,563.63
more than 3 years	66.45%	6,136,096.32	4,077,567.30
Total		38,989,016.65	4,139,420.45

The loss given default is measured based on the actual credit loss experience in the past 3 years, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of loss allowance:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Balance under previous financial instruments standards	4,139,420.45	2,677,541.92	-	-
Adjustment on initial application of new financial instruments standards	-	-		-
Adjustment balance at the beginning of the year	4,139,420.45	2,677,541.92	-	-
Additions during the year	22,392.00	1,527,778.73	22,392.00	65,900.20
Recoveries or reversals during the year	(3,270.00)	-	-	-
Written-off during the year	-	(65,900.20)	-	(65,900.20)
Balance at the end of the year	4,158,542.45	4,139,420.45	22,392.00	-

10 Receivables under financing

2019

	The Group			
	Balance at the beginning of the year	*Changes in fair value during the year*	*Balance at the end of the year*	*Accumulated impairment losses recognized in other comprehensive income*
Bills receivable	490,648,396.98	(5,300,000.00)	369,084,673.33	5,300,000.00

	The Company			
	Balance at the beginning of the year	*Changes in fair value during the year*	*Balance at the end of the year*	*Accumulated impairment losses recognized in other comprehensive income*
Bills receivable	453,104,339.00	(5,300,000.00)	307,232,591.32	5,300,000.00

As at 31 December 2019, the bills receivable that the Group has endorsed or discounted but not matured are RMB 1,741,731,391.68 (2018:RMB 2,260,674,959.37).

11 Prepayments

(1) Prepayments by category:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Prepayments	1,403,136,186.65	1,924,967,150.30	1,650,319,151.04	2,313,799,549.98
Less: loss allowance	11,644,492.44	15,083,742.71	-	-
Total	1,391,491,694.21	1,909,883,407.59	1,650,319,151.04	2,313,799,549.98

(2) The ageing analysis of prepayments is as follows:

	The Group		The Company	
	2019	2018	2019	2018
Within 1 year (inclusive)	1,372,540,839.03	1,893,019,548.56	1,648,132,664.24	2,308,229,694.19
Over 1 year but within 2 years (inclusive)	5,685,750.66	6,404,441.15	1,897,936.94	1,645,957.02
Over 2 years but within 3 years (inclusive)	3,219,936.11	1,930,278.57	269,919.86	498,049.16
Over 3 years	21,689,660.85	23,612,882.02	18,630.00	3,425,849.61
Sub-total	1,403,136,186.65	1,924,967,150.30	1,650,319,151.04	2,313,799,549.98
Less: loss allowance	11,644,492.44	15,083,742.71	-	-
Total	1,391,491,694.21	1,909,883,407.59	1,650,319,151.04	2,313,799,549.98

The ageing is counted starting from the date when prepayments are recognized.

(3) Movements of loss allowance:

	The Group	
	2019	2018
Balance at the beginning of the year	15,083,742.71	14,682,686.40
(Reversal)/addition during the year	(1,717,411.24)	401,056.31
Written-off during the year	(1,721,839.03)	-
Balance at the end of the year	11,644,492.44	15,083,742.71

12 Other receivables

	Note	The Group		The Company	
		2019	2018	2019	2018
Interest receivable		9,469,773.37	13,603,765.08	9,609,415.87	16,810,497.11
Dividends receivable		-	-	36,000,000.00	36,000,000.00
Others	(1)	121,240,971.10	101,937,498.83	182,486,469.34	129,862,843.10
Total		130,710,744.47	115,541,263.91	228,095,885.21	182,673,340.21

(1) Others

(a) Balance analysis:

	The Group		The Company	
	2019	2018	2019	2018
Other receivables	157,999,346.21	138,695,873.94	204,881,133.88	152,257,507.64
Less: loss allowance	36,758,375.11	36,758,375.11	22,394,664.54	22,394,664.54
Total	121,240,971.10	101,937,498.83	182,486,469.34	129,862,843.10

(b) The ageing analysis is as follows:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Within 1 year (inclusive)	75,564,087.92	45,482,468.67	125,330,317.52	40,736,672.07
Over 1 year but within 2 years (inclusive)	3,627,254.00	21,241,203.93	4,247,205.40	1,589,083.78
Over 2 years but within 3 years (inclusive)	20,888,082.25	29,795,910.60	1,118,869.91	31,262,271.26
Over 3 years	57,919,922.04	42,176,290.74	74,184,741.05	78,669,480.53
Sub-total	157,999,346.21	138,695,873.94	204,881,133.88	152,257,507.64
Less: loss allowance	36,758,375.11	36,758,375.11	22,394,664.54	22,394,664.54
Total	121,240,971.10	101,937,498.83	182,486,469.34	129,862,843.10

The ageing is counted starting from the date when other receivables are recognized.

(c) An analysis of the movements of loss allowance for the year is as follows:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Balance under previous financial instruments standards	36,758,375.11	31,164,746.39	22,394,664.54	22,418,259.64
Adjustment on initial application of new financial instruments standards	-	-		-
Adjustment balance at the beginning of the year	36,758,375.11	31,164,746.39	22,394,664.54	22,418,259.64
Addition during the year	199,202.90	5,621,623.82	-	-
Written-off during the year	(199,202.90)	(27,995.10)	-	(23,595.10)
Balance at the end of the year	36,758,375.11	36,758,375.11	22,394,664.54	22,394,664.54

13 Inventories

(1) An analysis of balance of inventories is as follows:

The Group	*2019*	*2018*
Raw materials	554,211,845.93	399,405,713.36
Work in progress	59,388,176.50	52,948,867.42
Finished goods	4,383,506,690.25	4,509,604,325.05
Consumables	51,732,947.03	42,845,855.32
Sub-total	5,048,839,659.71	5,004,804,761.15
Less: Provision for the impairment of inventories	26,199,040.57	29,284,381.36
Total	5,022,640,619.14	4,975,520,379.79

The Company	2019	2018
Finished goods	4,226,825,532.93	4,036,968,384.87
Less: Provision for the impairment of inventories	7,018,157.35	9,676,202.80
Total	4,219,807,375.58	4,027,292,182.07

At the year end, neither the Group and the Company had the inventories pledged as security (2018: Nil).

(2) An analysis of provision for the impairment of inventories is as follows:

	The Group			
	Balance at 1 Jan 2019	*Provision made for the year*	*Transferred out for the year*	*Balance at 31 Dec 2019*
Raw materials	15,987,467.53	-	(282,108.75)	15,705,358.78
Finished goods	12,793,049.49	5,880,712.37	(10,907,422.52)	7,766,339.34
Consumables	503,864.34	2,678,472.18	(454,994.07)	2,727,342.45
Total	29,284,381.36	8,559,184.55	(11,644,525.34)	26,199,040.57

	The Group			
	Balance at 1 Jan 2018	*Provision made for the year*	*Transferred out for the year*	*Balance at 31 Dec 2018*
Raw materials	11,656,248.74	4,331,218.79	-	15,987,467.53
Finished goods	13,525,848.45	7,903,983.65	(8,636,782.61)	12,793,049.49
Consumables	11,514,754.60	-	(11,010,890.26)	503,864.34
Total	36,696,851.79	12,235,202.44	(19,647,672.87)	29,284,381.36

	The Company			
	Balance at 1 Jan 2019	*Provision made for the year*	*Transferred out for the year*	*Balance at 31 Dec 2019*
Finished goods	9,676,202.80	5,265,417.35	(7,923,462.80)	7,018,157.35

	The Company			
	Balance at 1 Jan 2018	*Provision made for the year*	*Transferred out for the year*	*Balance at 31 Dec 2018*
Finished goods	6,954,420.00	7,945,362.80	(5,223,580.00)	9,676,202.80

When making estimates of net realisable value, the Group and the Company take into consideration the market prices of all fertilizer kinds, estimated selling expenses and relevant taxes.

14 Other current assets

	The Group		The Company	
	2019	2018	2019	2018
Entrusted loans to subsidiaries	-	-	1,617,620,000.00	2,061,013,569.78
Entrusted loans to associates	920,000,000.00	1,970,000,000.00	920,000,000.00	1,970,000,000.00
Deductible income tax	355,845,054.34	352,967,906.16	264,139,395.19	252,604,835.26
Others	3,985,853.86	5,139,386.04	-	750,000.00
Total	1,279,830,908.20	2,328,107,292.20	2,801,759,395.19	4,284,368,405.04

15 Non-current assets due within one year

	The Company	
	2019	2018
Debt investments due within one year	-	473,814,260.00

16 Long-term equity investments

	Note	The Group		The Company	
		2019	2018	2019	2018
Investments in subsidiaries	(1)	-	-	5,215,752,683.06	4,867,652,683.06
Investments in joint ventures	(2)	354,828,159.46	413,989,006.92	354,828,159.46	355,118,138.41
Investments in associates	(3)	532,880,572.03	512,519,209.79	311,288,503.19	293,308,440.87
Total		887,708,731.49	926,508,216.71	5,881,869,345.71	5,516,079,262.34

(1) As at 31 December 2019, the Company's investments in subsidiaries were as follows:

	2019	2018
Sinochem Fuling	227,941,779.03	227,941,779.03
Jilin Changshan	2,398,830,000.00	2,398,830,000.00
Sinochem Yunlong	1,680,000,000.00	1,680,000,000.00
Shandong Fertilizer	44,499,051.29	44,499,051.29
Sinochem Hainan	200,000,000.00	200,000,000.00
Sinochem Yantai	11,270,983.33	11,270,983.33
Sinochem Orient	294,090,787.21	24,090,787.21
Sinochem Zhisheng	27,126,592.18	27,126,592.18
Fert-Mart	100,000,000.00	100,000,000.00
Xinglong Textile	20,079,700.41	20,079,700.41
Suifenhe	5,651,647.19	5,651,647.19
Manzhouli	4,527,203.29	4,527,203.29
Julong Mining	47,634,939.13	47,634,939.13
Linyi R&D	122,300,000.00	60,000,000.00
Xinjiang Bio-Technology	31,800,000.00	16,000,000.00
Total	5,215,752,683.06	4,867,652,683.06

Detailed information about the subsidiaries is set out in Note 6.

(2) As at 31 December 2019, the Group's and the Company's investments in joint ventures were as follows:

	The Group		The Company	
	2019	2018	2019	2018
Immaterial joint ventures	354,828,159.46	413,989,006.92	354,828,159.46	355,118,138.41

Details of the Group's joint ventures at the end of 2018 are as follows:

Name of the joint ventures	Registration place	Business nature	Registered capital	Shareholding percentage	Voting rights percentage
Yunnan Three Circles - Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem")#	Kunming	Production and sales of fertilizers	RMB800,000,000.00	40%	40%
Gansu Wengfu Chemical Co., Ltd. ("Gansu Wengfu")#	Jinchang	Production and sales of fertilizers	RMB181,000,000.00	30%	30%
Hainan Zhongsheng Agricultural Technology Co., Ltd. ("Hainan Zhongsheng")(Note)	Haikou	Sales of pesticides	RMB100,000,000.00	-	-

The above-mentioned joint ventures with # are also joint ventures of the Company.

Not: The Hainan Zhongsheng Shareholders' Meeting passed a liquidation resolution on June 25, 2019 and allocated all net assets to shareholders. According to the resolution, the Group received RMB 61,189,618.42.

The directors of the Company are of the opinion that no joint ventures are individually material to the Group. Details of immaterial joint ventures accounted for using the equity method is summarized as follows:

	The Group		The Company	
	2019	2018	2019	2018
Aggregate carrying amount of investments	354,828,159.46	413,989,006.92	354,828,159.46	355,118,138.41
Aggregate amount of share of				
- Net (loss) / profit	(289,978.95)	28,315,478.86	(289,979.28)	28,315,478.86
- Total comprehensive income	(289,978.95)	28,315,478.86	(289,979.28)	28,315,478.86

(3) As at 31 December 2019, the Group's and the Company's investments in associates were as follows:

	The Group		The Company	
	2019	2018	2019	2018
Immaterial associates	532,880,572.03	512,519,209.79	311,288,503.19	293,308,440.87

Details of the Group's associates at the end of 2019 are as follows:

Name of the associates	*Registration place*	*Business nature*	*Registered capital*	*Shareholding percentage*	*Voting rights percentage*
Guizhou Xinxin Chemical Group Co., Ltd. ("Xinxin Group")	Guiyang	Production of Phosphorus ore	RMB200,000,000.00	24%	24%
Guizhou Xinxin Coal Chemical (Group) Co., Ltd.	Bijie	Coal Chemical technology development	RMB200,000,000.00	24%	24%
Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan")#	Pingyuan	Produciton and sales of fertilizers	RMB560,296,500.00	36.75%	36.75%
Fuling Zhongwang Agricultural Materials Co., Ltd.	Fuling	Sales of pesticides	RMB400,000.00	24%	24%

The above-mentioned associate with # is also a associate of the Company.

The directors of the Company are of the opinion that no associates are individually material to the Group and the Company. Details of immaterial associates accounted for using the equity method are summarized as follows:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Aggregate carrying amount of investments	532,880,572.03	512,519,209.79	311,288,503.19	293,308,440.87
Aggregate amount of share of				
- Net profit	20,361,362.24	17,668,455.94	17,980,062.32	18,273,425.91
- Total comprehensive income	20,361,362.24	17,668,455.94	17,980,062.32	18,273,425.91

17 Other equity instruments

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Shares of unlisted entities	283,289,198.53	386,565,948.00	279,289,198.53	382,565,948.00

18 Fixed assets

The Group

	Plant & buildings	*Machinery & equipment*	*Motor vehicles*	*Office & other equipment*	*Total*
Cost					
Balance at 1 January 2018	2,664,774,991.88	3,505,660,271.97	64,906,169.70	347,183,374.21	6,582,524,807.76
Additions during the year	31,012,339.33	13,822,412.82	9,513,736.85	10,810,498.51	65,158,987.51
Transfer from construction in progress	30,620,579.80	105,253,309.94	154,136.50	6,203,671.95	142,231,698.19
Disposal during the year	(1,488,140.60)	(18,631,682.04)	(12,007,395.87)	(2,588,462.03)	(34,715,680.54)
Separation and hand-over of water/power/gas supply and property management facilities	(12,463,925.49)	(1,301,487.00)	(156,294.02)	(119,616.95)	(14,041,323.46)
Balance at 31 December 2018	2,712,455,844.92	3,604,802,825.69	62,410,353.16	361,489,465.69	6,741,158,489.46
Additions during the year	56,403,635.03	32,507,909.92	6,268,923.51	6,971,738.54	102,152,207.00
Transfers from construction in progress	61,738,317.97	72,744,790.56	-	84,643,447.62	219,126,556.15
Disposal during the year	(10,039,203.27)	(29,720,414.50)	(4,950,805.80)	(4,380,080.11)	(49,090,503.68)
Transfers to construction in progress and other non-current asset	(850,483,231.06)	(1,195,651,132.77)	(75,564.46)	(115,679,918.93)	(2,161,889,847.22)
Balance at 31 December 2019	1,970,075,363.59	2,484,683,978.90	63,652,906.41	333,044,652.81	4,851,456,901.71
Less: Accumulated depreciation					
Balance at 1 January 2018	1,184,795,991.34	1,769,588,732.08	43,054,730.68	175,702,225.83	3,173,141,679.93
Charge for the year	87,455,810.67	143,671,688.30	6,154,204.84	20,950,543.91	258,232,247.72
Disposals or written-offs during the year	(463,386.74)	(15,232,215.88)	(8,600,532.00)	(2,288,987.10)	(26,585,121.72)
Separation and hand-over of water/power/gas supply and property management facilities	(7,910,304.65)	(805,709.26)	(87,369.80)	(98,905.54)	(8,902,289.25)
Balance at 31 December 2018	1,263,878,110.62	1,897,222,495.24	40,521,033.72	194,264,877.10	3,395,886,516.68
Charge for the year	77,793,359.29	131,409,227.49	6,491,336.97	22,972,453.05	238,666,376.80
Disposals or written-offs during the year	(4,237,707.39)	(25,516,354.41)	(2,567,352.52)	(1,594,298.35)	(33,915,712.67)
Transfers to construction in progress and other non-current asset	(447,760,409.85)	(1,013,360,736.22)	(51,827.26)	(104,775,640.63)	(1,565,948,613.96)
Balance at 31 December 2019	889,673,352.67	989,754,632.10	44,393,190.91	110,867,391.17	2,034,688,566.85
Less: Provision for impairment					
Balance at 1 January 2018	497,253,467.15	790,178,393.00	5,042,864.73	2,418,546.67	1,294,893,271.55
Charge for the year	-	-	-	-	-
Written off on disposal	-	(2,304,411.54)	(2,794,282.08)	(89,115.66)	(5,187,809.28)
Separation and hand-over of water/power/gas supply and property management facilities	(4,553,620.84)	(514,329.67)	(68,924.22)	(2,159.48)	(5,139,034.21)
Balance at 31 December 2018	492,699,846.31	787,359,651.79	2,179,658.43	2,327,271.53	1,284,566,428.06
Charge for the year	5,649,962.74	7,757,842.73	-	154,648.15	13,562,453.62
Written off on disposal	(2,127,832.63)	(1,779,658.93)	-	(7,271.07)	(3,914,762.63)
Transfers to construction in progress and other non-current asset	(7,926,109.50)	(7,487,195.55)	-	(189,502.76)	(15,602,807.81)
Balance at 31 December 2019	488,295,866.92	785,850,640.04	2,179,658.43	2,285,145.85	1,278,611,311.24
Carrying amounts					
Balance at 31 December 2019	592,106,144.00	709,078,706.76	17,080,057.07	219,892,115.79	1,538,157,023.62
Balance at 31 December 2019	955,877,887.99	920,220,678.66	19,709,661.01	164,897,317.06	2,060,705,544.72

The government of Fuling District in Chongqing ("the Government") and the Group entered into a relocation agreement ("the relocation agreement") on 6 August 2019. Pursuant to the relocation agreement, Sinochem Chongqing Fuling Chemical Fertilizer Co., Ltd. ("Sinochem Fuling"), a subsidiary of the Group, will relocate its factories in Nananpu, demolish the buidings, restore the land and return it to the Government no later than June 2021. In return, the Government will compensate the losses of Sinochem Fuling arising from the relocation, with a cap of RMB 1billion, after the Government receives the land.

Sinochem Fuling started demolishing the factory in November 2019. The carrying amounts of the related property, plant and equipment and also the land lease prepayment were reclassified as other long-term assets. Based on current estimation, the directors of the Company are of the view that the compensation receivable is sufficient to cover the expected loss of the Group and hence no impairment provision is made over these other long-term assets as at 31 December 2019.

In 2019, the Group did not recognize impairment loss for the fixed assets which are obsolete, damaged or could not bring economic benefits (2018: Nil).

For the details of pledged fixed assets, please refer to Note 26.

The Company

	Plan & buildings	*Machinery & equipment*	*Office & other equipment*	*Total*
Cost				
Balance at 1 January 2018	69,150,934.78	32,376,925.33	45,654,858.33	147,182,718.44
Additions during the year	25,374,777.63	7,257,207.91	7,163,075.78	39,795,061.32
Disposals during the year	(13,294.00)	(756,648.00)	(527,010.34)	(1,296,952.34)
Balance at 31 December 2018	94,512,418.41	38,877,485.24	52,290,923.77	185,680,827.42
Additions during the year	52,058,185.49	5,492,788.01	9,203,553.94	66,754,527.44
Disposals during the year	(560,179.00)	(3,611,501.44)	(3,489,612.36)	(7,661,292.80)
Balance at 31 December 2019	146,010,424.90	40,758,771.81	58,004,865.35	244,774,062.06
Less: Accumulated depreciation				
Balance at 1 January 2018	3,660,678.23	14,324,935.83	31,007,980.87	48,993,594.93
Charge for the year	2,193,952.94	4,103,899.60	4,047,427.66	10,345,280.20
Written off on disposal	-	(606,163.09)	(407,961.05)	(1,014,124.14)
Balance at 31 December 2018	5,854,631.17	17,822,672.34	34,647,447.48	58,324,750.99
Charge for the year	2,795,881.46	4,024,919.52	4,908,341.74	11,729,142.72
Written off on disposal	(3,141.84)	(1,429,453.22)	(1,189,691.06)	(2,622,286.12)
Balance at 31 December 2019	8,647,370.79	20,418,138.64	38,366,098.16	67,431,607.59
Carrying amounts				
Balance at 31 December 2019	137,363,054.11	20,340,633.17	19,638,767.19	177,342,454.47
Balance at 31 December 2018	88,657,787.24	21,054,812.90	17,643,476.29	127,356,076.43

As at 31 December 2019, the Company did not have fixed assets with restricted usage (2018: Nil).

As at 31 December 2019, the Company did not have any fixed assets pledged as security (2018: Nil).

19 Construction in progress

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Balance at the beginning of the year	412,763,768.83	311,997,964.48	-	-
Additions during the year	661,306,664.88	334,795,534.35	2,388,073.31	-
Transfer to fixed assets	(219,126,556.15)	(142,231,698.19)	-	-
Separation and hand-over of water / power / gas supply and property management facilities	-	(89,980,000.00)	-	-
Other reductions	(181,424.93)	(1,818,031.81)	-	-
Balance at the end of the year	854,762,452.63	412,763,768.83	2,388,073.31	-

20 Intangible assets

The Group

	Land use rights	*Mining rights*	*Others*	*Total*
Cost				
Balance at 1 January 2018	676,091,174.99	768,139,437.71	58,107,529.78	1,502,338,142.48
Additions during the year	218,630.85	-	499,732.43	718,363.28
Balance at 31 December 2018	676,309,805.84	768,139,437.71	58,607,262.21	1,503,056,505.76
Additions during the year	41,167,763.56	-	1,457,330.81	42,625,094.37
Transfers to other non-current asset	(114,005,640.57)	-	(6,448,491.24)	(120,454,131.81)
Balance at 31 December 2019	603,471,928.83	768,139,437.71	53,616,101.78	1,425,227,468.32
Less: Accumulated amortization				
Balance at 1 January 2018	174,578,282.35	189,062,573.67	32,369,911.98	396,010,768.00
Additions during the year	13,241,928.28	32,901,098.69	2,813,581.02	48,956,607.99
Balance at 31 December 2018	187,820,210.63	221,963,672.36	35,183,493.00	444,967,375.99
Additions during the year	12,931,385.31	33,063,151.59	2,832,900.82	48,827,437.72
Transfers to other non-current asset	(29,111,732.96)	-	(2,914,762.86)	(32,026,495.82)
Balance at 31 December 2019	171,639,862.98	255,026,823.95	35,101,630.96	461,768,317.89
Less: Provision for impairment				
Balance at 1 January 2018	-	-	134,680.58	134,680.58
Additions during the year	-	-	-	-
Balance at 31 December 2018	-	-	134,680.58	134,680.58
Additions during the year	-	-	-	-
Balance at 31 December 2019	-	-	134,680.58	134,680.58
Carrying amounts				
Balance at 31 December 2019	431,832,065.85	513,112,613.76	18,379,790.24	963,324,469.85
Balance at 31 December 2018	488,489,595.21	546,175,765.35	23,289,088.63	1,057,954,449.19

Sinochem Fuling transferred intangible assets to other non-current assets, see Note 18 for details.

For more information on collateral for intangible assets, please refer to Note 26.

The Company

	Software	*Patent & Trademarks*	*Non-patent technology*	*Total*
Cost				
Balance at 1 January 2018	14,993,863.15	350,000.00	5,044,271.45	20,388,134.60
Additions during the year	-	-	-	-
Balance at 31 December 2018	14,993,863.15	350,000.00	5,044,271.45	20,388,134.60
Additions during the year	460,000.00	-	-	460,000.00
Balance at 31 December 2019	15,453,863.15	350,000.00	5,044,271.45	20,848,134.60
Less: Accumulated amortization				
Balance at 1 January 2018	2,364,787.66	350,000.00	1,547,869.69	4,262,657.35
Charge for the year	1,172,072.16	-	398,922.03	1,570,994.19
Balance at 31 December 2018	3,536,859.82	350,000.00	1,946,791.72	5,833,651.54
Charge for the year	1,175,905.49		398,922.03	1,574,827.52
Balance at 31 December 2019	4,712,765.31	350,000.00	2,345,713.75	7,408,479.06
Carrying amounts				
Balance at 31 December 2019	10,741,097.84	-	2,698,557.70	13,439,655.54
Balance at 31 December 2018	11,457,003.33	-	3,097,479.73	14,554,483.06

As at 31 December 2019, the Company did not have any intangible assets pledged as security (2018: Nil).

21 Development costs

The Group and the Company

	2019
Cost and Carrying amounts	
Balance at 31 December 2018 and 1 January 2019	-
Additions during the year	17,897,094.35
Balance at 31 December 2019	17,897,094.35

22 Goodwill

The Group	*2019 & 2018*
Cost	
Balance at the beginning and the end of the year	531,073,744.64
Less: Provision for impairment	
Balance at the beginning and the end of the year	-
Carrying amounts	
Balance at the beginning and the end of the year	531,073,744.64

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to the cash-generating units ("CGUs") of the related segments as follows:

	2019	*2018*
Production-Sinochem Yunlong	531,073,744.64	531,073,744.64

The recoverable amounts of these CGUs have been determined on the basis of value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, including estimated selling prices and selling quantities used in the cash flow forecasts. Cash flow forecasts are based on past practices and expectations of future changes in the market. The directors of the Company estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific relating to the CGUs. Cash flow forecasts of each CGU are derived from financial budgets of 2020 approved by the directors of the Company. The growth rates for the first 3 years from 2020 are based on the relevant CGUs' past performance and management's expectation for the market development and for the following years are based on steady growth rates.

The key assumptions used in the value in use calculation for related CGUs include:

	Production 2019
Pre-tax discount rate	12.9%
Average growth rate for the first three years from 2020	3.0%
Steady growth rate for the following years	3.0%

The value in use calculated is higher than the carrying amount for each CGU, accordingly, no impairment of goodwill was recognized for the year ended 31 December 2019.

23 Long-term deferred expenses

	The Group		The Company	
	2019	2018	2019	2018
Lease expenses	348,900.00	6,811,441.14	-	-
Others	23,278,762.07	22,149,745.19	1,477,545.09	1,861,075.80
Total	23,627,662.07	28,961,186.33	1,477,545.09	1,861,075.80

24 Deferred tax assets and liabilities

The Group

	Balance at 31 December 2018	Current year increase/ decrease charged to profit or loss	Current year increase/ decrease charged to equity	Balance at 31 December 2019
Provision for the impairment of assets	11,124,495.40	(519,667.70)	-	10,604,827.70
Unrealized internal sales profits	2,041,163.20	(1,094,305.70)	-	946,857.50
Deductible loss	40,173,005.53	7,734,769.39	-	47,907,774.92
Revaluation increment	(195,559,629.14)	11,968,975.40	-	(183,590,653.74)
Changes in fair value of other debt investments	(19,761,686.97)	-	25,819,187.37	6,057,500.40
Others	3,775,102.48	(777,054.75)	-	2,998,047.73
Total	(158,207,549.50)	17,312,716.64	25,819,187.37	(115,075,645.49)

The Company

	Balance at 31 December 2018	Current year increase/ decrease charged to profit or loss	Current year increase / decrease charged to equity	Balance at 31 December 2019
Provision for the impairment of assets	2,655,000.00	-	-	2,655,000.00
Deductible loss	38,084,813.70	(631,561.70)	-	37,453,252.00
Changes in fair value of other debt investments	(19,761,686.97)	-	25,819,187.37	6,057,500.40
Others	2,998,047.72	-	-	2,998,047.72
Total	23,976,174.45	(631,561.70)	25,819,187.37	49,163,800.12

At the balance sheet date, the deferred tax assets and liabilities on the balance sheet, after offsetting each other, were as follows:

	The Group		The Company	
	2019	2018	2019	2018
Deferred tax assets	68,515,008.25	57,113,766.61	49,163,800.12	43,737,861.42
Deferred tax liabilities	(183,590,653.74)	(215,321,316.11)	-	(19,761,686.97)
Total	(115,075,645.49)	(158,207,549.50)	49,163,800.12	23,976,174.45

Deferred tax assets not recognized

As the accounting policy described in Note 3(16), no deferred tax assets were recognized on the cumulative tax losses of approximately RMB 6,620,361,566.40 (2018: RMB 7,195,018,211.91) as the Group determines that the realization of the related tax benefit through future taxable profits is not probable. The deductible tax losses will expire within 5 years from incurred under current tax law.

At 31 December 2019, the Group and the Company had no deferred tax liabilities unrecognized (2018: Nil).

25 Other non-current assets

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Entrusted loan to subsidiaries	-	-	315,000,000.00	7,500,000.00
Fixed assets to be disposed	472,681,965.65	-	-	-
Intangible assets	88,427,635.99	-	-	-
Labor costs during demolition	15,903,784.82	-	-	-
Interest expense during demolition	13,548,094.06	-	-	-
Others	926,517.37	-	-	-
Total	591,487,997.89	-	315,000,000.00	7,500,000.00

26 Restricted assets

As at 31 December 2019, the restricted assets are set out as follows:

		The Group			
	Note	*Balance at 1 January 2019*	*Additions during the year*	*Decrease during the year*	*Balance at 31 December 2019*
Assets pledged as collateral					
- Plant & buildings	18	2,657,549.99	2,097,564.87	(2,657,549.99)	2,097,564.87
- Land use rights	20	2,595,526.39	2,484,453.04	(2,595,526.39)	2,484,453.04
Total		5,253,076.38	4,582,017.91	(5,253,076.38)	4,582,017.91

According to the maximum mortgage contract and the bank loan facility agreement that Sinochem Zhisheng, one of the Group's subsidiaries, signed with Bank of China Yong'an Branch at 29 August 2019, the above plant and buildings, machinery, equipment and land use rights, totally RMB4,582,017.91, are collaterals for a loan facility of RMB30,000,000. The maturity date is 18 August 2020.

27 Short-term loans

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Credit loan	527,815,500.00	928,082,800.00	1,101,638,371.96	971,582,800.00

As at 31 December 2019, the Group and the Company did not have overdue short-term loans unpaid (2018: Nil).

28 Bills payable

	The Group		The Company	
	2019	2018	2019	2018
Bank acceptance bills	1,704,615,899.94	1,870,990,546.47	1,613,223,020.31	1,671,329,827.54
Commercial acceptance bills	314,096,782.81	8,130,000.00	255,321,610.00	8,130,000.00
Total	2,018,712,682.75	1,879,120,546.47	1,868,544,630.31	1,679,459,827.54

All of the above bills are due within one year.

29 Employee benefits payable

	Note	The Group		The Company	
		2019	2018	2019	2018
Short-term employee benefits	(1)	18,917,941.81	19,790,069.49	5,826,626.98	8,528,600.58
Post-employment benefits- defined contribution plans	(2)	3,312,007.10	3,378,672.30	980,493.38	1,141,879.47
Termination benefits	(3)	-	4,291,123.09	-	-
Other long-term benefits settled within one year	(3)/34	19,776,526.75	39,771,061.70	-	-
Total		42,006,475.66	67,230,926.58	6,807,120.36	9,670,480.05

(1) Short-term employee benefits

	The Group			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Salaries, bonuses and allowances	2,243,131.79	565,522,245.46	(566,303,600.88)	1,461,776.37
Staff welfare	446,626.27	34,395,974.38	(34,842,600.65)	-
Social insurance				
Medical insurance	1,402,053.19	32,308,139.76	(32,381,352.65)	1,328,840.30
Work-related injury insurance	136,705.69	3,537,811.91	(3,449,929.24)	224,588.36
Maternity insurance	113,132.31	2,288,493.85	(2,278,641.49)	122,984.67
Housing fund	2,068,904.48	42,309,581.06	(42,285,303.88)	2,093,181.66
Labour union fee, staff and workers' education fee	13,379,515.76	11,096,934.55	(10,789,879.86)	13,686,570.45
Total	19,790,069.49	691,459,180.97	(692,331,308.65)	18,917,941.81

	The Group			
	Balance at 1 January 2018	Accrued during the year	Paid during the year	Balance at 31 December 2018
Salaries, bonuses and allowances	239,811.32	522,412,150.59	(520,408,830.12)	2,243,131.79
Staff welfare	446,626.27	32,423,074.52	(32,423,074.52)	446,626.27
Social insurance				
Medical insurance	1,275,195.51	32,619,510.39	(32,492,652.71)	1,402,053.19
Work-related injury insurance	98,011.72	3,555,094.36	(3,516,400.39)	136,705.69
Maternity insurance	74,325.48	1,740,474.15	(1,701,667.32)	113,132.31
Housing fund	1,135,649.62	38,159,290.87	(37,226,036.01)	2,068,904.48
Labour union fee, staff and workers' education fee	10,085,526.90	13,712,029.90	(10,418,041.04)	13,379,515.76
Total	13,355,146.82	644,621,624.78	(638,186,702.11)	19,790,069.49

	The Company			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Salaries, bonuses and allowances	1,056,295.84	311,333,904.06	(312,333,904.06)	56,295.84
Staff welfare	-	11,592,676.76	(11,592,676.76)	-
Social insurance				
Medical insurance	530,468.82	15,948,132.45	(15,906,890.73)	571,710.54
Work-related injury insurance	122,201.85	704,352.54	(695,617.52)	130,936.87
Maternity insurance	45,107.79	1,414,666.75	(1,411,678.66)	48,095.88
Housing fund	1,258,711.64	21,378,395.22	(21,366,643.22)	1,270,463.64
Labour union fee, staff and workers' education fee	5,515,814.64	4,401,118.54	(6,167,808.97)	3,749,124.21
Total	8,528,600.58	366,773,246.32	(369,475,219.92)	5,826,626.98

	The Company			
	Balance at 1 January 2018	Accrued during the year	Paid during the year	Balance at 31 December 2018
Salaries, bonuses and allowances	1,086,295.84	288,749,126.82	(288,779,126.82)	1,056,295.84
Staff welfare	-	9,792,488.00	(9,792,488.00)	-
Social insurance				
Medical insurance	436,155.98	12,951,163.67	(12,856,850.83)	530,468.82
Work-related injury insurance	110,806.90	612,599.60	(601,204.65)	122,201.85
Maternity insurance	37,560.91	1,139,121.13	(1,131,574.25)	45,107.79
Housing fund	626,048.14	18,029,721.92	(17,397,058.42)	1,258,711.64
Labour union fee, staff and workers' education fee	3,973,488.82	7,399,625.23	(5,857,299.41)	5,515,814.64
Total	6,270,356.59	338,673,846.37	(336,415,602.38)	8,528,600.58

(2) Post-employment benefits - defined contribution plans

	The Group			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Basic pension insurance	2,094,019.76	63,580,655.02	(63,703,351.58)	1,971,323.20
Unemployment insurance	1,118,875.50	1,552,172.77	(2,525,257.42)	145,790.85
Annuity	99,893.05	4,242,461.00	(3,147,461.00)	1,194,893.05
Others	65,883.99	4,918,439.54	(4,984,323.53)	-
Total	3,378,672.30	74,293,728.33	(74,360,393.53)	3,312,007.10

	The Group			
	Balance at 1 January 2018	Accrued during the year	Paid during the year	Balance at 31 December 2018
Basic pension insurance	1,200,818.88	64,831,946.51	(63,938,745.63)	2,094,019.76
Unemployment insurance	1,093,909.97	2,229,268.59	(2,204,303.06)	1,118,875.50
Annuity	1,299,893.05	5,073,970.00	(6,273,970.00)	99,893.05
Others	65,883.99	4,371,154.25	(4,371,154.25)	65,883.99
Total	3,660,505.89	76,506,339.35	(76,788,172.94)	3,378,672.30

	The Company			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Basic pension insurance	1,096,177.73	28,491,712.11	(28,652,897.98)	934,991.86
Unemployment insurance	50,808.69	1,217,293.84	(1,217,494.06)	50,608.47
Annuity	(5,106.95)	1,991,096.00	(1,991,096.00)	(5,106.95)
Others	-	3,835,594.80	(3,835,594.80)	-
Total	1,141,879.47	35,535,696.75	(35,697,082.84)	980,493.38

	The Company			
	Balance at 1 January 2018	Accrued during the year	Paid during the year	Balance at 31 December 2018
Basic pension insurance	939,518.59	28,593,006.11	(28,436,346.97)	1,096,177.73
Unemployment insurance	43,132.94	965,445.08	(957,769.33)	50,808.69
Annuity	(5,106.95)	3,023,727.00	(3,023,727.00)	(5,106.95)
Others	-	1,912,065.15	(1,912,065.15)	-
Total	977,544.58	34,494,243.34	(34,329,908.45)	1,141,879.47

(3) Termination benefits

	The Group			
	Balance at 1 January 2019	Accrued during the year	Paid during the year	Balance at 31 December 2019
Expenditure of expected retiring staff	44,062,184.79	(3,010,514.75)	(21,275,143.29)	19,776,526.75

	The Group			
	Balance at 1 January 2018	Accrued during the year	Paid during the year	Balance at 31 December 2018
Expenditure of expected retiring staff	102,834,501.15	(31,828,718.20)	(26,943,598.16)	44,062,184.79

30 Other payables

	The Group		The Company	
	2019	2018	2019	2018
Interest payable	40,355,389.80	28,741,555.27	38,281,922.24	30,326,751.10
Dividends payable	25,389,700.00	30,049,512.00	-	-
Others	520,336,853.88	494,623,263.30	294,346,517.34	295,974,406.34
Total	586,081,943.68	553,414,330.57	332,628,439.58	326,301,157.44

31 Non-current liabilities due within one year

	Note	The Group		The Company	
		2019	2018	2019	2018
Long-term loans due within one year	33	-	-	-	62,300,000.00
Debentures payable		-	3,027,884,999.32	-	3,497,884,999.32
Contract liabilities	53	21,601,735.66	-	21,601,735.66	-
Tota		21,601,735.66	3,027,884,999.32	21,601,735.66	3,560,184,999.32

32 Other current liabilities

The Group and the Company	*2019*	*2018*
Short-term commercial paper	2,400,000,000.00	-

The Company issued short-term commercial paper on July 17, 2019, August 22, 2019 and October 25, 2019, amounting to RMB 100 million, RMB 0.6million and RMB 0.8 billion. the interest rate of short-term commercial paper is 2.95%.

33 Long-term loans

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Loans from Sinochem Group	-	-	-	-
Loans from subsidiaries	-	-	-	329,800,000.00
Less:long-term loans due within one year	-	-	-	62,300,000.00
Total	-	-	-	267,500,000.00

34 Long-term employee benefits payable

	Note	*The Group*	
		2019	*2018*
Termination benefits		63,644,540.53	93,528,560.74
Less: termination benefits due within one year	29	19,776,526.75	39,771,061.70
Total		43,868,013.78	53,757,499.04

35 Provisions

	The Group			
	Balance at 1 January 2019	*Charges for the year*	*Reductions during the year*	*Balance at 31 December 2019*
Land reclamation fee& vegetation restoration fee	50,224,549.55	756,246.83	(2,520,078.00)	48,460,718.38

	The Group		
	Balance at 1 January 2018	*Charges for the year*	*Balance at 31 December 2018*
Land reclamation fee& vegetation restoration fee	48,931,672.79	1,292,876.76	50,224,549.55

36 Deferred income

	Note	The Group		The Company	
		2019	2018	2019	2018
Government grants - related to assets	(1)	86,917,826.31	25,574,222.03	2,433,500.00	2,583,500.00

(1) Items relating to government grant:

The Group

2019

	Balance at the beginning of the year	Additions during the year	Recognition as other income	Balance at the end of the year
Special funds for the construction of Mozushao mine	7,000,000.00	-	(1,500,000.00)	5,500,000.00
Project of 30 thousand tons of Industrial ammonium phosphate and 20 thousand tons of Potassium	1,650,000.00	-	(1,650,000.00)	-
Project of sulphur making acid and waste-heat power generation	939,000.00	-	(939,000.00)	-
Tailings Pollution Treatment Project for Green Development of the Yangtze River Economic Belt	-	70,000,000.00	-	70,000,000.00
Others	15,985,222.03	-	(4,567,395.72)	11,417,826.31
Total	25,574,222.03	70,000,000.00	(8,656,395.72)	86,917,826.31

2018

	Balance at the beginning of the year	Additions during the year	Recognition as other income	Balance at the end of the year
Special funds for the construction of Mozushao mine	8,500,000.00	-	(1,500,000.00)	7,000,000.00
Project of 30 thousand tons of Industrial ammonium phosphate and 20 thousand tons of Potassium	3,300,000.00	-	(1,650,000.00)	1,650,000.00
Project of sulphur making acid and waste-heat power generation	1,878,000.00	-	(939,000.00)	939,000.00
Others	20,948,324.87	150,000.00	(5,113,102.84)	15,985,222.03
Total	34,626,324.87	150,000.00	(9,202,102.84)	25,574,222.03

The Company

2019

	Balance at the beginning of the year	Additions during the year	Recognition as other income	Balance at the end of the year
Special grant-in-aid of Linyi modern logistics and storage project	825,000.00	-	(150,000.00)	675,000.00
Others	1,758,500.00	-	-	1,758,500.00
Total	2,583,500.00	-	(150,000.00)	2,433,500.00

2018

	Balance at the beginning of the year	*Additions during the year*	*Recognition as other income*	*Balance at the end of the year*
Special grant-in-aid of Linyi modern logistics and storage project	975,000.00	-	(150,000.00)	825,000.00
Others	1,758,500.00	-	-	1,758,500.00
Total	2,733,500.00	-	(150,000.00)	2,583,500.00

37 Paid-in capital

The Company's registered capital and paid-in capital structure at 31 December is as follows:

	2019		2018	
	Amount	%	Amount	%
China Fertilizer	10,600,000,000.00	100%	10,600,000,000.00	100%

Reanda Certified Public Accountants have verified the above issued and fully paid paid-in capital, and issued related capital verification reports (Reanda [2008], No.A1007) on 28 January 2008. The Company's registered capital increased from RMB7,600,000,000.00 to RMB10,600,000,000.00 with the approval of the Ministry of Commerce on 25 September 2015 and the modification of industrial and commercial registration was completed on 28 December 2015.

38 Capital reserve

	The Group			
	Balance at 1 January 2019	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2019*
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	673,895,317.85	-	(24,260,460.38)	649,634,857.47
Total	662,010,569.14	-	(24,260,460.38)	637,750,108.76

	The Group			
	Balance at 1 January 2018	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2018*
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	1,071,294,550.77	-	(397,399,232.92)	673,895,317.85
Total	1,059,409,802.06	-	(397,399,232.92)	662,010,569.14

	The Company			
	Balance at 1 January 2019	Additions during the year	Transfers during the year	Balance at 31 December 2019
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	756,630,502.12	-	-	756,630,502.12
Total	744,745,753.41	-	-	744,745,753.41

	The Company			
	Balance at 1 January 2018	Additions during the year	Transfers during the year	Balance at 31 December 2018
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	1,066,906,065.92	-	(310,275,563.80)	756,630,502.12
Total	1,055,021,317.21	-	(310,275,563.80)	744,745,753.41

39 Specific reserve

	The Group	
	2019	2018
Balance at the beginning of the year	14,497,011.06	9,819,965.62
Additions during the year	23,363,986.85	19,547,382.88
Transfers during the year	(18,088,968.10)	(14,870,337.44)
Balance at the end of the year	19,772,029.81	14,497,011.06

Specific reserves were the accrued safety production cost mainly for Jilin Changshan, Shandong Fertilizer, Sinochem Yunlong and Sinochem Fuling in accordance with "Accrual and use of safety production cost management approach".

40 Surplus reserve

The Group	2019 & 2018
Balance at the beginning and the end of the year	487,741,563.04

The Company	2019 & 2018
Balance at the beginning and the end of the year	498,894,604.32

41 Operating income

	The Group		The Company	
	2019	2018	2019	2018
Operating income from principal activities				
- Sale of goods	22,713,892,482.48	22,771,792,304.01	21,401,440,220.52	21,345,594,368.30
Other operating income				
- Rent, material sales and other operating incomes	109,247,484.87	91,551,176.83	9,650,230.11	5,363,601.58
Total	22,823,139,967.35	22,863,343,480.84	21,411,090,450.63	21,350,957,969.88

42 Taxes and surcharges

	The Group		The Company	
	2019	2018	2019	2018
Export tariff	6,871.27	50,000.00	-	50,000.00
Urban maintenance and construction tax	782,006.16	1,058,449.73	645,219.79	614,768.03
Education surcharge	565,069.77	730,092.25	460,871.31	439,120.00
Stamp tax	8,725,914.43	12,965,373.11	6,919,390.82	9,525,305.87
Vehicle and vessel use tax	264,104.92	275,194.30	222,869.96	215,705.89
Housing property tax	8,778,743.54	9,096,064.54	844,955.26	571,475.07
Land use tax	12,111,675.72	14,592,124.57	25,166.03	16,924.23
Others	5,366,190.33	4,205,003.43	503,377.11	191,012.43
Total	36,600,576.14	42,972,301.93	9,621,850.28	11,624,311.52

43 Financial expenses

	The Group		The Company	
	2019	2018	2019	2018
Interest expenses from loans	192,530,070.29	210,931,265.35	216,655,575.55	209,483,797.85
Interest expense of lease liabilities	1,309,176.07	-	1,309,176.07	-
Less: Borrowing costs capitalised	18,412,387.28	820,416.10	-	-
Net interest expense	175,426,859.08	210,110,849.25	217,964,751.62	209,483,797.85
Interest income from deposits	(51,486,544.96)	(126,722,990.66)	(49,761,196.32)	(125,477,175.10)
Net exchange (gains) / losses	(56,557.61)	(8,834,861.06)	409,789.43	(6,298,202.99)
Other financial expenses	7,754,617.33	9,377,679.46	5,719,211.30	7,211,033.20
Total	131,638,373.84	83,930,676.99	174,332,556.03	84,919,452.96

The capitalization rates used to determine the amount of borrowing costs eligible for capitalization related to construction of production lines are 4.02% (2018: 5.00%) for the year ended 31 December 2019.

44 Government grants

The Group

	2019	*2018*
Special funds for the construction of Mozushao mine	1,500,000.00	1,500,000.00
Project of 30 thousand tons of Industrial ammonium phosphate and 20 thousand tons of Potassium	1,650,000.00	1,650,000.00
Project of sulphur making acid and waste-heat power generation	939,000.00	939,000.00
Electricity Subsidy Fund of Songyuan Finance Bureau	-	6,785,000.00
Central Foreign Trade Development Fund	-	2,240,000.00
Unemployment and steady return	7,432,538.00	-
Comprehensive contribution award for foreign trade development	3,000,000.00	-
Special funds for industrial and information development	1,700,000.00	1,445,300.00
Others	8,904,781.07	7,549,884.60
Total	25,126,319.07	22,109,184.60

The Company

	2019	*2018*
Special grant-in-aid of Linyi modern logistics and storage project	150,000.00	150,000.00
Others	7,624.84	-
Total	157,624.84	150,000.00

45 Investment income

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Long-term equity investments	20,071,383.29	45,983,934.80	17,690,083.04	46,588,904.77
Other investment income	79,184,488.00	83,565,909.98	228,420,960.62	249,582,202.69
Total	99,255,871.29	129,549,844.78	246,111,043.66	296,171,107.46

46 Gains from changes in fair value

	The Group and The Company	
	2019	*2018*
Financial assets at fair value through profit or loss	-	1,305,163.74

47 Credit losses

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Bills receivable	5,300,000.00	-	5,300,000.00	-
Accounts receivable	19,122.00	1,527,778.73	22,392.00	65,900.20
Other receivables	199,202.90	5,621,623.82	-	-
Prepayment	(1,717,411.24)	401,056.31	-	-
Total	3,800,913.66	7,550,458.86	5,322,392.00	65,900.20

48 Impairment losses

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Inventories	8,559,184.55	12,235,202.44	5,265,417.35	7,945,362.80
Fixed assets	13,562,453.62	-	-	-
Total	22,121,638.17	12,235,202.44	5,265,417.35	7,945,362.80

49 (Losses)/gains from asset disposals

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
(Losses) / gains from disposal of fixed assets	(169,916.99)	8,024,018.57	7,720.16	6,043.05

50 Non-operating income and non-operating expenses

(1) Non-operating income

	The Group		The Company	
	2019	2018	2019	2018
Gains on disposal of fixed assets	92,210.08	316,937.32	50,157.31	9,559.59
Insurance indemnity income	4,770,759.08	7,058,022.83	797,063.16	1,265,808.78
Accounts payables unable to paid	10,652,665.11	552,870.21	3,032,850.07	239,555.65
Others	3,650,908.10	2,194,177.23	986,587.21	1,664,553.47
Total	19,166,542.37	10,122,007.59	4,866,657.75	3,179,477.49

(2) Non-operating expenses

	The Group		The Company	
	2019	2018	2019	2018
Losses on disposal of fixed assets	6,028,029.83	1,134,483.50	133,554.48	43,547.99
Donations	903,644.00	339,000.00	698,312.00	8,000.00
Penalties	2,846,263.06	811,624.47	1,651,163.06	52,111.89
Others	2,002,535.07	4,418,129.24	269,256.58	469,527.11
Total	11,780,471.96	6,703,237.21	2,752,286.12	573,186.99

51 Income tax

(1) Income tax expense for the year represents:

	The Group		The Company	
	2019	2018	2019	2018
Current tax expense for the year	23,490,613.53	14,337,570.67	-	-
Changes in deferred tax	(17,312,716.64)	(52,255,676.74)	631,561.70	(38,084,813.70)
Over-provision in prior years	-	(212,866.90)	-	-
Total	6,177,896.89	(38,130,972.97)	631,561.70	(38,084,813.70)

(2) Reconciliation between income tax expense and accounting profit is as follows:

	The Group		The Company	
	2019	2018	2019	2018
Profit before taxation	489,741,916.86	331,719,041.62	261,458,570.76	287,817,482.93
Expected income tax expense at tax rate of 25%	122,435,479.22	82,929,760.41	65,364,642.69	71,954,370.73
Effect of different tax rate	(15,596,915.12)	(8,107,145.93)	-	-
Non-deductible expense	10,481,683.63	6,499,597.79	3,250,812.47	1,844,203.97
Non-taxable income	(39,885.70)	(37,500.00)	(7,537,500.00)	(37,500.00)
Investment income	(5,017,845.77)	(11,495,983.71)	(4,422,520.76)	(11,647,226.20)
Tax losses not recognized prior years	(106,084,619.37)	(117,165,939.88)	(56,023,872.70)	(100,198,662.20)
Tax losses not recognized as deferred taxes and deductible temporary difference	-	9,459,105.25	-	-
Over provision in prior years	-	(212,866.90)	-	-
Total	6,177,896.89	(38,130,972.97)	631,561.70	(38,084,813.70)

52 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Company	
	2019	2018	2019	2018
Net profit	483,564,019.97	369,850,014.59	260,827,009.06	325,902,296.63
Add: Impairment provisions	22,121,638.17	12,235,202.44	5,265,417.35	7,945,362.80
Credit impairment provision	3,800,913.66	7,550,458.86	5,322,392.00	65,900.20
Depreciation of fixed assets	238,666,376.80	258,232,247.72	11,729,142.72	10,345,280.20
Depreciation of right of use assets	21,129,064.79	-	21,129,064.79	-
Amortization of intangible assets	48,827,437.72	48,956,607.99	1,574,827.52	1,570,994.19
Amortization of long-term deferred expenses	8,186,731.00	12,802,252.90	595,679.66	357,210.14
(Losses)/gains from disposal of fixed assets	169,916.99	(8,024,018.57)	(7,720.16)	(6,043.05)
Losses from scrapping of fixed assets	5,935,819.75	817,546.18	83,397.17	33,988.40
Expense of separation and hand-over of water/power/gas supply and property	-	3,316,036.74	-	-
Financial expense	123,662,599.24	80,842,087.41	168,071,297.18	82,138,287.84
Gains arising from investments	(99,255,871.29)	(129,549,844.78)	(246,111,043.66)	(296,171,107.46)
Gains from changes in faie value	-	(1,305,163.74)	-	(1,305,163.74)
Write-off of operating payables	(10,652,665.11)	(552,870.21)	(3,032,850.07)	(239,555.65)
Amortization of deferred income	(8,656,395.72)	(9,202,102.84)	(150,000.00)	(150,000.00)
(Increase)/decrease in deferred tax assets	(5,343,741.24)	(39,903,255.50)	631,561.70	(38,084,813.70)
Decrease in deferred tax liabilities	(11,968,975.40)	(12,352,421.24)	-	-
(Inerease)/decrease in gross inventories	(57,884,171.71)	12,040,352.23	(197,780,610.86)	(48,594,387.20)
Decrease/(increase) in operating receivables	633,879,244.18	(750,769,333.90)	787,970,295.64	(765,419,403.19)
Increase/(decrease) in operating payables	192,451,845.15	(1,134,474,296.98)	(95,306,147.55)	(1,253,524,477.28)
Net cash generated from/(used in) operating activities	1,561,381,786.95	(1,279,490,500.70)	720,811,712.49	(1,975,135,630.87)

(2) Change in cash and cash equivalents:

	The Group		The Company	
	2019	2018	2019	2018
Cash and cash equivalents at the end of the year	1,282,088,380.48	539,375,220.02	1,123,178,720.00	421,062,434.18
Less: Cash and cash equivalents at the beginning of the year	539,375,220.02	261,724,627.21	421,062,434.18	194,037,660.27
Net increase in cash and cash equivalents	742,713,160.46	277,650,592.81	702,116,285.82	227,024,773.91

(3) Cash and cash equivalents held by the Group and the Company are as follows:

	The Group		The Company	
	2019	2018	2019	2018
(a) Cash at bank and on hand				
- Cash on hand	12,391.01	11,127.20	-	1,670.33
- Bank deposits available on demand	1,282,075,989.47	539,364,092.82	1,123,178,720.00	421,060,763.85
- Cash with restricted usage	302,500,000.00	500,000,000.00	302,500,000.00	500,000,000.00
(b) Closing balance of cash and cash equivalents	1,584,588,380.48	1,039,375,220.02	1,425,678,720.00	921,062,434.18
Less: Cash with restricted usage	302,500,000.00	500,000,000.00	302,500,000.00	500,000,000.00
(c) Closing balance of cash and cash equivalents available on demand	1,282,088,380.48	539,375,220.02	1,123,178,720.00	421,062,434.18

53 Lease

(1) As a lessee

Right-of-use assets

	The Group and the Company
	Plant & buildings
Cos	
Balance at 1 January 2019	42,258,129.60
Additions during the year	(21,129,064.79)
Balance at 31 December 2019	21,129,064.81
Accumulated depreciation	
Balance at 1 January 2019	-
Charge for the year	21,129,064.79
Balance at 31 December 2019	21,129,064.79
Carrying amounts	
Balance at 31 December 2019	21,129,064.79

Lease liabilities

	The Group and the Company	
	31 December 2019	*31 December 2018*
Long-term lease liabilities	21,601,735.66	42,258,129.60
Less: lease liabilities due within one year	21,601,735.66	26,852,812.17
Total	-	15,405,317.43

	The Group	*The Company*
	2019	*2018*
Short-term lease expenses and expenses relating to leases of low-value assets applied the practical expedient	19,248,069.23	18,328,793.40
Total cash outflow for leases	41,213,639.27	40,294,363.44

(2) As a lessor

Operating lease

	The Group 2019	*The Company 2018*
Lease income	15,219,547.59	2,277,065.01

54 Segment reporting

The Group's operating segments based on information reported to the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment. During the reporting period, the Group has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change as follows:

- Basic fertilizers: sourcing and trading of straight fertilizers such as nitrogen, phosphate and potash
- Distribution: building of distribution channels, sourcing and selling of compound fertilizers and new type of fertilizer
- Production: production and sales of fertilizers and MCP/DCP, and also including share of results of associates held by subsidiaries in Production segment

(1) Segment results, assets and liabilities:

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without taking into account of unallocated expenses / income, share of results of associates and joint ventures and finance costs. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment. In addition, the CODM also regularly review the segment information in relation to the share of results of associates and the share of results of joint ventures.

Inter-segment sales are charged at market prices between group entities.

Given the production and trading of fertilizers are closely linked, the CODM considered segment assets and liabilities information was not relevant in assessing performance of and resources allocation to the operating segments. During the year ended 31 December 2019, such information was not reviewed by the CODM. As such, no segment assets and liabilities are presented.

	Basic fertilizers		*Distribution*		*Production*		*Elimination*		*Total*	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*	*2019*	*2018*	*2019*	*2018*
Revenue										
External revenue	14,352,754,561.79	14,761,295,044.88	6,243,042,260.30	5,739,099,332.23	2,118,095,660.39	2,271,397,926.90	-	-	22,713,892,482.48	22,771,792,304.01
Internal revenue	970,699,860.76	487,138,166.28	12,599,390.43	2,978,437.53	1,412,423,770.84	1,566,389,666.17	(2,395,723,022.03)	(2,056,506,269.98)	-	-
Segment revenue	15,323,454,422.55	15,248,433,211.16	6,255,641,650.73	5,742,077,769.76	3,530,519,431.23	3,837,787,593.07	(2,395,723,022.03)	(2,056,506,269.98)	22,713,892,482.48	22,771,792,304.01
Segment gross profit/ (loss)	-	-	-	-	2,381,299.92	(604,969.97)			2,381,299.92	(604,969.97)
Segment profit	320,665,973.13	296,473,733.61	83,674,624.24	58,805,637.62	265,109,643.92	80,970,748.26			669,450,241.29	436,250,119.49
Share of results of associates									17,980,062.32	18,273,425.91
Share of results of joint ventures									(289,978.95)	28,315,478.86
Unallocated expenses									(327,967,697.64)	(275,686,037.60)
Unallocated income									130,569,289.84	124,566,054.96
Loss before taxation									489,741,916.86	331,719,041.62

(2) Other segment information

Amounts included in the measures of segment profit and segment assets:

Item	*Basic fertilizers*		*Distribution*		*Production*		*Elimination*		*Total*	
	2019	*2018*	*2019*	*2018*	*2019*	*2018*	*2019*	*2018*	*2019*	*2018*
Write-down of receivables	(5,322,392.00)	(65,900.20)	-	-	1,521,478.34	(7,484,558.66)	-	-	(3,800,913.66)	(7,550,458.86)
Depreciation and amortization	(1,574,827.52)	(2,297,763.68)	(59,042,239.07)	(31,101,184.47)	(253,508,707.54)	(283,211,681.31)	(2,683,836.17)	(3,380,479.15)	(316,809,610.31)	(319,991,108.61)
Write-down of inventories	(3,885,916.75)	(2,641,269.02)	(1,994,795.62)	(5,262,714.63)	(2,678,472.18)	(4,331,218.79)	-	-	(8,559,184.55)	(12,235,202.44)
Impairment loss on non-current assets	-	-	-	-	(13,562,453.62)	-	-	-	(13,562,453.62)	-

(3) Geographic information

The following table sets out information about the geographical location of the Group's operating income from external customers. Information about the Group's revenue from its operations from external customers is presented based on the customers' location of incorporation / establishment.

	Operating income from external customers	
	2019	*2018*
The PRC	22,127,330,398.80	21,986,722,922.84
Others	586,562,083.68	785,069,381.17
Total	22,713,892,482.48	22,771,792,304.01

55 Risk analysis and sensitivity analysis for financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operation, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions for which the Company considers to have low credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers.

In respect of trade receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers

For specific information on accounts receivable, please refer to note 10.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial assets and financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group or the Company can be required to pay:

The Group	*2019 Contractual undiscounted cash flow*					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amount at balance sheet date*
Short-term loans	528,615,430.25	-	-	-	528,615,430.25	527,815,500.00
Bills payable	2,018,712,682.75	-	-	-	2,018,712,682.75	2,018,712,682.75
Accounts payable	2,114,571,788.20	-	-	-	2,114,571,788.20	2,114,571,788.20
Other payables	586,081,943.68	-	-	-	586,081,943.68	586,081,943.68
Non-current liabilities due within one year	21,965,570.04	-	-	-	21,965,570.04	21,601,735.66
Non-current liabilities	2,428,513,972.60	-	-	-	2,428,513,972.60	2,400,000,000.00
Total	7,698,461,387.52	-	-	-	7,698,461,387.52	7,668,783,650.29

The Group	*2018 Contractual undiscounted cash flow*					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amount at balance sheet date*
Short-term loans	931,779,393.80	-	-	-	931,779,393.80	928,082,800.00
Bills payable	1,879,120,546.47	-	-	-	1,879,120,546.47	1,879,120,546.47
Accounts payable	1,530,369,619.74	-	-	-	1,530,369,619.74	1,530,369,619.74
Other payables	553,414,330.57	-	-	-	553,414,330.57	553,414,330.57
Non-current liabilities due within one year	3,144,475,000.00	-	-	-	3,144,475,000.00	3,027,884,999.32
Total	8,039,158,890.58	-	-	-	8,039,158,890.58	7,918,872,296.10

The Company	*2019 Contractual undiscounted cash flow*					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amount at balance sheet date*
Short-term loans	1,120,470,723.43	-	-	-	1,120,470,723.43	1,101,638,371.96
Bills payable	1,868,544,630.31	-	-	-	1,868,544,630.31	1,868,544,630.31
Accounts payable	1,851,017,836.53	-	-	-	1,851,017,836.53	1,851,017,836.53
Other payables	332,628,439.58	-	-	-	332,628,439.58	332,628,439.58
Current liabilities	2,428,513,972.60	-	-	-	2,428,513,972.60	2,400,000,000.00
Non-current liabilities due within one year	21,965,570.04	-	-	-	21,965,570.04	21,601,735.66
Total	7,623,141,172.49	-	-	-	7,623,141,172.49	7,575,431,014.04

The Company	*2018 Contractual undiscounted cash flow*					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amount at balance sheet date*
Short-term loans	976,569,527.13	-	-	-	976,569,527.13	971,582,800.00
Bills payable	1,679,459,827.54	-	-	-	1,679,459,827.54	1,679,459,827.54
Accounts payable	1,181,902,890.58	-	-	-	1,181,902,890.58	1,181,902,890.58
Other payables	326,301,157.44	-	-	-	326,301,157.44	326,301,157.44
Non-current liabilities due within one year	3,697,943,758.33	-	-	-	3,697,943,758.33	3,560,184,999.32
long term loan	-	282,677,258.33	-	-	282,677,258.33	267,500,000.00
Total	7,862,177,161.02	282,677,258.33	-	-	8,144,854,419.35	7,986,931,674.88

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 31 December, the Group and the Company held the following interest-bearing financial instruments:

	The Group				*The Company*			
	2019		*2018*		*2019*		*2018*	
	Annual interest rate	*RMB*	*Annual interest rate*	*RMB*	*Annual interest rate*	*RMB*	*Annual interest rate*	*RMB*
Fixed rate instruments								
Financial assets								
- Cash at bank	0.3% - 3.77%	1,584,575,989.47	0.01% - 2.10%	1,039,364,092.82	0.3% - 3.77%	1,425,678,720.00	0.01% - 0.35%	921,060,763.85
- Other current assets - entrust loans	4.20% – 6.05%	920,000,000.00	3.92% - 6.05%	1,970,000,000.00	1.5% - 6.05%	2,537,620,000.00	3.92% - 6.05%	1,970,000,000.00
		2,504,575,989.47		3,009,364,092.82		3,963,298,720.00		2,891,060,763.85
Financial liabilities								
- Short-term loans	1% - 4.35%	527,815,500.00	2.10% - 2.20%	928,082,800.00	1% - 4.35%	1,101,638,371.96	2.10% - 4.35%	971,582,800.00
- Long-term loans due within one year	4.50%	21,601,735.66	3.50% - 5.00%	3,027,884,999.32	4.50%	21,601,735.66	1.5% - 5%	3,560,184,999.32
- Long-term loans	-	-	-	-	-	-	2.1% - 4.35%	267,500,000.00
- Other current liabilities	2.95%	2,400,000,000.00	-	-	2.95%	2,400,000,000.00	-	-
		2,949,417,235.66		3,955,967,799.32		3,523,240,107.62		4,799,267,799.32

(b) Sensitivity analysis

Since the Group has no variable-rate borrowings at the end of the reporting period, no sensitivity analysis about interest rates risk is prepared.

(4) Foreign currency risk

In respect of cash at bank and on hand and accounts payable denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) As at 31 December, the Group's and the Company's exposure to currency risk arising from recognized assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date.

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
	USD	*USD*	*USD*	*USD*
Cash at bank and on hand	10,609,828.69	70,953,702.03	8,195,678.40	70,525,481.66
Accounts receivable	12,016,260.33	-	-	-
Other payables	(5,092,991.48)	(667,332.08)	(5,092,991.48)	(667,332.08)
Total	17,533,097.54	70,286,369.95	3,102,686.92	69,858,149.58

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group and the Company:

	Average rate		*Reporting date mid-spot rate*	
	2019	*2018*	*2019*	*2018*
USD	6.9010	6.6275	6.9762	6.8632

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar at 31 December would have increased the Group's and the Company's equity and net loss by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

	The Group		*The Company*	
	Equity	*Net Profit*	*Equity*	*Net Profit*
	RMB	*RMB*	*RMB*	*RMB*
As at 31 December 2019	(657,491.16)	(657,491.16)	(116,350.76)	(116,350.76)
As at 31 December 2018	(2,635,738.87)	(2,635,738.87)	(2,619,680.61)	(2,619,680.61)

A 5% weakening of the Renminbi against the US dolla at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis is performed on the same basis for the previous year.

56 Fair value

(1) Fair value measurement

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's and the Company's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The Group	*31 December 2019*			
	Level 1 Fair value measurement	*Level 2 Fair value measurement*	*Level 3 Fair value measurement*	*Total*
Assets measured at fair value on a recurring basis				
- Other quity securities	-	-	283,289,198.53	283,289,198.53
- Receivables under financing	-	-	369,084,673.33	369,084,673.33
- Financial assets held for trading	-	400,000,000.00	-	400,000,000.00
Total assets measured at fair value on a recurring basis	-	400,000,000.00	652,373,871.86	1,052,373,871.86

The Company	*31 December 2019*			
	Level 1 Fair value measurement	*Level 2 Fair value measurement*	*Level 3 Fair value measurement*	*Total*
Assets measured at fair value on a recurring basis				
- Other quity securities	-	-	279,289,198.53	279,289,198.53
- Receivables under financing	-	-	307,232,591.32	307,232,591.32
- Financial assets held for trading	-	400,000,000.00	-	400,000,000.00
Total assets measured at fair value on a recurring basis	-	400,000,000.00	586,521,789.85	986,521,789.85

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which the occur.

(b) Level 3 fair value measurement

The Group has performed valuations for the unlisted available-for-sale equity securities which are categorized into Level 3 of the fair value hierarchy annually. A valuation report, issued by qualified independent valuers, with analysis of changes in fair value measurement is prepared by the Company at the end of the reporting period.

(2) Fair value of other financial instrument (items not measured at fair value at the end of the year)

The directors of the Group and the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values:

57 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of net debt (including loans), net of cash and cash equivalents and equity attributable to owners of the Company comprising issued equity, retained profits and other reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each lass of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

58 Commitments

(1) Capital commitments

As at 31 December, the capital commitments of the Group and the Company are summarized as follows:

	The Group		The Company	
	2019	2018	2019	2018
Authorized but not contracted for				
- Property, plant and equipment	1,425,974,922.10	1,211,374,800.00	8,392,537.71	438,545,800.00
Contracted but not provided for				
- Property, plant and equipment	278,168,500.00	188,350,000.00	-	-
Total	1,704,143,422.10	1,399,724,800.00	8,392,537.71	438,545,800.00

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and other assets were payable as follows:

	The Group	The Company
	2019	2018
Within 1 year (inclusive)	36,358,446.02	36,156,462.02
After 1 year but within 2 years (inclusive)	24,882,475.55	24,882,475.55
After 2 year but within 3 years (inclusive)	616,256.00	616,256.00
Total	61,857,177.57	61,655,193.57

59 Contingencies

As at 31 December 2019, the Group and the Company had no material contingencies to disclose in financial statements (2018: Nil).

60 Subsequent events

Capital injection to Sinochem Fuling

On 16 March 2020, the board of Directors of the Company announced that Sinochem Fertilizer, Sinochem Fuling, the Fuling District State-owned Assets Supervision and Administration Commission of Chongqing("Fuling SASAC"), Chongqing Fuling State-owned Assets Management Group Co., Ltd.("Fuling SAM") and Suzhou Compound Fertilizer Plant Co., Ltd. entered into the Agreement("the Transaction"), pursuant to which (i) Sinochem Fertilizer agreed to convert an amount of RMB700,000,000 in the outstanding shareholder's loans extended by it to Sinochem Fuling into an additional registered capital of Sinochem Fuling; and (ii) Fuling SAM, a wholly-owned subsidiary of Fuling SASAC, agreed to subscribe for an additional registered capital of Sinochem Fuling of RMB210,000,000 in cash. Upon completion of the Transaction, the registered capital of Sinochem Fuling will increase from RMB148,000,000 to RMB1,058,000,000, and the shareholding percentage of Sinochem Fertilizer in Sinochem Fuling will increase from 60% to 74.56%. The transaction will be completed by 30 June 2021.

61 Related party relationships and transactions

(1) Information on the parent of the Company is listed as follows:

Company name	*Registered place*	*Business nature*	*Registered capita*	*Shareholding percentage*	*Proportion of voting rights*
China Fertilizer	British Virgin Islands	Manufacturing and trading	USD10,002.00	100%	100%

The ultimate controlling party of the company is China's State-owned Assets Supervision and Administration Commission, and the ultimate holding company of the Company is Sinochem Group.

(2) For the information on the subsidiaries of the Company, please refer to Note 6.

(3) For the information on the associates and joint ventures of the Group, please refer to Note 16.

(4) Transactions with its key management personnel:

	The Group and the Company	
	2019	*2018*
Remuneration of key management personnel	4,501,984.96	5,868,846.02

(5) Transactions with related parties other than its key management personnel

(a) Transaction amounts with related parties:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Sale of fertilizers	754,720,174.13	1,033,846,226.36	1,823,928,239.03	1,937,609,501.55
Purchase of fertilizers	8,257,179,495.17	6,857,264,287.43	10,915,480,413.74	9,626,186,471.94
Office rental fee	27,563,522.91	26,434,019.68	28,588,280.50	26,434,019.68
Loans to related parties	1,238,000,000.00	2,370,000,000.00	3,206,938,809.21	2,370,000,000.00
Repayments of loans to related parties	2,288,000,000.00	1,070,000,000.00	4,392,832,378.99	1,070,000,000.00
Interest income due from related parties	73,775,510.95	39,850,584.37	175,233,726.65	39,850,584.37
Borrowings from related parties	5,577,569,000.00	3,095,082,800.00	6,046,621,871.96	3,640,082,800.00
Repayments of loans from related parties	5,977,836,300.00	4,203,798,500.00	6,246,366,300.00	4,676,298,500.00
Interests expenses for loans from related parties	19,017,497.95	27,426,029.01	28,195,408.25	36,843,092.93
Payment for purchase of other financial assets	-	296,420,000.00	-	296,420,000.00
Proceeds from sale of other fianacial assets	197,725,163.74	100,000,000.00	197,725,163.74	100,000,000.00
Trust products and time deposit interest	13,711,064.64	24,817,211.12	13,711,064.64	24,817,211.12
Current deposits interest	3,367,774.92	2,635,860.95	2,428,392.96	2,154,373.81
Deposit time deposit	302,500,000.00	500,000,000.00	302,500,000.00	500,000,000.00
Recovering time deposits	500,000,000.00	-	500,000,000.00	-
Proceeds of bonds	-	-	-	473,814,260.00
Redemption of bonds	-	-	473,814,260.00	-

(b) The balances of transactions with related parties as at 31 December are set out as follows:

	The Group		*The Company*	
	2019	*2018*	*2019*	*2018*
Accounts receivable	1,369,392.80	-	99,662,432.80	140,421,170.51
Other receivables	28,491,701.93	13,454,803.21	104,911,430.29	67,027,449.85
Prepayments	194,655,770.82	274,418,147.81	714,108,115.00	939,142,971.72
Financial assets held for trading	-	197,725,163.74	-	197,725,163.74
Cash at bank	949,412,003.40	458,834,060.50	877,640,756.47	366,468,866.44
Time deposits	302,500,000.00	500,000,000.00	302,500,000.00	500,000,000.00
Bills payables	1,217,735,495.20	310,206,467.56	1,322,609,495.20	1,343,476,707.54
Accounts payables	127,879,548.97	58,933,807.97	1,581,075,343.28	864,118,134.48
Other payables	173,493,645.61	52,465,505.88	132,938,705.85	95,102,849.79
Contract liabilities	28,868,096.51	2,811,217.09	40,215,412.05	163,289,776.98
Interest payable	9,212,488.04	1,703,801.66	9,680,264.77	3,269,205.84
Short-term loans	527,815,500.00	928,082,800.00	1,101,638,371.96	971,582,800.00
Non-current liabilities due within one year	21,601,735.66	-	21,601,735.66	62,300,000.00
Long-term loans	-	-	-	267,500,000.00
Other current assets	920,000,000.00	1,970,000,000.00	2,537,620,000.00	4,038,513,569.78
Non-current assets due within one year	-	-	-	473,814,260.00
Non-current assets	-	-	315,000,000.00	7,500,000.00

(c) Relationships with the major related parties under the transactions stated in (5)(a) & (b) above

Name of the enterprises	*Relationship with the Group*	*Relationship with the Company*
China Fertilizer	Parent company	Parent company
Sinochem Group	Ultimate holding company	Ultimate holding company
Sinochem Corporation	Fellow subsidiaries	Fellow subsidiaries
Dohigh Trading Limited	Fellow subsidiaries	Fellow subsidiaries
Sinochem Fertilizer Macao Commercial Offshore Limited	Fellow subsidiaries	Fellow subsidiaries
Beijing Chemsunny Property Co., Ltd.	Fellow subsidiaries	Fellow subsidiaries
Sinochem Hong Kong (Group) Company Limited	Fellow subsidiaries	Fellow subsidiaries
Sinochem Finance Co., Ltd.	Fellow subsidiaries	Fellow subsidiaries
China Foreign Economy And Trade Trust Co.,Ltd	Fellow subsidiaries	Fellow subsidiaries
Sinochem Agriculture Holdings Limited	Fellow subsidiaries	Fellow subsidiaries
China National Seed Group Co., Ltd.	Fellow subsidiaries	Fellow subsidiaries
Qinghai Salt Lake Industry Co., Ltd.	Associate of the ultimate holding company	Associate of the ultimate holding company
Sinochem crop protection products Co., Ltd	Other related party	Other related party
Sanbei Seed Industry Co., Ltd	Other related party	Other related party
Andoma (Beijing) Agricultural Technology Co., Ltd	Other related party	Other related party
Syngenta (China) Investment Co., Ltd	Other related party	Other related party

Sinochem Fertilizer Company Limited

Balance Sheet

31 March 2020

RMB Yuan

Item	31 March 2020	31 December 2019
Current Assets		
Cash at bank and on hand	4,116,696,510.29	1,425,678,720.00
Financial assets held for trading	-	400,000,000.00
Accounts receivable	141,743,815.42	107,819,236.07
Receivables under financing	302,556,830.77	307,232,591.32
Prepayments	1,729,373,359.36	1,650,319,151.04
Other receivables	211,512,756.32	228,095,885.21
Inventories	3,281,348,583.76	4,219,807,375.58
Other current assets	2,468,427,419.91	2,801,759,395.19
Total Current Assets	**12,251,659,275.83**	**11,140,712,354.41**
Non-Current Assets		
Long-term equity investments	5,917,158,063.94	5,881,869,345.71
Investments in other equity instruments	279,289,198.53	279,289,198.53
Fixed assets	174,926,525.56	177,342,454.47
Construction in progress	2,530,353.41	2,388,073.31
Right-of-use assets	15,846,798.62	21,129,064.81
Intangible assets	13,195,452.06	13,439,655.54
Development costs	17,897,094.35	17,897,094.35
Long-term deferred expenses	1,401,503.16	1,477,545.09
Deferred tax assets	49,163,800.12	49,163,800.12
Other non-current assets	315,000,000.00	315,000,000.00
Total non-current assets	**6,786,408,789.75**	**6,758,996,231.93**
TOTAL ASSETS	**19,038,068,065.58**	**17,899,708,586.34**

Sinochem Fertilizer Company Limited

Balance Sheet (continued)

31 March 2020

RMB Yuan

Item	31 March 2020	31 December 2019
Current Liabilities		
Short-term loans	1,603,081,833.07	1,101,638,371.96
Bills payable	1,758,532,998.69	1,868,544,630.31
Accounts payable	1,832,242,829.79	1,851,017,836.53
Contract liabilities	2,496,230,910.10	2,107,018,515.07
Employee benefits payable	7,741,897.71	6,807,120.36
Taxes payable	141,374,805.36	34,313,389.36
Other payables	317,449,786.09	332,628,439.58
Non-current liabilities due within one year	16,291,584.51	21,601,735.66
Other current liabilities	2,600,000,000.00	2,400,000,000.00
Total current liabilities	**10,772,946,645.32**	**9,723,570,038.83**
Non-current liabilities		
Deferred income	2,583,500.00	2,433,500.00
Total non-current liabilities	**2,583,500.00**	**2,433,500.00**
TOTAL LIABILITIES	**10,775,530,145.32**	**9,726,003,538.83**
Owners' Equity		
Paid-in capital	10,600,000,000.00	10,600,000,000.00
Capital reserves	744,745,753.41	744,745,753.41
Other comprehensive income	(108,130,959.68)	(108,130,959.68)
Surplus reserve	498,894,604.32	498,894,604.32
Accumulated loss	(3,472,971,477.79)	(3,561,804,350.54)
TOTAL OWNERS' EQUITY	**8,262,537,920.26**	**8,173,705,047.51**
TOTAL LIABILITIES AND OWNERS' EQUITY	**19,038,068,065.58**	**17,899,708,586.34**

Sinochem Fertilizer Company Limited

Income Statement

The first Quarter of 2020

RMB Yuan

Item	Q1 2020	Q1 2019
Operating income	5,299,111,673.28	6,298,389,345.42
Less: Operating costs	5,008,279,976.01	6,048,911,586.59
Taxes and levies	1,780,628.76	971,262.18
Selling expenses	143,307,152.49	125,252,635.20
Administrative expenses	66,407,003.44	70,150,475.36
Research and development expenses	4,110,495.95	4,327,408.80
Financial expenses	14,501,824.69	56,696,586.86
Add: Investment income	27,602,161.07	68,043,281.31
Credit losses	-	(22,392.00)
Operating profit	**88,326,753.01**	**60,100,279.74**
Add: Non-operating income	537,844.41	894,845.37
Less: Non-operating expenses	31,724.67	22,015.76
Total amount of profit	**88,832,872.75**	**60,973,109.35**
Less: Income tax expenses	-	-
Net profit	**88,832,872.75**	**60,973,109.35**
Other comprehensive income	-	-
Total comprehensive income	**88,832,872.75**	**60,973,109.35**

Sinochem Fertilizer Company Limited

Cash Flow Statement

The first Quarter of 2020

RMB Yuan

Item	Q1 2020	Q1 2019
1. Cash flows from operating activities		
Cash receipts from the sales of goods and the rendering of services	6,480,507,302.14	6,269,665,350.34
Refund of tax and fee received	14,858,545.00	-
Proceeds from other operating activities	44,115,443.80	42,738,688.23
Sub-total of cash inflows	**6,539,481,290.94**	**6,312,404,038.57**
Payment for goods and services	4,879,807,502.41	6,778,686,752.03
Payment to and for employees	133,827,919.99	95,615,345.61
Payment of various taxes	4,666,887.57	9,161,041.39
Payment for other operating activities	110,593,681.48	692,357,015.89
Sub-total of cash outflows	**5,128,895,991.45**	**7,575,820,154.92**
Net cash flows from operating activities	**1,410,585,299.49**	**(1,263,416,116.35)**
2. Cash flows from investing activities		
Proceeds from disposal of investments	703,600,000.00	500,000,000.00
Investment returns received	27,842,159.12	53,604,638.16
Net proceeds from disposal of fixed assets, and intangible assets	-	4,917,255.67
Sub-total of cash inflows	**731,442,159.12**	**558,521,893.83**
Payment for acquisition of fixed assets, intangible assets and other long-term assets	754,084.18	2,418,548.69
Payment for acquisition of investments	128,550,700.00	364,155,792.61
Sub-total of cash outflows	**129,304,784.18**	**366,574,341.30**
Net cash flows from investing activities	**602,137,374.94**	**191,947,552.53**
3. Cash flows from financing activities		
Proceeds from borrowings	1,129,926,517.72	1,813,500,000.00
Sub-total of cash inflows	**1,129,926,517.72**	**1,813,500,000.00**
Repayments of borrowings	428,483,056.61	1,000,000,000.00
Payment for dividends, profit distributions or interest	17,838,194.10	9,644,125.40
Other cash paid relating to financing activities	5,310,151.15	-
Sub-total of cash outflows	**451,631,401.86**	**1,009,644,125.40**
Net cash flows from financing activities	**678,295,115.86**	**803,855,874.60**
4. Effect of foreign exchange rate changes on cash and cash equivalents	**-**	**(690.85)**
5. Net increase / (decrease) in cash and cash equivalents	**2,691,017,790.29**	**(267,613,380.07)**
Plus：Cash and bank balances at 1 January	1,425,678,720.00	921,062,434.18
6. Cash and bank balances at 31 March	**4,116,696,510.29**	**653,449,054.11**

Sinochem Fertilizer Company Limited

Consolidated Balance Sheet

31 March 2020

RMB Yuan

Item	31 March 2020	31 December 2019
Current Assets		
Cash at bank and on hand	4,334,034,270.93	1,584,588,380.48
Financial assets held for trading	-	400,000,000.00
Accounts receivable	176,821,313.51	41,450,318.02
Receivables under financing	463,972,898.95	369,084,673.33
Prepayments	1,772,738,866.02	1,391,491,694.21
Other receivables	147,769,257.27	130,710,744.47
Inventories	3,995,598,186.19	5,022,640,619.14
Other current assets	878,970,736.46	1,279,830,908.20
Total Current Assets	**11,769,905,529.33**	**10,219,797,337.85**
Non-Current Assets		
Long-term equity investments	922,997,449.72	887,708,731.49
Investments in other equity instruments	283,289,198.53	283,289,198.53
Fixed assets	1,510,284,111.25	1,538,157,023.62
Construction in progress	900,805,719.51	854,762,452.63
Right-of-use assets	15,846,798.62	21,129,064.81
Intangible assets	953,220,072.90	963,324,469.85
Development costs	17,897,094.35	17,897,094.35
Goodwill	531,073,744.64	531,073,744.64
Long-term deferred expenses	25,878,538.38	23,627,662.07
Deferred tax assets	60,998,431.94	68,515,008.25
Other non-current assets	636,315,169.01	591,487,997.89
Total non-current assets	**5,858,606,328.85**	**5,780,972,448.13**
Total assets	**17,628,511,858.18**	**16,000,769,785.98**

Sinochem Fertilizer Company Limited

Consolidated Balance Sheet (continued)

31 March 2020

RMB Yuan

Item	31 March 2020	31 December 2019
Current Liabilities		
Short-term loans	821,085,500.00	527,815,500.00
Bills payable	2,156,776,747.85	2,018,712,682.75
Accounts payable	2,427,818,064.78	2,114,571,788.20
Contract liabilities	2,727,461,812.62	2,267,403,401.16
Employee benefits payable	42,113,838.06	42,006,475.66
Taxes payable	168,489,916.99	59,671,177.02
Other payables	577,342,525.32	586,081,943.68
Non-current liabilities due within one year	16,291,584.51	21,601,735.66
Other current liabilities	2,600,000,000.00	2,400,000,000.00
Total current liabilities	**11,537,379,990.13**	**10,037,864,704.13**
Non-current liabilities		
Long-term employee benefits payable	43,868,013.78	43,868,013.78
Provisions	48,460,718.38	48,460,718.38
Deferred tax liabilities	180,598,409.90	183,590,653.74
Deferred income	86,281,882.38	86,917,826.31
Total non-current liabilities	**359,209,024.44**	**362,837,212.21**
Total liabilities	**11,896,589,014.57**	**10,400,701,916.34**
Owners' Equity		
Paid-in capital	10,600,000,000.00	10,600,000,000.00
Capital reserves	637,750,108.76	637,750,108.76
Other comprehensive income	(108,130,959.68)	(108,130,959.68)
Specific reserve	19,772,029.81	19,772,029.81
Surplus reserve	487,741,563.04	487,741,563.04
Accumulated loss	(5,860,153,722.73)	(5,989,069,761.17)
Total equity attributable to owners of the Company	**5,776,979,019.20**	**5,648,062,980.76**
Non-controlling interests	(45,056,175.59)	(47,995,111.12)
TOTAL OWNERS' EQUITY	**5,731,922,843.61**	**5,600,067,869.64**
TOTAL LIABILITIES AND OWNERS' EQUITY	**17,628,511,858.18**	**16,000,769,785.98**

Sinochem Fertilizer Company Limited

Consolidated Income Statement

The first Quarter of 2020

RMB Yuan

Item	Q1 2020	Q1 2019
Operating income	5,659,798,028.89	6,508,855,126.43
Less: Operating costs	5,208,973,669.93	6,070,359,166.59
Taxes and levies	7,155,447.62	7,988,014.34
Selling expenses	199,922,958.23	189,405,978.42
Administrative expenses	122,084,627.15	132,435,535.59
Research and development expenses	6,081,487.22	5,656,132.96
Financial expenses	(11,959,247.69)	50,662,546.24
Add: Other income	911,443.93	2,089,098.93
Investment income	2,649,923.32	40,906,457.28
Credit losses	-	(22,392.00)
Impairment losses	-	(326,279.85)
Operating profit	**131,100,453.68**	**94,994,636.65**
Add: Non-operating income	2,622,458.11	3,716,563.02
Less: Non-operating expenses	164,183.48	1,880,161.55
Total amount of profit	**133,558,728.31**	**96,831,038.12**
Less: Income tax expenses	1,703,754.34	(1,630,834.84)
Net profit	**131,854,973.97**	**98,461,872.96**
Attributable to:		
Owners of the Company	128,916,038.44	93,198,744.75
Non-controlling interests	2,938,935.53	5,263,128.21
Other comprehensive income, net of tax	-	-
Total comprehensive income	**131,854,973.97**	**98,461,872.96**
Attributable to:		
Owners of the Company	128,916,038.44	93,198,744.75
Non-controlling interests	2,938,935.53	5,263,128.21

Sinochem Fertilizer Company Limited

Consolidated Cash Flow Statement

The first Quarter of 2020

RMB Yuan

Item	Q1 2020	Q1 2019
1. Cash flows from operating activities		
Cash receipts from the sales of goods and the rendering of services	8,953,683,014.77	6,608,952,575.21
Refund of tax and fee received	21,891,727.15	-
Proceeds from other operating activities	20,940,536.59	77,581,544.19
Sub-total of cash inflows	**8,996,515,278.51**	**6,686,534,119.40**
Payment for goods and services	6,824,742,491.85	7,083,396,473.68
Payment to and for employees	238,617,078.72	160,788,029.80
Payment of various taxes	27,877,526.89	27,667,037.69
Payment for other operating activities	176,120,712.14	838,518,183.94
Sub-total of cash outflows	**7,267,357,809.60**	**8,110,369,725.11**
Net cash flows from operating activities	**1,729,157,468.91**	**(1,423,835,605.71)**
2. Cash flows from investing activities		
Proceeds from disposal of investments	650,000,000.00	500,000,000.00
Investment returns received	5,505,285.68	23,844,511.34
Net proceeds from disposal of fixed assets, and intangible assets	145,394.01	1,302.90
Sub-total of cash inflows	**655,650,679.69**	**523,845,814.24**
Payment for acquisition of fixed assets, intangible assets and other long-term assets	61,005,182.27	67,003,705.81
Payment for acquisition of investments	44,950,700.00	115,000,000.00
Sub-total of cash outflows	**105,955,882.27**	**182,003,705.81**
Net cash flows from investing activities	**549,694,797.42**	**341,842,108.43**
3. Cash flows from financing activities		
Proceeds from borrowings	735,000,000.00	1,900,000,000.00
Sub-total of cash inflows	**735,000,000.00**	**1,900,000,000.00**
Repayments of borrowings	241,730,000.00	1,000,000,000.00
Payment for dividends, profit distributions or interest	17,337,472.47	6,250,823.33
Other cash paid relating to financing activities	5,310,151.15	-
Sub-total of cash outflows	**264,377,623.62**	**1,006,250,823.33**
Net cash flows from financing activities	**470,622,376.38**	**893,749,176.67**
4. Effect of foreign exchange rate changes on cash and cash equivalents	**(28,752.26)**	**27,552.12**
5. Net increase / (decrease) in cash and cash equivalents	**2,749,445,890.45**	**(188,216,768.49)**
Plus：Cash and bank balances at 1 January	1,584,588,380.48	1,039,375,220.02
6. Cash and bank balances at 31 March	**4,334,034,270.93**	**851,158,451.53**