CHINA XLX CULTURE 中國心連心文化

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

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

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China XLX Fertiliser Ltd. ("XLX" or the "Company") adopts a business philosophy of "essence and sincerity" (至精至誠), sticks to an enterprise spirit of "dedication" (執事敬業), and regards benefiting the society as its historic responsibility. It strives to increase the income of farmers and the performance of customers through continuous innovations in products and services. It adheres to the people-oriented concept, protects the lawful interests of employees, provides a smooth career development channel, and builds a fair and sound working environment in order to promote the growth of employees and the Company. It follows the philosophy of sustainable development and implements energy-saving and emission-reduction measures to achieve green operation. It actively participates in community development and public welfare activities and makes donations to fulfil its responsibility as an enterprise citizen.

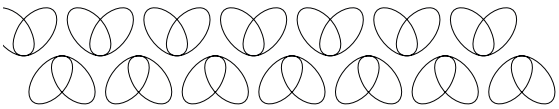
中國心連心化肥有限公司(以下簡稱「心連心公司」或「本公司」)以「至精至誠」為經營理念,以「執事敬業」為企業精神,以為社會造福為歷史責任,通過持續產品和服務創新,為農民增收,為客戶增效;堅持以人為本,保障員工合法權益,暢通職業發展通道,營造公平良好的工作環境,促進員工與企業共同成長;深化可持續發展理念,推動企業節能減排,引領綠色運營;積極參與社區建設,投身公益,行善樂捐,努力履行企業公民責任。

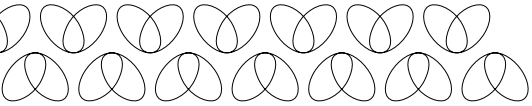
In order to comply with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group has established an ESG working group, which is led by the finance and management centre of the Group and comprises staff from the labour union, the production management centre, the technical centre, the enterprise management centre, the procurement centre, the marketing centre, the sales company and the audit and supervision department of the Group. Heads of these departments are directly involved and designate respective specified persons to conduct the work for ESG management and report. The ESG working group reports regularly to the management of the Company and makes appropriate recommendations for improvement.

為了遵守《香港聯合交易所有限公司證券上市規則》附錄27《環境、社會及管治報告指引》的要求,本集團成立了ESG工作組,由集團財務管理中心牽頭,形成了包括工會、生產管理中心、技術中心、企業管理中心、採購中心、營銷中心、銷售公司和審計監察部等部門在內的工作團隊,由各部門負責人直接參與,並指定專人負責開展ESG管理和報告的工作。ESG工作組定期向公司管理層彙報並提出適當的改進建議。

The Company has prepared the "Environmental, Social and Governance Report 2016 of China XLX Fertiliser Ltd." in accordance with the requirements of the Environmental, Social and Governance Reporting Guide. The report describes the concept and practice of sustainable development and social responsibility of the Company from two aspects, being environment and society. This report covers the period from 1 January 2016 to 31 December 2016.

根據《環境、社會及管治報告指引》要求,本公司編制了《中國心連心化肥有限公司2016年環境、社會及管治報告》,從環境和社會兩個範疇闡述本公司的可持續發展與社會責任理念和實踐。本報告時間範圍為2016年1月1日至2016年12月31日。





All units of the Company strictly follow the national and industry standards for energy consumption limits. For those not meeting the energy-saving standards or exceeding energy consumption limits, rectification plans are developed and implemented and the efficiency of power consumption equipment is measured on a regular basis to ensure economic and reasonable power consumption at all units. The Company requires that the indoor temperature in summer when air conditioner is on shall not be lower than 22°C and that in winter shall not be higher than 20°C. Electrical appliances that will not be needed for a long period shall be switched off to save power consumption. The production coordinator of the Company is responsible for reasonable coordination of gas consumption volume to ensure that the production system can operate steadily for a long period and avoid the run, flow, drip, leakage of gas.

本公司各單位均嚴格執行國家和行業的能耗限額標準，對不符合節能標準或超過能耗限額用能的，制定及實施整改計劃，並定期對耗電設備進行效率測定，確保各單位經濟合理用電。按公司規定，在使用空調時夏季室內溫度不低於22℃，冬季室內溫度不高於20℃，長時間不用的電器應關掉電源開關，做到節約用電；本公司生產調度負責對用汽單位用汽量進行合理調度，保證生產系統處於長週期穩定運行狀態；儘量避免跑、冒、滴、漏等情況。

All units of the Company regularly inspect their own energy consumption, the implementation of energy-saving measures, energy-saving assessment and review of fixed assets investment projects and the implementation of industry design standards to timely stop and deal with illegal energy wasting. The Company has also established an energy-saving reward and punishment system, whereby companies with outstanding energy-saving performance or having made significant contributions to facilitate the development and promotion of energy-saving technologies are rewarded, and the units failing to meet energy-saving targets are criticised in public.

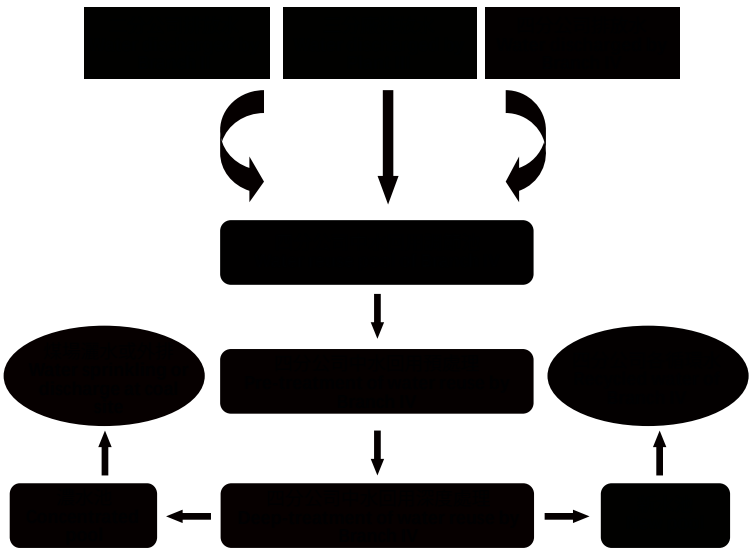
本公司各單位定期檢查本部門用能情況、節能措施落實情況、固定資產投資項目節能評估和審查情況、行業設計規範執行情況等，及時制止和處理浪費能源的違法、違規行為。本公司還建立了節能工作獎懲制度，對節能工作成績突出的公司和為推動節能技術進步、推廣節能技術做出突出貢獻的單位和個人進行表彰獎勵；對不能完成節能指標的單位給予通報等。

The Company regularly organises energy conservation publicity and education activities by making extensive use of video, newspapers, publications, lectures and other promotional tools to actively promote energy-conservation principles, policies, laws, regulations, standards and energy-conservation knowledge, promoting energy-saving models and exposing energy waste in order to improve the awareness and concept of energy-saving among all staff. The Company also continues to strengthen the information development of energy-saving technologies, plans for and organises energy-saving training in multiple forms in order to improve the management quality and technical expertise of energy-saving managers and energy consumption equipment operators and strengthen the development of the energy-saving management team.

本公司定期組織開展節能宣傳教育活動，充分運用視頻、報紙、刊物、講座和其他宣傳工具，積極宣傳節能方針、政策、法律、法規、標準和節能科學知識，弘揚節能先進典型，曝光能源浪費行為，提高廣大職工節能意識和節能觀念。本公司還不斷加強節能技術的信息化建設，按計劃組織開展多種形式的節能培訓活動，從而提高節能管理人員和用能設備操作人員的管理素質和技術水平，完善節能管理人員隊伍建設。

The Company encourages the comprehensive utilization of various water resources in chemical industry parks and living areas, and increases incentives for water conservation units. Each plant of the Company must select at least two technical research subjects (of which one must be at Company level) on water saving and conduct research in accordance with the requirements of the Measures for the Administration of Total Quality Management Activities of the Company to ensure research performance. In order to improve the recycling rate of water resources, the Company has adopted the water reuse and urea process condensate to improve water efficiency.

本公司鼓勵化工園區和生活區內各種水資源的綜合利用，並加大對節水單位的激勵力度。本公司各分廠每年至少選擇2個以上（其中至少一個為公司級）以節水為課題的技術攻關項目，並按照本公司《全面質量管理活動管理辦法》的具體要求實施，確保攻關效果；為了提高水資源的循環利用率，本公司採取了中水回用和尿素工藝冷凝液等方法來提高用水效率。



中水回用控制流程
Water Reuse Control Process

- **Wa e e.** In order to lower the consumption of synthetic ammonia and urea, the Company has established terminal water treatment system and water reuse facility and developed the Water Reuse Operation Management Measures (中水回用運行管理辦法) to ensure long-term steady operation of water reuse devices and realize recycled water use.

- **U ea oce conden a e.** The effective components of wastewater are recovered through the deep hydrolysis analysis system, and then sent to waste pot or urea circulating water system for replenishment. Following chelating adsorption treatment, urea solution is used as replenishment water for recycled water, which can reduce external discharge by approximately 30m³

INCENTIVE MECHANISM

In order to promote and encourage innovations, the Company has established a diversified incentive mechanism and set up a number of awards and titles such as management innovation award, technical innovation award, QC achievement award, reasonable recommendation

激勵機制

為提倡和鼓勵創新，本公司建立了多元化的激勵機制，設立了管理創新獎、技術創新獎、QC成果獎、合理化建議獎、年終獎、安全風險金、成本獎、產量獎、勞動模範、感動心連心人物、優秀員工等獎項和榮譽稱號，並安排勞動模範、感動心連心人物、管理及技術創新一、二等獎的人員旅遊。

晉升與發展

本公司的職位體系對職級名稱和序列對應作了規範。每年，本公司定期評估員工的工作表現或發展潛力，給每位員工提供公開和平等的培訓及晉升機會。本公司目前的崗位設置分為管理類、技術類、維修類和操作類四個類別，各類別之間也可交叉進行流動。具體見下圖：

B2 H

(3) 車間綜合安全檢查。各車間每週對本車間進行綜合安全檢查，發現問題及時整改，較大隱患及時上報分廠，整改難度較大的由分廠協調資源進行整改。

(4) 各分廠安全科例行檢查和專項檢查。各分廠安全科每週進行例行安全檢查、每月定期組織專項竺獏獏獏獏獏鑽螫積複期

2) Enriching the emergency drill mode

The Company optimised its drilling methods in 2016. In addition to its existing scheduled drills, the Company also added desktop drills and conducted random drills so that these drill models can supplement each other to improve the effectiveness of drills. In 2016, the Company organised one company-level desktop drill; the plants organised 42 plant-level drills and 158 workshop-level drills; and the branches and subsidiaries organised a total of 66 drills.

Case:

In the morning of 27 January 2016, a desktop drill for emergency evacuation of the Company was carried out at the North Conference Room, 4th Floor, Administrative Building of Plant I. Through the drill, participants had a better understanding of their roles, responsibilities and procedures, and the emergency handling capability at the old plant area and the emergency management of the Company were effectively enhanced.

3) Building emergency response capacity evaluation mechanism

To establish a systematic emergency management model, the Company has formulated emergency response capacity evaluation methods and standards, organised all units to conduct self-assessment of their own emergency response capacity based on these methods and standards, and prepared plans for rectification.

4) Establishing fixed management model for emergency team

In 2016, the Company's emergency team management model was substantially established, and clear emergency team response procedures had been set out. Daily management activities mainly include training, camps, drills and competitions. In 2016, the Company organised one company-level training, 40 plant-level training sessions, 18 camps, 11 drills, and 2 emergency team competitions, and participated in two flood control activities. The Company also organised a company-level emergency team examination, with first pass rate of 90%.

2) 豐富應急演練模式

2016年，本公司對演練方式進行了優化。本公司在原來計劃性的實戰演練基礎上，新增了桌面演練，並開展隨機性演練，從而通過多種演練模式互補，來提高應急演練效果。2016年，本公司共組織公司級桌面演練1次，各分廠組織分廠級演練42次，車間級演練158次，各分子公司共組織演練66次。

案例：

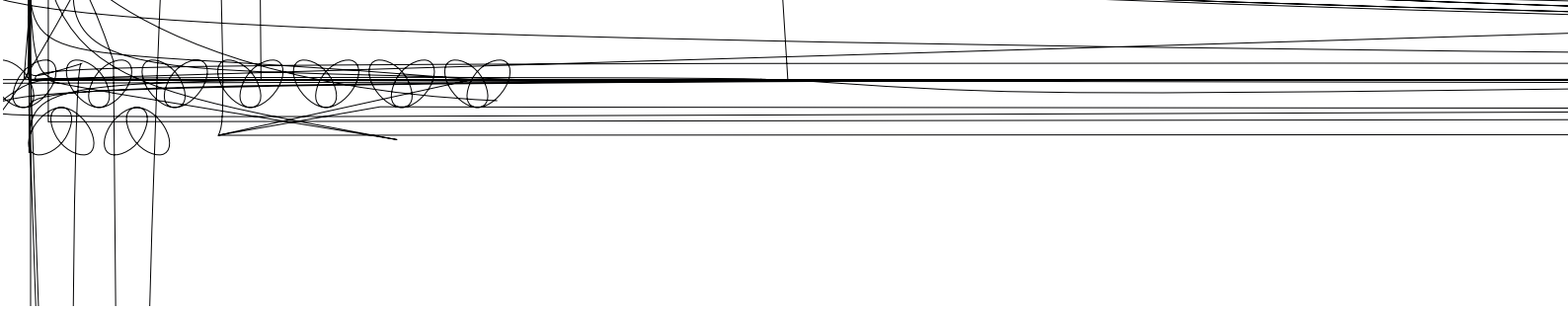
2016年1月27日上午，本公司在一分廠行政樓四樓北會議室舉行了應急疏散桌面演練。通過演練使參演人員對各自的角色、職責或程序更加熟悉，有效地提高了老廠區事故聯動處置能力和公司應急管理水平。

3) 構建應急處置能力評價機制

為建立系統性的應急管理模式，本公司制定了應急能力評估辦法及標準，並據此組織各單位對本單位應急能力開展自我評估，並制定計劃逐步整改。

4) 固化應急隊伍管理模式

2016年公司應急隊伍的管理模式基本建立，應急隊伍響應流程已明確，日常管理活動主要包括培訓、拉練、參與演練、



4) F

2. SPECIAL TRAINING INCLUDING EMBA

Since 2000, the Company has been sending key personnel to receive EMBA training at Tsinghua University, Peking University and Zhengzhou University and sending heads and deputy heads of departments to attend special training courses at Tsinghua University, Peking University, Wuhan University and Zhejiang University. It has also organised outward bound training for all employees and leadership training for managers at middle and low levels to improve the awareness of team cooperation. As of December 2016, the Company sent a total of 29 core members of senior management to study EMBA course and a total of 175 employees to attend the long-term training course held by colleges and universities.

In addition, the Company actively encourages employees to conduct self-learning relating to career development and skill improvement, and urges employees to learn through recruitment standards and curriculum system based on job requirements. As at the end of 2016, a total of 9 employees had received full financial assistance from the Company in studying under master's and doctoral programmes of Zhengzhou University, Nanjing University of Science and Technology and Wuhan University, and over 300 employees completed the college and university courses jointly established by the Company, Xinxiang University and Zhengzhou University.

3. COMMISSIONED TRAINING

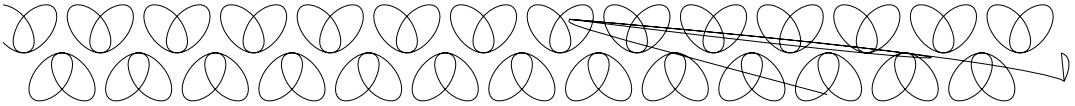
In 2016, the Company held a total of 177 internal and external training sessions with 5,435 participants. The training subjects covered human resource, finance, communication with industry experts and product experts and red theme education for party members.

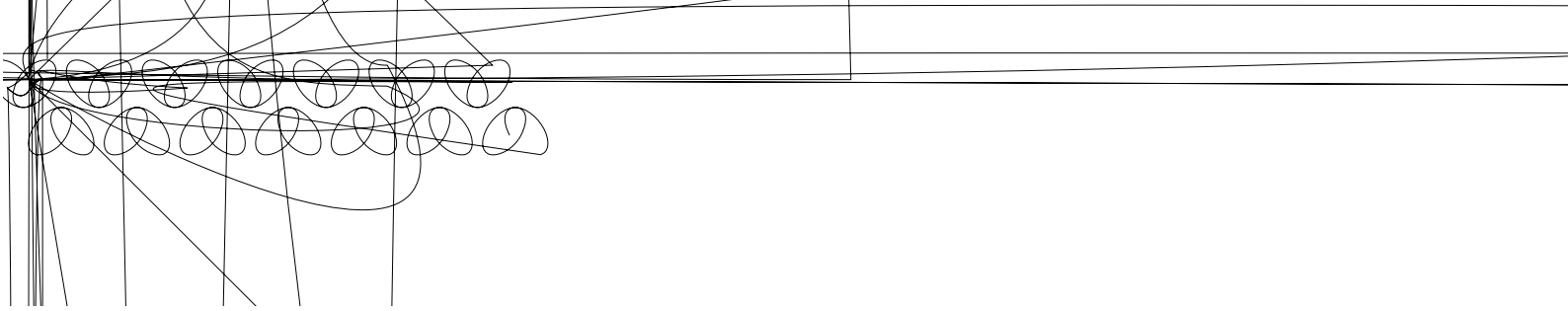
2. EMBA**等專業培訓**

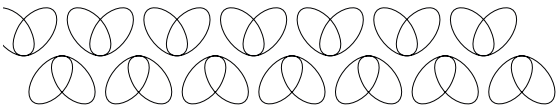
從2000年開始，本公司選派骨幹參加清華大學、北京大學、鄭州大學EMBA課程的培訓；選派部門正副職到清華大學、北京大學、武漢大學、浙江大學等高校的專業類研修課程進行培訓；組織全員進行拓展訓練、組織中基層開展領導力培訓，提升團隊意識和凝聚力。截止2016年12月，本公司共選派了29名核心中高層幹部參加EMBA學習，175人參與高等院校組織的長期研修班課程。

同時，本公司積極鼓勵和支持員工進行職業發展、技能提高相關的自主學習，並通過基於崗位任職要求的任職標準與課程體系來督促員工自主學習。截至2016年底，本公司共有9人獲得公司全額培訓費資助進行鄭州大學、南京理工大學、武漢大學等院校的碩士及博士學位的攻讀，有300餘人完成公司與新鄉學院、鄭州大學合作成立的大專班、本科班的學習。

3. **外盞**







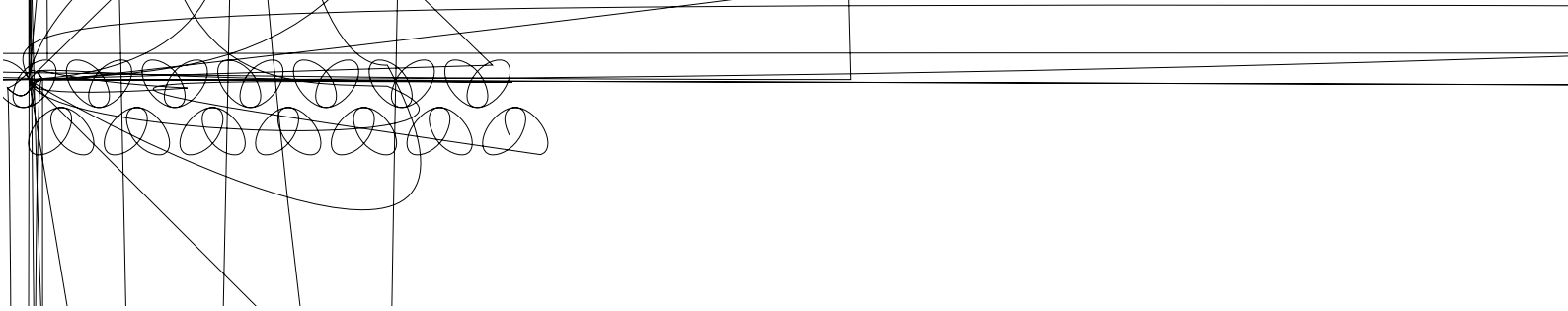
B6 PRODUCT RESPONSIBILITY

XLX has been in strict compliance with laws and regulations including the Law of the People's Republic of China on Product Quality, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Trademark Law of the People's Republic of China and the Patent Law of the People's Republic of China. By adhering to is corporate visions of "becoming the most respected enterprise in the chemical fertiliser industry" (成為最受尊重的化肥企業集團) and its quality principle of "strict process control, analysis and comparison for improvement, leading technical innovations, and customer satisfaction first" (嚴格過程控制，對[illegible]制，[illegible]

B6 產品責任

心連心公司嚴格遵守《中華人民共和國產品質量法》、《中華人民共和國消費者權益保護法》、《中華人民共和國商標法》和《中華人民共和國專利法》等法律法規，秉承「成為最受尊重的化肥企業集團」的企業願景，以「嚴格過程控制，分析對比提高，科技創新領先，顧客滿意為準」為質量方針，從產品開發到產品出廠的每個環節以高品質為要求以保障產品質量，在產品增效和改良的環節不斷創新突破，以期提供更高效、安全、環保的產品。本公司還定期開展兩煤等關鍵控制流程審核和外部質量管理體系審核，並通過質量分析會、質量月活動以及組織學習相關法律法規等形式，來提升公司的質量文化建設。

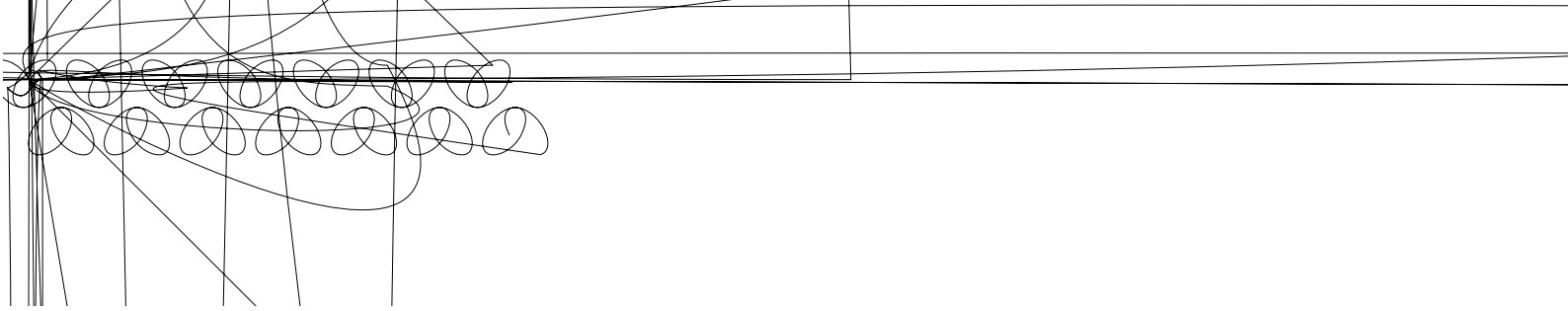
此外，本公司制定並嚴格執行《市場質量問題處理程序》、《顧客滿意度調查管理辦法》、《產品配方保密管理規定》、《知識產權管理程序》等內部制度程序，努力提升客戶滿意度，尊重客戶隱私，管理廣告標簽，保護技術專利和商標，以持續為消費者提供優質的服務和真實的產品信息，保護公司和他人知識產權和智力勞動成果，維護市場公平競爭，從而盡到公司對消費者和社會的責任。



4) QUALITY CONTROL

- Emphasis on product development

  Following the principle of "efficiency, environment-friendliness and safety", the





第十五屆全國質量獎鼓勵獎
15th National Quality Award, Encouragement Award



公司董事長劉興旭獲2016年中國傑出質量人提名獎
Liu Xingxu, Chairman of the Company, was nominated as an Outstanding Quality Individual for 2016

- National Quality Award

  The National Quality Award is the highest honour in quality for organizations that have achieved excellent quality management and have achieved significant results in terms of quality, economy, and social benefits. Henan Xinlianxin Fertiliser Co., Ltd. received the encouragement award of the 15th National Quality Award, and Liu Xingxu, Chairman of the Company, was nominated as an Outstanding Quality Individual for 2016.

- 全國質量獎

  全國質量獎是對實施卓越的質量管理，並在質量、經濟、社會效益等方面取得顯著成績的組織授予的在質量方面的最高榮譽。河南心連心化肥有限公司獲第十五屆全國質量獎鼓勵獎，公司董事長劉興旭獲2016年中國傑出質量人提名獎。



PROVIDING HIGH-QUALITY SERVICES

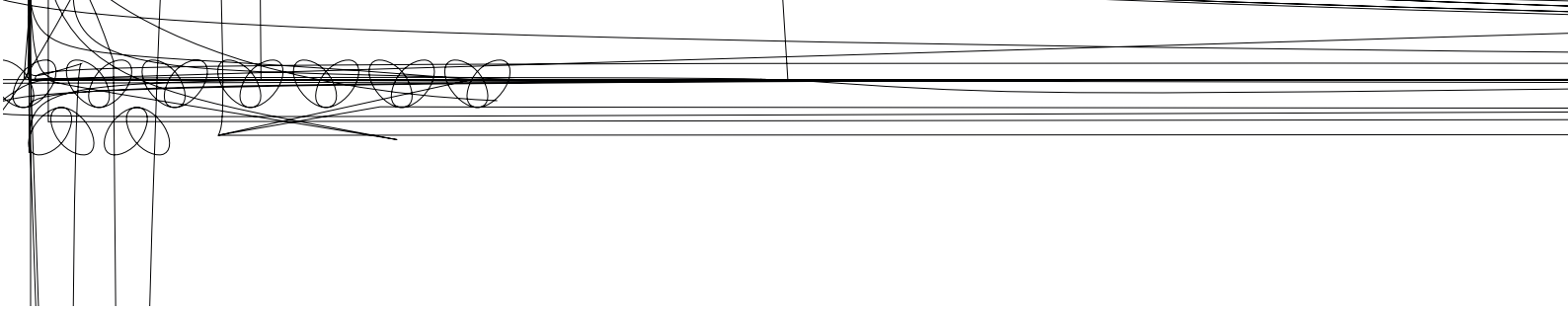
1) DIVERSIFIED SERVICE MODEL

The Company actively explores a more diversified and efficient service model. It cooperates with Rural Taobao of Alibaba, China's largest electric commerce company to develop Shuangxin Fertiliser, the No. 1 fertiliser brand of electric business channel. The official flagship store commenced operation at Rural Taobao in July 2015.

提供優質服務

1) **多元服務模式**

本公司積極探索更加多元高效的服務模式，與中國最大的電商公司阿里巴巴農村淘寶合作後，全力打造的村淘電商渠道化肥第一品牌雙心化肥，2015年7月在農村淘寶開業官方旗艦店。



2) FOCUSING ON CUSTOMER SATISFACTION

In order to strengthen the management of customer complaints, the Company has developed measures and procedures including the Market Quality Problem Handling Procedures (市場質量問題處理程序), the Service Feedback System (服務反饋制度) and the Product Quality Feedback and Quality Accident Handing Measures (產品質量反饋及質量事故處理辦法) to

2) **關注客戶滿意度**

為強化顧客投訴管理，本公司制定了《市場質量問題處理程序》、《服務反饋制度》、《產品質量反饋及質量事故處理辦法》等辦法程序，確保投訴得到及時有效的解決：顧客投訴由400客服中心統一收集，由400客服中心的信息處理人員將投訴分解到相關部門；相關部門按照規範性文件對投訴的質量問題進行處理、改進和質量問題顧客回訪。投訴信息的收集、整合、分析與改進如上圖：投訴信息處理流程圖。

3) **保護消費者隱私**

本公司設置了渠道管理員崗位，專人管理客戶基礎檔案，在新客戶賬戶建立和基礎資料上報環節設置固定流程，減少經辦人員和客戶基礎檔案的流通範圍。公司還設置了ERP客戶基礎檔案的閱讀權限，無關人員不具備查閱客戶基礎資料的權限，從而保護消費者隱私。

保護知識產權

本公司根據國家《中華人民共和國專利法》、《中華人民共和國商標法》等有關法律制定了《產品配方保密管理規定》、《知識產權管理程序》等制度，規範公司知識產權的獲取、使用和日常管理程序，更加有序、有效地保護已有知識產權，鼓勵員工發明創造的積極性和主動性，促進相關科技成果的申報、轉化和推廣應用。

abuse of power, private use of public funds, harbouring subordinates,

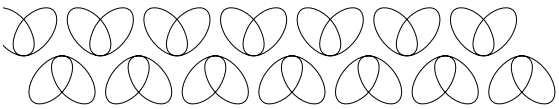
XLX, which prohibit fraud, concealing, acting in excess of authority,

INTEGRITY, ANTI-CORRUPTION AND CULTURE DEVELOPMENT

The Company has prepared the Eight Bans for Department Heads of

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2) In 2016, the Company conducted more than 130 demonstration field public welfare activities, distributed over 9,300 bags and over 300 tons of demonstration fertilisers.

3) In 2016, the Company arranged a total of 609 level 2 (retailer) training sessions and 8,999 level 3 (large-scale farmer) training sessions, with a total of 43,294 visitors, which has effectively communicated knowledge of science and technology.

4) The Company has established an agricultural expert service team

