



Genesis Energy Holdings Limited
創 新 能 源 控 股 有 限 公 司

Stock Code 股份代號: 702



Annual Report 2007 年報



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Ms. Xing Xiao Jing (*Chairman*)

Mr. Kong Siu Tim

Mr. Ma Ji

Independent Non-executive Directors

Mr. Ni Zhenwei

Mr. Yip Ching Shan

Mr. Wong Kwok Chuen Peter

COMPANY SECRETARY

Mr. Wan Tze Fan Terence

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Bermuda

HONG KONG LEGAL ADVISORS

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Hong Kong

董事

執行董事

邢曉晶女士 (主席)

江少甜先生

馬驥先生

獨立非執行董事

倪振偉先生

葉青山先生

黃國全先生

公司秘書

溫子勳先生

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Corporate Information

公司資料

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2901 One Exchange Square
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AUDITORS

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
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Bermuda

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

702

WEBSITE

www.genesis-erg.com

百慕達法律顧問

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核數師

陳葉馮會計師事務所有限公司
執業會計師
香港
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香港股份過戶登記分處

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主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
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Pembroke HM08
Bermuda

主要往來銀行

中國銀行(香港)有限公司
渣打銀行(香港)有限公司

股份代號

702

網址

www.genesis-erg.com

Five Year Financial Summary

五年財務概要

		Year ended 31 December 2007 截至2007年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2006 截至2006年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2005 截至2005年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2004 截至2004年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2003 截至2003年 12月31日 止年度 HK\$'000 千港元
Turnover	營業額					
- Continuing operations	- 持續經營業務	31,405	27,490	22,380	24,773	43,908
- Discontinuing operations	- 已終止經營業務	44,661	44,710	43,260	41,216	105,827
		76,066	72,200	65,640	65,989	149,735
Result	業績					
- Continuing operation	- 持續經營業務					
Loss before taxation	除稅前虧損	(45,810)	(53,527)	(68,063)	(20,665)	(6,032)
Income tax	所得稅	(959)	(820)	(322)	-	-
		(46,769)	(54,347)	(68,385)	(20,665)	(6,032)
- Discontinuing operation	- 已終止經營業務					
Gain/(loss) from discontinued operations	已終止經營業務之 收益/(虧損)	(28,076)	(50,703)	(194,551)	(38,625)	30,023
Gain on disposal of subsidiaries	出售附屬公司收益	66,909	-	-	-	-
Income tax	所得稅	-	-	-	-	(3,493)
		38,833	(50,703)	(194,551)	(38,625)	26,530
Profit/(loss) for the year	本年度(虧損)/收益	(7,936)	(105,050)	(262,936)	(59,290)	20,498
Attributable to:	以下人士應佔權益:					
Equity shareholders	本公司股權持有人	(7,936)	(85,187)	(252,841)	(49,757)	14,084
Minority interests	少數股東權益	-	(19,863)	(10,095)	(9,533)	6,414
		(7,936)	(105,050)	(262,936)	(59,290)	20,498
Earning/(loss) per share	每股盈利/(虧損)					
- Basic (HK Cents)	- 基本(港仙)	(0.19)	(2.69)	(8.34)	(1.64)	0.46
- Diluted (HK Cents)	- 攤薄(港仙)	N/A不適用	N/A不適用	N/A不適用	N/A不適用	N/A不適用

Five Year Financial Summary

五年財務概要

		At 31 December 2007 於2007年 12月31日 HK\$'000 千港元	At 31 December 2006 於2006年 12月31日 HK\$'000 千港元	At 31 December 2005 於2005年 12月31日 HK\$'000 千港元	At 31 December 2004 於2004年 12月31日 HK\$'000 千港元	At 31 December 2003 於2003年 12月31日 HK\$'000 千港元
Assets and liabilities	資產與負債					
Non-current assets	非流動資產	191,249	558,382	580,724	758,825	691,520
Net current assets/(liabilities)	流動資產/(負債)淨值	69,600	(294,270)	(252,539)	(57,617)	78,413
Non-current liabilities	非流動負債	-	(160,000)	(192,308)	(320,755)	(330,189)
Net assets	資產淨值	260,849	104,112	135,877	380,453	439,744
Minority interests	少數股東權益	-	-	(19,099)	(28,642)	(38,176)
Total equity attributable to equity shareholders of the Company	本公司股權持有人應佔總權益	260,849	104,112	116,778	351,811	401,568

The above figures are based on the latest published financial statements, except for the summary of results for each of four years ended 31 December 2006 and assets and liabilities as at 31 December 2003, 2004, 2005 and 2006 which have been restated its presentation currency from Renminbi to Hong Kong dollars. Details are set out in notes to financial statements 2(b).

上述數字乃基於最近期刊發之財務報表編製，惟截至2006年12月31日止四個年度各年之業績概要，以及於2003年、2004年、2005年及2006年12月31日之資產及負債已將呈列貨幣由人民幣改為港元。詳情載於財務報表附註2(b)。

Chairman's Statement

主席報告書

2007 was a busy but productive year for the Group. In January, the Group entered into an agreement to acquire 100% interest of the Grassy Trails Oil Field in Utah, United States. The oil field is located in Emery County of Utah with a site area of 26 km². Since then, the Group has used every single mean to boost production.

Re-work of the oil wells took place in July bringing 5 old wells online. It marked a milestone for the Group when the first delivery of our crude oil was made to Chevron's Utah refinery in September 26, 2007. By end of 2007, the Group took advantage of the surging crude oil price and decided to adopt a more aggressive approach by adding two 6.25" horizontal well bores to Federal Well 12-13. The horizontal drilling within the most porous four feet of the A Zone reservoir in the Moenkopi Formation boosts production by 8 to 10 times.

The horizontal drilling in Federal Well 12-13 was the first of its kind in South Utah. It was complete in February 2008 with production of upto 200 barrels of oil per day. While crude oil price stood at high level, we intend to add another 4 horizontal drilling for two wells in the second half of 2008.

Although we might see the US economy to shrink in 2008 which could deteriorate oil demand, depreciation of the USD and burgeoning Chinese consumption are expected to drive the Brent Crude to new record highs. The Board will consider progressively more acquisition in Utah if opportunity arises.

On the other side of the globe, we entered into a joint venture agreement to develop the Xun Yi Oil Field in Shaanxi, the PRC in August, 2007. The oil field is located approximately 250 km northwesterly of Xian, where the famous Terra Cotta Warriors and Horses was found. An experienced exploration team has been working very hard to locate the best site for the first drilling. The team is led by our senior engineer Mr. Ma Xincheng who took part in the discovery of first gas well in the Su Li Ge Basin in the 70's. The Xun Yi Oil Field has a site area of approximately 560 km² and is estimated to have a contingent recoverable resource of over 511 million barrels of oil equivalent. Drilling is expected to take place in mid-2008.

2007年是本集團既忙碌且收獲頗豐的一年。一月份，本集團簽訂了買賣協議，收購美國猶他州草徑油田100%的權益，該油田位於猶他州艾美莉郡 (Emery County)，佔地26平方公里。自此，本集團將全力以赴為該油田提高產能。

草徑油田從七月份開始重新修井，使五口舊井重新投產。2007年9月26日首批我們產的原油被安排運至猶他州雪佛龍煉油廠，標誌著本集團進入了新的歷史里程。2007年底，本集團敏銳地抓住急劇上升的油價，決定採用更為進取的方法，將兩口6.25吋水平井眼放至聯邦12-13號井。在莫恩科皮油層 (Moenkopi Formation) 的A區儲油層中孔隙度最高的四英尺內進行水平鑽井，使得產能提高了8至10倍。

是次在聯邦12-13號井的水平鑽井在南猶他州當地亦屬首例。其已於2008年2月完成，每日平均產量約可達200桶油。由於原油價格仍保持高位，我們計劃2008年下半年對另外兩口井新增4個水平鑽井。

雖然2008年美國經濟可能步入衰退，亦同時影響石油需求，但美元貶值和中國持續增長的消費需求預計會推動布蘭特原油價格達到新的歷史高點。若時機成熟，董事會將考慮在猶他州積極進行收購。

在地球另一端的中國，我們於2007年8月簽訂了合資企業合同，開發中國陝西旬邑油田。旬邑油田座落於出土舉世聞名的兵馬俑的西安以北約250公里。我們經驗豐富的團隊已在努力確定首次鑽井的最佳位置。我們的高級工程師馬信生先生領導該團隊，他70年代曾參加了蘇里格盆地首個氣井的發現項目。旬邑油田佔地約560平方公里，預計潛在儲量約等同5.11億桶油。預期在2008年中開始鑽井。

Chairman's Statement

主席報告書

The Group was awarded as the operator for E Tuo Ke Oil Field in Inner Mongolia in early 2008. The oil field is located in the southern border of Inner Mongolia with an area covering 1,030 km². The total perspective resource of the oil field is believed to be over 197 million barrels of oil equivalent. Co-operation project in E Tuo Ke Oil field shows a new business mode for the Group where capital expenditure can be reduced substantially. The owner of the field is a vigorous and reputable conglomerate who finances all drilling expenses by itself. We expect co-operation of the two parties will procure certain degree of synergy in the area and we believe the co-operation will elevate in the future.

The Board also re-balanced the Group's business portfolio by selling its distressed asset, Xinjiang Xingmei Oil Pipeline Company Limited, in September 2007. The move eliminated the gearing of the Group and most importantly, the newly generated profit from the upstream business will no longer be diluted.

For the financial year 2007, we still see a minor loss, however the cash flow and balance sheet of the Group were resilient by the year end. The fund raising exercise of the Group in the first quarter received overwhelming support from institutional investors. We believe a stronger financial position and rising Brent Crude price would enable the Group to expand in the upstream market progressively.

Success in year 2007 was mainly attributable to all our hardworking and brilliant colleagues and professional external partners. I would like to take this opportunity to extend my most sincere thanks to all of you for all the fine work, especially to those who accomplished the drilling in unprecedented snowstorm during winter time in Utah. We are fully confident of having a turnaround for financial year 2008, let us work together to achieve this goal!

Xing Xiao Jing

Chairman

Hong Kong, 22 April 2008

本集團在2008年初獲委為內蒙古鄂托克油田的經營者。鄂托克油田位於內蒙古南部邊境，佔地約1,030平方公里。預計油田可開採資源量相當於逾1.97億桶油當量。鄂托克油田的合作項目令本集團資本開支大幅降低，展現了新的商業模式。油田擁有一家知名的綜合性大企業，他們自己將負責所有的鑽井費用的開支。我們希望雙方合作可以在某些領域達成一定程度的協同效應，我們也相信將來雙方的合作會有所增加。

董事會在2007年9月出售了不良資產新疆星美石油管道有限公司，重新平衡了集團的業務組合。出售星美不單清除了集團的負債，最重要的是，上游業務產生的利潤將不再被蠶食。

雖然2007年財政年度，本集團仍然錄得輕微虧損，然而年終現金流和資產負債表出現明顯改善。第一季度集團融資獲得機構投資者的大力支持。我們相信，強健的財務狀況和持續上升的布蘭特原油價格將使集團更快速地拓展上游市場。

2007年的成功離不開各位同事的辛勤及出色的工作和專業的外部合作夥伴的大力支持。我希望借此機會對你們表示由衷的感謝，特別是對那些冬天在猶他州面對前所未有的暴風雪仍然完成鑽井的工作人員表示由衷的感謝。我們決心在2008年使得業務好轉，讓我們共同努力，為之奮鬥！

邢曉晶

主席

香港，2008年4月22日

Management Discussion And Analysis

管理層討論及分析

BUSINESS REVIEW

For the year ended 31 December 2007, Genesis Energy Holdings Limited (the “Company” or “Genesis Energy”) and its subsidiaries (collectively known as the “Group”) recorded an increase of total turnover by 5.4% to HK\$76.1 million (2006: HK\$72.2 million), among which, there was turnover generated from oil transportation business, a discontinued operation during the year, amounts HK\$44.7 million (2006: HK\$44.7 million). Merely taking into account of the continuing operations, the Group recorded a turnover of HK\$31.4 million (2006: HK\$27.5 million). Loss for the year was substantially narrowed down by 92% to HK\$7.9 million (2006: loss of HK\$105.1 million).

2007 has been an exciting year. In September 2007, the Group entered into a disposal agreement with the Company's controlling shareholder which acquired the Group's entire interest in Xinjiang Xingmei Oil-pipeline Co. Ltd. (that engaged in the oil transportation business in Xinjiang). As a result of this disposal, the Group has had the loss making business disposed of, and made a clean break against any potential liabilities arising from the bank loans.

More important, we have tapped the investment opportunities in the upstream oil business. In January 2007, the Group entered into an acquisition agreement, and pursuant to which the Group acquired the exploitation rights of a 26km² oil field in Utah, the United States. Further in August 2007, the Group entered into a legally binding cooperation agreement in relation to the oil exploration and exploitation project in Shaanxi Province, the PRC. This transaction also signifies our first move into the upstream oil business in the PRC. Subsequently in February 2008, the Group has entered into another legally binding operating agreement and the Group is commissioned to be the operator of the E Tuo Ke Oil & Gas Field.

業務回顧

截至2007年12月31日止年度，創新能源控股有限公司（「本公司」或「創新能源」）及其附屬公司（統稱「本集團」）錄得的營業額上升5.4%至7,610萬港元（2006年：7,220萬港元），其中，非持續性的石油運輸業務錄得營業額4,470萬港元（2006年：4,470萬港元）。如僅以持續業務計，集團錄得營業額3,140萬港元（2006年：2,750萬港元）。本年度虧損大幅收窄92%至790萬港元（2006年：虧損10,510萬港元）。

2007年是令人振奮的一年。2007年9月，集團與公司控股股東簽署了一項處理協議，由控股股東接手集團在新疆星美石油管道有限公司（經營位於新疆的石油運輸業務）的所有權益。集團因此去除了這項虧損業務，撇清了銀行借貸可能帶來的債務。

更重要的是，集團抓住了投資上游石油開採業務機會。2007年1月，集團簽署了一項收購協議，隨之獲得美國猶他州26平方公里的油田開採權。其後於2007年8月，集團簽署了一項在中國陝西省合作勘探開發石油項目的具法律約束力的協議，標誌著集團進入中國上游石油開採業務。接下來在2008年2月，集團簽署了另一項具法律約束力的協議，成為內蒙古鄂托克油田的營運商。

Management Discussion And Analysis

管理層討論及分析

The Group is encouraged by this steady and solid growth it has achieved this year. In addition to the oil field in the United States, our investment in the oil project in Shaanxi Province is our first move in the region, and being an oil field operator in E Tuo Ke Oil Field will bring a low risk opportunity for the Group to enjoy returns from a project of great potential. The Group has now assembled a diversified asset portfolio, combining both short term and long term growth opportunities. Despite the subprime crisis in the United States and the tightening of macro-economic control measures in mainland China will have certain impacts on the regional economy, we are still committed to build our Group into one of the leading independent oil and gas companies in the Greater China region with a portfolio of quality assets and to grow the business by developing these assets efficiently.

Upstream Operation

Grassy Trails oil field, Utah, the United States

In January 2007, Genesis Petroleum US Inc., a subsidiary of the Company, entered into an agreement to acquire the exploitation rights of Grassy Trails oil field at a total consideration of US\$6.6 million (approximately HK\$51.3 million). The transaction was completed in June 2007. Grassy Trails oil field located in both Emery County and Carbon County, Utah, with an area of approximately 26km². It was discovered in 1962 and it has yielded approximately 600,000 barrels of golden-colored, light, sweet crude oil since then. Subsequent in February 2008, we have successfully completed the first horizontal drilling on Federal 12-13, which is expected to produce an additional 200 barrels per day. A recent independent technical report revealed that the proven reserve of crude oil on Grassy Trails has been revised up to about 1.36 million barrels. With our experienced and dedicated technical team and drilling crews, we were able to overcome the glacial weather with fruitful results while doing the first horizontal. Currently, our team is working on a second and third horizontal drilling and we expect to elevate the daily production of oil.

集團受本年度穩步踏實增長的鼓舞。除美國油田之外，集團對陝西省石油項目的投資亦是首次涉足該區域，而且，成為鄂托克油田的營運商將使集團享受低風險、高回報的投資機遇。目前，集團的資產結合多元化，包括短期及長期增長機遇。儘管美國次級按揭危機及中國大陸加緊宏觀調控會給地區經濟帶來一定的影響，集團仍致力於擠身大中華區油氣業獨立經營商的領導位置，擁有高質量的資產組合，並通過有效開發相關資產帶來業務增長。

上游業務

美國猶他州草徑油田

2007年1月，本公司的附屬公司－創新石油美國公司簽署協議，以660萬美元（約5,130萬港元）的代價獲得草徑油田的開採權。此項交易於2007年6月正式完成。草徑油田位於猶他州艾美莉郡及卡本郡面積約26平方公里。油田於1962年發現，已產出約600,000桶金色、輕質、低硫原油。2008年2月，公司在聯邦井12-13號成功建造首個水平井，預期每天增加生產200桶原油，同時，草徑油田的探明儲量修訂為136萬桶。由於技術團隊及鑽井組具有的經驗和努力，我們克服了嚴寒天氣，取得了豐碩成果。目前，公司團隊正在致力開發第二及第三口水平井，期望進一步增加日產量。

Management Discussion And Analysis

管理層討論及分析

Xun Yi oil field, Shaanxi, the PRC

In August 2007, the Group entered into a legally binding cooperation agreement with a PRC partner in relation to an oil exploration and exploitation project in Shaanxi Province, the PRC. It covers a site area of over 500 km². Pursuant to the cooperation agreement, the PRC partner shall provide the use of the oil development zone, while the Group shall carry out exploration and exploitation works. The Group and the PRC partner shall each share 95% and 5% respectively of profits generated from the project. The oil field is located in Shaanxi Province and stretches across the northern part of Xun Yi County, Zhi Tian Town, Qiu Po Tou Town, Ma Lan Town, Qi Li Chuan in the eastern part of Xun Yi County and Cheng Guan Town. According to a preliminary technical report by our geologists, petroleum initially in place is approximately 510 million barrels of crude oil. We are currently preparing a detailed drilling plan and this project will spearhead our oil exploration and exploitation business in the PRC. It will become the business model to drive our further developments in the fuel-producing Shaanxi-Gansu-Ningxia area.

中國陝西省旬邑油田

2007年8月，集團與中方合夥人簽署了在中國陝西省勘探開發石油的具法律約束力的協議，涉及面積逾500平方公里。根據合作協議，中方合夥人將提供油田區域使用權，集團則負責勘探開發工作。集團佔項目利潤的95%，中方合夥人佔5%。油田位於陝西省，橫跨旬邑縣北部、職田鎮、鰍坡頭鎮、馬蘭鎮、旬邑縣東部七裏川及城關鎮。根據公司地質學家出具的初期技術報告，地質儲量約為5.1億桶原油。公司目前正在準備詳細的開採計劃。本項目將是公司在中國大陸石油勘探開發業務的先鋒，成為公司進一步開發陝西、甘肅、寧夏石油產區的業務典型。

Management Discussion And Analysis

管理層討論及分析

E Tuo Ke oil and gas field, Inner Mongolia, the PRC

In February 2008, subsequent to the year end, the Group entered into a legally binding operating agreement with another PRC partner, pursuant to which the Group is commissioned to be the operator of the E Tuo Ke Oil & Gas Field (內蒙古鄂托克油田, “E Tuo Ke”). As the operator of the project, the Group will provide related investigation, exploration and operating services for a number of prospects in E Tuo Ke to which our PRC partner holds the property right. The owner will fund the operating costs of our team for E Tuo Ke. The Group will receive a 7% management fee based on the net sales revenue of E Tuo Ke, after deducting depreciation as well as certain direct expenses. Pursuant to the agreement, Genesis Energy will commission a new geological study of the E Tuo Ke block in order to draw up a detailed drilling scheme. Genesis Energy will also take reference from a previous geological report undertaken by a Canadian petroleum consulting firm. With reference to this preliminary technical report, the estimated total production of natural gas is upto 4,900 million M³ in five years time. Our PRC partner in Inner Mongolia will enjoy strong leverage of our experience in oil and gas exploration and production while this agreement will open up for us a new stream of management fee revenues. This collaboration model will bring a low risk opportunity for the Group to enjoy returns from a project of great potential.

Downstream Operation

Natural Gas Pipeline Network

The natural gas pipeline network is operated by our subsidiary Lejion Gas Co. Ltd. (“Lejion Gas”), which the Group owns as to 72% of its equity interest. Last year, Lejion Gas entered into a short term contracting agreement with the local government that the business of sale of piped natural gas would be operated by the local government while Lejion could focus its resources to the business of refilling stations which supply natural gas and LPG for vehicle use. This reallocation of resources has brought improvement to the sales of natural gas at refilling stations.

中國內蒙古鄂托克油氣田

於結算日後，2008年2月，集團與另一家中國合夥人簽署具法律約束力的經營協議。根據協議，集團成為內蒙古鄂托克油氣田的營運商。作為項目的營運商，集團將為鄂托克油田提供相關勘探及營運服務，而中方合夥人擁有業權。油田所有者將為公司的鄂托克團隊提供營運費用，集團則在扣除折舊及其它直接費用後，根據鄂托克的淨銷售收入獲得7%的管理費。根據協議，創新能源將對鄂托克區塊進行一次新的地質調查，以編制詳細的鑽井方案。創新能源還將參考之前由一所加拿大石油顧問公司出具的地質報告。根據此初期技術報告預測，該區域5年天然氣產量可高達4,900百萬立方米。內蒙古的中方合夥人將受益於公司在油氣開採及生產上的豐富經驗，而此協議也將為公司打開新的管理費收入渠道。這種合作模式使得集團享受低風險、高回報的項目收益。

下游業務

天然氣管道網絡

天然氣管道網絡由本集團之附屬公司巴州利捷燃氣有限公司（「利捷」）經營，本集團擁有該附屬公司72%股本權益。去年，利捷與當地政府訂立了一項短期協議，協議由當地政府經營管道天然氣銷售業務，而利捷則將其資源集中投入供應天然氣及汽車用液化石油氣的補給站業務。此次資源之重新分配使補給站天然氣銷售有所改善。

Management Discussion And Analysis

管理層討論及分析

FINANCIAL REVIEW

Turnover and Loss Attributable to Shareholders

Turnover for the Group for the year ended 31 December 2007 increased by 5.4% to HK\$76.1 million (2006: HK\$72.2 million), among which, there was turnover generated from oil transportation business, a discontinued operation during the year, amounted HK\$44.7 million (2006: HK\$44.7 million). Only taking into account of the continuing operation, the Group recorded a turnover of HK\$31.4 million (2006: HK\$27.5 million). Loss for the year was substantially narrowed down by 92% to HK\$7.9 million (2006: loss of HK\$105.1 million)

Turnover was mainly sourced from natural gas pipeline network that recorded a turnover of HK\$31.1 million for the year ended 31 December 2007, representing a 13% increase comparing with that of last year (2006: HK\$27.5 million). The revenue of HK\$0.3 million was contributed by the oil exploitation in Utah, which just commenced operation by end of 2007.

Apart from the continued operation, the disposal of oil transportation business during the year not only had the loss making operation disposed of, but also registered a gain on the disposal of HK\$38.8 million.

財務回顧

營業額及股東應佔虧損

本集團截至2007年12月31日止年度的營業額上升5.4%至7,610萬港元(2006年:7,220萬港元)。其中,部分營業額來自本年度未能持續經營的石油運輸業務,年度營業額4,470萬港元(2006年:4,470萬港元)。若僅計持續經營業務,集團則錄得營業額3,140萬港元(2006年:2,750萬港元)。當年度虧損大幅收窄92%至790萬港元(2006年:虧損1億510萬港元)。

營業額主要來自天然氣管道業務,截至2007年12月31日錄得營業額3,110萬港元,與去年相比增長13%(2006年:2,750萬港元)。另有30萬港元的營業額來自猶他州石油開採業務,該業務僅於2007年底開始運作。

除了持續經營業務外,本年度所出售之石油運輸業務不僅撇清了虧損業務,更錄得出售該業務的收入3,880萬港元。

Management Discussion And Analysis

管理層討論及分析

Liquidity, Financial Resources and Capital Structure

In February 2007, the Group raised approximately HK\$120 million, net of related expenses, from issue of 374,000,000 new shares of the Company which is intended to be used for general working capital and possible investment in energy sector, in particular the up stream oil business. Further, the disposal of the oil transportation operation has also brought a positive impact to the financial position of the Group. As at 31 December 2007, the net assets of the Group have increased to HK\$260.8 million (31 December 2006: HK\$104.1 million) while its total assets were HK\$307.9 million (31 December 2006: HK\$627.7 million). As at 31 December 2007, the Group's gross borrowings net of cash and bank balances was nil as compared to HK\$411.6 million as at 31 December 2006. Gearing ratio based on total assets was 0% (31 December 2006: 65.5%). The current ratio as at balance sheet date was 2.5 (31 December 2006: 0.19). In terms of the gearing ratio and current ratio, the balance sheet of the Group as at 31 December 2007 was sound and healthy, together with the anticipating strong cash flow from the upstream operation, it will place the Group in a strong financial position to take advantage of new attractive oil and gas investment opportunities that may arise.

FOREIGN EXCHANGE FLUCTUATION

Details of the Group's exposure to fluctuations in exchange rates and related hedges are included in Currency Risk note 30(d) to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed approximately 155 employees. The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective companies and individual employees.

流動資金、財務資源及資本結構

2007年2月，集團扣除相關開支後從發行本公司374,000,000股新股集資所得款項約為1.2億港元，該筆款項擬作一般營運資金及可能投資於能源業務，特別是上游石油開採業務之用。此外，出售石油運輸業務也給集團的財務狀況帶來了正面影響。於2007年12月31日，本集團的資產淨值增加至260,800,000港元（2006年12月31日：104,100,000港元），而本集團的總資產值為307,900,000港元（2006年12月31日：627,700,000港元）。於2007年12月31日，本集團的總借貸扣除現金及銀行結餘為零，而2006年12月31日則為411,600,000港元。負債比率按資產總值計算為0%（2006年12月31日：65.5%）。資產負債表的流動比率為2.5（2006年12月31日：0.19）。就負債比率及流動比率而言，於2007年12月31日集團的財務狀況乃良好及健康，再加上預期來自上游業務的現金流，集團將有強大的財政支持，以把握可能出現的有吸引力的油氣資源投資商機。

外匯波動

集團面臨的外匯波動風險及相應對沖情況參閱財務報表附注30(d)－貨幣風險

僱員及薪酬政策

於2007年12月31日，本集團的僱員約有155人。本集團之薪酬政策主要按現行市場薪酬水平及各有關公司及個別僱員之表現釐訂。

Directors and Senior Management Profiles

董事及高層管理人員簡介

BOARD OF DIRECTORS

Executive Directors

Ms. Xing Xiao Jing, aged 50, was appointed as Executive Director of the Company in September 2005 and Chairman of the Company since November 2005. Ms. Xing is also the director of Hong Chang Group Limited, the controlling shareholder of the Company. Ms. Xing has extensive experience in consultancy business of energy related projects and property investment in the northeastern part of the PRC. She graduated at Jilin Industrial University, the PRC with a bachelor degree in computer science and application in June 1982. Ms. Xing has been running her own consultant business with offices both in Hong Kong and Shenzhen, the PRC since February 2001. Prior to starting her own business, she worked for the Computer Laboratory of the Railway Bureau of Jilin, the PRC for more than two years from January 1982 to September 1984, and the Economic Commission of Jilin City, the PRC for more than fifteen years from October 1984 to January 2001, where extensive connections and relations were developed.

Mr. Kong Siu Tim, aged 42, was appointed as Non-Executive Director of the Company in August 2005 and redesignated as Executive Director of the Company in November 2005. In January 2008, Mr. Kong has been appointed as Chief Executive Officer of the Company. Mr. Kong holds a master degree of Economics at University of Warwick, UK. Mr. Kong had been the general manager of the East Asia Futures Limited and director of the private banking division of ABN AMRO BANK, Hong Kong Branch. Mr. Kong has years of experience in banking and securities industries and he is a member of the Hong Kong Securities Institute.

董事會

執行董事

邢曉晶女士，50歲，於2005年9月獲委任為本公司之執行董事，自2005年11月起出任本公司之主席。邢女士亦為本公司之控股股東鴻昌集團有限公司之董事。邢女士在中國東北地區之能源相關項目顧問業務及物業投資方面擁有豐富經驗，彼於1982年6月畢業於中國吉林工業大學，並獲頒授電子計算機及應用學士學位。邢女士自2001年2月起一直經營本身之顧問公司業務，並於中國香港及深圳設有辦事處。創業前，彼於1982年1月至1984年9月在中國吉林鐵路局電子計算所工作超過兩年，並於1984年10月至2001年1月在中國吉林市經濟委員會工作超過十五年，建立起廣泛之聯繫及人脈網絡。

江少甜先生，42歲，於2005年8月獲委任為本公司之非執行董事，於2005年11月由本公司非執行董事轉職為執行董事，江先生於2008年1月獲委任為本公司行政總裁。江先生持有英國華威大學經濟學碩士學位，他曾為東亞期貨有限公司總經理及荷蘭銀行私人銀行部董事。江先生於銀行及證券行業有多年經驗。他亦為香港證券專業學會會員。

Directors and Senior Management Profiles

董事及高層管理人員簡介

Mr. Ma Ji, aged 42, was appointed as Non-Executive Director of the Company in November 2004 and redesignated as Executive Director of the Company in August 2005. He was appointed as Deputy Chairman of the Company since November 2005. Mr. Ma holds a Master of Architectural Engineering Management from Chong Qing University. Mr. Ma is currently studying for Doctorate of Engineering System Management in Tianjing University. He also worked as project manager or director in charge of bidding, claim, construction and contract management for highway, bridge and building construction projects in United Arab Emirates, Pakistan, Cambodia, Russia and Sri Lanka, etc..

Independent Non-executive Directors

Mr. Ni Zhenwei, aged 71, was appointed as Independent Non-Executive Director of the Company in November 2005. Professor Ni graduated at Tsinghua University in 1959, majoring in mechanical engineering. Since then, he had been teaching and conducting research activities at the Tsinghua University. In 1987, Professor Ni obtained his qualification as an associate researcher in Tsinghua University and retired in 1996. Professor Ni is an independent non-executive director of Hong Kong listed VST Holdings Limited. He is also a senior advisor to Korea's POSCO Group, China Oceanwide Group, STIG Limited, EC Guard Limited and a number of conglomerates.

Mr. Yip Ching Shan, aged 45, was appointed as an Independent Non-Executive Director of the Company in July 2003. He graduated from Jinan University, Guangzhou, PRC in 1988 with a bachelor degree in Finance. He obtained his master degree in Economic from Kobe University of Commerce, Japan in 1991. Mr. Yip also worked for several multi-national banks and securities houses in Japan and Hong Kong. He has over 10 years of experience in financial field.

Mr. Wong Kwok Chuen, Peter, aged 48, was appointed as Independent Non-Executive Director of the Company in April 2006. Mr. Wong is currently a practising barrister-at-law of the High Court of the Hong Kong SAR. Mr. Wong holds a master degree of commerce in marketing from University of Strathclyde, UK and a post-graduate certificate in laws from University of Hong Kong. Mr. Wong has more than 14 years of extensive experience in legal practice.

馬驥先生，42歲，於2004年11月獲委任為本公司之非執行董事，於2005年8月由本公司非執行董事轉職為執行董事。馬先生自2005年11月起出任本公司之副主席，馬驥先生持有重慶大學頒發之建築工程管理專業碩士學位。馬先生現修讀天津大學工程系統管理專業博士學位。馬先生曾在阿拉伯聯合酋長國、巴基斯坦、柬埔寨、俄羅斯、斯里蘭卡等國家主持公路、橋樑、房屋建築等項目的工程投標、工程施工及合同管理等工作。

獨立非執行董事

倪振偉先生，71歲，於2005年11月獲委任為本公司之獨立非執行董事。倪教授於1959年畢業於清華大學，主修動力機械工程。其後留校任教，從事教學科研的工作。於1987年，倪教授在清華大學取得副研究員的資格，並於1996年退休。倪教授為香港上市公司偉仕控股有限公司的獨立非執行董事並同時為韓國浦項制鐵公司、中國泛海控股集團、四通巨光控股公司、頤信科技公司等的高級顧問。

葉青山先生，45歲，於2003年7月獲委任為本公司之獨立非執行董事。葉先生於1988年畢業於中國廣州暨南大學，取得金融學士學位；後於1991年畢業於日本神戶商科大學，取得經濟學研究科碩士學位。葉先生曾在日本及香港任職於多家跨國銀行及證券機構，在金融市場擁有十多年豐富經驗。

黃國全先生，48歲，於2006年4月獲委任為本公司之獨立非執行董事。黃先生現為香港執業大律師，黃先生持有英國University of Strathclyde之商業管理（市場學）碩士學位及香港大學之法律深造證書，黃先生擁有逾十四年豐富法律實務經驗。

Directors and Senior Management Profiles

董事及高層管理人員簡介

Financial Controller and Company Secretary

Mr. Wan Tze Fan Terence, aged 43, has been appointed as the financial controller and company secretary of the Company since April 2001. Mr. Wan holds a bachelor degree of commerce and a master degree of business administration. He has years of experience in accounting and financial management and has worked for international accounting firms and listed companies in Hong Kong. He is a Fellow member of Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia.

Technical Team

Mr. Li Guoyu, aged 77, has joined the Group as Chief Technical Consultant since April 2007. He is a senior engineer at the professor level. Mr. Li graduated from the Geological Department of Lanzhou University. He was elected the academician of Russian Academy of Natural Science in 1988. Mr. Li was also the Head of Crude Oil and Gas Resource Bureau of China National Petroleum Corporation and took part in the discovery of major oilfields in China including Karamay, Daqing, Shengli, North China and Dagang etc.. Mr. Li was awarded the National Special Award for Scientific-technical Progress in Pohai Oilfield. Mr. Li is the author of thirty-five petroleum geology books including "China Atlas of Oil and Gas Basins" and "World Atlas of Oil and Gas Basins" etc. and has published more than 84 research papers and articles in famous professional journals in the United States, Russia, Britain and France. Mr. Li has launched the new school of geological theory called "Sedimentary Basin Theory" in 1978 which was widely recognised by fellow geologists in the following 30th International Geologist Meeting and generally applied by the worldwide petroleum industry in production, scientific research and teaching. Mr. Li was also a professor of China Petroleum University, Xian Petroleum College, Texas University in the United States and Siberian University in Russia.

財務總監及公司秘書

溫子勳先生，43歲，自2001年4月起獲委任為本公司之財務總監及公司秘書。溫先生持有商業學士學位及工商管理碩士學位，溫先生擁有多多年會計及財務管理經驗，並曾在國際會計師事務所及香港上市公司工作。溫先生為香港會計師公會資深會員及澳洲會計師公會註冊會計師。

技術團隊

李國玉先生，77歲，於2007年4月加入本集團為首席技術顧問，李先生為教授級高級工程師，他畢業於蘭州大學地質系，於1988年被選為俄羅斯自然科學院院士，李先生曾任中國石油天然氣集團公司油氣資源局局長，曾參與克拉瑪依、大慶、勝利、華北、大港等中國主要油田的發現。李先生在渤海灣油區曾獲國家科技進步特等獎，著作有《中國含油氣盆地圖集》及《世界含油氣盆地圖集》等三十五部石油地質巨著，更於美、俄、英、法等多種知名專業期刊發表論文及著作超過八十四篇。李先生於1978年提出「沉積盆地論」(Sedimentary Basin Theory)，其後得到第三十屆國際地質會議同行的廣泛認同，形成地質學上的一個新學派，成為國內外石油界在生產、科研、教學上所廣泛引用。李先生曾任中國石油大學、西安石油學院、美國德克薩斯大學及俄羅斯西伯利亞大學教授。

Directors and Senior Management Profiles

董事及高層管理人員簡介

Dr. Xie Da Jin, aged 50, has joined our Group as the deputy general manager of Xian Hong Chang Petroleum Development and Service Company Ltd. and the Group's Chief Geologist since February 2008. Dr. Xie graduated with a bachelor degree in petroleum exploration from Chang Chun Geology Institute in 1982. He also holds a doctoral degree in geophysics and information technology from Jilin University. Dr. Xie has over 25 years of extensive experience in the oil and gas industry and had been in charge of various petroleum exploration and oilfield construction projects. He was the Deputy Division Chief of the Exploration Technology Department of the Northeast Oil Bureau, Sinopec (the "Oil Bureau") from 1999 to 2002. Prior to this, he was the head of the exploration/technical department of the Oil Bureau from 1982 to 1987 and then the project director at the Beijing office of the Oil Bureau until 1994.

Mr. Hou Xiu Chuan, aged 40, joined the Group as Consulting Geologist since December 2006. Prior to this, he served as engineer in Dagang Oilfield since 1991. He graduated from China Geology University (Wuhan) from 1991 with Bachelor degree, majoring in petroleum exploration and geology. During the tenure in Dagang Oilfield, Mr. Hou had been participating into production capability expansion and conducted various researches on well drilling matters. In 2004 and 2005, he completed 《大港油田2004年滾動勘探開發目標研究與開發方案優化部署》"Planning on Research and Analysis of Progressive Exploration and Development for Dagang Oilfields 2004" and 《大港油田2005年滾動勘探開發目標研究與開發方案優化部署》"Planning on Research and Analysis of Progressive Exploration and Development for Dagang Oilfields 2005" which were awarded National Special Award and Second Award in "Innovative Technology Award" respectively. In addition, he also jointly published articles with others including 《大位移井測井評價對策論》"Evaluation on Mega-Extended-Reach Wells and Well Logging in Hong Kong and China Developing Zones", 《港中開發區沉積微相與注採井網關係研究》"Research on the Relationship between Depositional Micro-facies and Well Pattern for Injection and Production" as well as 《港淺8-6井區河道砂體儲層預測的綜合研究》"Comprehensive Study of Channel Sand Prediction in GQ8-6 Well Block".

謝大進博士，50歲，於2008年2月加入本集團，擔任西安鴻昌石油開發服務有限公司副總經理及集團總地質工程師。謝博士於1982年畢業於長春地質學院石油物探專業，取得學士學位，他並持有吉林大學地探及信息技術專業博士學位。謝博士在油氣行業擁有超過25年的豐富經驗，他曾主持多項大型石油儲量勘探及油田建設工程項目，謝博士於1999年至2002年擔任中石化東北石油局（「石油局」）勘探科技處副處長，在此之前，他於1982年至1987年擔任石油局物探分隊隊長兼技術隊長，其後擔任石油局駐北京項目長直至1994年。

侯秀川先生，40歲，於2006年12月加入本集團為顧問地質師，於此之前，自1991年起，在大港油田工作，並出任工程師等職務。侯先生於1991年畢業於中國地質大學（武漢）石油系石油地質勘查專業，取得學士學位。在大港油田工作期間，侯先生一直參加油田的產能建設、井區增儲研究等工作。於2004年和2005年期間分別完成的《大港油田2004年滾動勘探開發目標研究與開發方案優化部署》和《大港油田2005年滾動勘探開發目標研究與開發方案優化部署》獲得「技術創新特等獎」和「技術創新二等獎」。並與人合作發表了《大位移井測井評價對策論》、《港中開發區沉積微相與注採井網關係研究》、《港淺8-6井區河道砂體儲層預測的綜合研究》等文章。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the “Board”) is committed to high standards of corporate governance for the purpose of providing a framework and solid foundation for its business operation and development. The Company considers that effective corporate governance with probity, transparency and accountability makes an important contribution to corporate success and to enhancement of shareholders value.

The Company has complied with the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year 2007 except for Code Provision A.4.1 which requires that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors (including independent non-executive Directors) of the Company is appointed for a specific term. However, as all of them are subject to the retirement provisions of the Bye-laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

THE BOARD

The Board is structured to ensure it is of a high calibre and has a balance of key skills and knowledge. The Board comprises three executive Directors, namely Ms. Xing Xiao Jing (Chairman), Mr. Kong Siu Tim and Mr. Ma Ji and three independent non-executive Directors (“INEDs”) required under Rule 3.10(1) of the Listing Rules, namely Mr. Ni Zhenwei, Mr. Yip Ching Shan and Mr. Wong Kwok Chuen Peter. Mr. Yip Ching Shan has appropriate qualifications and accounting related financial expertise required under Rule 3.10(2) of the Listing Rules. There is no financial, business, family or other material/relevant relationship between the Directors. All the three INEDs are independent under these independence criteria, and with their wide range of skills and experience to the Group, they are capable to effectively exercise independent judgment on issues of strategy, performance, risk and people through their contribution at Board and committee meetings.

企業管治常規

本公司董事會（「董事會」）致力維持高標準的企業管治，以為其業務營運及發展提供一個架構及穩固基礎。本公司認為，有效的企業管治，乃通過高度誠信，具透明度及負責任的處事態度，為企業成功作出重要貢獻，並提升股東價值。

本公司於2007年度已一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載的企業管治常規守則（「該守則」）之規定，惟守則條文第A.4.1條除外，該條文規定非執行董事應有特定任期，並須予重選。本公司現時的非執行董事（包括獨立非執行董事）並無特定任期。然而，由於所有該等人士均須遵守本公司細則的退任條文，故本公司認為已採取足夠措施，確保本公司的企業管治常規不會較該守則者寬鬆。

董事會

董事會的架構確保其具有出眾的能力及擁有各主要範疇的技術和知識。根據上市規則第3.10(1)條的規定，董事會包括三名執行董事，即邢曉晶女士（主席）、江少甜先生及馬驥先生，以及三名獨立非執行董事（「獨立非執行董事」），即倪振偉先生、葉青山先生及黃國全先生。葉青山先生擁有上市規則第3.10(2)條所規定的適當資格及相關會計財務專長。董事間並不存在任何財務、業務、家族或其他重大／相關關係。根據該等獨立性標準，全部三位獨立非執行董事均具獨立性，並在管理本集團方面擁有豐富技能及經驗，彼等可透過於董事會及委員會會議所付出的貢獻，就策略、表現、風險及人員事宜有效作出獨立判斷。

Corporate Governance Report

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The Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interests of the Company and that the current board size is adequate for its present operations. Each of the Directors keeps abreast of his/her responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

The biographical details of the Directors are listed in the section of “Directors and Senior Management Profiles” in this annual report and that the INEDs are expressly identified in all of the Company’s publication such as circular, announcement or relevant corporate communications in which the names of Directors of the Company are disclosed.

The Board conducts meeting on a regular basis and on ad hoc basis to meet its business needs. The attendance of individual Directors at board meetings and at two other board committees (the Audit Committee and the Remuneration Committee) during the year is set out as below.

Meetings Attended/Held during term of office in 2007

董事會各董事均具備履行彼等責任所需的適當技能及經驗，並以本公司最佳利益為依歸。董事會的現有規模足以應付其目前營運所需。各董事須瞭解擔任本公司董事所須負的責任，並瞭解操守、本公司業務活動及發展的最新情況。

董事的履歷詳情載於本年報「董事及高層管理人員簡介」一節，而獨立非執行董事均可在本公司披露本公司董事姓名的所有刊物（如通函、公佈或相關企業通訊）中明確識別。

董事會會因應其業務需求，按定期基準及特殊基準舉行會議。個別董事於本年度內出席董事會會議及其他兩個董事委員會（審核委員會及薪酬委員會）會議的情況載於下文。

出席的會議／於2007年任職期間舉行的會議

		Audit Remuneration		
		Board 董事會	Committee 審核委員會	Committee 薪酬委員會
Number of meetings held during the year	本年度內舉行會議數目	17	2	1
Executive Directors	執行董事			
Xing Xiao Jing (<i>Chairman</i>)	邢曉晶 (主席)	15/17	–	–
Kong Siu Tim	江少甜	17/17	–	–
Ma Ji	馬驥	5/17	–	1/1
INEDs	獨立非執行董事			
Ni Zhenwei	倪振偉	4/17	2/2	1/1
Yip Ching Shan	葉青山	4/17	2/2	1/1
Wong Kwok Chuen Peter	黃國全	4/17	2/2	–

Note: Mr. Ma Ji ceased to act, and Ms. Xing Xiao Jing was appointed, as a member of the remuneration committee of the Company with effect from 1 January 2008.

附註：自2008年1月1日起，馬驥先生不再擔任薪酬委員會成員，邢曉晶女士獲委任為薪酬委員會成員。

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are segregated and performed by two separate individuals, Ms. Xing Xiao Jing and Mr. Kong Siu Tim respectively, to ensure a balance of power and authority. The Chairman of the Company provides leadership to the Board and ensures that the Board discharges its responsibilities effectively. Her primary roles and duties include to formulate corporate strategies and plans in conjunction with the Board and to ensure that Directors receive complete, accurate and timely information and are properly briefed on issues arising at Board meetings. The Chief Executive Officer is responsible for the effective management and operation of the Company and his primary roles and duties include to monitor and control the operational and financial performance within the Group and to implement the Company's strategy and policies for achieving its objectives.

APPOINTMENTS, RE-ELECTION AND REMOVAL

The Company's Bye-laws provide that each Director is required to retire by rotation at least once every three years and that one-third (or the number nearest to but not less than one-third) of the Directors shall retire by rotation every year at the Company's annual general meeting. Retiring Directors shall be eligible for re-election at the annual general meeting of the Company. In considering the nomination of a new director, the Board will take into account the qualification, in particular any qualification as required in the Listing Rules, ability, working experience, leadership and professional ethics of the candidates that, in the opinion of the Directors, will enable them to make a positive contribution to the performance of the Board. The Board considers that the existing human resource policy in recruitment of new senior staff is also applicable to nomination of a new director. As the Board is responsible for selection and approval of candidates for appointment as directors to the Board, the Company has not established a nomination committee for the time being.

主席及行政總裁

主席與行政總裁的角色清楚劃分，分別由兩位董事擔任（邢曉晶女士及江少甜先生），以確保權力和權利得以平衡。本公司主席領導董事會並確保董事會能有效地履行其職責。邢曉晶女士的主要角色及職責包括與董事會共同制訂企業策略及規劃，以確保董事獲得完整、準確且及時的資料，並確保所有董事適當地獲悉董事會會議上提出的事宜。行政總裁負責本公司的有效管理及營運，其主要角色及職責包括監控本集團內的營運及財務表現，並執行本公司為達致其目標而制定的策略及政策。

委任、重選及罷免

本公司細則規定各董事須至少每三年輪席告退及三分之一董事（或最接近三分之一但不少於三分之一之數目）須於本公司股東週年大會上輪席告退。輪席告退董事符合資格於本公司股東週年大會上膺選連任。於考慮提名新董事時，董事會將計及候選人的資格（尤其是上市規則規定的任何資格）、能力、工作經驗、領導才能及職業道德操守，董事認為，這將能促使彼等對董事會的表現作出積極貢獻。董事會認為，招聘全新高級員工的現有人力資源政策亦適用於提名新董事。鑒於現由董事會負責遴選及批准董事候選人加入董事會，故本公司現時並無成立提名委員會。

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RESPONSIBILITIES OF DIRECTORS

Apart from the fiduciary duty and statutory responsibility towards the Company and the Group, the Board is responsible for the management of the business and affairs of the Group with the objective of enhancing the Company and shareholders' value. Key responsibilities include formulation of the Group's overall strategies, setting of corporate and management targets, monitoring of operational and financial matters, approval of major capital expenditures, material acquisitions and disposal of assets, corporate or financial restructuring, material borrowings and any issuing, or buying back, of equity securities. Responsibility for delivering Company's objectives and running the business on a day-to-day basis is delegated to divisional management who have been given clear guidelines and directions as to their authority.

The Company has adopted the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealing by all directors in the securities of the company.

All the Directors have confirmed that they have complied with the required standard regarding directors' securities dealings set out in the Model Code during the year.

SUPPLY OF AND ACCESS TO INFORMATION

The Company updates the Directors from time to time with development in the laws and regulations relevant to their role as director of the Company. Directors are also encouraged to update their skills, knowledge and familiarity with the Group through initial induction, ongoing participation at Board and committee meetings.

The Company's senior management regularly supplies the Board and its committees with adequate information in a timely manner to enable them to make informed decisions. All Directors have access to Board papers and related materials that will assist them for decision making. Any Director, wishing to do so in the furtherance of his or her duties, may take independent professional advice through the Company's expense.

董事的責任

除本公司及本集團須負的誠信責任及法定責任外，董事會亦負責管理本集團的業務及事務，目的乃提升本公司及股東的價值。主要責任包括制訂本集團的整體策略、設定公司及管理目標、監控營運及財務事宜、批准主要資本開支、重大收購及出售資產、公司或財務重組、重大借貸及任何發行或購回股本證券。各部門管理人員負責實現本公司的目標和本公司業務的日常營運工作，並已就該等人員的權利給予彼等清晰的指引及指示。

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則（「標準守則」），作為本公司監管全體董事買賣本公司證券的操守準則和規則。

全體董事已確認，彼等於整個年度內一直遵守標準守則所載有關董事買賣證券所需的準則。

資料的提供和使用

本公司不時更新與擔任本公司董事相關的法律及法規之發展。本公司亦會鼓勵董事透過就任須知、持續參與董事會會議及委員會會議來提升彼等的技能、知識及對本集團的瞭解。

本公司高級管理人員定期向董事會及其委員會適時提供充足的資料，以令彼等作出知情決定。全體董事均有權使用將有助於彼等作出決定的董事會文件及相關資料。任何董事因履行職責而欲尋求獨立專業意見，由此所產生的費用將由本公司承擔。

Corporate Governance Report

企業管治報告

REMUNERATION COMMITTEE

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. The Board has established a Remuneration Committee which comprises three members with a majority of whom are INEDs, namely Mr. Ni Zhenwei, Mr. Yip Ching Shan and Ms. Xing Xiao Jing. The committee is chaired by an INED, Mr. Yip Ching Shan. The Remuneration Committee meets at least once a year. With reference to business needs and company development, individual performance and contribution, changes in relevant markets and general economic situation, the Remuneration Committee reviews and recommends to the Board on the Company's policy and structure for remuneration of the Directors and senior management. During the review process, no individual director is involved in decisions relating to his or her own remuneration. The terms of reference of the Remuneration Committee is made available to the public on request and by including the information on the Company's website to ensure full compliance with the code provision B.1.4 of the Code.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is accountable for proper stewardship of the Company's affairs, and is responsible for ensuring that the Group keeps fair and accurate accounting records which disclose its financial position. The Directors also acknowledge their responsibility to prepare the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. This responsibility extends to both interim and the annual reports.

薪酬委員會

本公司的薪酬政策旨在根據業務需求及行業慣例維持公平且具競爭力的薪酬計劃。董事會已設立薪酬委員會，包括三名成員，佔大多數成員為獨立非執行董事，即倪振偉先生、葉青山先生及邢曉晶女士。該委員會的主席是獨立非執行董事葉青山先生。薪酬委員會每年至少舉行會議一次。有關業務需求及公司發展情況、個人表現及貢獻、有關市場及整體經濟狀況的變動，薪酬委員會就本公司董事及高級管理人員的薪酬政策及架構進行檢討，並向董事會提供意見。於檢討過程中，任何董事不會參予有關其本人薪酬的決定。為全面遵守守則條文第B.1.4條的規定，薪酬委員會的權責範圍將在公眾要求時向公眾提供，並將有關權責範圍的資料在本公司網站上刊登。

問責及審核

財務報告

董事會有責任適當地管理本公司業務，並負責確保本集團保存披露其財政狀況所需的公平及準確的會計記錄。董事亦知悉，彼等的責任是根據法定要求及適用會計準則編製本集團的財務報表。董事亦須承擔編製中期報告及年報的責任。

Corporate Governance Report

企業管治報告

Internal Controls

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's system of internal controls to ensure that shareholders' investments and the Group's assets are safeguarded.

In order to improve the level of corporate governance and safeguard shareholders' investment and the Group's assets, under the guidance of the Code, the Group has performed a comprehensive review for the internal control system systematically annually with an aim to establish an effective and comprehensive internal control system within the Group.

The Group and its principal subsidiaries are trying to establish a variety of more effective and stringent regulations and management system for corporate internal controls. As such, subject to the requirements of the Group, all principal subsidiaries of the Group will complete the preparation of corporate internal control system in respect of control environment and control procedure with reference to their respective operational and managerial characteristics.

The internal control system of the Group covers all material control requirements, including financial controls, operational controls, compliance controls and risk management functions. The Board of the Company has ongoing comprehensive review on the Group's internal control systems and risk management which with execution in good condition and no significant control failures or weaknesses have been noted. The board considered that these systems of internal controls were effective and sufficient to guarantee the Group in achieving its operation and governance objectives.

內部監控

董事會明瞭其有責任設立、維持及檢討本集團內部監控系統的有效性，以確保股東投資及本集團資產受到保障。

為了提升企業管治水平，以及保障股東投資和本集團資產，本集團根據守則下的指引每年對內部監控系統作出有系統的全面檢討，藉以於本集團成立有效而全面的內部監控系統。

本集團及其主要附屬公司正積極制訂多項更有效、更嚴謹的企業內部監控規例及管理系統。因此，本集團所有主要附屬公司將參考其各自的營運及管理特點，完成編製有關監控環境及監控程序的企業內部監控系統，惟須遵守本集團的規定。

本集團的內部監控系統涵蓋一切重大監控要求，包括財務監控、營運監控、合規監控及風險管理職能。本公司董事會持續對本集團的內部監控系統和風險管理作全面檢討，檢討結果認為內部監控系統及風險管理執行順暢，並無發現任何重大監控失當或缺失。董事會認為該等內部監控系統行之有效，足以確保本集團能夠達致其營運及管治目標。

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The Group will constantly improve and strengthen its corporate control with reference to changes in the operating environment in order to enhance its corporate governance and safeguard the interests of its shareholders. The Board will continue to carry out regular review on the internal control system. The assessment shall cover all material controls and the management will regularly present particular report to the Audit Committee and report to the Board in a timely manner. All these aim at ensuring the efficient utilization of and adding value to the Group's assets, reducing corporate management risk and providing a better protection to shareholders' interests.

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The Committee comprises three INEDs, namely Mr. Ni Zhenwei, Mr. Yip Ching Shan and Mr. Wong Kwok Chuen Peter, and is chaired by Mr. Yip Ching Shan. None of the Audit Committee members are members of the former or existing auditors of the Company. The Committee meets at least twice a year. The primary duties of the Audit Committee are to review the completeness, accuracy and fairness of the Company's financial statements, evaluating the Company's auditing scope and procedures as well as its internal control systems and to review the interim and final financial statements before their submission to the Board and the annual general meeting for approval. The Audit Committee is provided with sufficient resources, including independent access to and advice from external auditors. The terms of reference which describes the authorities and duties of the Audit Committee has been adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants and in accordance with Appendix 14 of the Listing Rules. The terms of reference of the Audit Committee is made available to the public on request and by including the information on the Company's website to ensure full compliance with the code provision C.3.4 of the Code.

本集團將參考經營環境變動，持續改善及強化其企業監控，藉以提升企業管治水平及保障其股東的權益。董事會將繼續對內部監控系統進行定期檢討。有關評估應涵蓋一切重大監控。管理層將定期向審核委員會遞交特定報告，並按時向董事會匯報。這些都是旨在確保本集團的資產獲有效利用及獲得增值，減低企業管理風險，以及對股東權益提供更佳保障。

審核委員會

審核委員會負責協助董事會履行企業管治、財務報告及企業監控的責任。審核委員會包括三名獨立非執行董事，即倪振偉先生、葉青山先生及黃國全先生，葉青山先生是審核委員會的主席。審核委員會的成員並非本公司前任或現任核數師。該委員會每年至少舉行兩次會議。審核委員會的主要職責是檢討本公司財務報表的完整性、準確性及公平性、評估本公司的審核範圍和程序以及本公司的內部監控系統及在中期和末期財務報表遞交給董事會並在股東週年大會上批准前對該等報表進行審閱。審核委員會獲提供充足資料來源，包括獨立會晤外聘核數師及獲得外聘核數師的意見。本公司已參照香港會計師公會刊發的「審核委員會有效運作指引」及根據上市規則附錄十四編製及採納闡述審核委員會的權責範圍。為全面遵守守則條文第C.3.4條的規定，審核委員會的權責範圍將在公眾要求時向公眾提供，並將有關權責範圍的資料在本公司網站上刊登。

Corporate Governance Report

企業管治報告

EXTERNAL AUDITORS

CCIF CPA Limited has been re-appointed as the Company's external auditor by shareholders at the 2007 Annual General Meeting until the conclusion of the next annual general meeting.

During the year, the fees paid or payable to the external auditors of the Company, CCIF CPA Limited were approximately HK\$660,000 for statutory audit services and HK\$230,000 in total for non-audit services (being HK\$180,000 for services rendered in connection with the major transaction relating to the acquisition of Grassy Trails Oil Field and HK\$50,000 in connection with the major and connected transaction relating to the disposal of Xinjiang Xingmei Oil-Pipeline Co., Ltd.) rendered (including disbursement fees) to the Group.

The reporting responsibilities of CCIF CPA Limited, the Auditors, are stated in the Auditors' Report on page 37 of the Annual Report.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders as well as investors. Information in relation to the Group is disseminated to shareholders and investors in a timely manner through a number of formal channels, include interim and annual reports, announcements and circulars. Annual general meetings and special general meetings also provide a useful forum for shareholders to share views with the Board. Members of the Board (including member(s) of the Audit and Remuneration Committees) attend shareholders' meetings and make themselves available to answer shareholders' questions.

Details of poll voting procedures and the rights of shareholders to demand a poll are included in circulars for shareholders' meetings sent to shareholders.

外聘核數師

陳葉馮會計師事務所有限公司已於2007年股東週年大會上經股東批准獲重新委任為本公司外聘核數師，任期直至下屆股東週年大會結束時為止。

於本年度內，就本集團獲提供的法定審核服務及非審核服務（包括支出費用），已支付或應付予本公司外聘核數師陳葉馮會計師事務所有限公司的酬金分別約為660,000港元及230,000港元（其中包括180,000港元為就收購草徑油田的主要交易提供的服務及50,000港元為就出售新疆星美石油管道有限公司之主要及關連交易提供的服務）。

核數師陳葉馮會計師事務所有限公司的申報責任載於本年報第37頁的核數師報告。

與股東的溝通

董事會認識到與股東及投資者保持良好聯繫的重要性。有關本集團的資料乃透過多種正式渠道適時向股東傳達，該等資料包括中期報告及年報、公佈及通函。股東週年大會及股東特別大會亦為股東與董事會交流意見提供了一個有效平台。董事會成員（包括審核委員會及薪酬委員會成員）出席股東大會，並於會議上回答股東提問。

投票表決程序及要求以投票方式表決的股東權利的詳情載於就股東大會向股東寄發的通函內。

Report of the Directors

董事會報告書

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2007, which are set out on pages 40 to 176.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group engaged during the year were the oil and gas exploitation and operations, the oil transportation business and the operation of a natural gas pipeline network and refilling stations supplying natural gas and liquefied petroleum gas for vehicle use. In October 2007, the Group ceased its oil transportation business.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 18 to the financial statements.

DIVIDENDS

The Board has resolved not to recommend the payment of a dividend for the year ended 31 December 2007 (2006: Nil).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$250,000.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

BORROWINGS

Details of the Group's borrowings at the balance sheet date are set out in note 23 to the financial statements.

董事會謹此提呈載於第40頁至第176頁之截至2007年12月31日止年度之董事會年度報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股，而本集團於年內則主要經營油氣開採及營運、原油運輸業務，以及經營天然氣管道網絡及供應汽車用天然氣及液化石油氣之補給站。於2007年10月，本集團終止經營原油運輸業務。

附屬公司

本公司附屬公司之詳情分別載於財務報表附註18。

股息

董事會已決議不會建議支付截至2007年12月31日止年度之股息（2006年：無）。

慈善捐款

本集團於年內作出的慈善捐款共250,000港元。

固定資產

集團年內固定資產之變動詳情載於財務報表附註14。

借貸

本集團於結算日之借貸詳情載於財務報表附註23。

Report of the Directors

董事會報告書

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the financial statements.

RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 28 to the financial statements.

PLACEMENT OF NEW SHARES

On 11 February 2007, Hong Chang China Limited ("HCC"), a wholly owned subsidiary of Hong Chang Group Limited, the controlling shareholder of the Company, entered into a placing agreement and a top-up subscription agreement with placing agents and the Company respectively. A total of 374,000,000 ordinary shares of HK\$0.01 each were placed at a placing price of HK0.325 per share to not less than six placees (and not connected persons of the Company). A total of approximately HK\$120 million, net of related expenses, (representing a net price of approximately HK\$0.32 per share) have been raised for possible investment in energy and up-stream oil and gas projects. The closing price of each share on 9 February 2007 (the last trading day prior to the date on which the terms of the top-up subscription agreement was fixed) was HK\$0.365.

FINANCIAL SUMMARY

A summary of results, assets and liabilities of the Group for the last five financial years is set out on pages 4 and 5.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 61% and the largest customer accounted for approximately 59% of the Group's total turnover for the year. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 46% and the largest supplier accounted for approximately 36% of the Group's total purchases for the year.

股本

本公司於年內股本變動之詳情載於財務報表附註28。

儲備

本公司及本集團於年內儲備之變動詳情載於財務報表附註28。

配售新股

於結算日後·2007年2月11日·鴻昌中國有限公司(「鴻昌中國」)(前稱中國捷美有限公司)為本公司控股股東鴻昌集團有限公司之全資附屬公司·分別與配售代理及本公司訂立配售協議及補足認購協議·以每股0.325港元配售價配售合共374,000,000股每股面值0.01港元的普通股予不少於六位承配人(非本公司之關連人士)·是次集資約共120,000,000港元(扣除相關開支)(每股售價淨額約為0.32港元)·用作能源業及上游油氣項目的可能投資·於2007年2月9日(訂立補足認購協議條款日期前之最後交易日)每股收市價為0.365港元

財務概要

本集團最近五個財政年度之業績·資產及負債之概要載於第4及5頁。

主要客戶及供應商

本集團五大客戶及最大客戶應佔總銷售額分別約佔本集團於該年度總營業額的61%及59%·本集團五大供應商及最大供應商應佔總採購額分別約佔本集團於該年度總採購額的46%及36%。

Report of the Directors

董事會報告書

The largest customer of the Group is the minority shareholder of the Company's subsidiary, Xinjiang Xingmei Oil-Pipeline Co. Limited ("Xinjiang Xingmei") and the operation was discontinued during the year. Please refer to the section "Continuing Connected Transactions" and note 10 to the financial statements for details.

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Ms. Xing Xiao Jing (*Chairman*)
Mr. Kong Siu Tim
Mr. Ma Ji

Independent Non-executive Directors

Mr. Ni Zhenwei
Mr. Yip Ching Shan
Mr. Wong Kwok Chuen Peter

Pursuant to the Company's bye-law 87(1), Ms. Xing Xiao Jing and Mr. Ni Zhenwei will retire and, being eligible, will offer themselves for re-election. All other remaining directors continue in office.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

本集團最大客戶為本公司附屬公司新疆星美石油管道有限公司(「新疆星美」)之少數股東，而此業務已於年內停止經營。詳情請參閱「持續關連交易」一節及財務報表附註10。

於年內任何時間，概無任何董事、彼等之聯繫人士或據董事所知擁有本公司股本5%以上之本公司任何股東，於此等主要客戶及供應商中擁有任何權益。

董事

本公司年內及截至本報告刊發日期止之在任董事如下：

執行董事

邢曉晶女士(主席)
江少甜先生
馬驥先生

獨立非執行董事

倪振偉先生
葉青山先生
黃國全先生

根據本公司之公司細則第87(1)條，邢曉晶女士及倪振偉先生將退任，惟願膺選連任，所有其他董事均仍然留任。

本公司已接獲各獨立非執行董事之年度確認書，確認彼等符合上市規則第3.13條所載有關彼等的獨立性之規定。本公司認為全體獨立非執行董事均為獨立人士。

董事之服務合約

擬在應屆股東週年大會上候選連任之董事概無與本公司訂立不可於一年內由本公司不作出賠償(法定賠償除外)而終止之服務合約。

Report of the Directors

董事會報告書

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2007, the interests and short positions of the directors (the "Directors") and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follow:

Long positions in the shares and underlying shares of the Company

董事於股份及相關股份中權益

於2007年12月31日，本公司董事（「董事」）及行政總裁於本公司或其任何相聯法團（具有證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）之股份、相關股份及債券中擁有誠如本公司根據證券及期貨條例第352條存置之登記冊所載或根據上市公司董事進行證券交易之標準守則（「標準守則」）而須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

於本公司股份及相關股份中擁有之好倉

Name of Director 董事姓名	Interests in shares/ underlying shares 於股份及相關股份中權益	Capacity/ Nature of interest 身份／權益性質	Number of shares/ underlying shares held 所持股份／相關股份數目
Xing Xiao Jing 邢曉晶	Shares 股份	Corporate 公司	1,720,880,650
	Share Options 購股權	Personal 個人	42,000,000
Kong Siu Tim 江少甜	Shares 股份	Personal 個人	10,500,000
	Share Options 購股權	Personal 個人	47,000,000
Ma Ji 馬驥	Share Options 購股權	Personal 個人	40,000,000
Ni Zhenwei 倪振偉	Share Options 購股權	Personal 個人	4,000,000
Yip Ching Shan 葉青山	Share Options 購股權	Personal 個人	4,000,000
Wong Kwok Chuen Peter 黃國全	Share Options 購股權	Personal 個人	4,000,000

Notes: (1) Particulars of directors' interests in the share options of the Company are set out in the section "Share Option Scheme".

(2) 1,662,795,650 shares were owned by Hong Chang China Limited (formerly China GeoMaxima Co., Ltd.), a company wholly owned by Hong Chang Group Limited which in turn is wholly and beneficially owned by Ms. Xing Xiao Jing. In addition, Hong Chang Group Limited directly and beneficially owned 58,085,000 shares in the Company.

附註：(1) 董事於本公司購股權的權益詳情載於「購股權計劃」一節。

(2) 1,662,795,650股股份乃由鴻昌中國有限公司（前稱中國捷美有限公司）擁有。鴻昌中國有限公司由鴻昌集團有限公司全資擁有，而後者則由邢曉晶女士全資及實益擁有。此外，鴻昌集團有限公司直接及實益擁有58,085,000股股份。

Report of the Directors

董事會報告書

Save as disclosed above, as at 31 December 2007, none of the Directors nor any of their associates had any interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 6 March 2002. The Scheme is in full compliance with the relevant requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule"). The purpose of the Scheme is to enable the Company to grant options to the eligible participants of the Group in recognition of their contribution to the Group. Eligible participants of the Scheme include any full-time employees and executive and non-executive directors of the Company or its subsidiaries and any suppliers, consultants, agents and advisers. The Scheme became effective on 6 March 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the limit and such limit may be refreshed by shareholders in general meeting. However, the total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes must not exceed 30% of the shares in issue from time to time.

除上述披露者外，於2007年12月31日，根據證券及期貨條例第352條存置之登記冊所載，概無董事或彼等之聯繫人士於本公司或其相聯法團（具有證券及期貨條例第XV部所賦予之涵義）之證券中擁有任何權益，或擁有須根據標準守則知會本公司及聯交所之任何權益。

購股權計劃

本公司採納的購股權計劃（「計劃」）乃根據於2002年3月6日由本公司股東通過之普通決議案。計劃完全符合聯交所證券上市規則（「上市規則」）第17章之有關規定。計劃之目的為讓本公司向本集團合資格參與者授出購股權，以表揚彼等對本集團之貢獻。計劃之合資格參與者包括本公司或其附屬公司之任何全職僱員及執行及非執行董事及任何供應商、諮詢人、代理及顧問。計劃於2002年3月6日生效，而除非另行註銷或修訂，否則計劃將於該日期起計10年內有效。

根據計劃可能授出之購股權涉及之股份數目最多不得超過於批准限制日期之已發行本公司股份之10%，股東可於股東大會上更新該限制。然而，因行使根據計劃及任何其他購股權計劃授出的所有尚未行使及有待行使之購股權而可能發行之最高股份數目總額須不得超過不時已發行股份之30%。

Report of the Directors

董事會報告書

The maximum entitlement for any eligible person (other than a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates) is that the total number of shares issued and to be issued upon exercise of all options granted and to be granted in any 12-month period up to and including the date of the latest grant does not exceed 1% of the shares of the Company in issue at the relevant time. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting. The period within which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised later than 10 years from 6 March 2002.

The exercise price in relation to each option shall be determined by the Board in its absolute discretion, but in any event shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of such option; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of such option; and (iii) the nominal value of a share on the date of grant of such option.

Some further disclosures relating to the Scheme are set out in note 27 to the financial statements.

任何合資格人士（不包括本公司之主要股東或獨立非執行董事或彼等各自之任何聯繫人士）之配額最多為截至最後授出日期（包括該日）止任何12個月期間內授出及將授出之所有購股權獲行使時發行及將發行之股份總數不得超過於有關時間之本公司已發行股份之1%。任何進一步授出之購股權倘超過此限制，則須得到股東於股東大會上批准。購股權可行使之期間將由董事會絕對酌情釐定，惟購股權不可於2002年3月6日起計10年後行使。

每份購股權之行使價將由董事會絕對酌情釐定，惟於任何情況下均不可低於下列三者中之最高者：(i)股份於授出購股權日期在聯交所每日報價表載列之收市價；(ii)股份於緊接授出購股權日期前5個營業日在聯交所每日報價表載列之平均收市價；及(iii)股份於授出該購股權日期之面值。

有關計劃之若干進一步披露載於財務報表附註27。

Report of the Directors

董事會報告書

As at 31 December 2007, the directors and employees of the Group had the following personal interests in options to subscribe for shares of the Company granted at nominal consideration under the Scheme. Each option gives the holder the right to subscribe for one share. Details of share options held by the Directors and employees of the Group and movements in such holdings during the year ended 31 December 2007 are as follows:

於2007年12月31日，本集團董事及僱員於根據計劃以名義代價授出可認購本公司股份之購股權中擁有以下之個人權益。每份購股權賦予持有人認購1股股份之權利。本集團董事及僱員於截至2007年12月31止年度所持購股權及該等持股量之變動詳情載於下表：

	Number of options 購股權數目			Outstanding at 31 December 2007 於2007年 12月31日 尚未行使	Date of grant 授出日期 (DD.MM.YYYY) (日日.月月.年年年年)	Exercise period 行使期限 (DD.MM.YYYY) (日日.月月.年年年年)	Exercise price per share 每股股份 之行使價 HK\$ 港元
	Outstanding at 1 January 2007 於2007年 1月1日 尚未行使	Granted during the year 於年內授出	Exercised during the year 於年內行使				
Directors:							
董事:							
Xing Xiao Jing 邢曉晶	3,000,000 30,000,000 -	- - 9,000,000	- - -	3,000,000 30,000,000 9,000,000	02.11.2005 02.11.2006 22.08.2007	03.11.2005 – 02.11.2010 02.11.2006 – 01.11.2011 22.08.2007 – 05.03.2012	0.035 0.053 0.375
Kong Siu Tim 江少甜	15,000,000 25,000,000 -	- - 17,000,000	10,000,000 - -	5,000,000 25,000,000 17,000,000	02.11.2005 02.11.2006 22.08.2007	03.11.2005 – 02.11.2010 02.11.2006 – 01.11.2011 22.08.2007 – 05.03.2012	0.035 0.053 0.375
Ma Ji 馬驥	15,000,000 25,000,000	- -	- -	15,000,000 25,000,000	02.11.2005 02.11.2006	03.11.2005 – 02.11.2010 02.11.2006 – 01.11.2011	0.035 0.053
Ni Zhenwei 倪振偉	-	4,000,000	-	4,000,000	22.08.2007	22.08.2007 – 05.03.2012	0.375
Yip Ching Shan 葉青山	-	4,000,000	-	4,000,000	22.08.2007	22.08.2007 – 05.03.2012	0.375
Wong Kwok Chuen Peter 黃國全	-	4,000,000	-	4,000,000	22.08.2007	22.08.2007 – 05.03.2012	0.375
Employees							
僱員							
	32,000,000 220,000,000 - -	- - 358,000,000 362,000,000	25,000,000 170,000,000 60,750,000 -	7,000,000 50,000,000 297,250,000 362,000,000	02.11.2005 02.11.2006 26.01.2007 22.08.2007	03.11.2005 – 02.11.2010 02.11.2006 – 01.11.2011 26.02.2007 – 25.02.2012 22.08.2007 – 05.03.2012	0.035 0.053 0.189 0.375

Notes:

附註：

- On 26 January 2007, 358,000,000 options were granted. The closing price of the Company's shares immediately before that date was HK\$0.179 per share.
- On 22 August 2007, 400,000,000 options were granted. The closing price of the Company's shares immediately before that date was HK\$0.345 per share.
- During the year, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.394 per share.

- 358,000,000份購股權乃於2007年1月26日授出。本公司股份緊接該日前之收市價為每股0.179港元。
- 400,000,000份購股權乃於2007年8月22日授出。本公司股份緊接該日前之收市價為每股0.345港元。
- 年內，本公司股份於緊接行使日期前行使購股權之加權平均收市價為每股0.394港元。

Report of the Directors

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the sections "Directors' Interests in Shares and Underlying Shares" and "Share Option Scheme", at no time during the year was the Company or any of its associated corporations a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2007, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in shares of the Company

Name of shareholder 股東名稱	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數目
Hong Chang China Limited 鴻昌中國有限公司	Beneficial 實益擁有	1,662,795,650
Hong Chang Group Limited 鴻昌集團有限公司	Corporate 公司	1,662,795,650
	Beneficial 實益擁有	58,085,000

Note: 1,662,795,650 shares were owned by Hong Chang China Limited (formerly China GeoMaxima Co. Ltd.), a company wholly owned by Hong Chang Group Limited which in turn is wholly and beneficially owned by Ms. Xing Xiao Jing, the Chairman of the Board of the Company. In addition, Hong Chang Group Limited directly and beneficially owned 58,085,000 shares.

Saved as disclosed above in this section, as at 31 December 2007, the Company has not been notified of any other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

董事購買股份或債券之權利

除「董事於股份及相關股份中之權益」及「購股權計劃」所披露者外，本公司或其任何相聯法團概無於年內任何時間訂立任何安排，致使本公司董事或彼等任何配偶或18歲以下子女藉購入本公司或任何其他公司機構之股份或債券而獲益。

主要股東之權益

於2007年12月31日，以下人士（並非本公司董事或行政總裁）於根據證券及期貨條例第336條存置之登記冊所載於本公司之股份及相關股份中擁有權益或淡倉：

於本公司股份中擁有之好倉

附註：1,662,795,650股股份乃由鴻昌中國有限公司（前稱中國捷美有限公司）擁有。鴻昌中國有限公司由鴻昌集團有限公司全資擁有，而後者則由董事會主席邢曉晶女士全資及實益擁有。此外，鴻昌集團有限公司直接及實益擁有58,085,000股股份。

除上節所披露者外，於2007年12月31日，本公司並無接獲任何其他人士（不包括本公司之董事或行政總裁）告知於根據證券及期貨條例第336條存置之登記冊所記錄於本公司股份及相關股份中擁有權益或淡倉。

Report of the Directors

董事會報告書

RETIREMENT SCHEMES

The employees of the Group's subsidiaries in the PRC are members of retirement schemes operated by local authorities in the PRC. The Group also operates a defined contribution scheme covering full time employees in Hong Kong. Details of employee retirement benefits are set out in note 26 to the financial statements.

DIRECTORS' REMUNERATION AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Particulars of the directors' remuneration and highest paid individuals' emoluments are set out in note 8 and note 9 to the financial statements respectively.

CONTINUING CONNECTED TRANSACTIONS

In November 1999, the Company's subsidiary, Xinjiang Xingmei, entered into an agreement (the "Agreement") with its minority shareholder, for the provision of crude oil transportation, storage and unloading services for a period of 20 years. On 5 December 2005, a new agreement (the "New Agreement") was entered into between Xinjiang Xingmei and the holding company of its minority shareholder to replace and terminate the Agreement. Pursuant to the New Agreement, (i) the services to be provided by Xinjiang Xingmei under the New Agreement is identical but the period of the services to be provided by Xinjiang Xingmei will be expired and subject to review on 30 November 2008 instead of 24 November 2019; (ii) both parties agreed that the Agreement be terminated immediately and cease to have any effect on the parties thereto; (iii) the payment terms as contemplated under the Agreement be replaced by the terms set out in the New Agreement; and (iv) the services to be provided by Xinjiang Xingmei under the New Agreement are non-exclusive.

As mentioned in the circular dated 25 January 2006, the annual cap in respect of the continuing connected transactions for the year ending 31 December 2006 shall not exceed approximately HK\$85,000,000.

退休計劃

本集團於中國之附屬公司僱員乃中國地方機關營辦之退休計劃之成員。本集團亦營辦一個定額供款計劃，成員包括香港之全職僱員。僱員退休福利詳情載列於財務報表附註26。

董事及最高薪人士之酬金

有關董事及最高薪人士之酬金之詳情已分別載於財務報表附註8及附註9。

持續關連交易

於1999年11月，本公司之附屬公司新疆星美與其少數股東訂立協議（「該協議」），提供原油運輸、儲存及卸油服務，為期20年。於2005年12月5日，新疆星美與其少數股東之控股公司訂立一份新協議（「新協議」），以取替及終止該協議。根據新協議，(i)新疆星美將根據新協議提供相同之服務，惟新疆星美將予提供服務之期限將於2008年11月30日屆滿並該日進行檢討，而非於2019年11月24日；(ii)協議雙方同意，該協議立即終止及不再對協議雙方具有任何效力；(iii)根據該協議規定之預期付款期均由新協議所載之條款替代；及(iv)新疆星美根據新協議將予提供之服務並非獨家。

誠如日期為2006年1月25日之通函所述，有關於截至2006年12月31日止年度持續關連交易之年度上限須不得超過約85,000,000港元。

Report of the Directors

董事會報告書

The Group entered into a Disposal Agreement for the disposal of Xinjiang Xingmei in September 2007 (the "Disposal") which constituted a major and connected transaction under the Listing Rules. The Disposal was completed on 24 October 2007. Details of the Disposal were disclosed in the Company's announcements dated 11 September 2007 and 18 October 2007 and the circular of the Company dated 2 October 2007.

During the period from 1 January 2007 to 24 October 2007, revenue from the provision of crude oil transportation, storage and unloading services to the minority shareholder amounted to HK\$44,661,000 (2006: HK\$44,710,000).

As at 31 December 2007, there was no amount due from minority shareholder. As at 31 December 2006, the amount due from minority shareholder is HK\$7,150,000.

With respect to the above continuing connected transactions entered into by the Group, the Company will comply with the requirements under the Rules 14A.45 to 14A.48 of the Listing Rules for the three years ending 31 December 2008. In the opinion of the independent non-executive directors, the continuing connected transactions were:

- (i) conducted in the ordinary and usual course of the Group's business;
- (ii) on normal commercial terms or on terms no less favourable than terms available to or from independent third parties;
- (iii) in accordance with relevant agreement on terms that are fair and reasonable so far as the shareholders of the Company are concerned and in the interest of the Company as a whole; and
- (iv) within the relevant annual cap amounts as agreed by the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 33 to the financial statements, no contracts of significance subsisted at any time during the year to which the Company or any of its subsidiaries was a party and in which a director of the Company had material interest, whether directly or indirectly.

本集團於2007年9月簽署出售協議，以出售新疆星美（「出售事項」），根據上市規則構成主要及關連交易。出售事項於2007年10月24日完成，出售事項詳情，已於本公司日期為2007年9月11日及2007年10月18日的公佈及本公司日期為2007年10月2日的通函中披露。

於截至由2007年1月1日至2007年10月24日期內，來自向少數股東提供原油運輸、儲存及卸油服務之收益為44,661,000港元（2006年：44,710,000港元）。

截至2007年12月31日止，集團沒有應收少數股東欠款。截至2006年12月31日止，集團應收少數股東欠款為7,150,000港元。

就上文由本集團訂立之持續關連交易而言，本公司將就截至2008年12月31日止三個年度遵守上市規則第14A.45條至第14A.48條之規定。獨立非執行董事認為，持續關連交易為：

- (i) 因應本集團之日常及一般業務進行；
- (ii) 按正常商業條款或不遜於獨立第三者獲享或提供之條款進行；
- (iii) 按有關協議進行，而該等條款就本公司股東而言乃屬公平合理，並在整體上符合本公司之利益；及
- (iv) 不超過聯交所同意之每年最高上限。

董事於合約中之權益

除財務報表附註33所披露者外，本公司董事概無在本公司或其任何附屬公司於年內任何時間訂立之重大且仍然生效之合約中直接或間接擁有任何重大權益。

Report of the Directors

董事會報告書

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, as of the date of this report, there is sufficient public float of the shares with not less than 25% of the total issued shares of the Company as required under the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws in Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year except under the Code Provision A.4.1 which requires non-executive directors be appointed for a specific term and subject to re-election. None of the existing non-executive Directors (including independent non-executive Directors) of the Company is appointed for a specific term. However, as all of them are subject to the retirement provisions under the Bye-laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

AUDITORS

The financial statements for the year have been audited by CCIF CPA Limited who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Kong Siu Tim

Executive Director

Hong Kong, 22 April 2008

公眾持股量

根據本公司可取得的資料及據董事所知，於本報告日期，公眾人士持有本公司所有已發行股份不少於25%，符合上市規則的規定。

購買、贖回或出售上市證券

年內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

優先購股權

根據本公司之公司細則或百慕達法例，並無有關優先購股權之規定以致本公司須就此按比例向現有股東提呈發售新股。

企業管治

除守則條文第A.4.1條外，本公司於年內一直遵守上市規則附錄十四所載之企業管治常規守則（「該守則」）。根據守則條文第A.4.1條的規定，非執行董事應有特定任期，並須予重選。本公司現時的非執行董事（包括獨立非執行董事）並無特定任期。然而，由於所有該等人士均須遵守本公司細則的退任條文，故本公司認為已採取足夠措施，確保本公司的企業管治常規不會較該守則者寬鬆。

核數師

本年度財務報表經陳葉馮會計師事務所有限公司所審核，該核數師現依章卸任，惟願意受聘連任。

承董事會命

執行董事

江少甜

香港，2008年4月22日

Independent Auditor's Report 獨立核數師報告書



CCIF

CCIF CPA LIMITED

20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong



CCIF

陳葉馮會計師事務所有限公司

香港 銅鑼灣 希慎道10號
新寧大廈20樓

Independent Auditor's Report to the shareholders of Genesis Energy Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Genesis Energy Holdings Limited (the "Company") set out on pages 40 to 176, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except as described in the basis for qualified opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致創新能源控股有限公司 (於百慕達註冊成立之有限公司) 股東之獨立核數師報告書

本核數師(以下簡稱「本行」)已審核創新能源控股有限公司(「貴公司」)列載於第40至176頁的綜合財務報表,此綜合財務報表包括於2007年12月31日的綜合及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他說明附註。

董事就財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製及真實公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實公平地列報財務報表相關的內部控制,以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述;選擇和應用適當的會計政策;及按情況作出合理的會計估計。

核數師的責任

本行的責任是根據本行的審核對該等財務報表作出意見,並根據百慕達一九八一年公司法第90條的規定,僅向全體股東報告而不作其他用途。本行不會就本報告的內容,對任何其他人士負責或承擔責任。

除保留意見的基準一段所述者外,本行乃根據香港會計師公會頒佈之香港核數準則進行審核工作。該等準則規定本行遵守道德規範,並規劃與履行審核工作,以合理確保財務報表是否不存有重要錯誤陳述。

Independent Auditor's Report

獨立核數師報告書

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

As detailed in our auditor's report dated 25 April 2007 on the consolidated financial statements for the year ended 31 December 2006, we disclaimed our opinion because of the significance of the possible effects of the limitation in evidence made available to us that, in particular, we were unable to obtain sufficient and appropriate evidence to satisfy ourselves as to (i) as detailed in note 32(a) to the financial statements, whether the Group has an obligation to pay the bank loans of approximately RMB240 million alleged to have been borrowed by a subsidiary in previous years and interest thereon of approximately RMB24 million and whether the alleged loans and interest thereon were fairly stated in the financial statements, and (ii) as detailed in note 20(f) to the financial statements, whether any impairment loss is required on the other debtors of approximately RMB1,950,000. Any adjustments that might have been found to be necessary in respect thereof had we obtained sufficient and appropriate evidence would have had a consequential effect on the financial position of the Company and the Group as at 31 December 2006, and the Group's loss for the current year and the prior year and the related disclosures thereof in the financial statements. In respect of the limitation of scope in prior year in the areas as described above, we were not able to express our opinion as to whether the balances brought forward as at 1 January 2007 and the comparative figures for 2006 were fairly stated in the financial statements.

審核包括進行獲取有關財務報表內金額及披露事項的審核憑證的程序。所選擇之程序視乎核數師之判斷而定，包括評估財務報表是否存在由於欺詐或錯誤而導致的重大錯誤陳述風險。作出該等風險評估時，核數師考慮與該實體編製及真實公平地列報財務報表相關的內部控制，並按情況設計適當的審核程序，但並非旨在對該實體的內部控制成效表示意見。審核亦包括評估所使用之會計政策是否適當、董事作出的會計估計是否合理，以及評估財務報表的整體列報。

本行認為本行已取得充分及適當的審核憑證，作為本行的審核意見的基準。

保留意見的基準

如本行於2007年4月25日就截至2006年12月31日止年度的綜合財務報表發出的核數師報告書內所詳述，本行拒絕發表意見，因為未能獲得可能對財務報表有重大影響之充份憑證，尤其是：(i)如財務報表附註32(a)所詳述，貴集團是否有責任償還集團內由一間附屬公司於往年被指稱借入人民幣240,000,000元的銀行貸款及約人民幣24,000,000元的有關利息，以及財務報表是否公平地列報該指稱貸款及有關利息；及(ii)如財務報表附註20(f)所詳述，是否須就約人民幣1,950,000元的其他應收賬款作出任何減值虧損。假設本行取得前述之充份及適當憑證而須就此作出任何必要調整，或會對貴公司及貴集團於2006年12月31日之財務狀況、貴集團於本年度及過往年度之虧損以及於財務報表的相關披露事項產生影響。就上文所述之過往年度範圍限制，本行無法就於2007年1月1日結轉之結餘及2006年之比較數字是否已在該等財務報表中公平呈列而發表意見。

Independent Auditor's Report

獨立核數師報告書

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for the effects of such adjustments on the opening balances and comparative figures, if any, as might have been determined to be necessary had we been able to obtain sufficient and appropriate evidence to satisfy ourselves as to the fairness of the Group's obligations relating to the alleged loans and interest thereon and the fair value of other debtors as at 1 January 2007, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 22 April 2008

Betty P.C. Tse

Practising Certificate Number P03024

因審核範圍限制而發出保留意見

本行認為，除倘若本行可以取得充分及適當的憑證，足以令本行信納 貴集團對被指稱貸款及相關利息的責任，及其他應收賬款於2007年1月1日的公允價值是否公平，並決定作出必要調整（如有）且對期初結餘及比較數字產生影響外，該綜合財務報表根據香港財務報告準則真實公平反映 貴公司及 貴集團於2007年12月31日的財務狀況及 貴集團於截至該日止年度的虧損及現金流量，並根據香港公司條例的披露規定妥善編製。

陳葉馮會計師事務所有限公司

執業會計師

香港，2008年4月22日

謝寶珠

執業證書號碼P03024

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2007 截至2007年12月31日止年度
(Expressed in Hong Kong Dollars) (以港元計算)

			2007	2006
		Notes	HK\$'000	HK\$'000
		附註	千港元	千港元
Continuing operations	持續經營業務			
Turnover	營業額	4 & 13	31,405	27,490
Direct costs	直接成本		(34,109)	(30,090)
Gross loss	毛損		(2,704)	(2,600)
Other revenue	其他收益	5	4,653	237
Distribution costs	分銷費用		(4,569)	(3,481)
Administrative expenses	行政費用		(39,719)	(15,179)
Other operating expenses	其他經營費用		(3,300)	(32,777)
Loss from operations	經營虧損		(45,639)	(53,800)
Finance costs	融資成本	6(a)	(171)	(559)
Gain on disposal of a subsidiary	出售附屬公司收益	29(b)	-	832
Loss before taxation	除稅前虧損	6	(45,810)	(53,527)
Income tax	所得稅	7(a)	(959)	(820)
Loss for the year from continuing operations	持續經營業務之本年度虧損		(46,769)	(54,347)
Discontinued operations	已終止經營業務			
Gain/(loss) for the year from discontinued operations	已終止經營業務之本年度收益/(虧損)	10	38,833	(50,703)
Loss for the year	本年度虧損		(7,936)	(105,050)
Attributable to:	以下人士應佔權益:			
Continuing and discontinued operations	持續經營及已終止經營業務			
Equity shareholders of the Company	本公司股權持有人	11, 28(a)	(7,936)	(85,187)
Minority interests	少數股東權益	28(a)		
- Continuing operations	- 持續經營業務		-	(9,722)
- Discontinued operations	- 已終止經營業務		-	(10,141)
			-	(19,863)
Loss for the year	本年度虧損	28(a)	(7,936)	(105,050)

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2007 截至2007年12月31日止年度
(Expressed in Hong Kong Dollars) (以港元計算)

		Notes	2007	2006
		附註	HK\$'000	HK\$'000
			千港元	千港元
(Loss)/earnings per share – Basic	每股(虧損)/盈利 – 基本	12(a)		
From continuing and discontinued operations	來自持續經營及已終止經營業務		<u>HK(0.19) cents港仙</u>	<u>HK(2.69) cents港仙</u>
From continuing operations	來自持續經營業務		<u>HK(1.14) cents港仙</u>	<u>HK(1.41) cents港仙</u>
From discontinued operations	來自已終止經營業務		<u>HK0.95 cents港仙</u>	<u>HK(1.28) cents港仙</u>
(Loss)/earnings per share – Diluted	每股(虧損)/盈利 – 攤薄	12(b)		
From continuing and discontinued operations	來自持續經營及已終止經營業務		<u>N/A不適用</u>	<u>N/A不適用</u>
From continuing operations	來自持續經營業務		<u>N/A不適用</u>	<u>N/A不適用</u>
From discontinued operations	來自已終止經營業務		<u>N/A不適用</u>	<u>N/A不適用</u>

The notes on pages 47 to 176 form part of these financial statements.

第47頁至第176頁之附註屬本財務報表之一部分。

Consolidated Balance Sheet

綜合資產負債表

At 31 December 2007 於 2007年 12月 31日
(Expressed in Hong Kong Dollars) (以港元計算)

		2007		2006		
		Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		附註	千港元	千港元	千港元	千港元
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	14	144,275		554,265	
Prepaid lease payments	租賃預付款項	15	3,612		4,117	
Intangible assets	無形資產	16	43,362		–	
Goodwill	商譽	17	–		–	
				191,249		558,382
Current assets	流動資產					
Inventories	存貨	19	125		982	
Trade and other receivables	應收賬款及其他應收款項	20	5,314		17,071	
Cash and cash equivalents	現金及現金等價物	21	111,224		51,269	
				116,663		69,322
Current liabilities	流動負債					
Trade and other payables	應付賬款及其他應付款項	22	(46,559)		(60,692)	
Bank loans	銀行貸款	23	–		(297,900)	
Other loan, secured	其他貸款·有抵押	24	–		(5,000)	
Current taxation	即期稅項	25(a)	(504)		–	
				(47,063)		(363,592)
Net current assets/(liabilities)	流動資產／(負債)淨值			69,600		(294,270)
Total assets less current liabilities	總資產減流動負債			260,849		264,112
Non-current liabilities	非流動負債					
Bank loans	銀行貸款	23	–			(160,000)
NET ASSETS	資產淨值			260,849		104,112
CAPITAL AND RESERVES	資本及儲備	28(a)				
Share capital	股本		42,249		35,851	
Reserves	儲備		218,600		68,261	
Total equity attributable to equity shareholders of the Company	本公司股權持有人應佔總權益		260,849		104,112	
Minority interests	少數股東權益		–		–	
TOTAL EQUITY	總權益		260,849		104,112	

Approved and authorised for issue by the board of directors on 22 April 2008.

董事會於2008年4月22日核准並許可發出。

Xing Xiao Jing

邢曉晶

Director

董事

Kong Siu Tim

江少甜

Director

董事

The notes on pages 47 to 176 form part of these financial statements.

第47頁至第176頁之附註屬本財務報表之一部分。

Balance Sheet

資產負債表

At 31 December 2007 於 2007年 12月 31日
(Expressed in Hong Kong Dollars) (以港元計算)

			2007		2006	
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產					
Investments in subsidiaries	於附屬公司之投資	18		28,340		28,339
Current assets	流動資產					
Trade and other receivables	應收賬款及其他應收款項	20	125,076		5,507	
Cash and cash equivalents	現金及現金等價物	21	103,063		48,053	
			228,139		53,560	
Current liabilities	流動負債					
Trade and other payables	應付賬款及其他應付款項	22	(2,046)		(3,590)	
Net current assets	流動資產淨值			226,093		49,970
NET ASSETS	資產淨值			254,433		78,309
CAPITAL AND RESERVES	資本及儲備	28(b)				
Share capital	股本			42,249		35,851
Reserves	儲備			212,184		42,458
TOTAL EQUITY	總權益			254,433		78,309

Approved and authorised for issue by the board of directors on
22 April 2008.

董事會於2008年4月22日核准並許可發出。

Xing Xiao Jing

邢曉晶

Director

董事

Kong Siu Tim

江少甜

Director

董事

The notes on pages 47 to 176 form part of these financial
statements.

第47頁至第176頁之附註屬本財務報表之一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2007 截至2007年12月31日止年度
(Expressed in Hong Kong Dollars) (以港元計算)

Attributable to equity shareholders of the Company

本公司股權持有人應佔

		Share						Minority	Total	
		Share capital	Share premium	Contributed surplus	option reserve	Exchange reserve	Accumulated losses	interests	equity	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		股本	股份溢價	繳納盈餘	購股權儲備	匯兌儲備	累計虧損	少數股東權益	總權益	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
At 1 January 2006	於2006年1月1日	30,516	166,974	81,043	2,029	7,530	(170,764)	117,328	18,548	135,876
Shares issued under the placing	按配售發行股份	4,042	55,371	-	-	-	-	59,413	-	59,413
Shares issued under share option scheme	按購股權計劃發行之股份	1,293	4,712	-	(1,390)	-	-	4,615	-	4,615
Equity-settled share-based transactions	股本結算以股份支付之交易	-	-	-	3,822	-	-	3,822	-	3,822
Exchange differences on translation of financial statements of overseas subsidiaries	換算海外附屬公司財務報表之匯兌差異	-	-	-	-	4,121	-	4,121	1,315	5,436
Loss for the year	本年度虧損	-	-	-	-	-	(85,187)	(85,187)	(19,863)	(105,050)
At 31 December 2006 and 1 January 2007	於2006年12月31日及2007年1月1日	35,851	227,057	81,043	4,461	11,651	(255,951)	104,112	-	104,112
Shares issued under the placing	按配售發行股份	3,740	114,774	-	-	-	-	118,514	-	118,514
Shares issued under share option scheme	按購股權計劃發行之股份	2,658	22,558	-	(3,499)	-	-	21,717	-	21,717
Equity-settled share-based transactions	股本結算以股份支付之交易	-	-	-	17,627	-	-	17,627	-	17,627
Exchange differences on translation of financial statements of overseas subsidiaries	換算海外附屬公司財務報表之匯兌差異	-	-	-	-	9,498	-	9,498	-	9,498
Release upon disposal of subsidiaries	出售附屬公司撥回	-	-	-	-	(2,683)	-	(2,683)	-	(2,683)
Loss for the year	本年度虧損	-	-	-	-	-	(7,936)	(7,936)	-	(7,936)
At 31 December 2007	於2007年12月31日	<u>42,249</u>	<u>364,389</u>	<u>81,043</u>	<u>18,589</u>	<u>18,466</u>	<u>(263,887)</u>	<u>260,849</u>	<u>-</u>	<u>260,849</u>

The notes on pages 47 to 176 form part of these financial statements.

第47頁至第176頁之附註屬本財務報表之一部分。

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2007 截至2007年12月31日止年度
(Expressed in Hong Kong Dollars) (以港元計算)

	Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Operating activities	經營業務		
(Loss)/profit before taxation	除稅前(虧損)/溢利		
From continuing operations	來自持續經營業務	(45,810)	(53,527)
From discontinued operations	來自已終止經營業務	38,833	(50,703)
		(6,977)	(104,230)
Adjustments for:	調整項目:		
Depreciation	折舊	6(c) 46,678	50,577
Amortisation of prepaid lease payments	土地租賃預付款項攤銷	6(c) 306	106
Amortisation of intangible assets	無形資產攤銷	6(c) 20	-
Impairment loss on trade receivables	應收賬款減值虧損	6(c) -	9,123
Impairment loss on other receivables	其他應收款項減值虧損	6(c) -	29,950
Finance costs	融資成本	6(a) 28,006	34,689
Interest income	利息收入	5 (4,660)	(253)
Gain on disposal of subsidiaries	出售附屬公司收益	29 (66,909)	(832)
Loss on sale of property, plant and equipment	出售物業、廠房及設備虧損	6(c) 71	77
Equity-settled share-based payment expenses	股本結算以股份支付之支出	6(b) 17,627	3,822
Foreign exchange loss	匯兌虧損	6,370	-
Operating profit before changes in working capital	營運資金變動前經營溢利	20,532	23,029
Decrease/(increase) in inventories	存貨減少/(增加)	541	(258)
Increase in trade and other receivables	應收賬款及其他應收款項增加	(22,965)	(7,549)
Decrease in trade and other payables	應付賬款及其他應付款項減少	(4,922)	(4,785)
Cash (used in)/generated from operations	經營業務(所用)/產生之現金	(6,814)	10,437
Tax paid	已繳稅項		
PRC tax paid	已繳中國稅項	(958)	(629)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生之現金淨額	(7,772)	9,808
Investing activities	投資活動		
Payment for the purchase of property, plant and equipment	購入物業、廠房及設備付款	(25,194)	(5,445)
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	407	256
Payment for purchase of intangible assets	購入無形資產付款	(38,234)	-
Decrease in pledged deposits	已抵押存款減少	219	558
Net cash outflow from disposal of subsidiaries	出售附屬公司之現金流出淨額	29(a) (2,223)	-
Interest received	已收利息	4,520	253
Net cash used in investing activities	投資活動所用之現金淨額	(60,505)	(4,378)

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2007 截至2007年12月31日止年度
(Expressed in Hong Kong Dollars) (以港元計算)

	Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Financing activities	融資活動		
Proceeds from shares issued under the placing	按配售發行股份所得款項 28	121,550	61,199
Issuing expenses	發行費用	(3,036)	(1,786)
Proceeds from shares issued under share option scheme	按購股權計劃發行股份所得款項 28	21,717	4,615
Repayment of bank loans	償還銀行貸款	(8,247)	(11,800)
Proceeds from new other loans	新增其他貸款金額	–	5,800
Repayment of other loans	償還其他貸款	(5,345)	(8,500)
Advance from controlling shareholder of the Company	本公司控股股東之墊款	32,286	2,150
Repayment to controlling shareholder of the Company	償還本公司控股股東款項	(31,050)	(7,640)
Advance from a minority equity holder	少數股權持有人之墊款	26,239	7,027
Repayment to a minority equity holder	償還少數股權持有人款項	(23,221)	(5,461)
Interest paid	已付利息	(2,595)	(2,615)
Net cash generated from financing activities	融資活動產生之現金淨額	128,298	42,989
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	60,021	48,419
Cash and cash equivalents at 1 January	於1月1日之現金及現金等價物 21	51,050	2,530
Effect of foreign exchange rate changes	匯率變動之影響	153	101
Cash and cash equivalents at 31 December	於12月31日之現金及現金等價物 21	111,224	51,050

The notes on pages 47 to 176 form part of these financial statements.

第47頁至第176頁之附註屬本財務報表之一部分。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

1. GENERAL INFORMATION

Genesis Energy Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in Bermuda on 2 November 1999 under the Companies Act 1981 of Bermuda (as amended) and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February 2000. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the “Group”). The Company acts as an investment holding company. The subsidiaries are principally engaged in the following businesses:

- operation of natural gas pipeline network and refilling stations supplying natural gas and liquefied petroleum gas (“LPG”) for vehicle use and sale of LPG in cylinder;
- exploitation and sale of crude oil; and
- provision of crude oil transportation, storage and unloading services which is discontinued during the year as set out in note 10.

1. 一般資料

創新能源控股有限公司(「本公司」)根據百慕達一九八一年公司法(修訂本)於1999年11月2日在百慕達註冊成立為受豁免有限公司,其股份於2000年2月9日於香港聯合交易所有限公司主板上市。本公司之註冊辦事處及主要營業地點於本年報之「公司資料」一節中披露。

截至2007年12月31日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)之財務報表。本公司為一家投資控股公司,而其附屬公司主要從事以下業務:

- 經營天然氣管道網絡、供應汽車用天然氣及液化石油氣(「液化石油氣」)之補給站及銷售罐裝液化石油氣;
- 原油開採及銷售;及
- 提供原油運輸、儲存及卸油服務(該業務已於年內終止經營,詳情載於附註10)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. 主要會計政策

a) 合規聲明

本財務報表乃按照所有適用之香港財務報告準則（「香港財務報告準則」）（包括香港會計師公會（「香港會計師公會」）頒佈之所有適用個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋、香港公認會計原則及香港公司條例之披露規定）編製。本財務報表亦符合香港聯合交易所有限公司證券上市規則之適用披露規定。本集團採用之主要會計政策概要載列於下文。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，該等準則於本集團及本公司之本會計期間首次生效，或可供提早採納。初次應用該等與本集團有關之新訂及經修訂準則所引致當前及過往會計期間之會計政策變動已反映於本財務報表，有關資料載於附註3。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

b) Basis of preparation of the financial statements

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company. All financial information presented in Hong Kong dollars is rounded to the nearest thousand unless otherwise stated. Subsidiaries established/incorporated in The People's Republic of China (the "PRC") and the United States of America (the "USA") have their functional currencies in Renminbi and United States dollars respectively. The Group changed its presentation currency from Renminbi to Hong Kong dollars in 2007. During the year ended 31 December 2007, the Group acquired oil exploitation right in USA. Following the increase in foreign operations, the directors of the Company consider Hong Kong dollars, being an internationally well-recognised currency, can provide more meaningful information to the Company's investors and cater for the need of the Group's global customers. The comparative figures in these audited financial statements are translated from Renminbi to Hong Kong dollars using the rates that approximate the closing rates for balance sheet items and average rates for the year under review for income statement items. The change in presentation currency has no significant impact on the financial position of the Group as at 31 December 2006 and 2007, or the results and cash flows of the Group for the year ended 31 December 2006 and 2007.

2. 主要會計政策 (續)

b) 財務報表之編製基準

財務報表乃以港元(本公司之功能貨幣)呈報。除另有訂明者外,以港元呈報之所有財務資料均以最接近之千位計算。於中華人民共和國(「中國」)及美國成立/註冊成立之附屬公司分別以人民幣及美元作為其功能貨幣。本集團於2007年將其呈報貨幣由人民幣更改為港元。截至2007年12月31日止年度內,本集團已於美國獲得油氣開採權。本公司發展外國業務後,本公司董事認為,港元作為國際廣泛認可之貨幣,可為本公司之投資者提供較有用之資料,並滿足本集團全球客戶之需要。本經審核財務報表之比較數字乃採用接近資產負債表項目之收市匯率及損益表項目之回顧年度平均匯率之匯率,由人民幣換算為港元。呈報貨幣之變動對本集團於2006年及2007年12月31日之財務狀況,或本集團截至2006年及2007年12月31日止年度之業績及現金流量並無重大影響。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

b) Basis of preparation of the financial statements (Continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis except stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

2. 主要會計政策 (續)

b) 財務報表之編製基準 (續)

除下文所載會計政策中另有訂明者外，編製財務報表乃以歷史成本法作為計量基準。

為符合香港財務報告準則，編製財務報表時，管理層須作出判斷、估計和假設，這些判斷、估計和假設會影響會計政策之應用和資產、負債及收入與費用之匯報數額。這些估計和相關假設是根據以往經驗和在當時情況下認為合理之各項其他因素作出，其結果構成了管理層就無法從其他途徑即時得知之資產與負債賬面值所作判斷之基礎。實際業績可能有別於這些估計。

這些估計和相關假設乃按持續經營基準審閱。假如會計估計之修訂只會影響作出有關修訂之期間，則會在該期間內確認有關修訂；但如對當期和未來期間均有影響，則會在作出有關修訂之期間和未來期間確認。

有關管理層在應用香港財務報告準則時所作出對財務報表有重大影響之判斷，以及作出極可能在下一年度構成重大調整風險之估計之討論內容，載列於附註35。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

2. 主要會計政策 (續)

c) 附屬公司及少數股東權益

附屬公司乃指由本集團控制之企業。倘本集團有權監控一家企業之財務及經營政策，並藉此從其活動中取得利益，則該等附屬公司將視為受本公司控制。進行評估控制權時，現時可行使之潛在投票權會計算在內。

於附屬公司之投資自開始控制直至終止控制為止合併計入綜合財務報表。集團內部往來之餘額和交易及其產生之未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損之抵銷方法與未變現收益相同，但抵銷額只限於沒有證據顯示出現減值之部分。

少數股東權益是指並非由本公司直接或透過附屬公司擁有之權益所佔附屬公司資產淨值之部分，就此而言，本集團並無與該等權益之持有人協定任何額外條款，以致本集團整體須就承擔財務負債所界定之合約責任。少數股東權益在綜合資產負債表之權益項目中，與本公司股權持有人應佔權益分開列示。而少數股東所佔本公司業績之權益則在綜合損益表內列為在少數股東權益與本公司股權持有人之間分配之本年度溢利及虧損總額。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

c) Subsidiaries and minority interests (Continued)

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses attributable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)).

d) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

2. 主要會計政策 (續)

c) 附屬公司及少數股東權益 (續)

倘少數股東應佔虧損超過附屬公司之少數股東權益，則超額部分及任何進一步之少數股東應佔虧損均於本集團之權益扣除，惟少數股東須承擔具約束力之責任及其能夠作出額外投資以抵償虧損則作別論。倘該附屬公司其後錄得溢利，本集團之權益將獲分配所有該等溢利，直至本集團以往承受之少數股東應佔虧損得以彌補為止。

來自少數權益持有人之貸款及該等持有人之合約責任均於綜合資產負債表內呈列為財務負債，視乎負債之性質而定。

本公司資產負債表所示於附屬公司之投資，乃按成本減減值虧損（見附註2(i)）列賬。

d) 共同控權合資公司

共同控權合資公司是指本集團或本公司與其他方根據合約安排經營之公司。有關之合約安排確定，本集團或本公司與一名或以上之其他方共同控制該公司之經濟活動。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

d) Jointly controlled entities (Continued)

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the jointly controlled entity's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in jointly controlled entities recognised for the year (see notes 2(e) and (i)).

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in income statement.

In the Company's balance sheet, its investments in jointly controlled entities are stated at cost less impairment losses.

2. 主要會計政策 (續)

d) 共同控權合資公司 (續)

除分類為持作出售外，於共同控權合資公司之投資是按權益法記入綜合財務報表，並且先以成本入賬，然後就本集團佔該共同控權合資公司資產淨值在收購後之變動作出調整。綜合損益表包括本年度本集團所佔共同控權合資公司於收購後之除稅後業績，包括任何於年內確認之有關共同控權合資公司投資之商譽減值虧損（見附註2(e)及(i)）。

倘本集團分佔虧損超出其於共同控權合資公司之權益，本集團之權益則減至零並終止確認進一步虧損，惟本集團產生法定或推定責任，或代表共同控權合資公司支付款項則除外。就此而言，本集團於共同控權合資公司之權益為按權益法計算之投資賬面值連同實際構成本集團於共同控權合資公司之投資淨額之長期權益。

本集團與其共同控權合資公司之間交易所產生之未變現損益，均按本集團於共同控權合資公司所佔之權益比率抵銷；但假如未變現虧損顯示已轉讓資產出現減值，則這些未變現虧損會即時在損益表內確認。

本公司資產負債表所示於共同控權合資公司之投資，是按成本減去減值虧損列賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

e) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(i)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement.

On disposal of a cash generating unit or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

f) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(i)).

- buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(h)); and
- other items of plant and equipment.

2. 主要會計政策 (續)

e) 商譽

商譽是指業務合併之成本超過本集團在被收購方之可辨別資產、負債和或有負債之公平值淨額中所佔權益之部分。

商譽是按成本減去累計減值虧損後列賬。商譽會分配至現金產生單位，並且每年接受減值測試（見附註2(i)）。

本集團在被收購方之可辨別資產、負債和或有負債之公平值淨額中所佔權益，超過業務合併成本之部分，會即時在損益表中確認。

年內出售現金產生單位或共同控權合資公司時，計算出售溢利或虧損時計入應佔購入商譽之任何金額。

f) 物業、廠房及設備

下列各物業、廠房及設備項目乃按照成本扣除累計折舊及減值虧損（見附註2(i)）列賬。

- 持作自用而建於租賃土地之樓宇，且其公平值在租賃開始時可與租賃土地之公平值分開計量（見附註2(h)）；及
- 其他廠房及設備項目。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

f) Property, plant and equipment (Continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(t)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives of not more than 50 years after the date of completion.
- Leasehold improvements are depreciated over the shorter of their estimated useful lives or the lease term.
- Oil pipeline and ancillary facilities, and natural gas pipeline network and ancillary facilities are depreciated over the shorter of the unexpired term of the joint venture enterprise and their estimated useful lives.

2. 主要會計政策 (續)

f) 物業、廠房及設備 (續)

自建物業、廠房及設備成本包括材料成本、直接勞工成本、拆卸及搬遷項目以及恢復項目所在地原貌(倘有關)之初步估計成本及適當比例之生產經常費用及借貸成本(見附註2(t))。

報廢或出售一項物業、廠房及設備所產生之損益以出售所得淨額與該項目之賬面值之間之差額釐定，並於報廢或出售當日在損益表確認。

折舊是在各項物業、廠房及設備之估計可使用年限內，以直線法減去其估計剩餘價值(如有)計算，以撇銷其成本值，詳情如下：

- 座落在租賃土地之樓宇乃按其餘下之租賃年期及估計可使用年限(完成日期起計不超過50年)(以較短者為準)折舊。
- 租賃物業裝修按估計可使用年限或租賃期間(以較短者為準)折舊。
- 油管及配套設施及天然氣管道網絡及配套設施按合資企業之剩餘年期及其估計可使用年限(以較短者為準)折舊。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

f) Property, plant and equipment (Continued)

– Refilling stations	10 years
– Equipment, storage tanks and others	10 years
– Furniture, fixtures and office equipment	5 – 7 years
– Motor vehicles	5 – 12 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(t)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

2. 主要會計政策 (續)

f) 物業、廠房及設備 (續)

– 補給站	10年
– 設備、儲藏缸及其他	10年
– 傢俬、固定裝置及辦公室設備	5至7年
– 汽車	5至12年

當一項物業、廠房及設備之各部分有不同之可使用年限，此項目各部分之成本將按合理基礎分配，而每部分將作個別折舊。資產之可使用年限及其剩餘價值（如有）於每年進行檢討。

g) 無形資產（商譽除外）

研究活動支出於產生期間確認為開支。倘產品或程序為技術上及商業上可行而本集團具有充足資源及有意完成有關開發，則開發活動支出將撥充資本。資本化支出包括材料及直接勞工成本以及適當比例之經常費用及借貸成本（見附註2(t)）。資本化開發成本以成本減累計攤銷及減值虧損（見附註2(i)）列賬。其他開發支出於產生期間確認為開支。

本集團收購之其他無形資產按成本減累計攤銷（倘估計可使用年限為有限）及減值虧損（見附註2(i)）於資產負債表列賬。內部產生之商譽及品牌支出於產生期間確認為開支。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

g) Intangible assets (other than goodwill)

(Continued)

Amortisation of intangible assets with finite useful lives is charged to income statement over the assets' estimated useful lives. The oil exploitation rights are amortised using the units of production method based on the proven and probable oil reserves.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. 主要會計政策 (續)

g) 無形資產 (商譽除外) (續)

可使用年限有限之無形資產之攤銷於資產之估計可使用年限內自損益表扣除。油氣開採權按探明及推斷石油儲量以生產單位法攤銷。

攤銷期及攤銷方法均每年進行檢討。

倘無形資產獲評估為具有無限可使用年限，則不進行攤銷。倘無形資產被評定具有無限可使用年限，則會每年檢討有關評估，以釐定有關事項及情況是否繼續支持該資產可獲評估為具有無限可使用年限。倘此等事項及情況不再支持有關評估，則有關可使用年限評估由無限變為有限，而此變動將自變動日期起按照以上載列之有限可使用年限之無形資產攤銷政策於未來期間入賬。

h) 租賃資產

倘本集團決定在協定期間內將特定資產使用權出讓以換取一筆或一連串付款之安排，則包括一項交易或連串交易之該項安排為或包括一項租賃。該項決定乃基於安排內容之評估而作出，不論該安排是否為採取法律形式之租賃。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

h) Leased assets (Continued)

i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to income statement in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2. 主要會計政策 (續)

h) 租賃資產 (續)

i) 租賃予本集團資產之分類

就本集團根據租賃而持有之資產，如有關租賃將擁有資產之絕大部分風險及回報轉移至本集團，則有關資產會分類為根據融資租賃持有。不會轉移擁有資產之絕大部分風險及回報至本集團之租賃乃分類為經營租賃。

ii) 經營租賃費用

假如本集團使用經營租賃持有資產，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額分期在損益表扣除；惟倘有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。租賃所涉及之激勵措施均在損益表中確認為租賃淨付款總額之組成部分。或有租金在其產生之會計期間內在損益表扣除。

以經營租賃持有土地之收購成本是按直線法在租賃期內攤銷。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets

i) **Impairment of investments in debt and equity securities and other receivables**

Investments in debt and equity securities (other than investments in subsidiaries: see note 2(i)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. 主要會計政策 (續)

i) 資產減值

i) **債務及股本證券投資及其他應收款項之減值**

按成本或攤銷成本列賬或分類為可供出售證券之債務及股本證券投資(於附屬公司之投資除外:見附註2(i)(ii))及其他即期及非即期應收款項,會於各結算日進行檢討以釐定是否有減值之客觀證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據:

- 債務人有重大財務困難;
- 違反合約,如違約或拖欠償還利息或本金付款;
- 債務人可能破產或進行其他財務重組;
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響;及
- 股本工具投資之公平值大幅或長期下跌至低於其成本。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

i) Impairment of investments in debt and equity securities and other receivables

(Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. 主要會計政策 (續)

i) 資產減值 (續)

i) 債務及股本證券投資及其他應收款項之減值 (續)

倘存在任何上述證據，則按以下方式釐定及確認任何減值虧損：

- 就按成本列賬之非報價股本證券而言，減值虧損乃按財務資產之賬面值與估計未來現金流量（倘折現之影響重大，則按類似財務資產之現行市場回報率折現）之差額計算。股本證券之減值虧損不會撥回。
- 就按攤銷成本列賬之應收賬款及其他即期應收款項及其他財務資產而言，倘折現之影響重大，減值虧損乃按資產之賬面值與按財務資產原實際利率（即該等資產初步確認時計算之實際利率）折現之估計未來現金流量現值之差額計算。如按攤銷成本列賬之財務資產具備類似之風險特徵，例如類似之逾期情況及並未單獨評估為減值，則有關評估會同時進行。財務資產之未來現金流量會根據與該類被評估資產具有類似信貸風險特徵資產之過往虧損情況一同減值。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

i) Impairment of investments in debt and equity securities and other receivables

(Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in income statement. The amount of the cumulative loss that is recognised in income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in income statement.

Impairment losses recognised in income statement in respect of available-for-sale equity securities are not reversed through income statement. Any subsequent increase in the fair value of such assets is recognised directly in equity.

2. 主要會計政策 (續)

i) 資產減值 (續)

i) 債務及股本證券投資及其他應收款項之減值 (續)

倘在往後期間，減值虧損數額減少及該減少可以客觀地與確認減值虧損後所發生之事件連繫，則該減值虧損會於損益表內撥回。撥回減值虧損不得導致資產之賬面值超逾過往年度倘未確認減值虧損而應已釐定之賬面值。

- 就可供出售證券而言，已直接於權益內確認之累計虧損須從權益內撥回，並在損益表內確認。在損益表內確認之累計虧損金額為收購成本（已扣除任何本金還款及攤銷）與現行公平值兩者之差額，減去早前已在損益表內就該資產確認之任何減值虧損。

已於損益表確認之可供出售股本證券減值虧損不會透過損益表撥回。任何其後增加之資產公平值會直接於權益內確認。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

i) Impairment of investments in debt and equity securities and other receivables

(Continued)

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in income statement.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in income statement.

2. 主要會計政策 (續)

i) 資產減值 (續)

i) 債務及股本證券投資及其他應收款項之減值 (續)

倘其後增加之公平值客觀上可與確認減值虧損後發生之事件有關，則撥回可供出售債務證券之減值虧損。於此等情況下撥回之減值虧損於損益表確認。

減值虧損應從相應之資產中直接撇銷，惟包含在應收賬款及其他應收款項中，就可收回性被視為難以預料而並非微乎其微之應收賬款及應收票據而確認之減值虧損除外。在此情況下，呆賬之減值虧損使用準備賬目記賬。倘本集團信納可收回性微乎其微，則視為不可收回之金額會直接從應收賬款及應收票據中撇銷，而在準備賬目中就該債務持有之任何金額會被撥回。倘之前自準備賬目扣除之款項在其後收回，則有關款項將於準備賬目中撥回。準備賬目之其他變動及其後收回之以往已直接撇銷款項均於損益表內確認。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid lease payments classified as being held under an operating lease;
- intangible assets;
- investments in subsidiaries; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. 主要會計政策 (續)

i) 資產減值 (續)

(ii) 其他資產減值

在每個結算日均會審閱內部和外來之信息來源，以確定下列資產有否出現減值跡象，或（除商譽外）以往確認之減值虧損是否不再存在或已經減少：

- 物業、廠房及設備；
- 分類為按經營租賃持有之租賃預付款項；
- 無形資產；
- 於附屬公司之投資；及
- 商譽。

倘發現有上述減值跡象，便會估計該資產之可收回數額。此外，就商譽尚未可使用之無形資產及具有無限可使用年限之無形資產而言，不論是否出現減值跡象，均會每年估計其可收回數額。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. 主要會計政策 (續)

i) 資產減值 (續)

(ii) 其他資產減值 (續)

- 計算可收回數額

資產之可收回數額以其銷售淨價和使用價值兩者中之較高數額為準。在評估使用價值時，會使用除稅前折現率將估計未來現金流量貼現至現值。該折現率反映市場當前所評估之貨幣時間價值和該資產之獨有風險。如果資產所產生之現金流入基本上不獨立於其他資產所產生之現金流入，則以能獨立產生現金流入之最小資產類別（即現金產生單位）來釐定可收回數額。

- 確認減值虧損

當資產或其所屬之現金產生單位之賬面值高於其可收回數額時，便會在損益表中確認減值虧損。就現金產生單位確認之減值虧損會首先減少現金產生單位（或一組單位）之任何商譽之賬面值，然後按比例減少該單位（或一組單位）內其他資產之賬面值，惟個別資產之賬面值不會減少至低於其本身公平值減銷售成本或使用價值（倘可釐定）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

i) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income statement in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. 主要會計政策 (續)

i) 資產減值 (續)

(ii) 其他資產減值 (續)

- 減值虧損撥回

就商譽以外之資產，倘用以釐定可收回數額之估計已出現有利變動，有關減值虧損將會撥回。商譽之減值虧損不會撥回。

撥回之減值虧損以假設沒有在往年確認減值虧損而應已釐定之資產賬面值為限。撥回之減值虧損在確認撥回之年度內計入損益表。

(iii) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須根據香港會計準則第34號 *中期財務報告* 編製財政年度前六個月之中期財務報告。於相關中期期間完結時，本集團應用與財政年度完結時所應用者相同之減值測試、確認方法及撥回標準（見附註2(i)(i)及(ii)）。

就商譽、可供出售股本證券及按成本列賬之非報價股本證券於中期期間確認之減值虧損，不會在其後期間撥回。即使僅在該中期期間有關之財政年度終結時才評估減值並確認沒有虧損或所確認之虧損較少，也不會撥回減值虧損。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2. 主要會計政策 (續)

j) 存貨

存貨以成本及可變現淨值兩者中之較低數額入賬。

成本以加權平均成本公式計算，其中包括所有採購成本、加工成本及將存貨變成現狀和運輸至現時地點所產生之其他成本。

可變現淨值是以日常業務過程中之估計售價減去完成生產及銷售所需之估計成本後所得之數。

所出售存貨之賬面值在相關收入獲確認之期間內確認為開支。存貨數額撇減至可變現淨值，以及存貨之所有虧損均在出現撇減或虧損之期間內確認為開支。任何存貨撇減撥回數額均在出現撥回之期間內確認為已確認為開支之存貨數額減少。

k) 應收賬款及其他應收款項

應收賬款及其他應收款項初步按公平值確認，其後按攤銷成本減呆賬（見附註2(i)）減值準備列賬，惟提供予關連人士之沒有固定還款期限免息貸款之應收款項或折現影響並不重大者則除外。在此情況下，應收款項會按成本減呆賬減值準備後列賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

2. 主要會計政策 (續)

l) 計息借貸

計息借貸初步按公平值減應佔交易成本確認。初步確認後，計息借貸按攤銷成本列賬，而初步確認金額與贖回價值之間之任何差額，連同任何應付利息及費用，採用實際利率計算法於借貸期間內於損益表中確認。

m) 應付賬款及其他應付款項

應付賬款及其他應付款項初步按公平值確認，其後按攤銷成本列賬，但如折現影響並不重大，則按成本列賬。

n) 現金及現金等價物

現金及現金等價物包括銀行存款、手頭現金、存於銀行及其他金融機構之活期存款，以及具高變現能力之短期投資，此等投資可隨時變現為可知數量之現金，而所須承受之價值變動之風險輕微，以及在購入後之3個月內到期。就綜合現金流量表而言，現金及現金等價物亦包括按要求償還及構成本集團現金管理不可分割部分之銀行透支。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

o) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策 (續)

o) 僱員福利

(i) 短期僱員福利及界定供款退休計劃之供款

薪金、年度花紅、有薪年假、界定供款退休計劃供款及非貨幣福利成本在本集團僱員提供相關服務之年度內累計。如屬遞延付款或結算，而其影響可能很大，則這些數額會以現值列示。

(ii) 以股份支付之款項

授予僱員之購股權之公平值被確認為僱員成本，於權益項下購股權儲備中作相應增加。該公平值乃採用畢蘇購股權訂價模式於授予日釐定，亦已考慮授予該等購股權之條款及條件。當僱員需符合某些歸屬條件才可無條件地擁有有關購股權時，有關購股權之估計總公平值將分配在歸屬期內，而該等購股權可歸屬之可能性亦計算在內。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

o) Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits/accumulated losses).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

2. 主要會計政策 (續)

o) 僱員福利 (續)

(ii) 以股份支付之款項 (續)

於歸屬期內，審閱預期歸屬之購股權數目。已於以往年度確認之累計公平值之任何調整會在審閱當年之損益表中列支／計入，惟倘原來之僱員支出符合確認為資產之資格，便會對購股權儲備作出相應之調整。已確認為支出之數額會在歸屬日作出調整，以反映歸屬之購股權之實際數目（同時對購股權儲備作出相應之調整），惟在無法符合與本公司股份市價相關之歸屬條件之情況放棄行使購股權則除外。權益數額在購股權儲備中確認，直至購股權獲行使（轉入股份溢價賬）或購股權到期（直接撥入保留溢利／累計虧損）時為止。

(iii) 終止福利

終止福利僅於本集團具備正式詳細方案及不可能撤回有關方案之情況下，明確表示終止聘用或因自願離職而提供福利時，方予確認。

p) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產和負債之變動。即期稅項及遞延稅項資產和負債之變動均在損益表內確認，但與直接確認為股東權益項目相關的，則確認為權益。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

p) Income tax (Continued)

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策 (續)

p) 所得稅 (續)

即期稅項是按本年度應課稅收入根據已執行或在結算日實質上已執行之稅率計算之預期應付稅項，加上以往年度應付稅項之任何調整。

遞延稅項資產和負債分別由可抵扣和應課稅暫時差異產生。暫時差異是指資產和負債在財務報表上之賬面值與這些資產和負債之計稅基礎之差異。遞延稅項資產也可以由未利用稅項虧損和未利用稅款抵減產生。

除了某些例外情況外，所有遞延稅項負債和遞延稅項資產（只限於很可能獲得能利用該資產來抵扣之未來應課稅溢利）都會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產之未來應課稅溢利包括因轉回目前存在之應課稅暫時差異而產生之數額；但這些轉回之差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計轉回之同一期間或遞延稅項資產所產生之稅項虧損可轉回或結轉期間內轉回。在決定目前存在之應課稅暫時差異是否足以支持確認由未利用稅項虧損和稅款抵減所產生之遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期在可利用稅項虧損和稅款抵減撥回之一個或多個期間內轉回。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

p) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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 sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

2. 主要會計政策 (續)

p) 所得稅 (續)

不確認為遞延稅項資產和負債之暫時差異產生自以下例外情況：不可在稅務方面獲得扣減之商譽；不影響會計或應課稅溢利資產或負債之初始確認（如屬業務合併之一部分則除外）；以及與於附屬公司之投資有關之暫時差異（如屬應課稅差異，只限於本集團可以控制轉回之時間，而且在可預見之將來不大可能轉回之差異；或如屬可抵扣差異，則只限於很可能在將來轉回之差異）。

遞延稅項額是按照資產和負債賬面值之預期實現或清償方式，根據已執行或在結算日實質上已執行之稅率計量。遞延稅項資產和負債均不貼現計算。

本集團會在每個結算日評估遞延稅項資產之賬面值。如預期不再可能獲得足夠應課稅溢利以利用相關稅務利益，該遞延稅項資產之賬面值便會調低；但倘若日後又可能獲得足夠應課稅溢利，有關減額便會轉回。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

p) Income tax (Continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策 (續)

p) 所得稅 (續)

因分派股息而產生之額外所得稅，於確認支付有關股息之負債時確認入賬。

即期及遞延稅項結餘和其變動額會分開列示，並且不予抵銷。即期和遞延稅項資產在本公司或本集團有法定行使權以即期稅項資產抵銷即期稅項負債，並且符合以下附帶條件之情況下，可以分別抵銷即期和遞延稅項負債：

- 即期稅項資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延稅項資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同應課稅實體。這些實體計劃在預期有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之每個未來期間，按淨額基準變現即期稅項資產和清償即期稅項負債，或同時變現該資產和清償該負債。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

q) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. 主要會計政策 (續)

q) 準備及或有負債

倘若本集團或本公司須就已發生事件承擔法律或推定義務，而履行該義務預期會導致經濟效益外流，並可作出可靠之估計，便會就該不定時間或數額之其他負債計提準備。如果貨幣時間價值重大，則按預計履行義務所需開支之現值計列準備。

倘若經濟效益外流可能性較低，或是無法對有關款額作出可靠估計，便會將該義務披露為或有負債；但假如這類經濟效益外流之可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否之潛在責任，亦會披露為或有負債；但假如這類經濟利益外流可能性極低則除外。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

(i) Sale of crude oil

Revenue is recognised when crude oil is delivered at the customers' premises which is taken to be the point in time when the customer has accepted the crude oil and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Sale of natural gas

Revenue from sale of liquefied petroleum gas ("LPG") and natural gas in refilling stations is recognised upon completion of the gas filling transactions. Revenue excludes sales taxes and is after deduction of any trade discounts.

2. 主要會計政策 (續)

r) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本(如適用)時，根據下列方法在損益表內確認：

(i) 銷售原油

收入在原油送達客戶物業時(即視為客戶接收原油及其所有權相關之風險及回報時)確認。收入不包括增值稅或其他銷售稅，且已扣除任何貿易折扣。

(ii) 銷售天然氣

補給站之液化石油氣(「液化石油氣」)及天然氣銷售收入乃於氣體供應交易完成時確認。收入不包括銷售稅，且已扣除任何貿易折扣。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

r) Revenue recognition (Continued)

(iii) Transportation, storage and unloading services income

Revenue from provision of crude oil transportation, storage and unloading services is recognised upon performance of the services. Revenue excludes sales taxes and is after deduction of any trade discounts.

(iv) Rental/pipeline leasing income from operating leases

Rental/pipeline leasing income receivable under operating leases is recognised in income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in income statement.

2. 主要會計政策 (續)

r) 收入確認 (續)

(iii) 運輸、儲存及卸油服務之收入

提供原油運輸、儲存及卸油服務之收入於提供服務時確認。收入不包括銷售稅，且已扣除任何貿易折扣。

(iv) 來自經營管道租賃之租金／管道租賃收入

根據經營管道租賃可收取之租金／管道租賃收入於損益表確認，並平均分攤至租期涵蓋之期間，惟倘有其他會計方式更能代表使用租賃資產所得利益之模式則另作別論。已授出租賃優惠於損益表確認為總應收租金淨額之不可分割部分。或有租金於賺取會計期間確認為收入。

(v) 利息收入

利息收入於產生時以實際利率法確認。

s) 外幣換算

年內以外幣進行之交易按交易日之外匯匯率換算。以外幣計算之貨幣性資產及負債，均按照結算日之外匯匯率換算。換算所產生之損益，均計入損益表。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

s) Translation of foreign currencies (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the income statement on disposal.

t) Borrowing costs

Borrowing costs are expensed in income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. 主要會計政策 (續)

s) 外幣換算 (續)

至於以外幣計價之非貨幣性資產及負債，如以歷史成本入賬，按交易日之匯率換算；如以公平值入賬，則按計算公平值確定當日之外匯匯率換算。

外國業務之業績乃按與交易日之外匯匯率相若之匯率換算為港元。資產負債表項目（包括於2005年1月1日或之後因合併所收購之外國業務產生之商譽）乃按結算日之外匯匯率換算為港元。產生之匯兌差額直接於權益成分內確認為個別項目。綜合於2005年1月1日之前收購之外國業務產生之商譽，按收購外國業務日期適用之外匯匯率換算。

出售海外業務時，於權益確認之有關該海外業務之匯兌差額累計數額，乃於損益表計算出售時計算在內。

t) 借貸成本

除直接用作收購、建設或生產一項需要相當長時間才可以投入原定用途或銷售之資產之借貸成本作資本化外，借貸成本均在產生期間內在損益表內列為支出。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

t) Borrowing costs (Continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

u) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. 主要會計政策 (續)

t) 借貸成本 (續)

屬於合資格資產成本一部分之借貸成本在產生資產開支、產生借貸成本及使資產投入原定用途或銷售所必須之準備工作進行期間開始資本化。在使合資格資產投入原定用途或銷售所必須之絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

u) 已終止經營業務

已終止經營業務為本集團業務一部分，其營運及現金流量可明確地與本集團其他業務區分。已終止經營業務代表一項按業務或經營地區劃分之獨立主要業務，或作為出售一項按業務或經營地區劃分之獨立主要業務之單一統籌計劃之一部分，或為一間純粹為轉售而收購之附屬公司。

倘業務被出售或符合列為持作出售項目之準則（以較早者為準），則分類為已終止經營業務。撤出業務時，有關業務亦會分類為已終止經營業務。

倘業務分類為已終止經營，則損益表上會呈列單一數額，當中包含：

- 已終止經營業務之除稅後損益；及
- 就構成已終止經營業務之資產或出售組合計算公平值減銷售成本或計算出售時公平值之時，所確認之除稅後收益或虧損。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

v) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

2. 主要會計政策 (續)

v) 關聯人士

就本財務報表而言，任何一方如屬以下情況，即視為本集團之關聯人士：

- (i) 該方能夠透過一家或多家中介公司，直接或間接控制本集團或對本集團之財務或經營決策發揮重大影響力，或共同控制本集團；
- (ii) 本集團與該方均受制於共同控制；
- (iii) 該方為本集團之聯營公司或本集團為合資方之合資公司；
- (iv) 該方為本集團或本集團母公司一名主要管理人員，或為該人士直屬家族成員，或為受該等人士所控制、共同控制或重大影響之實體；
- (v) 該方為(i)所述者之直屬家族成員或為受該等人士控制、共同控制或重大影響之實體；或

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

v) Related parties (Continued)

- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

2. 主要會計政策 (續)

v) 關聯人士 (續)

- (vi) 該方是本集團或作為本集團關聯人士之任何實體為僱員福利而設之離職後福利計劃。

某人士之直屬家族成員為預期於該人士與該實體往來時，可能影響該人士或受該人士影響之家族成員。

w) 分部報告

分部是指本集團內可明顯區分之組成部分，並且負責提供產品或服務（業務分部），或在一個特定經濟環境中提供產品或服務（地區分部）。每個分部所承擔之風險和所獲享之回報，均與其他分部有別。

按照本集團內部財務報告模式，本集團以業務分部資料為主要報告形式，而地區分部資料為次要報告形式編製本財務報表。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

w) Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financial expenses.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

2. 主要會計政策 (續)

w) 分部報告 (續)

分部收入、支出、業績、資產及負債包含直接歸屬某一分部，以及可按合理基準分配至該分部項目之數額。例如，分部資產可能包括存貨、應收賬款及物業、廠房及設備。分部收入、支出、資產及負債包含須在綜合時抵銷之集團內部往來餘額和集團內部交易，惟同屬一個分部之集團企業之間之集團內部往來餘額和交易則除外。分部之間轉移事項定價按與其他外界人士相若之條款計算。

分部資本開支是指在期內購入預計可於超過一個會計期間使用之分部資產（包括有形和無形資產）所產生之成本總額。

未分配項目主要包括財務及企業資產、計息貸款、借貸、稅項結餘、企業和融資支出。

3. 會計政策變動

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則及詮釋，於本集團及本公司之本會計期間首次生效，或可供提早採納。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures*, and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*. These disclosures are provided throughout these financial statements, in particular in note 30.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 28(f).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 36).

3. 會計政策變動 (續)

所呈報之有關年度財務報表所應用之會計政策並無因此等情況而出現重大變動。然而，因採納香港財務報告準則第7號金融工具：披露及香港會計準則第1號（修訂本）財務報表之呈報：資本披露，已作出以下若干額外披露：

由於採納香港財務報告準則第7號，與以往按香港會計準則第32號金融工具：披露及呈報所披露之資料比較，財務報表之披露範圍更大，包括本集團金融工具之重要性及該等工具所產生之風險性質及範疇。本財務報表內已貫徹作出相關披露，詳見附註30。

香港會計準則第1號（修訂本）加入額外披露規定，須提供有關資本水平及本集團與本公司管理資本之目標、政策及程序之資料。有關新披露載於附註28(f)。

香港財務報告準則第7號及香港會計準則第1號（修訂本）均無對已於金融工具內確認之金額之分類、確認及計量造成任何重大影響。

本集團於本會計期間並未應用任何尚未生效之新準則或詮釋（見附註36）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

4. TURNOVER

The principal activities of the Group are provision of crude oil transportation, storage and unloading services, operation of (i) natural gas pipeline network and (ii) refilling stations supplying natural gas and LPG for vehicle use and sale of LPG in cylinder, and exploitation and sales of crude oil. The activities relating to provision of crude oil transportation, storage and unloading services were discontinued during the year as a result of disposal of Bamber Group (note 10).

Turnover represents the revenue from provision of crude oil transportation, storage and unloading services, sales of natural gas and LPG, and sales of crude oil. The amount of each significant category of revenue recognised in turnover during the year is as follows:

4. 營業額

本集團之主要業務是提供原油運輸、儲存及卸油服務、經營(i)天然氣管道網絡及(ii)供應汽車用天然氣及液化石油氣之補給站及銷售罐裝液化石油氣，以及開採及銷售原油。由於出售蓬勃集團，與提供原油運輸、儲存及卸油服務有關之業務已於年內終止經營(附註10)。

營業額指提供原油運輸、儲存及卸油服務，銷售天然氣、液化石油氣以及原油之收益。年內在營業額確認之每項主要收益類別之款額如下：

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Continuing operations:	持續經營業務：		
Natural gas and LPG	天然氣及液化石油氣		
– sales of natural gas and LPG at refilling stations	– 在補給站銷售天然氣及液化石油氣	26,553	24,206
– sales of LPG in cylinder	– 銷售罐裝液化石油氣	3,467	3,032
– pipeline leasing income	– 管道租賃收入	1,091	252
Sales of crude oil	銷售原油	294	–
		31,405	27,490
Discontinued operations: (note 10)	已終止經營業務：(附註10)		
Provision of crude oil transportation, storage and unloading services	提供原油運輸、儲存及卸油服務	44,661	44,710
		76,066	72,200

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

5. OTHER REVENUE

5. 其他收益

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Continuing operations:	持續經營業務:		
Interest income on bank deposits	銀行存款利息收入	4,653	237
Discontinued operations: (note 10)	已終止經營業務: (附註10)		
Interest income on bank deposits	銀行存款利息收入	7	16
Others	其他	179	585
		<u>186</u>	<u>601</u>
		<u>4,839</u>	<u>838</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

6. 除稅前虧損

除稅前虧損已扣除:

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
a) Finance costs	a) 融資成本		
Continuing operations:	持續經營業務:		
Interest expense on financial liabilities not at fair value through profit or loss	不按公平值計入損益賬之財務負債利息支出		
– Interest on bank advances and other borrowings wholly repayable within five years	– 須於五年內全數償還之銀行墊款及其他借貸利息	171	559
Discontinued operations:	已終止經營業務:		
Interest expense on financial liabilities not at fair value through profit or loss	不按公平值計入損益賬之財務負債利息支出		
– Interest on bank advances and other borrowings wholly repayable within five years	– 須於五年內全數償還之銀行墊款及其他借貸利息	27,835	34,130
		<u>28,006</u>	<u>34,689</u>

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

6. LOSS BEFORE TAXATION (Continued)

6. 除稅前虧損 (續)

	2007	2006
	HK\$'000	HK\$'000
	千港元	千港元
b) Staff costs (including directors' remuneration)		
Continuing operations:		
Salaries, wages and other benefits	9,422	12,117
Equity-settled share-based payment expenses	17,627	3,822
Contributions to defined contribution retirement plan	164	449
	<u>27,213</u>	<u>16,388</u>
Discontinued operations:		
Salaries, wages and other benefits	5,577	6,844
Contributions to defined contribution retirement plan	358	407
	<u>5,935</u>	<u>7,251</u>
	<u>33,148</u>	<u>23,639</u>

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

6. LOSS BEFORE TAXATION (Continued)

6. 除稅前虧損 (續)

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
c) Other items	c) 其他項目		
Continuing operations:	持續經營業務:		
Cost of inventories	存貨成本	22,405	18,055
Auditors' remuneration	核數師酬金	816	600
Depreciation of property, plant and equipment	物業、廠房及設備折舊		
– assets held for use under operating leases	– 按經營租賃持作使用之資產	11,704	3,009
– other assets	– 其他資產	4,509	12,062
Amortisation of	攤銷		
– prepaid lease payments	– 租賃預付款項	283	79
– intangible assets	– 無形資產	20	–
Operating lease charges:	經營租賃開支:		
minimum lease payments	最低租賃付款		
– property rentals	– 物業租金	940	977
Impairment losses*	減值虧損*		
– other receivables	– 其他應收款項	–	29,950
Loss on disposals of property, plant and equipment*	出售物業、廠房及設備之虧損*	71	77
Net foreign exchange loss*	匯兌虧損淨額*	3,229	2,794
Discontinued operations:	已終止經營業務:		
Cost of services	服務成本	38,950	46,745
Depreciation of property, plant and equipment	物業、廠房及設備折舊	30,465	35,506
Amortisation of prepaid lease payments	租賃預付款項攤銷	23	27
Impairment losses*	減值虧損*		
– trade receivables	– 應收賬款	–	9,123

* Included in "other operating expenses" as disclosed in the consolidated income statement.

* 計入綜合損益表之「其他經營費用」。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

7. TAXATION

a) Continuing operations

- (i) Taxation in the consolidated income statement represents:

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Current tax	即期稅項		
– PRC income tax	– 中國所得稅		
Provision for the year	本年度準備	885	412
Under-provision in prior years	過往年度準備不足	74	408
		959	820

No provision for Hong Kong profits tax has been made as the companies comprising the continuing operations does not have estimated assessable profits subject to Hong Kong profits tax during the years ended 31 December 2007 and 2006. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 33% of the assessment profit of the Group. During the year, Lejion Gas Co., Ltd. ("Lejion Gas"), a Company's subsidiary established in the PRC, is entitled to a preferential tax treatment that Lejion Gas is taxed at a preferential rate of 30% (2006: 15%).

7. 稅項

a) 持續經營業務

- (i) 綜合損益表所示之稅項意指：

截至2007年及2006年12月31日止年度內，由於含有持續經營業務之公司並無須繳納香港利得稅之估計應課稅溢利，故並無計提香港利得稅準備。其他地區之應課稅溢利稅項則已根據年內本集團經營所在司法權區之現行法律、詮釋及慣例按當時之適用稅率計算。

根據中國所得稅規則及法規，中國企業所得稅準備按本集團之應課稅溢利之法定稅率33%計算。年內，本公司一家於中國成立之附屬公司巴州利捷燃氣有限公司（「利捷燃氣」）享有稅項優惠，利捷燃氣可按優惠稅率30%（2006年：15%）繳納稅款。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

7. TAXATION (Continued)

a) Continuing operations (Continued)

- (i) Taxation in the consolidated income statement represents: (Continued)

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises.

The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the consolidated balance sheet in respect of current tax payable.

Further under the New Tax Law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. The Group has already assessed the impact of the New Tax Law regarding this withholding tax and considered the New Tax Law would not have a significant impact on the results of operations and financial position of the Group as at 31 December 2007.

7. 稅項 (續)

a) 持續經營業務 (續)

- (i) 綜合損益表所示之稅項意指：(續)

於2007年3月16日，第十屆全國人民代表大會第五次會議通過中國企業所得稅法（「新稅法」）。新稅法於2008年1月1日生效。所有企業之中國所得稅稅率一律統一為25%。

預期新稅法之頒佈不會對綜合資產負債表中即期應付稅項之應計金額產生任何財務影響。

另根據新稅法，由2008年1月1日起，並非在中國成立或在中國設有經營地點，或在中國成立或在中國設有經營地點，惟有關收入實際上並非與中國成立或在中國設有經營地點有關之非居民企業，將須就多項被動收入（如源於中國之股息）按稅率10%（除非按條約減免）繳付預繳稅。本集團已就預繳稅評估新稅法之影響，並認為新稅法不會對本集團之經營業績及於2007年12月31日之財務狀況造成重大影響。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

7. TAXATION (Continued)

a) Continuing operations (Continued)

- (ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Loss before taxation	除稅前虧損	(45,810)	(53,527)
Notional tax on loss before taxation, calculated at the applicable rates	按適用稅率計算之除稅前虧損名義稅項	(9,998)	(9,367)
Tax effect of non-deductible expenses	不可扣除支出之稅務影響	15,794	11,282
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(6,589)	(1,503)
Tax effect of unused tax losses not recognised	未確認未動用稅務虧損之稅務影響	1,678	-
Under-provision in prior years	過往年度準備不足	74	408
Actual tax expense	實際稅務支出	959	820

7. 稅項 (續)

a) 持續經營業務 (續)

- (ii) 按適用稅率計算之稅務支出及會計虧損對賬如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

7. TAXATION (Continued)

b) Discontinued operations (note 10)

- (i) No provision for Hong Kong profits tax or PRC enterprise income tax is made by the entities comprising the discontinued operations as these entities either have no assessable profit during the year or have unrelieved tax losses carried forward which are not likely to be crystallised in the future.
- (ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

7. 稅項 (續)

b) 已終止經營業務 (詳情列於附註10)

- (i) 含有已終止經營業務之公司並無計提香港利得稅或中國企業所得稅準備。因為公司於年內並無應課稅溢利或擁有日後不大可能落實之結轉未沖銷稅項虧損。
- (ii) 按適用稅率計算之稅務支出及會計虧損對賬如下：

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Loss before taxation	除稅前虧損	(28,076)	(50,703)
Notional tax on loss before taxation, calculated at the applicable rates	按適用稅率計算之除稅前虧損名義稅項	(9,265)	(16,732)
Tax effect of non-deductible expenses	不可扣除支出之稅務影響	10,624	16,732
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(1,359)	-
Actual tax expense	實際稅務支出	-	-

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

8. 董事酬金

根據香港公司條例第161條披露之董事酬金如下：

	Salaries, allowances and Directors' fees HK\$'000	Retirement scheme contributions HK\$'000	Share-based payments (note) HK\$'000	2007 Total HK\$'000			
	benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Sub-total HK\$'000	2007 Total HK\$'000			
	薪金、津貼及 董事袍金 千港元	退休 計劃供款 千港元	以股份支付 之款項 (附註) 千港元	2007年 總額 千港元			
Executive directors	執行董事						
Xing Xiao Jing	邢曉晶	-	1,300	12	1,312	280	1,592
Ma Ji	馬驥	-	910	-	910	-	910
Kong Siu Tim	江少甜	-	1,040	12	1,052	522	1,574
		-	3,250	24	3,274	802	4,076
Independent non-executive directors	獨立非執行董事						
Yip Ching Shan	葉青山	129	-	-	129	126	255
Ni Zhenwei	倪振偉	129	-	-	129	126	255
Wong Kwok Chuen	黃國全	129	-	-	129	126	255
		387	-	-	387	378	765
		<u>387</u>	<u>3,250</u>	<u>24</u>	<u>3,661</u>	<u>1,180</u>	<u>4,841</u>

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest paid emoluments, three (2006: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2006: two) individuals are as follows:

		2007 HK\$'000 千港元	2006 HK\$'000 千港元
Salaries and other emoluments	薪金及其他酬金	1,690	2,782
Share-based payments	以股份支付之款項	683	627
Retirement scheme contributions	退休計劃供款	12	12
		2,385	3,421

The emoluments of the two (2006: two) individuals with the highest emoluments are within the following band:

		2007 Number of individuals 人數	2006 Number of individuals 人數
HK\$1,000,000 – HK\$1,500,000	1,000,000港元 – 1,500,000港元	2	2

During the year, no emoluments (2006: nil) were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

9. 最高薪人士

5位最高薪人士中，3位（2006年：3位）為董事，其酬金已在附註8披露。其餘2位（2006年：2位）最高薪人士之酬金總額如下：

	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Salaries and other emoluments	1,690	2,782
Share-based payments	683	627
Retirement scheme contributions	12	12
	2,385	3,421

最高薪之2位（2006年：2位）人士之酬金介乎下列範圍：

	2007 Number of individuals 人數	2006 Number of individuals 人數
HK\$1,000,000 – HK\$1,500,000	2	2

本集團於年內概無支付任何酬金（2006年：無）予任何5位最高薪人士，作為彼等加入或於加入本集團時之獎勵或作為離職之補償。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

10. DISCONTINUED OPERATIONS

On 24 October 2007, the Group's crude oil transportation, storage and unloading facilities operations were discontinued following the disposal of two subsidiaries, namely Bamber Resources Limited and Xinjiang Xingmei Oil-Pipeline Co., Ltd. (collectively known as "Bamber Group").

The profit/(loss) for the year from the discontinued operations is analysed as follows:

10. 已終止經營業務

於2007年10月24日，本集團在出售兩家附屬公司（即蓬勃資源有限公司及新疆星美石油管道有限公司（合稱「蓬勃集團」））後已終止經營原油運輸、儲存及卸油設施業務。

年內已終止經營業務之溢利／（虧損）之分析如下：

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Gain on disposal of Bamber Group (note 29(a))	出售蓬勃集團之收益（附註29(a)）	66,909	—
Loss for the year on crude oil transportation, storage and unloading services operations	年內原油運輸、儲存及卸油服務之虧損	(28,076)	(50,703)
		38,833	(50,703)

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

10. DISCONTINUED OPERATIONS (Continued)

- a) The results of the discontinued operations for the period from 1 January 2007 to 24 October 2007 and for the year ended 31 December 2006 are as follows:

		Notes 附註	2007 HK\$'000 千港元	2006 HK\$'000 千港元
Turnover	營業額	4 & 13	44,661	44,710
Cost of sales	銷售成本		(38,950)	(46,745)
Gross profit/(loss)	毛利／(損)		5,711	(2,035)
Other revenue	其他收益	5	186	601
Administrative expenses	行政費用		(6,138)	(6,013)
Other operating expenses	其他經營費用		–	(9,126)
Loss from operations	經營虧損		(241)	(16,573)
Finance costs	融資成本	6(a)	(27,835)	(34,130)
Loss before taxation	除稅前虧損	6	(28,076)	(50,703)
Income tax	所得稅	7(b)	–	–
Loss for the period/year	期內／年度虧損		(28,076)	(50,703)

- b) The cash flows of the discontinued operations for the period from 1 January 2007 to 24 October 2007 and for the year ended 31 December 2006 are as follows:

			2007 HK\$'000 千港元	2006 HK\$'000 千港元
Net cash generated from operating activities	經營活動產生之現金淨額		51,477	12,808
Net cash used in investing activities	投資活動所用之現金淨額		(288)	(1,007)
Net cash outflow used in financing activities	融資活動所用之現金流出淨額		(49,713)	(13,050)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額		1,476	(1,249)

10. 已終止經營業務 (續)

- a) 自2007年1月1日至2007年10月24日期間及截至2006年12月31日止年度已終止經營業務之業績如下：

- b) 自2007年1月1日至2007年10月24日期間及截至2006年12月31日止年度已終止業務之現金流量如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

10. DISCONTINUED OPERATIONS (Continued)

- c) The carrying amounts of the assets and liabilities of Bamber Group at the date of disposal are disclosed in note 29(a).

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a profit of approximately HK\$18,266,000 (2006: a loss of HK\$57,189,000) which has been dealt with in the financial statements of the Company.

12. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$7,936,000 (2006: HK\$85,187,000) and the weighted average number of 4,105,506,000 ordinary shares (2006: 3,164,845,000 ordinary shares) in issue during the year, calculated as follows:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company

Continuing operations	持續經營業務
Discontinued operations	已終止經營業務

10. 已終止經營業務 (續)

- c) 蓬勃集團於出售日期之資產及負債之賬面值披露於附註29(a)。

11. 本公司股權持有人應佔虧損

本公司股權持有人應佔綜合虧損包括已載於本公司財務報表之收益約18,266,000港元(2006年:虧損57,189,000港元)。

12. 每股(虧損)/盈利

a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利是根據本公司普通股權持有人應佔虧損7,936,000港元(2006年:85,187,000港元),以及年內已發行普通股之加權平均數4,105,506,000股普通股(2006年:3,164,845,000股普通股)計算,方式如下:—

(i) 本公司普通股權持有人應佔(虧損)/溢利

	2007	2006
	HK\$'000	HK\$'000
	千港元	千港元
	(46,769)	(44,625)
	38,833	(40,562)
	(7,936)	(85,187)

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

12. (LOSS)/EARNINGS PER SHARE (Continued)

a) Basic (loss)/earnings per share (Continued)

(ii) Weighted average number of ordinary shares

	2007	2006
	'000	'000
	千股	千股
Issued ordinary shares at 1 January	3,585,134	3,051,584
Effect of shares issued under the placing (note 28(c)(ii))	320,718	62,838
Effect of share options exercised (note 28(c)(iii))	199,654	50,423
Weighted average number of ordinary shares at 31 December	<u>4,105,506</u>	<u>3,164,845</u>

b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 31 December 2007 and 31 December 2006 are not presented as the Company's outstanding options during the years had antidilutive effect on the basic loss per share from continuing operations.

12. 每股(虧損)/盈利(續)

a) 每股基本(虧損)/盈利(續)

(ii) 普通股加權平均數

b) 每股攤薄(虧損)/盈利

截至2007年12月31日及2006年12月31日止年度，由於本公司於該年度尚未行使購股權對持續經營業務之每股基本虧損構成反攤薄影響，故並無呈列該年度每股攤薄(虧損)/盈利。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

13. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group is currently engaged in the businesses of (i) the operation of natural gas pipeline network and refilling supplying natural gas and liquefied petroleum gas ("LPG") for vehicle use and sale of LPG in cylinder operations, and (ii) exploitation and sale of crude oil:

Natural gas and LPG: Operation of (i) natural gas pipeline network and (ii) gas refilling stations supplying natural gas and LPG for vehicle use and sale of LPG in cylinder.

Oil exploitation: Exploitation and sale of crude oil.

The Group was also involved in the operation of crude oil transportation storage and unloading facilities investment which were discontinued as set out in note 10.

Crude oil transportation, storage and unloading services: Provision of crude oil transportation, storage and unloading facilities.

There are no sales or trading transactions between the business segment. These segments are the basis on which the Group reports its primary segment information.

13. 分部報告

分部資料乃按本集團業務分部呈列。本集團選擇業務分部資料作為主要呈報形式，因為較為適合本集團之內部財務申報。

業務分部

本集團目前從事以下業務(i)經營天然氣管道網絡及供應汽車用天然氣及液化石油氣之補給站及銷售罐裝液化石油氣，及(ii)開採及銷售原油。

天然氣及液化石油氣：經營(i)天然氣管道網絡及(ii)供應汽車用天然氣及液化石油氣之補給站及銷售罐裝液化石油氣。

油氣開採：開採及銷售原油。

本集團亦曾從事原油運輸、儲存及卸油設施投資業務，該等業務已終止(如附註10所載)。

原油運輸、儲存及卸油服務：提供原油運輸、儲存及卸油服務。

業務分部間並無出售或買賣交易。該等分部乃本集團呈報其主要分部資料之基準。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

13. SEGMENT REPORTING (Continued)

Business segments (Continued)

Segment information about these businesses is set out as follows:

For the year ended 31 December 2007

13. 分部報告 (續)

業務分部 (續)

有關該等業務之分部資料載列如下：

截至2007年12月31日止年度

		Continuing operations			Discontinued operations	Consolidated
		持續經營業務			已終止經營業務	
		Natural gas and LPG	Oil exploitation	Total	Crude oil transportation, storage and unloading services	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		天然氣及液化石油氣	油氣開採	總額	原油運輸、儲存及卸油服務	綜合
		千港元	千港元	千港元	千港元	千港元
Revenue from external customers	來自外界客戶之收益	31,111	294	31,405	44,661	76,066
Segment results	分部業績	(2,001)	(714)	(2,715)	5,711	2,996
Unallocated operating income and expenses	未分配經營收入及費用			(42,924)	(5,952)	(48,876)
Loss from operations	經營虧損			(45,639)	(241)	(45,880)
Finance costs	融資成本			(171)	(27,835)	(28,006)
Gain on disposal of subsidiaries	出售附屬公司收益			-	66,909	66,909
(Loss)/profit before taxation	除稅前(虧損)/溢利			(45,810)	38,833	(6,977)
Taxation	稅項			(959)	-	(959)
(Loss)/profit after taxation	除稅後(虧損)/溢利			(46,769)	38,833	(7,936)
Assets and liabilities	資產及負債					
Segment assets	分部資產	130,054	63,803	193,857	-	193,857
Unallocated assets	未分配資產	-	-	114,055	-	114,055
Total assets	總資產	130,054	63,803	307,912	-	307,912
Segment liabilities	分部負債	7,835	156	7,991	-	7,991
Unallocated liabilities	未分配負債	-	-	39,072	-	39,072
Total liabilities	負債總額	7,835	156	47,063	-	47,063
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	15,120	1,028	16,148	30,488	46,636
Unallocated	未分配項目	-	-	368	-	368
		15,120	1,028	16,516	30,488	47,004
Capital expenditure incurred during the year	年內產生之資本支出	2,592	63,539	66,131	300	66,431
Unallocated	未分配項目	-	-	2,145	-	2,145
		2,592	63,539	68,276	300	68,576

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

13. SEGMENT REPORTING (Continued)

Business segments (Continued)

For the year ended 31 December 2006

13. 分部報告 (續)

業務分部 (續)

截至2006年12月31日止年度

		Continuing operations			Discontinued operations	Consolidated
		持續經營業務			已終止經營業務	
		Natural gas and LPG	Oil exploitation	Total	Crude oil transportation, storage and unloading services	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		天然氣及液化石油氣	油氣開採	總額	原油運輸、儲存及卸油服務	綜合
		千港元	千港元	千港元	千港元	千港元
Turnover from external customers	來自外界客戶之收益	27,490	-	27,490	44,710	72,200
Segment results	分部業績	(2,600)	-	(2,600)	(2,035)	(4,635)
Unallocated operating income and expenses	未分配經營收入及費用			(51,200)	(14,538)	(65,738)
Loss from operations	經營虧損			(53,800)	(16,573)	(70,373)
Finance costs	融資成本			(559)	(34,130)	(34,689)
Gain on disposal of a subsidiary	出售附屬公司收益			832	-	832
Loss before taxation	除稅前虧損			(53,527)	(50,703)	(104,230)
Taxation	稅項			(820)	-	(820)
Loss after taxation	除稅後虧損			(54,347)	(50,703)	(105,050)
Assets and liabilities	資產及負債					
Segment assets	分部資產	132,379	-	132,379	437,180	569,559
Unallocated assets	未分配資產	-	-	58,145	-	58,145
Total assets	總資產	132,379	-	190,524	437,180	627,704
Segment liabilities	分部負債	1,704	-	1,704	4,006	5,710
Unallocated liabilities	未分配負債	-	-	-	517,882	517,882
Total liabilities	負債總額	1,704	-	1,704	521,888	523,592
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	14,938	-	14,938	35,533	50,471
Unallocated	未分配項目	-	-	212	-	212
		14,938	-	15,150	35,533	50,683
Capital expenditure incurred during the year	年內產生之資本支出	4,242	-	4,242	998	5,240
Unallocated	未分配項目	-	-	205	-	205
		4,242	-	4,447	998	5,445

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

13. SEGMENT REPORTING (Continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The Group segment assets and capital expenditure are based on the geographical location of the assets. The Group mainly operates in the PRC (including Hong Kong) and the United States of America (the "USA").

For the year ended 31 December 2007

13. 分部報告 (續)

地區分部

按地區分部呈列資料時，分部收益按客戶所在地劃分。本集團之分部資產及資本支出則按資產之所在地區劃分。本集團主要在中國（包括香港）及美國從事經營活動。

截至2007年12月31日止年度

		The PRC HK\$'000 中國 千港元	The USA HK\$'000 美國 千港元	Total HK\$'000 總額 千港元
Segment revenue	分部收益			
Revenue from external customers	來自外界客戶之收益：			
attributable to:				
– Continuing operations	– 持續經營業務	31,111	294	31,405
– Discontinued operations	– 已終止經營業務	44,661	–	44,661
		75,772	294	76,066
Segment assets	分部資產			
– Continuing operations	– 持續經營業務	244,109	63,803	307,912
		244,109	63,803	307,912
Segment liabilities	分部負債			
– Continuing operations	– 持續經營業務	46,907	156	47,063
		46,907	156	47,063
Capital expenditure incurred during the year	年內產生之資本支出			
– Continuing operations	– 持續經營業務	4,737	63,539	68,276
– Discontinued operations	– 已終止經營業務	300	–	300
		5,037	63,539	68,576

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

13. SEGMENT REPORTING (Continued)

Geographical segments (Continued)

For the year ended 31 December 2006

13. 分部報告 (續)

地區分部 (續)

截至2006年12月31日止年度

		The PRC	The USA	Total
		HK\$'000	HK\$'000	HK\$'000
		中國	美國	總額
		千港元	千港元	千港元
Segment revenue	分部收益			
Revenue from external customers	來自外界客戶之收益：			
attributable to:				
– Continuing operations	– 持續經營業務	27,490	–	27,490
– Discontinued operations	– 已終止經營業務	44,710	–	44,710
		<u>72,200</u>	<u>–</u>	<u>72,200</u>
Segment assets	分部資產			
– Continuing operations	– 持續經營業務	190,524	–	190,524
– Discontinuing operations	– 已終止經營業務	437,180	–	437,180
		<u>627,704</u>	<u>–</u>	<u>627,704</u>
Segment liabilities	分部負債			
– Continuing operations	– 持續經營業務	1,704	–	1,704
– Discontinuing operations	– 已終止經營業務	521,888	–	521,888
		<u>523,592</u>	<u>–</u>	<u>523,592</u>
Capital expenditure incurred during the year	年內產生之資本支出			
– Continuing operations	– 持續經營業務	4,447	–	4,447
– Discontinued operations	– 已終止經營業務	998	–	998
		<u>5,445</u>	<u>–</u>	<u>5,445</u>

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

14. 物業、廠房及設備

本集團

		Buildings held for own use	Leasehold improvements	Natural gas Oil pipeline and ancillary facilities	Natural gas pipeline network and ancillary facilities	Refilling stations	Equipment, storage tanks and others	Furniture, fixtures and office equipment	Motor vehicles	Sub-total	Construction in progress	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		持作自用 樓宇 千港元	租賃 物業裝修 千港元	油管及 配套設施 千港元	天然氣管道 網絡及 配套設施 千港元	補給站 千港元	設備、 儲存缸及其他 千港元	傢俬、 固定裝置及 辦公室設備 千港元	汽車 千港元	小計 千港元	在建工程 千港元	總額 千港元
Cost:	成本:											
At 1 January 2006	於2006年1月1日	20,251	127	628,703	178,321	22,526	-	2,041	3,513	855,482	3,570	859,052
Exchange adjustments	匯兌調整	810	-	25,148	7,133	901	-	82	140	34,214	143	34,357
Additions	添置	1,629	140	1,650	-	865	-	1,161	-	5,445	-	5,445
Transfer from construction in progress	轉撥自在建工程	-	-	-	-	3,713	-	-	-	3,713	(3,713)	-
Disposals	出售	-	(127)	(217)	-	(20)	-	(22)	(22)	(408)	-	(408)
At 31 December 2006 and 1 January 2007	於2006年12月31日 及2007年1月1日	22,690	140	655,284	185,454	27,985	-	3,262	3,631	898,446	-	898,446
Exchange adjustments	匯兌調整	876	-	20,267	12,808	1,933	-	96	108	36,088	-	36,088
Additions	添置	220	-	289	-	2,367	20,157	92	2,069	25,194	-	25,194
Disposals	出售	-	-	-	(465)	(9)	-	(12)	(560)	(1,046)	-	(1,046)
Disposal of subsidiaries	出售附屬公司	(18,664)	-	(675,840)	-	-	-	(2,462)	(2,782)	(699,748)	-	(699,748)
At 31 December 2007	於2007年12月31日	5,122	140	-	197,797	32,276	20,157	976	2,466	258,934	-	258,934
Accumulated depreciation and impairment:	累計折舊及減值:											
At 1 January 2006	於2006年1月1日	5,317	24	201,914	61,556	10,603	-	1,376	1,595	282,385	-	282,385
Exchange adjustments	匯兌調整	213	-	8,077	2,462	424	-	55	63	11,294	-	11,294
Charge for the year	年內支出	1,094	27	34,253	12,035	2,519	-	293	356	50,577	-	50,577
Written back on disposals	出售時撥回	-	(46)	-	-	-	-	(17)	(12)	(75)	-	(75)
At 31 December 2006 and 1 January 2007	於2006年12月31日 及2007年1月1日	6,624	5	244,244	76,053	13,546	-	1,707	2,002	344,181	-	344,181
Exchange adjustments	匯兌調整	260	-	7,554	5,664	1,035	-	47	57	14,617	-	14,617
Charge for the year	年內支出	984	28	29,169	11,704	2,805	1,008	469	511	46,678	-	46,678
Written back on disposals	出售時撥回	-	-	-	(84)	(5)	-	(3)	(476)	(568)	-	(568)
Disposal of subsidiaries	出售附屬公司	(6,270)	-	(280,967)	-	-	-	(1,456)	(1,556)	(290,249)	-	(290,249)
At 31 December 2007	於2007年12月31日	1,598	33	-	93,337	17,381	1,008	764	538	114,659	-	114,659
Net book value:	賬面淨值:											
At 31 December 2007	於2007年12月31日	<u>3,524</u>	<u>107</u>	<u>-</u>	<u>104,460</u>	<u>14,895</u>	<u>19,149</u>	<u>212</u>	<u>1,928</u>	<u>144,275</u>	<u>-</u>	<u>144,275</u>
At 31 December 2006	於2006年12月31日	<u>16,066</u>	<u>135</u>	<u>411,040</u>	<u>109,401</u>	<u>14,439</u>	<u>-</u>	<u>1,555</u>	<u>1,629</u>	<u>554,265</u>	<u>-</u>	<u>554,265</u>

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

14. PROPERTY, PLANT AND EQUIPMENT

(Continued)

- a) The natural gas pipeline network and ancillary facilities and refilling stations are situated in Korla of Xinjiang Autonomous Region, the PRC.

During the year ended 31 December 2005, due to continued shortage of working capital, Lejion Gas Natural Gas Co., Ltd. ("Lejion Gas"), a Company's subsidiary established in the PRC, which principal activities are operation of natural gas pipeline network and natural gas refilling stations, has entered into a written agreement with its PRC joint venture partner (the "Venture Partner"), which holds 20% of the equity interest in Lejion Gas. Pursuant to the agreement, the operation of the natural gas pipelines network and ancillary facilities (the "Assets") has been transferred to the Venture Partner for a period from 1 January 2005 to 30 June 2006 (the "Operation Period"). During the Operation Period, Lejion Gas does not share any income or expenses of the operation.

Upon expiry of the Operation Period, Lejion Gas and the Venture Partner entered into another agreement (the "Agreement") such that the Venture Partner would use the natural gas pipelines network and ancillary facilities of Lejion Gas and Lejion Gas is entitled to receive payments from the Venture Partner for a period from 1 October 2006 to 31 March 2008. The Agreement did not include an extension option. The payments were calculated on the basis of 1.75% of the gross sales generated from the use of the Assets by the Venture Partner. Subsequent to the balance sheet date, the Group and the Venture Partner entered into a supplementary agreement that the period of the use of the Assets would be extended by nine months from 1 April 2008 to 31 December 2008 and the other terms of the Agreement remained unchanged.

14. 物業、廠房及設備 (續)

- a) 天然氣管道網絡及配套設施及補給站位於中國新疆自治區庫爾勒市。

截至2005年12月31日止年度，由於營運資金持續短缺，本公司一間於中國成立之附屬公司巴州利捷燃氣有限公司（「利捷燃氣」）與其中方合營夥伴（「合營夥伴」）持有利捷燃氣20%股權，簽訂書面協議。利捷燃氣之主要業務為經營天然氣管道網絡及天然氣補給站。根據該協議，天然氣管道網絡及配套設施（「資產」）之營運權於2005年1月1日至2006年6月30日止期間（「營運期間」）轉讓予合營夥伴。於營運期間，利捷燃氣概無分佔任何營運收入或開支。

於營運期間屆滿後，利捷燃氣與合營夥伴另行訂立協議（「該協議」），協定合營夥伴將管理及經營利捷燃氣之天然氣管道網絡及配套設施，而利捷燃氣有權於2006年10月1日至2008年3月31日期間，向合營夥伴收取費用。該協議不包括任何續期選擇權。有關費用按合營夥伴使用資產所得銷售總額之1.75%計算。於結算日後，本集團與合營夥伴訂立一項補充協議，協定使用資產之期間將由2008年4月1日延長九個月至2008年12月31日，而該協議其他條款則維持不變。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

14. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The arrangement under the Agreement meets the definition of leases in accordance with the accounting policy set out in note 2(h). The natural gas pipeline and ancillary facilities with the carrying value as at 31 December 2007 of approximately HK\$104,460,000 (2006: HK\$109,401,000) is classified as leased assets being held under operating leases. The payments received from the Venture Partner during the year ended 31 December 2007 amounting to approximately HK\$1,091,000 (2006: HK\$252,000) is included under the pipeline leasing income in the income statement in accordance with the accounting policy set out in note 2(r)(iv).

- b) The oil pipeline and ancillary facilities consist of an oil pipeline of approximately 70 kilometers, connecting the Tahe Oilfield and Lun Tai Railway Station in Xinjiang Autonomous Region and ancillary facilities including oil tanks and loading bays to facilitate the operation of the oil pipeline.
- c) As at 31 December 2006, certain of the oil pipeline and ancillary facilities with an aggregate carrying value of approximately HK\$311,000,000 have been pledged to a bank for bank loans of HK\$191,400,000 granted to the Group (note 23).
- d) As at 31 December 2006, certain of the natural gas refilling stations and land (note 15) with an aggregate carrying value of approximately HK\$4,009,000 have been pledged for other loan of HK\$5,000,000 granted to the Group (note 24).

14. 物業、廠房及設備 (續)

該協議內之安排符合根據附註2(h)所載會計政策之租賃定義。於2007年12月31日之賬面值約為104,460,000港元(2006年:109,401,000港元)之天然氣管道及配套設施列為按經營租賃持有之租賃資產。截至2007年12月31日止年度,從合營夥伴收取之款項約1,091,000港元(2006年:252,000港元)已根據附註2(r)(iv)所載會計政策計入損益表之管道租賃收入項下。

- b) 油管及配套設施包括一條長約70公里,連接塔河油田及新疆自治區輪台縣火車站之油管及配套設施(包括儲油缸及卸油區),以助油管運作。
- c) 於2006年12月31日,賬面值共約311,000,000港元之若干油管及配套設施已抵押予銀行,作為本集團獲授191,400,000港元銀行貸款之抵押(附註23)。
- d) 於2006年12月31日,賬面值共約4,009,000港元之若干天然氣補給站及土地(附註15)已抵押,作為本集團獲授5,000,000港元其他貸款之抵押(附註24)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

15. PREPAID LEASE PAYMENTS

The Group

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Net book value at 1 January	於1月1日之賬面淨值	4,418	4,350
Exchange adjustments	匯兌調整	277	174
Disposal of subsidiaries	出售附屬公司	(485)	-
Amortisation	攤銷	(306)	(106)
Net book value at 31 December	於12月31日之賬面淨值	3,904	4,418
Current portion of prepaid lease payments (included in trade and other receivables (note 20))	租賃預付款項之即期部分 (計入應收賬款及 其他應收款項(附註20))	(292)	(301)
Non-current portion	非即期部分	3,612	4,117

The leasehold land is held under operating lease. The leasehold land is held under medium-term lease and situated in the PRC. The cost of the leasehold land is approximately HK\$6,501,000 (2006: HK\$6,681,000).

租賃土地按經營租賃持有。租賃土地乃按中期租賃持有並位於中國。租賃土地之成本約為6,501,000港元(2006年: 6,681,000港元)。

15. 租賃預付款項

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

16. INTANGIBLE ASSETS

The Group

16. 無形資產

本集團

		Oil exploitation right HK\$'000 油氣 開採權 千港元
Cost:	成本:	
At 1 January 2006, 31 December 2006 and 1 January 2007	於2006年1月1日、2006年12月31日 及2007年1月1日	—
Additions	添置	43,382
At 31 December 2007	於2007年12月31日	43,382
Accumulated amortisation:	累計攤銷:	
At 1 January 2006, 31 December 2006 and 1 January 2007	於2006年1月1日、2006年12月31日 及2007年1月1日	—
Charge for the year	年內支出	20
At 31 December 2007	於2007年12月31日	20
Net book value:	賬面淨值:	
At 31 December 2007	於2007年12月31日	43,362
At 31 December 2006	於2006年12月31日	—

The oil exploitation right represents the fair value of the right for oil exploitation in Grassy Trails Oil Field located in Carbon County, Utah and Emery County, Utah, the United States of America.

油氣開採權指位於美國猶他州的Carbon County及Emery County之草徑油田(Grassy Trails)之油氣開採權之公平值。

Amortisation of HK\$20,000 (2006: Nil) was charged to "cost of sales" in the consolidated income statement.

20,000港元(2006年:無)之攤銷費用已於綜合損益表之「銷售成本」扣除。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

17. GOODWILL

The Group

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Cost:	成本：		
At 1 January	於1月1日	-	10,195
Release upon disposal of a subsidiary	出售附屬公司時撥回	-	(10,195)
At 31 December	於12月31日	-	-
Accumulated impairment loss:	累計減值虧損：		
At 1 January	於1月1日	-	(10,195)
Release upon disposal of a subsidiary	出售附屬公司時撥回	-	10,195
At 31 December	於12月31日	-	-
Carrying amount:	賬面值：		
At 31 December	於12月31日	-	-

17. 商譽

本集團

18. INVESTMENTS IN SUBSIDIARIES

The Company

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份·按成本	81,145	81,144
Less: impairment loss	減：減值虧損	(52,805)	(52,805)
		28,340	28,339

18. 於附屬公司之投資

本公司

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

a) Details of subsidiaries are listed below. The class of shares held is ordinary unless otherwise stated.

18. 於附屬公司之投資 (續)

a) 附屬公司之詳情如下。除另有說明者外，所持股份類別為普通股。

Name of company 公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Particulars of issued and paid up capital 已發行及繳足 股本詳情	Proportion of ownership interest 擁有權百分比			Principal activity 主要業務
			Group's effective holding 本集團 實際持股量	Held by the Company 由本公司 持有	Held by subsidiary 由附屬公司 持有	
Elite Ascend Holdings Limited (怡陸控股有限公司)	British Virgin Islands ("BVI") 英屬處女群島	690 shares of US\$1 each 690股每股1美元	100%	100%	–	Investment holding 投資控股
Chuang Xin Management Services Limited 創新管理服務有限公司	Hong Kong 香港	2 shares of HK\$1 each 2股每股1港元	100%	100%	–	Provision of management services to group 向集團公司提供管理服務
Genesis Energy (Hong Kong) Limited 創新能源(香港)有限公司	Hong Kong 香港	2 shares of HK\$1 each 股每股1港元	100%	–	100%	Provision of administrative services to group companies 向集團公司提供行政服務
Key Well Development Limited 啓隆發展有限公司	Hong Kong 香港	100 share of HK\$1 each 100股每股1港元	100%	–	100%	Inactive 暫無業務
Excellent Century Limited (耀輝世紀有限公司)	BVI 英屬處女群島	100 shares of US\$1 each 100股每股1美元	100%	–	100%	Investment holding 投資控股
Gain All Limited 得全有限公司	Hong Kong 香港	1 share of HK\$1 each 1股每股1港元	100%	–	100%	Inactive 暫無業務
Oriental Energy Limited (東方能源有限公司)	BVI 英屬處女群島	1,000 shares of US\$1 each 1,000股每股1美元	90%	–	90%	Investment holding 投資控股
Bamber Resources Limited # (蓬勃資源有限公司) #	BVI 英屬處女群島	50,000 shares of US\$1 each 50,000股每股1美元	100%	–	100%	Investment holding 投資控股
Wiseley Investments Limited (偉利投資有限公司)	BVI 英屬處女群島	100 shares of US\$1 each 100股每股1美元	100%	100%	–	Investment holding 投資控股
Glory Boom International Ltd. (榮昌國際有限公司)	BVI 英屬處女群島	100 shares of US\$1 each 100股每股1美元	100%	100%	–	Investment holding 投資控股
Genesis Petroleum US, Inc. (note)(附註)	Utar, The United States of America 美國·猶他州	10,000 shares of US\$0.01 each 10,000股每股0.01美元	90%	–	90%	Exploitation and sale of crude oil 開採及銷售原油

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

18. 於附屬公司之投資 (續)

Name of company 公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Particulars of issued and paid up capital 已發行及繳足股本詳情	Proportion of ownership interest 擁有權百分比			Principal activity 主要業務
			Group's effective holding 本集團實際持股量	Held by the Company 由本公司持有	Held by subsidiary 由附屬公司持有	
Xinjiang Xingmei Oil-Pipeline Co., Ltd. * #	The People's Republic of China (the "PRC")	Registered capital RMB321,000,000, of which RMB160,972,800 being paid up	80%	-	80%	Operation of crude oil transportation, storage and unloading facilities
新疆星美石油管道有限公司* #	中華人民共和國(「中國」)	註冊股本人民幣321,000,000元，其中人民幣160,972,800元為繳足股本				經營原油運輸、儲存及卸油設施
Lejion Gas Co., Ltd. *	PRC	Registered capital RMB50,000,000	72%	-	80%	Operation of natural gas pipeline network and gas refilling stations supplying natural gas and liquefied petroleum gas
巴州利捷燃氣有限公司*	中國	註冊股本人民幣50,000,000元				經營天然氣管網及供應汽車用天然氣及液化石油氣之補給站
Genesis International Petroleum & Chemicals Co., Ltd. (創新國際石油化工有限公司)	BVI 英屬處女群島	100 shares of US\$1 each 100股每股1美元	70%	70%	-	Inactive 暫無業務

: Disposed of during the year

: 年內已出售

* : Registered under the laws of the PRC as sino-foreign equity enterprise

* : 根據中國法律登記為中外合資企業

(note) : Company not audited by CCIF CPA Limited.

(附註) : 未經陳葉馮會計師事務所有限公司審核之公司

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

b) Impairment on investments in subsidiaries

The movement in the provision for impairment loss during the year is as follows:

		The Company	
		本公司	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於1月1日	52,805	14,423
Impairment loss recognised	已確認減值虧損	—	38,382
At 31 December	於12月31日	<u>52,805</u>	<u>52,805</u>

Certain subsidiaries under natural gas and LPG segment continued operating in losses. Provision for impairment loss was made based on directors' annual assessment. The recoverable amount of the investments in subsidiaries is determined using discounted cash flows at discount rate of 15%.

18. 於附屬公司之投資 (續)

b) 於附屬公司之投資減值

年內，減值虧損準備之變動如下：

天然氣及液化石油氣分部之若干附屬公司之經營繼續虧損。減值虧損準備乃根據董事每年之評估而作出。投資於附屬公司之可收回數額乃使用折現率為15%之折現現金流釐定。

19. INVENTORIES

		The Group	
		本集團	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Spare parts, consumables and others	零備件、消耗品及其他	<u>125</u>	<u>982</u>

19. 存貨

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES

20. 應收賬款及其他應收款項

		The Group		The Company	
		本集團		本公司	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Trade debtors	應收賬款	-	37,030	-	-
Less: allowance for doubtful debts (note 20(b))	減: 呆賬準備 (附註20(b))	-	(29,880)	-	-
		-	7,150	-	-
Consideration receivable (note 20(d))	應收代價 (附註20(d))	-	800	-	-
Refund of investment deposit (note 20(e))	投資按金退款 (附註20(e))	-	-	-	-
Other debtors (note 20(f))	其他應收賬款 (附註20(f))	-	1,950	-	-
Interest receivables	應收利息	219	83	219	83
Amounts due from subsidiaries (note 20(g))	應收附屬公司款項 (附註20(g))	-	-	124,238	-
Loans and receivables	貸款及應收款項	219	2,833	124,457	83
Deposit for an investment project (note 20(h))	投資項目按金 (附註20(h))	-	5,148	-	5,148
Deposit for an oil exploitation project (note 20(i))	油氣開採項目按金 (附註20(i))	2,084	-	-	-
Deposit for acquisition of motor vehicles	購置汽車按金	106	-	-	-
Utility and other deposits (note 20(j))	水電及其他按金 (附註20(j))	1,541	6	7	-
Prepayments	預付款項	928	1,201	612	276
Prepaid lease payments (note 15)	租賃預付款項 (附註15)	292	301	-	-
Others	其他	144	432	-	-
		5,095	7,088	619	5,424
		5,314	17,071	125,076	5,507

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which cases the impairment loss is written off against trade debtors directly (see note 2(i)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

At 1 January	於1月1日
Exchange adjustments	匯兌調整
Impairment loss recognised	已確認減值虧損
Through disposal of subsidiaries	透過出售附屬公司
At 31 December	於12月31日

At 31 December 2006, the Group's trade debtors of HK\$29,880,000 were individually determined to be impaired. Consequently, specific allowances for doubtful debts of HK\$29,880,000 were recognised. The Group does not hold any collateral over these balances.

20. 應收賬款及其他應收款項 (續)

(b) 應收賬款減值

應收賬款之減值虧損使用準備賬目記賬，惟本集團信納該款項收回之可能性甚微除外，在此情況下，直接自應收賬款撤銷減值虧損（見附註2(i)(i)）。

年內呆賬準備變動（包括特定及整體虧損部分）如下：

The Group	
本集團	
2007	2006
HK\$'000	HK\$'000
千港元	千港元
At 1 January	19,959
Exchange adjustments	798
Impairment loss recognised	9,123
Through disposal of subsidiaries	—
At 31 December	29,880

於2006年12月31日，本集團應收賬款29,880,000港元已個別被釐定將會減值。因此，確認29,880,000港元之特定呆賬準備。本集團並無就此等結餘持有任何抵押品。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade debtors that are not impaired

Receivables that were neither past due nor impaired related to a customer for whom there was no recent history of default.

At 31 December 2007, the amounts of trade debtors that are neither individually nor collectively considered to be impaired are nil (2006: Nil).

(d) Consideration receivable

In 2006, the Group disposed of a subsidiary for a consideration of HK\$800,000. The amount is unsecured, interest-free and repayable on or before May 2007. The amount was received by Group in May 2007.

(e) Refund of investment deposit

An investment deposit of HK\$55,900,000 was paid to an independent entity in November 2002. A sino-foreign equity joint venture would be established and the Group would own 15% equity interest. During the year ended 31 December 2004, the Group decided to withdraw from the investment. Up to 31 December 2006, this entity refunded to the Group a sum of HK\$25,950,000. As at 31 December 2006, the remaining balance of HK\$29,950,000 was unsecured, interest-free and repayable on or before 31 July 2006. However, the balance was still outstanding as at 31 December 2006 and, subsequent to lack of response to our debt collection notices, the directors re-assessed the situation and concluded that the recoverability of the amount was remote and an impairment of HK\$29,950,000 was made in 2006. The impairment was included in "other operating expenses" in the consolidated income statement for that year. In 2007, in light of the fact that the refund of investment deposit had been long overdue, the directors concluded that it is appropriate to write it off against the allowance account.

20. 應收賬款及其他應收款項 (續)

(c) 未減值之應收賬款

未過期或未減值之應收款項乃與近期無拖欠記錄之客戶有關。

於2007年12月31日，並無應收賬款個別或整體上被認為將減值(2006年：無)。

(d) 應收代價

2006年，本集團以代價800,000港元出售一家附屬公司。該筆款項為無抵押、免息及須於2007年5月或之前償還。本集團已於2007年5月收到該筆款項。

(e) 投資按金退款

本集團於2002年11月向一家獨立實體支付投資按金55,900,000港元。一家中外合資經營企業成立，本集團擁有其15%股權。於截至2004年12月31日止年度內，本集團決定撤走有關投資。截至2006年12月31日，該實體向本集團退還25,950,000港元之款項。於2006年12月31日，餘額29,950,000港元為無抵押、免息及須於2006年7月31日或之前償還。然而，有關餘額於2006年12月31日仍未清償。在發出收款通知後仍沒有回應下，董事作出再評估後認為收回有關款項之可能性不大，並於2006年計提29,950,000港元之減值金額。有關減值金額計入該年度綜合損益表之「其他經營費用」中。於2007年，鑒於應予退還之投資按金退款於結算日過期已久，董事認為有關款項於撥備賬中沖減較合適。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(f) Other debtors

During the year ended 31 December 2006, incidental to a civil action brought up by one of the banks mentioned in note 32(a) to the financial statements against Xinjiang Xingmei, a judgment was served by the Supreme People's Court of Gansu Province, the PRC, on Xinjiang Xingmei demanding the latter to pay approximately HK\$49 million (equivalent to approximately RMB49 million) as repayment for the alleged loan, HK\$366,000 (equivalent to approximately RMB366,000) as repayment for overdue loan interest and an unspecified amount of default interest thereon. The total amount paid thereunder amounted to approximately HK\$1,950,000 (equivalent to approximately RMB1,950,000). The directors were subsequently advised by a legal counsellor to PRC law that the civil judgment served on Xinjiang Xingmei was not legally effective in the circumstance as the criminal proceedings in respect of the alleged loan have not been finalized and that the amount of RMB1,950,000 should be paid back by the bank. The amount already paid to the bank is classified under "other debtors" in the consolidated balance sheet at 31 December 2006. The balance was included in the computation of gain on disposal of subsidiaries upon the disposal of Xinjiang Xingmei by the Group in October 2007 as set out in note 29(a).

20. 應收賬款及其他應收款項 (續)

(f) 其他應收賬款

截至2006年12月31日止年度，中國甘肅省最高人民法院向新疆星美送達民事判決書，涉及財務報表附註32(a)中所述之一家銀行提出之民事訴訟。該銀行要求新疆星美就指稱貸款支付約49,000,000港元（約相等於人民幣49,000,000元），並就有關貸款利息支付366,000港元（約相等於人民幣366,000元）及支付一筆未指定款額之欠款利息。有關付款之總金額約為1,950,000港元（約相等於人民幣1,950,000元）。董事已向中國法律顧問取得進一步法律意見，認為向新疆星美送達之民事判決書在法律上屬無效，因為該銀行就指稱之貸款之刑事法律程序尚未判決，而銀行應退回該筆人民幣1,950,000元之金額。該筆已付銀行款項乃於2006年12月31日之綜合資產負債表內列作「其他應收賬款」。如附註29(a)所載，本集團已於2007年10月出售新疆星美，而該款項已計入出售附屬公司收益中。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(g) Amounts due from subsidiaries

An analysis of the amounts due from subsidiaries is listed below:

Due from subsidiaries 應收附屬公司款項
Less: allowance for doubtful debts 減: 呆賬準備

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20. 應收賬款及其他應收款項 (續)

(g) 應收附屬公司款項

應收附屬公司款項之分析如下:

		The Company	
		本公司	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
		258,908	176,868
		(134,670)	(176,868)
		124,238	—

應收附屬公司款項為無抵押、免息及無固定還款期。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(g) Amounts due from subsidiaries (Continued)

The movement in the allowance for doubtful debts during the year is as follows:

		The Company	
		本公司	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於1月1日	176,868	171,198
Impairment loss recognised	已確認減值虧損	-	5,670
Reversal of impairment loss	減值虧損撥回	(42,198)	-
At 31 December	於12月1日	134,670	176,868

The provision for impairment of amounts due from subsidiaries was made based on an assessment of the future cash flow of the subsidiaries, after taking into consideration of the forecast of the performance and business development of the subsidiaries.

(h) Deposit for an investment project

In 2006, the Group paid approximately HK\$5,148,000 as deposit for acquisition of the exploitation rights together with the ownership title in certain oil fields in the USA. The transaction was completed in 2007.

(i) Deposit for an oil exploitation project

In 2007, the Group paid a deposit of approximately HK\$2,084,000 (2006: Nil) for an oil exploitation project in the PRC. The amount was unsecured, interest-free and refundable under certain conditions. The operation of the project has not yet been commenced as at the date of issue of these financial statements.

20. 應收賬款及其他應收款項 (續)

(g) 應收附屬公司款項 (續)

年內呆賬準備之變動如下:

		The Company	
		本公司	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於1月1日	176,868	171,198
Impairment loss recognised	已確認減值虧損	-	5,670
Reversal of impairment loss	減值虧損撥回	(42,198)	-
At 31 December	於12月1日	134,670	176,868

應收附屬公司之減值準備乃根據附屬公司未來現金流量之評估及考慮到附屬公司未來業務發展和表現之預測而作出。

(h) 投資項目按金

2006年，本集團支付約5,148,000港元作為在美國收購開採權連同一塊油田之擁有權業權之按金。此項交易已於2007年完成。

(i) 油氣開採項目按金

2007年，本集團就位於中國的一個油氣開採投資項目支付按金約2,084,000港元(2006年：無)。該筆款項為無抵押、免息及於若干情況下可予以退還。該項目於本財務報表刊發之日尚未開始運作。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

20. TRADE AND OTHER RECEIVABLES (Continued)

(j) Utility and other deposits

Included in utility and other deposits as at 31 December 2007 was approximately HK\$1,053,000 (2006: Nil), representing the safety deposit paid to the government of the USA for exploitation of crude oil in the USA by the Group. The amount was interest-free and refundable under certain conditions.

20. 應收賬款及其他應收款項 (續)

(j) 水電及其他按金

於2007年12月31日之水電及其他按金包括由本集團就於美國開採原油向美國政府支付之安全按金約1,053,000港元(2006年:無)。該筆款項為無抵押、免息及於若干情況下可予以退還。

21. CASH AND CASH EQUIVALENTS

21. 現金及現金等價物

	The Group		The Company	
	本集團		本公司	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Cash and bank balances, denominated in		以下列貨幣計值之現金及銀行結餘		
– Hong Kong dollars and United States dollars		– 港元及美元		
	103,864	48,718	103,063	48,053
– Renminbi	7,360	2,551	–	–
Cash and cash equivalents in the balance sheets	111,224	51,269	103,063	48,053
Less: Pledged deposits	–	(219)		
Cash and cash equivalents in consolidated cash flow statement	111,224	51,050		

Cash and cash equivalents of approximately HK\$7,360,000 (equivalent to approximately RMB6,884,000) (2006: HK\$2,551,000 (equivalent to approximately RMB2,551,000)) are denominated in Renminbi. Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

約7,360,000港元之現金及現金等價物(約相當於人民幣6,884,000元)(2006年:2,551,000港元(約相當於人民幣2,551,000元))以人民幣計值。人民幣並非自由兌換貨幣,從中國匯出資金須受中國政府之外匯限制所規限。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

21. CASH AND CASH EQUIVALENTS (Continued)

At 31 December 2006, the Group owed to a bank a principal of approximately HK\$457,900,000 and approximately interest thereon of HK\$43,846,000. This bank has the right to set off the bank deposits of approximately HK\$219,000 placed by the Group against any indebtedness owing by the Group to the bank in situation when the Group defaults to repay its indebtedness to the bank. The balance was included in the computation of gain on disposal of subsidiaries upon the disposal of Xinjiang Xingmei by the Group in October 2007 as set out in note 29(a).

21. 現金及現金等價物 (續)

於2006年12月31日，本集團欠負一間銀行一筆為數人民幣457,900,000元之款項，及其附帶之利息人民幣43,846,000元。在本集團無法向該銀行償還其債務之情況下，該銀行有權就本集團存放於該銀行之人民幣約219,000元銀行存款中扣除欠負該銀行之任何債務。該款項已於集團出售星美後計入出售附屬公司收益中（附註29(a)）。

22. TRADE AND OTHER PAYABLES

22. 應付賬款及其他應付款項

	The Group		The Company	
	本集團		本公司	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Accrued charges and other creditors	3,620	12,597	2,046	3,590
Interest payables	-	43,846	-	-
Amount due to a minority equity holder of a subsidiary (note 22(a))	6,591	3,573	-	-
Amount due to controlling shareholder (note 22(b))	36,348	676	-	-
Financial liabilities measured at amortised cost	46,559	60,692	2,046	3,590

All of the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

預期所有應付賬款及其他應付款項（包括應付關連人士款項）將於一年內清償或按要求償還。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

22. TRADE AND OTHER PAYABLES (Continued)

(a) Amount due to a minority equity holder of a subsidiary

The amount due to 庫爾勒市燃氣公司 is unsecured, interest-free and has no fixed terms of repayment.

(b) Amount due to controlling shareholder

The amount due to Hong Chang Group Limited, which is controlled by Ms. Xing Xiao Jing, a director of the Company, is unsecured, interest-free and has no fixed terms of repayment.

23. BANK LOANS

At 31 December 2007, the bank loans were carried at amortised cost and payable as follow:

22. 應付賬款及其他應付款項 (續)

(a) 應付一家附屬公司少數股權持有人款項

應付庫爾勒市燃氣公司款項為無抵押、免息及無固定還款期。

(b) 應付控股股東款項

應付鴻昌集團有限公司(受本公司董事邢曉晶女士控制)款項為無抵押、免息及無固定還款期。

23. 銀行貸款

於2007年12月31日，銀行貸款乃按攤銷成本記賬及須予償還情況如下：

		The Group 本集團	
		2007	2006
Within 1 year or on demand	於1年內或應要求償還	-	297,900
After 1 year but within 2 years	1年後但2年內	-	110,000
After 2 years but within 5 years	2年後但5年內	-	50,000
		-	160,000
		-	457,900

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

23. BANK LOANS (Continued)

At 31 December 2007, the bank loans of the Group were secured as follows:

		The Group 本集團	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Bank loans secured by	以下作為抵押之銀行貸款		
– guarantees put up by independent third parties	– 獨立第三者提供之擔保	–	146,500
– guarantees put up by companies controlled by an ex-director	– 前董事所控制公司提供之擔保	–	120,000
– property, plant and equipment	– 物業、廠房及設備	–	191,400
		<u>–</u>	<u>457,900</u>

(a) Bank loans secured by property, plant and equipment

At 31 December 2006, the banking facilities of the Group were secured by charges over the oil pipeline and ancillary facilities with an aggregate carrying value of approximately HK\$311,000,000. At 31 December 2006, the extent of utilised facilities amounted to HK\$191,400,000 (note 14(c)).

23. 銀行貸款 (續)

於2007年12月31日，就本集團銀行貸款作出之抵押如下：

(a) 以物業、廠房及設備作為抵押之銀行貸款

於2006年12月31日，本集團之銀行融資乃以總賬面值約311,000,000港元之油管及配套設施作為抵押。於2006年12月31日，已動用之融資額度為191,400,000港元（附註14(c)）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

23. BANK LOANS (Continued)

(b) Breach of covenants

Details of the Group's management of liquidity risk are set out in note 30(b). As at 31 December 2006, the Group had defaulted repayment of bank loans amounting to approximately HK\$257,900,000 with accrued interests of HK\$25,000,000. The bank loans overdue bore interest at 6.39% to 9.32% per annum. In 2007, the Group repaid approximately HK\$8,247,000 (equivalent to approximately RMB8,000,000). The remaining balance was included in the computation of gain on disposal of subsidiaries upon the disposal of Xinjiang Xingmei by the Group in October 2007 as set out in note 29(a).

24. OTHER LOAN, SECURED

At the balance sheet date, the other loan was carried at amortised cost and repayable as follows:

Within 1 year	於1年內
---------------	------

In December 2006, a subsidiary obtained a six-month term loan of HK\$5,000,000 from 庫爾勒市城市信用社. The loan carried interest at 0.837% per month and was secured by (i) certain of natural gas refilling stations and land with an aggregate carrying value at 31 December 2006 of approximately HK\$4,009,000 (note 14(d)) and (ii) corporate guarantee put up by 庫爾勒市燃氣公司, the PRC joint venture partner of the Lejion Gas and a minority equity holder of a subsidiary. The loan was repaid by the Group in 2007.

23. 銀行貸款 (續)

(b) 違反契約

本集團之管理流動資金風險之詳情載於附註30(b)。於2006年12月31日，本集團未能支付銀行貸款約257,900,000港元及累計利息25,000,000港元。銀行貸款按6.39%至9.32%之年利率計息。於2007年，本集團償還約8,247,000港元（約相當於約人民幣8,000,000）。餘額已計入本集團於2007年10月出售新疆星美後之出售附屬公司收益之計算，詳情載於附註29(a)。

24. 其他貸款，有抵押

結算日，其他貸款乃按攤銷成本記賬及須予償還情況如下：

The Group	
本集團	
2007	2006
HK\$'000	HK\$'000
千港元	千港元

Within 1 year	於1年內	-	5,000
---------------	------	---	-------

於2006年12月，一間附屬公司向庫爾勒市城市信用社取得一筆5,000,000港元為期六個月之貸款。該筆貸款附有0.837%之每月利率，並由(i)2006年12月31日總賬面值約4,009,000港元之若干天然氣補給站及土地所抵押（附註14(d)）及(ii)由利捷燃氣之中方合營夥伴兼一家附屬公司之少數股權持有人庫爾勒市燃氣公司所擔保。本集團已於2007年償還該貸款。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

25. INCOME TAX IN THE BALANCE SHEET

a) Current taxation in the balance sheet:

Current taxation in the balance sheet represents provision for PRC enterprise income tax.

b) Deferred taxation not recognised:

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK\$4,793,000 (2006: nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire in twenty years from the year in which they were incurred under current tax legislation.

The Group had no significant deferred taxation not provided for during the year and at the balance sheet date.

26. EMPLOYEE RETIREMENT BENEFITS

- a) The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the plan vest immediately.

25. 於資產負債表之所得稅

a) 於資產負債表之即期稅項：

於資產負債表之即期稅項指中國企業所得稅準備。

b) 未確認之遞延稅項：

根據載於附註2(p)之會計政策，本集團並無就有關約4,793,000港元（2006年：無）之累計稅項虧損確認遞延稅項資產，原因是日後相關稅務司法權區及實體將不大可能出現應課稅溢利以用作抵銷該等虧損。根據現時之稅務法例，該等稅項虧損將自其產生之年度起計二十年後屆滿。

於年內及結算日，本集團並無重大未準備遞延稅項。

26. 僱員退休福利

- a) 本集團根據香港強制性公積金計劃條例，為根據香港僱傭條例受僱之僱員設定強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及其僱員各自須按僱員之有關收入之5%作出供款，惟每月有關收入以20,000港元為上限。向計劃作出之供款即時歸僱員所有。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

26. EMPLOYEE RETIREMENT BENEFITS

(Continued)

b) Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities, whereby the Group is required to make contributions to the Schemes at a rate ranging from 18% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees which are calculated based on a certain percentage of the basic payroll.

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 6 March 2002 for a period of ten years commencing from 6 March 2002 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The terms and conditions of the grant are determined by the Board at the time of grant. In any event, the exercisable period of an option must not exceed a period of ten years commencing on 6 March 2002. The options give the holder the right to subscribe for ordinary share in the Company. A nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option. Options are forfeited if the employee leaves the Group.

26. 僱員退休福利 (續)

b) 根據中國相關勞動規則及法規，本集團參與由有關當地政府機關管理之定額供款退休福利計劃（「該等計劃」）。據此，本集團須按合資格僱員薪金介乎18%至22%向該等計劃作出供款。當地政府機關須對應付退休僱員之全部退休金負責，該等退休金乃根據基本薪金之某個百分比計算。

27. 股本結算以股份支付之交易

本公司於2002年3月6日採納一項購股權計劃，自2002年3月6日起為期10年，據此，本公司董事獲授權酌情向本集團僱員（包括本集團任何成員公司之董事）授出購股權，以認購本公司股份。授出之條款及條件由董事會於授出時決定。在任何情況下，購股權之可予行使期自2002年3月6日起計不得超過十年。購股權賦予持有人權利認購本公司普通股。獲授購股權之人士於接納購股權時，須支付象徵式代價1港元。倘僱員離開本集團，購股權將被沒收。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

- a) The terms and conditions of the grants that existed during the years ended 31 December 2007 and 31 December 2006 are as follows and all options are settled by physical delivery of shares:

27. 股本結算以股份支付之交易 (續)

- a) 以下為截至2007年12月31日及2006年12月31日止年度存在購股權之條款及條件，所有購股權均透過實際交付股份結算：

Date of grant	Vesting conditions	Exercise period	Exercise price	Number of Options	Contractual Life of options
授出日期	歸屬條件	行使期限	行使價	購股權數目	合約年期
Options granted to directors:					
授予董事之購股權：					
- on 2 November 2005	Immediately	3 November 2005 to 2 November 2010	HK\$0.035	33,000,000	5 years
- 於2005年11月2日	即時	2005年11月3日至2010年11月2日	0.035港元		5年
- on 2 November 2006	Immediately	2 November 2006 to 1 November 2011	HK\$0.053	80,000,000	5 years
- 於2006年11月2日	即時	2006年11月2日至2011年11月1日	0.053港元		5年
- on 22 August 2007	Immediately	22 August 2007 to 5 March 2012	HK\$0.375	38,000,000	4.5 years
- 於2007年8月22日	即時	2007年8月22日至2012年3月5日	0.375港元		4.5年
Option granted to employees:					
授予僱員之購股權：					
- on 2 November 2005	Immediately	3 November 2005 to 2 November 2010	HK\$0.035	157,000,000	5 years
- 於2005年11月2日	即時	2005年11月3日至2010年11月2日	0.035港元		5年
- on 2 November 2006	Immediately	2 November 2006 to 1 November 2011	HK\$0.053	225,000,000	5 years
- 於2006年11月2日	即時	2006年11月2日至2011年11月1日	0.053港元		5年
- on 26 January 2007	Immediately	26 February 2007 to 25 February 2012	HK\$0.189	358,000,000	5 years
- 於2007年1月26日	即時	2007年2月26日至2012年2月25日	0.189港元		5年
- on 22 August 2007	Immediately	22 August 2007 to 5 March 2012	HK\$0.375	362,000,000	4.5 years
- 於2007年8月22日	即時	2007年8月22日至2012年3月5日	0.375港元		4.5年
Total share options				1,253,000,000	
購股權總數					

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

- b) The number and weighted exercise prices of share options are as follow:

27. 股本結算以股份支付之交易 (續)

- b) 購股權之數目及加權行使價如下:

		2007		2006	
		Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
		加權平均行使價	購股權數目	加權平均行使價	購股權數目
		HK\$	'000	HK\$	'000
		港元	千股	港元	千股
Outstanding at 1 January	於1月1日尚未行使	0.050	365,000	0.035	190,000
Granted during the year	年內授出	0.287	758,000	0.053	305,000
Exercised during the year	年內行使	0.082	(265,750)	0.036	(129,300)
Forfeited during the year	年內沒收	N/A不適用	-	0.035	(700)
Outstanding at 31 December	於12月31日尚未行使	0.250	857,250	0.050	365,000
Exercisable at 31 December	於12月31日可予行使	0.250	857,250	0.050	365,000

The weighted average share price at the date of exercise of the shares options during the year was HK\$0.419 (2006: HK\$0.105).

The options outstanding at 31 December 2007 had exercise prices of HK\$0.035, HK\$0.053, HK\$0.189 or HK\$0.375 (2006: HK\$0.035 or HK\$0.053) respectively and a weighted average remaining contractual life of 4.1 years (2006: 4.7 years).

年內，已行使購股權獲行使當日之加權平均股價為0.419港元（2006年：0.105港元）。

於2007年12月31日，尚未行使購股權之行使價分別為0.035港元、0.053港元、0.189港元或0.375港元（2006年：0.035港元或0.053港元），而加權平均餘下合約年期為4.1年（2006年：4.7年）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured with reference to the fair value of share options granted. The estimate of the fair values of the services received is measured based on the Black-Scholes option pricing model. Life of the option is incorporated into the model.

Fair value of share options and assumptions

Date of grant	22 August 2007	26 January 2007	2 November 2006
授出日期	2007年 8月22日	2007年 1月26日	2006年 11月2日
Fair value at measurement date	HK\$0.035	HK\$0.011	HK\$0.013
於計量日期之公平值	0.035港元	0.011港元	0.013港元
Share price	HK\$0.375	HK\$0.189	HK\$0.053
股價	0.375港元	0.189港元	0.053港元
Exercise price	HK\$0.375	HK\$0.189	HK\$0.053
行使價	0.375港元	0.189港元	0.053港元
Expected volatility	56%	33.7%	85.73%
預期波幅			
Option life	0.17 year	0.16 year	0.75 year
購股權年期	0.17年	0.16年	0.75年
Expected dividends	0%	0%	0%
預期股息			
Risk-free interest rate (based on the yields to maturity of Hong Kong Exchange Fund Note)	4%	3.725%	3.6%
無風險利率(按香港外匯基金票據到期收益率計算)			

27. 股本結算以股份支付之交易 (續)

c) 購股權之公平值及假設

換取授出購股權所獲得服務之公平值乃參考所授出購股權之公平值計量。所獲得服務之公平值乃根據畢蘇購股權訂價模式估計。購股權之年期已計入該模式。

購股權之公平值及假設

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

c) Fair value of share options and assumptions *(Continued)*

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

27. 股本結算以股份支付之交易 *(續)*

c) 購股權之公平值及假設 *(續)*

預期波幅乃以歷史波幅為基準(按購股權之加權平均剩餘年期計算), 並按就公開可得資料之預期未來波動變動而作出調整。預期股息乃按歷史股息為依據。主觀假設之變動可能對公平值估計構成重大影響。

購股權按服務條件授出。該項條件並未計入所獲得服務於授出日期之公平值。授出購股權並無附帶任何市況條件。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES

a) The Group

28. 資本及儲備

a) 本集團

		Attributable to equity shareholders of the Company								
		本公司股權持有人應佔								
		Share	Share	Contributed	Share	Exchange	Accumulated		Minority	Total
		capital	premium	surplus	option	reserve	losses	Total	interests	equity
		股本	股份溢價	繳納盈餘	購股權儲備	匯兌儲備	累計虧損	總額	權益	總權益
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2006	於2006年1月1日	30,516	166,974	81,043	2,029	7,530	(170,764)	117,328	18,548	135,876
Shares issued under the placing	按配售發行股份	28(c)(ii)	4,042	55,371	-	-	-	59,413	-	59,413
Shares issued under share option scheme	按購股權計劃發行股份	28(c)(iii)	1,293	4,712	-	(1,390)	-	4,615	-	4,615
Equity settled share-based transactions	股本結算以股份支付之交易		-	-	-	3,822	-	3,822	-	3,822
Exchange differences on translation of financial statements of overseas subsidiaries	換算海外附屬公司財務報表之匯兌差異		-	-	-	-	4,121	4,121	1,315	5,436
Loss for the year	本年度虧損		-	-	-	-	(85,187)	(85,187)	(19,863)	(105,050)
At 31 December 2006 and 1 January 2007	於2006年12月31日及2007年1月1日	35,851	227,057	81,043	4,461	11,651	(255,951)	104,112	-	104,112
Shares issued under the placing	按配售發行股份	28(c)(ii)	3,740	114,774	-	-	-	118,514	-	118,514
Shares issued under share option scheme	按購股權計劃發行股份	28(c)(iii)	2,658	22,558	-	(3,499)	-	21,717	-	21,717
Equity settled share-based transactions	股本結算以股份支付之交易		-	-	-	17,627	-	17,627	-	17,627
Exchange differences on translation of financial statements of overseas subsidiaries	換算海外附屬公司財務報表之匯兌差異		-	-	-	-	9,498	9,498	-	9,498
Release upon disposal of subsidiaries	出售附屬公司撥回		-	-	-	-	(2,683)	(2,683)	-	(2,683)
Loss for the year	本年度虧損		-	-	-	-	(7,936)	(7,936)	-	(7,936)
At 31 December 2007	於2007年12月31日	42,249	364,389	81,043	18,589	18,466	(263,887)	260,849	-	260,849

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

b) The Company

28. 資本及儲備 (續)

b) 本公司

		Share capital	Share premium	Contributed surplus	Share option reserve	Accumulated losses	Total
	Notes	股本	股份溢價	繳納盈餘	購股權儲備	累計虧損	總額
	附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2006	於2006年1月1日	30,516	166,974	81,043	2,029	(212,914)	67,648
Shares issued under the placing	按配售發行股份						
	28(c)(ii)	4,042	55,371	-	-	-	59,413
Shares issued under share option schemes	按購股權計劃發行股份						
	28(c)(iii)	1,293	4,712	-	(1,390)	-	4,615
Equity settled share-based transactions	股本結算以股份支付之交易	-	-	-	3,822	-	3,822
Loss for the year	本年度虧損	-	-	-	-	(57,189)	(57,189)
At 31 December 2006 and 1 January 2007	於2006年12月31日及2007年1月1日	35,851	227,057	81,043	4,461	(270,103)	78,309
Shares issued under the placing	按配售發行股份						
	28(c)(ii)	3,740	114,774	-	-	-	118,514
Shares issued under share option schemes	按購股權計劃發行股份						
	28(c)(iii)	2,658	22,558	-	(3,499)	-	21,717
Equity settled share-based transactions	股本結算以股份支付之交易	-	-	-	17,627	-	17,627
Profit for the year	本年度盈利	-	-	-	-	18,266	18,266
At 31 December 2007	於2007年12月31日	42,249	364,389	81,043	18,589	(251,837)	254,433

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

c) Share capital

(i) Authorised and issued share capital

		2007		2006	
		Number of shares 股份數量 '000 千股	Amount 金額 HK\$'000 千港元	Number of shares 股份數量 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定:				
Ordinary shares of HK\$0.01 each	每股面值0.01港元 普通股	10,000,000	100,000	10,000,000	100,000
Ordinary shares, issued and fully paid:	已發行及 繳足普通股:				
At 1 January	於1月1日	3,585,134	35,851	3,051,584	30,516
Shares issued under the placing	按配售發行股份	374,000	3,740	404,250	4,042
Shares issued under share option scheme	按購股權計劃 發行股份	265,750	2,658	129,300	1,293
At 31 December	於12月31日	4,224,884	42,249	3,585,134	35,851

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regard to the Company's residual assets.

普通股持有人有權收取不時宣派之股息，並在本公司大會上每股可獲一票投票權。所有普通股對本公司之餘下資產享有同等權益。

28. 資本及儲備 (續)

c) 股本

(i) 法定及已發行股本

The Group and the Company

本集團及本公司

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

c) Share capital (Continued)

(ii) Shares issued through the placing

During the year ended 31 December 2007

On 11 February 2007, Hong Chang China Limited ("HCC") (formerly known as China GeoMaxima Co., Limited), a controlling shareholder and a company wholly owned by Hong Chang Group Limited which is owned by Ms. Xing Xiao Jing, a director of the Company, entered into a placing agreement and a subscription agreement with placing agents and the Company respectively in relation to (i) the placing by HCC at a price of HK\$0.325 per share of an aggregate of 374,000,000 then existing shares of the Company held by HCC to the places through the placing agents and (ii) the subscription by HCC at a price of HK\$0.325 per share of an aggregate of 374,000,000 new ordinary shares of HK\$0.01 each to be issued by the Company after the placing was completed. The net proceeds from the subscription of approximately HK\$118,514,000 were to be utilised for general working capital and/or future investments in energy sector and up-steam oil and gas projects of the Group.

28. 資本及儲備 (續)

c) 股本 (續)

(ii) 按配售發行股份

截至2007年12月31日止年度內

於2007年2月11日，鴻昌中國有限公司（「HCC」）（前稱中國捷美有限公司）（為控股股東及由鴻昌集團有限公司（由本公司董事邢曉晶女士擁有）全資擁有之公司）分別與配售代理及本公司就以下事項訂立一份配售協議及一份認購協議：(i) HCC透過配售代理按每股0.325港元之價格向承配人配售合共374,000,000股當時由HCC持有之本公司現有股份，及(ii)HCC以每股0.325港元之價格認購合共374,000,000股本公司將於配售完成後發行之每股面值0.01港元新普通股。認購所得款項淨額約為118,514,000港元，用於本集團之一般營運資金及／或未來於能源行業及上游油氣項目之投資。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

c) Share capital (Continued)

(ii) Shares issued through the placing

(Continued)

During the year ended 31 December 2006

On 29 August 2006, HCC entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively in relation to (i) the placing by HCC at a price of HK\$0.04 per share of an aggregate of 100,000,000 then existing shares of the Company held by HCC to the places through the placing agent and (ii) the subscription by HCC at a price of HK\$0.04 per share of an aggregate of 100,000,000 new ordinary shares of HK\$0.01 each to be issued by Company after the placing was completed. The net proceeds from the subscription of approximately HK\$3,880,000 were to be utilised for general working capital and/or future investments of the Group.

On 20 November 2006, HCC entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively in relation to (i) the placing by HCC at a price of HK\$0.188 per share of an aggregate of 304,250,000 then existing shares of the Company held by HCC to the places through the placing agent and (ii) the subscription by HCC at a price of HK\$0.188 per share of an aggregate of 304,250,000 new ordinary shares of HK\$0.01 each to be issued by the Company after the placing being completed. The net proceeds from the subscription of approximately HK\$55,533,000 were to be utilised for future investments and/or general working capital of the Group.

28. 資本及儲備 (續)

c) 股本 (續)

(ii) 按配售發行股份 (續)

截至2006年12月31日止年度於2006年8月29日，HCC分別與一名配售代理及本公司就以下事項訂立一份配售協議及一份認購協議：(i) HCC透過配售代理以每股0.04港元之價格向承配人配售合共100,000,000股當時由HCC持有之本公司現有股份，及(ii) HCC以每股0.04港元之價格認購合共100,000,000股本公司將於配售完成後發行之每股面值0.01港元新普通股。認購所得款項淨額約為3,880,000港元，用於本集團之一般營運資金及／或未來投資。

於2006年11月20日，HCC分別與一名配售代理及本公司就以下事項訂立一份配售協議及一份認購協議：(i) HCC透過配售代理以每股0.188港元之價格向承配人配售合共304,250,000股當時由HCC持有之本公司現有股份，及(ii) HCC以每股0.188港元之價格認購合共304,250,000股本公司將於配售完成後發行之每股面值0.01港元新普通股。認購所得款項淨額約為55,533,000港元，用於本集團之未來投資及／或一般營運資金。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

c) Share capital (Continued)

(ii) Shares issued through the placing (Continued)

All ordinary shares issued during the years rank pari passu with the existing ordinary shares of the Company in all aspects.

(iii) Shares issued under share option scheme

During 2007, options were exercised to subscribe for 265,750,000 (2006: 129,300,000) ordinary shares in the Company at a consideration of approximately HK\$21,717,000 (2006: HK\$4,615,000) of which approximately HK\$2,658,000 (2006: HK\$1,293,000) was credited to share capital and the balance of approximately HK\$19,059,000 (2006: HK\$3,322,000) was credited to the share premium account. Approximately HK\$3,499,000 (2006: HK\$1,390,000) has been transferred from the share option reserve to the share premium account in accordance with policy set out in note 2(o)(ii).

28. 資本及儲備 (續)

c) 股本 (續)

(ii) 按配售發行股份 (續)

年內發行之所有普通股在各方面與本公司現有普通股享有同等權益。

(iii) 按購股權計劃發行股份

於2007年，已行使購股權認購本公司265,750,000股(2006年：129,300,000股)普通股，代價約為21,717,000港元(2006年：4,615,000港元)，其中約2,658,000港元(2006年：1,293,000港元)計入股本，餘下約19,059,000港元(2006年：3,322,000港元)計入股份溢價賬。根據附註2(o)(ii)所載之政策，約3,499,000港元(2006年：1,390,000港元)已自購股權儲備轉撥至股份溢價賬。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

c) Share capital (Continued)

(iv) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	行使期	Exercise price	行使價	2007 Number	2006 Number
				數量	數量
3 November 2005 to 2 November 2010	2005年11月3日至 2010年11月2日	HK\$0.035 0.035港元		30,000,000	65,000,000
2 November 2006 to 1 November 2011	2006年11月2日至 2011年11月1日	HK\$0.053 0.053港元		130,000,000	300,000,000
26 February 2007 to 25 February 2012	2007年2月26日至 2012年2月25日	HK\$0.189 0.189港元		297,250,000	—
22 August 2007 to 5 March 2012	2007年8月22日至 2012年3月5日	HK\$0.375 0.375港元		400,000,000	—
				857,250,000	365,000,000

The options give the holder the right to subscribe for ordinary shares in the Company. Further details of these options are set out in note 27 to the financial statements.

28. 資本及儲備 (續)

c) 股本 (續)

(iv) 於結算日未到期及未行使購股權之年期

Exercise price	行使價	2007 Number	2006 Number
		數量	數量
HK\$0.035 0.035港元		30,000,000	65,000,000
HK\$0.053 0.053港元		130,000,000	300,000,000
HK\$0.189 0.189港元		297,250,000	—
HK\$0.375 0.375港元		400,000,000	—
		857,250,000	365,000,000

購股權均賦予持有人可認購本公司普通股之權利。該等購股權之進一步詳情載於財務報表附註27。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981 of Bermuda.

(ii) Contributed surplus

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make distributions out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

28. 資本及儲備 (續)

d) 儲備性質及用途

(i) 股份溢價

股份溢價賬之用途受百慕達一九八一年公司法第40條監管。

(ii) 繳納盈餘

本公司之繳納盈餘來自本公司發行股份以交換所購入附屬公司之股份。該盈餘相當於本公司已發行股份面值與所購入附屬公司資產淨值之間之差額。根據百慕達一九八一年公司法(經修訂)，繳納盈餘可供分派予股東。然而，倘發生下列情況，本公司不可宣派或派付股息或自繳納盈餘作出分派：

- 派付導致無法或可能無法償還到期負債；
- 導致資產之可變現價值低於負債、已發行股本及股份溢價賬之總額。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

d) Nature and purpose of reserves (Continued)

(iii) Share option reserve

The share option reserve represent the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with accounting policy adopted for share based payments in note 2(o)(ii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policy as set out in note 2(s).

e) Distributability of reserve

At 31 December 2007, the aggregate amount of reserve available for distribution to equity shareholders of the Company was nil (2006: nil).

28. 資本及儲備 (續)

d) 儲備性質及用途

(iii) 購股權儲備

購股權儲備為已向本公司僱員授出之尚未行使購股權之實際或估計數目之公平值，已按照附註2(o)(ii)有關以股份支付之款項之會計政策確認入賬。

(iv) 匯兌儲備

匯兌儲備包括因換算香港以外業務之財務報表所引起之所有外匯差異，乃按照附註2(s)所載之會計政策處理。

e) 分派儲備

於2007年12月31日，本公司並無可分派予股權持有人之儲備總額 (2006年：無)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

f) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 23 and 24 if any, net of cash and cash equivalents and equity attributable to equity shareholders of the Company, comprising issued share capital and reserves.

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with class of capital. Based on recommendations of the directors, Group will balance its overall capital structure through the payment of dividends, new share issue as well as the issue of new debt or the repayment of existing debt.

28. 資本及儲備 (續)

f) 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，從而透過與風險水平相對應之產品及服務定價以及獲得合理成本之融資，繼續為股東創造回報及向其他股權持有人帶來利益。

本集團積極及定期對資本架構開展檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與良好之資本狀況帶來之好處及保障之間取得平衡，並因應經濟環境之變化對資本架構作出調整。

在遵從行業慣例之情況下，本集團的資本架構包括淨債務，其中包括扣除現金及現金等價物及本公司股權持有人應佔權益（包括已發行股本及儲備）的貸款（於附註23及24披露）（如有）。

董事定期對資本架構進行檢討。檢討的工作之一為，董事對資本成本及各類資本的相關風險進行審議。根據董事之建議，本集團將透過支付股息、新股發行、發行新增債務或償還現有債務，使整體資本架構保持平衡。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

f) Capital management (Continued)

The net debt-to-equity ratio at 31 December 2007 and 2006 was as follows:

		The Group 本集團		The Company 本公司		
		2007	2006	2007	2006	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	
Current liabilities:	流動負債：					
Trade and other payables	應付賬款及 其他應付款項	22	46,559	60,692	2,046	3,590
Bank loans	銀行貸款	23	-	297,900	-	-
Other loan, secured	其他貸款·有抵押	24	-	5,000	-	-
			46,559	363,592	2,046	3,590
Non-current liabilities:	非流動負債：					
Bank loans	銀行貸款	23	-	160,000	-	-
Total debt	負債總額		46,559	523,592	2,046	3,590
Less: Cash and cash equivalents	減：現金及現金 等價物	21	(111,224)	(51,269)	(103,063)	(48,053)
(Excess of cash and cash equivalents over debt)/net debt	(現金及現金等價物 超出債務差額) / 債務淨值		(64,665)	472,323	(101,017)	(44,463)
Equity	權益	28	260,849	104,112	254,433	78,309
Net debt-to-equity ratio	債務淨值對 權益比率		(25%)	454%	(40%)	(57%)

28. 資本及儲備 (續)

f) 資本管理 (續)

於2007年及2006年12月31日之債務淨值對權益比率如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

28. CAPITAL AND RESERVES (Continued)

f) Capital management (Continued)

The decrease in gearing ratio at 31 December 2007 was due to reduction in bank loans after disposal of subsidiaries as disclosed in note 29(a) and increase in cash and cash equivalents derived from the net proceeds of approximately HK\$140,231,000 (2006: HK\$64,028,000) received from the issue of shares under the placing and exercise of options.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Disposal of subsidiaries during the year ended 31 December 2007

On 11 September 2007, the Group and Surplus Way Investments Limited ("SWI") entered into an agreement under which the Group would dispose of two subsidiaries, namely Bamber Resources Limited ("Bamber") and Xinjiang Xingmei Oil-Pipeline Co., Ltd. (collectively "Bamber Group"), which were engaged in the operations of crude oil transportation, storage and unloading facilities to SWI for a cash consideration of HK\$1. The transaction was completed on 24 October 2007. The disposal was classified as discontinued operations set out in note 10. SWI is a wholly-owned subsidiary of Hong Chang Group Limited, which is a controlling shareholder of the Company and a company controlled by Ms. Xing Xiao Jing, a director of the Company. At disposal, Bamber waived the obligation of the Group to repay an amount of approximately HK\$7,762,000 due from the Group to Bamber.

28. 資本及儲備 (續)

f) 資本管理 (續)

於2007年12月31日負債比率下降乃由於銀行貸款自出售附屬公司後減少(如附註29(a)所披露)及按配售及購股權之行使發行股份所得款項淨額約140,231,000港元(2006年:64,028,000港元)之現金及現金等價物增加所致。

本公司及其任何附屬公司並不受外部實施之資本規定所規限。

29. 綜合現金流量表附註

a) 截至2007年12月31日止年度內出售附屬公司

於2007年9月11日,本集團與盈威投資有限公司(「盈威投資」)訂立一份協議,據此本集團將以現金代價1港元向盈威投資出售兩家附屬公司,即蓬勃資源有限公司(「蓬勃」)及新疆星美石油管道有限公司(合稱「蓬勃集團」),該兩家公司從事原油運輸、儲存及卸油設施業務。是項交易於2007年10月24日完成。出售被分類為附註10所載之已終止經營業務。盈威投資為鴻昌集團有限公司之全資附屬公司,後者為本公司之控股股東及為一家由本公司董事邢曉晶女士控制之公司。於出售時,蓬勃豁免本集團償還本集團應付蓬勃款項約7,762,000港元之責任。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

a) Disposal of subsidiaries during the year ended 31 December 2007 (Continued)

Details of cash flow and the net liabilities of subsidiaries disposed of are as follows:

29. 綜合現金流量表附註 (續)

a) 截至2007年12月31日止年度內出售附屬公司 (續)

所出售附屬公司之現金流量及負債淨額詳情如下:

		2007 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	409,499
Prepaid lease payments	租賃預付款項	485
Inventories	存貨	368
Trade and other receivables	應收賬款及其他應收款項	30,376
Amount due from the Group	應收本集團款項	38,812
Cash at banks and on hand	銀行及手頭現金	2,223
Trade and other payables	應付賬款及其他應付款項	(74,413)
Bank loans	銀行貸款	(463,814)
Net liabilities disposed of	所出售負債淨額	(56,464)
Release of exchange reserve	匯兌儲備撥回	(2,683)
		(59,147)
Gain on disposal of Bamber Group (note 10)	出售蓬勃集團之收益(附註10)	66,909
Waiver of amount due from the Group	豁免應收本集團款項	(7,762)
Total consideration	總代價	-
Satisfied by:	支付方式:	
Cash consideration received	已收現金代價	-
Net cash outflow in respect of the disposal of subsidiaries:	有關出售附屬公司之現金流出淨額:	
Cash consideration	現金代價	-
Less: Cash at banks and on hand of subsidiaries disposed of	減: 所出售附屬公司之銀行及手頭現金	(2,223)
		(2,223)

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

a) Disposal of subsidiaries during the year ended 31 December 2007 *(Continued)*

The subsidiaries disposed of during the year contributed approximately HK\$44,661,000 (2006: HK\$44,710,000) to the Group's turnover and a loss of approximately HK\$28,076,000 (2006: HK\$50,703,000) to the loss attributable to equity shareholders of the Company.

The impact of Bamber Group on the Group's results and cash flows is disclosed in note 10.

b) Disposal of subsidiaries during the year ended 31 December 2006

In December 2006, the Group disposed of a subsidiary, namely Ordifen Limited, which was engaged in the business of investment holding, to an independent third party for a consideration of approximately HK\$800,000 payable by cash on or before May 2007.

29. 綜合現金流量表附註 (續)

a) 截至2007年12月31日止年度內出售附屬公司 (續)

年內所出售附屬公司為本集團營業額貢獻約44,661,000港元(2006年: 44,710,000港元)及分佔本公司股權持有人應佔虧損之虧損約28,076,000港元(2006年: 50,703,000港元)。

蓬勃集團對本集團業績及現金流量之影響於附註10披露。

b) 截至2006年12月31日止年度內出售附屬公司

於2006年12月,本集團以代價約800,000港元向一名獨立第三方出售一家附屬公司歐迪芬有限公司,該公司從事投資控股業務,代價於2007年5月或之前以現金支付。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

b) Disposal of subsidiaries during the year ended 31 December 2006 (Continued)

The cash flow and net liabilities disposed of are provided below:

		2006 HK\$'000 千港元
Prepayments	預付款項	4
Accruals and other payables	預提費用及其他應付款項	(36)
		(32)
Goodwill on acquisition	收購產生之商譽	-
Gain on disposal of a subsidiary	出售附屬公司之收益	832
Total consideration	總代價	800
Less: Cash consideration to be received	減：將收取之現金代價	(800)
Net cash flow in respect of the disposal of subsidiaries	有關出售附屬公司之現金流量淨額	-

There was no contribution from the subsidiary disposed of during that year to the Group's turnover in 2006. The subsidiary disposed of during that year had a loss from operations of HK\$36,000 up to the date of disposal.

29. 綜合現金流量表附註 (續)

b) 截至2006年12月31日止年度內出售附屬公司 (續)

所出售之現金流量及負債淨值載列如下：

於2006年，年內已出售附屬公司對本集團之營業額貢獻為零。截至出售日期，年內已出售附屬公司之經營虧損為36,000港元。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

b) Disposal of subsidiaries during the year ended 31 December 2006 (Continued)

During the year ended 31 December 2006, the Group's share of profit or loss of a jointly controlled entity owned by the subsidiary being disposed of is nil.

Details of the Group's interest in the jointly controlled entity before the Group ceased to have joint control over the jointly controlled entity is as follows:

Name of joint venture 合資公司名稱	Place of incorporation and operation 註冊成立及經營地點	Particulars of issued and paid up capital 已發行及繳足股本詳情	Proportion of ownership interest 擁有權百分比			Principal activity 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Ningxia Meining Pipeline Co., Ltd. *	PRC	Registered capital RMB160,000,000	51%	-	51%	Operation and management of natural gas pipelines and ancillary business but activity has been temporarily suspended
寧夏美寧管道有限公司*	中國	註冊股本 人民幣160,000,000元				經營及管理天然氣管道及配套設施業務(但業務暫時擱置)

* Registered under the laws of the PRC as sino-foreign equity joint venture.

b) 截至2006年12月31日止年度內出售附屬公司(續)

截至2006年12月31日止年度內，本集團應佔由被出售之附屬公司所持有之共同控權合資公司之損益為零。

於本集團終止對共同控權合資公司之共同控制權之前，本集團於共同控權合資公司之權益詳情如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's trade and other receivables and deposits with banks.

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers. The impairment losses on bad and doubtful accounts are within management's expectation.

30. 金融工具

信貸、流動資金、利率及外幣風險會於本集團之日常業務過程中產生。該等風險乃透過本集團之財務管理政策及常規(見下文)得以限制。

a) 信貸風險

信貸風險指倘客戶或金融工具交易方不能履行合約責任而導致本集團財務虧損之風險，有關風險主要來自本集團之應收賬款及其他應收款項及銀行存款。

(i) 應收賬款及其他應收款項

本集團之信貸風險主要來自應收賬款及其他應收款項。管理層有既定之信貸政策，並會持續監控所承受之該等信貸風險。

就應收賬款及其他應收款項而言，所有要求授出超過若干信貸金額之客戶均須接受個別信貸評估。此等評估主要針對客戶過往到期時付款之記錄及現時之付款能力，並考慮客戶之個別資料及客戶經營業務之處之經濟環境之資料。應收賬款於開賬單日起計90日內到期。本集團一般不會向客戶收取抵押品。呆壞賬之減值虧損在管理層預測範圍之內。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 December 2007, the Group does not have significant concentration of credit risk as there were no outstanding amounts due from the Group's customers. At 31 December 2006, the Group has a certain concentration of credit risk as 41% of the total trade and other receivables was due from the Group's largest customer within the crude oil transportation, storage and unloading services segment.

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

30. 金融工具 (續)

a) 信貸風險 (續)

(i) 應收賬款及其他應收款項 (續)

本集團所面臨之信貸風險，主要受各客戶之個別特性所影響。客戶經營業務所在之行業及國家之違約風險亦影響信貸風險，惟影響程度較少。於2007年12月31日，由於本集團並無客戶拖欠應付款項，故本集團並無重大集中信貸風險。於2006年12月31日，由於應收原油運輸、儲存及卸油服務分部內之本集團最大客戶之款項佔應收賬款及其他應收款項總額之41%，故本集團承受若干信貸集中風險。

最大信貸風險乃以資產負債表上各財務資產減去任何減值準備後之賬面值列示。本集團並沒有作出任何擔保，致使本集團承受信貸風險。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

(i) Trade and other receivables (Continued)

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(ii) Deposits with bank

The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 December 2007, the Group has a certain concentration of credit risk as 71% (2006: 91%) of total cash and cash equivalents were deposited at one financial institution in Hong Kong with high credit ratings.

30. 金融工具 (續)

a) 信貸風險 (續)

(i) 應收賬款及其他應收款項 (續)

有關本集團面對由應收賬款及其他應收款項產生之信貸風險之進一步量化披露載於附註20。

(ii) 銀行存款

本集團存放現金於財務機構以減低信貸風險，該等財務機構已達到受認可信貸評級或其他標準。鑒於該等財務機構獲得信貸評級較高，管理層預期並無任何交易方不能履行其責任。

於2007年12月31日，本集團有若干信貸集中風險，因為71%（2006年：91%）之現金及現金等價物總額乃存放於香港一家具較高信貸評級之財務機構內。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent 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 and 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.

30. 金融工具 (續)

b) 流動資金風險

流動資金風險乃本集團未能於財務責任到期時履行有關責任之風險。本集團管理流動資金之方法是盡量確保具備足夠流動資金應付到期負債，令本集團無須承擔不能接受之虧損及聲譽受損。

本集團旗下個別經營實體自行負責現金管理，包括現金盈餘之短期投資及借貸以彌補預期現金需求，惟倘借貸金額超過預先釐定之授權限額時須經母公司董事會批准。本集團之政策為定期監察其流動資金需求及其有否遵守借貸契約，以確保其維持足夠之現金儲備及隨時可變現之有價證券，以及在主要財務機構之信貸額度足夠應付其短期及長期流動資金需要。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted 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 and the Company can be required to pay:

The Group

		2007					2006					
		Weighted average effective interest rate	Total contractual undiscounted cash flow		More than 1 year but less than 2 years	More than 2 years but less than 5 years	Weighted average effective interest rate	Total contractual undiscounted cash flow		More than 1 year but less than 2 years	More than 2 years but less than 5 years	
			amount	cash flow				amount	cash flow			
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Bank loans	銀行貸款	-	-	-	-	-	6.39% to/至 9.32%	457,900	(480,904)	(310,680)	(118,520)	(51,704)
Other loans	其他貸款	-	-	-	-	-	10.04	5,000	(5,167)	(5,167)	-	-
Trade and other payables	應付賬款及 其他應付款項	-	46,559	(46,559)	(46,559)	-	-	60,692	(60,692)	(60,692)	-	-
			<u>46,559</u>	<u>(46,559)</u>	<u>(46,559)</u>	<u>-</u>		<u>523,592</u>	<u>(546,763)</u>	<u>(376,539)</u>	<u>(118,520)</u>	<u>(51,704)</u>

30. 金融工具 (續)

b) 流動資金風險 (續)

下表載列本集團及本公司非衍生財務負債及衍生財務負債(按合約無折現現金流量計算,包括按合約利率或浮動利率(按結算日當日之利率)計算之應付利息)於結算日之剩餘合約到期情況,以及本集團及本公司可被要求還款之最早日期之詳情:

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

The Company

2007						2006				
Weighted average interest rate	Total contractual amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years		Weighted average interest rate	Total contractual amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
加權平均實際利率	合約無折現現金流量總額	一年內或按需求	超過一年但不足兩年	超過兩年但不足五年		加權平均實際利率	合約無折現現金流量總額	一年內或按需求	超過一年但不足兩年	超過兩年但不足五年
	千港元	千港元	千港元	千港元	千港元		千港元	千港元	千港元	千港元
Trade and other payables	應付賬款及其他應付款項									
	-	2,046	(2,046)	-	-	-	3,590	(3,590)	(3,590)	-

c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's bank deposits, other loan and bank loans. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not use financial derivatives to hedge against the interest rate risk. Borrowings at fixed rate are insensitive to any change in market rates. A change in interest rates at the balance sheet date would not affect profit or loss. The Group's interest rate profile as monitored by management is set out in (i) below.

30. 金融工具 (續)

b) 流動資金風險 (續)

本公司

c) 利率風險

本集團之利率風險主要來自本集團之銀行存款、其他貸款及銀行貸款。以可變動利率及以固定利率批出之借貸令本集團分別承受現金流量利率風險及公平值利率風險。本集團並不將任何按公平值計入損益之固定利率財務負債入賬，且本集團亦不使用金融衍生工具對沖利率風險。固定利率之借貸並不對任何市場利率變動敏感。於結算日之利率變動將不會對損益造成影響。管理層監察之本集團利率情況載於下文(i)項。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's net borrowings (being interest-bearing financial liabilities less bank deposits) at the balance sheet date.

The Group

	The Group 本集團				The Company 本公司			
	2007		2006		2007		2006	
	Effective interest rate 實際利率 %	HK\$'000 千港元	Effective interest rate 實際利率 %	HK\$'000 千港元	Effective interest rate 實際利率 %	HK\$'000 千港元	Effective interest rate 實際利率 %	HK\$'000 千港元
Fixed rate borrowings:	固定利率借貸:							
Other loan	-	-	10.04%	5,000	-	-	-	-
				5,000				
Variable rate borrowings/ (deposits):	可變利率借貸/(存款):							
Bank loans	-	-	6.39% to 9.32%	457,900	-	-	-	-
Less: Cash at banks	0.25% to 3.7%	(111,207)	0.25% to 3.8%	(51,157)	0.25% to 3.7%	(103,063)	0.25% to 3.8%	(48,053)
		(111,207)		406,743		(103,063)		(48,053)
Net (deposits)/borrowings		(111,207)		411,743		(103,063)		(48,053)
Net fixed rate borrowings as a percentage of total net borrowings		0%		1.2%		0%		0%

30. 金融工具 (續)

c) 利率風險 (續)

(i) 利率情況

下表載列本集團及本公司之借貸淨額(計息財務負債減銀行存款)於結算日之利率情況詳情。

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2007, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK\$1,112,000 (2006: increase/decrease HK\$4,067,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2006.

d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. At 31 December 2007, no related hedges were made by the Group.

In respect of trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

30. 金融工具 (續)

c) 利率風險 (續)

(ii) 敏感度分析

於2007年12月31日，假定利率普遍增加／減少100個基點，而其他可變動因素全部維持不變，將令本集團除稅後虧損及累計虧損減少／增加約1,112,000港元（2006年：增加／減少4,067,000港元）。

上文之敏感度分析已假設利率於結算日有所變動而釐定，並已應用於該日存在之非衍生金融工具所承受之利率風險。增加或減少100個基點乃管理層評估在直至下一個年度結算日止期間利率之合理可能變動。分析乃按與2006年相同之基準進行。

d) 貨幣風險

本集團承受之貨幣風險主要源自以有關業務之功能貨幣以外之貨幣計值之買賣交易及已確認資產及負債。於2007年12月31日，本集團並無作出相關對沖。

就以有關業務之功能貨幣以外之貨幣持有之應收款項及應付款項，本集團在必要時按即期匯率買賣外匯以解決短期不均衡，以此確保風險處於可接受水平。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

		2007		2006	
		United States		United States	
		Dollars	Renminbi	Dollars	Renminbi
		美元	人民幣	美元	人民幣
		'000	'000	'000	'000
		千元	千元	千元	千元
Trade and other receivables	應收賬款及 其他應收款項	-	-	690	600
Cash and cash equivalents	現金及現金等價物	-	4,359	2	1
Trade and other payables	應付賬款及 其他應付款項	2	-	-	186
Overall net exposure	整體風險淨值	2	4,359	692	787

30. 金融工具 (續)

d) 貨幣風險 (續)

(i) 所承受之貨幣風險

下表載列本集團及本公司於結算日因確認以有關實體之功能貨幣以外之貨幣計值之資產或負債而承受之貨幣風險詳情。

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

(i) Exposure to currency risk (Continued)

The Company

		2007		2006	
		United States Dollars		United States Dollars	
		Dollars	Renminbi	Dollars	Renminbi
		美元	人民幣	美元	人民幣
		'000	'000	'000	'000
		千元	千元	千元	千元
Trade and other receivables	應收賬款及 其他應收款項	-	-	690	-
Cash and cash equivalents	現金及現金等價物	-	-	-	-
Trade and other payables	應付賬款及 其他應付款項	-	-	-	42
Overall net exposure	整體風險淨值	-	-	690	42

30. 金融工具 (續)

d) 貨幣風險 (續)

(i) 所承受之貨幣風險 (續)

本公司

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The Group

		2007			2006		
		Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses 對除稅後虧 損及累計虧 損之影響	Effect on other components of equity 對權益 其他組成 部分之影響	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses 對除稅後虧 損及累計虧 損之影響	Effect on other components of equity 對權益 其他組成 部分之影響
		%	HK\$'000 千港元	HK\$'000 千港元	%	HK\$'000 千港元	HK\$'000 千港元
Renminbi	人民幣	5% (5%)	163 (163)	- -	5% (5%)	28 (28)	- -

30. 金融工具 (續)

d) 貨幣風險 (續)

(ii) 敏感度分析

下表顯示於結算日對本集團構成重大風險之外匯匯率可能之合理變動造成本集團除稅後虧損(及累計虧損)以及綜合權益其他組成部分之概約變動。

本集團

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

(ii) Sensitivity analysis (Continued)

The Group (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for the non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2006.

30. 金融工具 (續)

d) 貨幣風險 (續)

(ii) 敏感度分析 (續)

本集團 (續)

敏感度分析乃假設外匯匯率之變動於結算日已發生及已對本集團旗下各實體應用該日存續之非衍生金融工具所涉及之貨幣風險，而所有其他變數（尤其是利率）保持不變。

所述之變動指管理層對直至下一年度結算日止期間之外匯匯率可能合理之變動之評估。就此而言，假定港元及美元之聯繫匯率不會受到美元兌換其他貨幣之任何價值變動的重大影響。上表列示之分析結果指對本集團旗下各實體按各功能貨幣計算並按結算日之現行匯率換算為港元以供呈列之用之除稅後虧損及權益之影響總額。該分析乃按與2006年相同之基準進行。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

30. FINANCIAL INSTRUMENTS (Continued)

e) Commodity price risk

The Group is engaged in petroleum-related activities. The oil market is affected by global and regional demands and supplies. Prices of onshore crude oil are determined with reference to the prices of crude oil on the international markets. A decline in the prices of crude oil and refined products could adversely affect the Group's financial position. The Group historically has not used commodity derivative instruments to hedge against potential price fluctuations of crude oil as the Group's exposure to fluctuation in crude oil price is insignificant in 2007.

f) Fair values

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments.

30. 金融工具 (續)

e) 商品價格風險

本集團從事與石油相關之業務。油氣市場受全球和地區供求關係之影響。陸上原油價格乃參照國際市場之原油價格確定。原油及精煉產品價格下降可能對本集團財務狀況造成不利影響。因為本集團於2007年所承受之原油價格波動並不顯著，故本集團過往並未採用商品衍生工具對沖原油價格潛在價格波動。

f) 公平值

所有財務資產及負債之公平值與其賬面值之間並沒有重大差異。

公平值可以透過參考結算日之市值，或使用類似工具之當前利率對相關現金流量進行折現之方式釐定。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

31. COMMITMENTS

- a) Capital commitments outstanding at 31 December 2007 not provided for in the financial statements of the Group were as follows:

31. 承擔

- a) 於2007年12月31日，並未在本集團財務報表內提撥準備之未到期資本承擔如下：

		The Group 本集團	
		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Contracted for	已訂約		
Continuing operations	持續經營業務		
– acquisition of motor vehicles	– 購買汽車	576	–
– capital contribution in a subsidiary	– 附屬公司之股本注資	5,078	–
		5,654	–
Discontinued operations	已終止經營業務		
– capital contribution in a subsidiary	– 附屬公司之股本注資	–	113,027
		5,654	113,027
Authorised but not contracted for	已授權但未訂約		
Continuing operations	持續經營業務		
– acquisition of the oil exploitation rights and oil field	– 收購油氣開採權及一塊油氣田	–	51,480
– operation of an oil exploitation project	– 收購油氣開採權項目	126,149	–
		126,149	51,480
Total	總額	131,803	164,507

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

31. COMMITMENTS (Continued)

- b) At 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團	
		2007	2006
Within 1 year	1年內	2,666	172
After 1 year but within 5 years	1年後但5年內	1,941	639
		4,607	811

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to two years without an extension option. None of the leases includes contingent rentals.

31. 承擔 (續)

- b) 於2007年12月31日，不可撤銷經營租賃之日後最低租賃款項總額如下：

本集團為根據經營租賃持有多項物業之承租人。一般而言，該等租賃之初步期間介乎1至2年，並無續期選擇權。所有租賃概無包括或有租金。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

32. CONTINGENT LIABILITIES

a) Alleged bank loans and interest thereon

On 31 December 2006, the Group had contingent liabilities in respect of alleged bank loans and interest thereon as follows:

		2007	2006
		HK\$ million	HK\$ million
		百萬港元	百萬港元
Alleged bank loans	指稱銀行貸款	-	240
Alleged interest	指稱利息	-	24
		-	<u>264</u>

Based on the information available to the Group, original proceedings were brought against a former director of the Company for the alleged forgeries in relation to two bank loans amounting to approximately RMB240 million (equivalent to approximately HK\$240 million) (the "Alleged Loans"), and interest thereon, borrowed under the name of Xinjiang Xingmei Oil-Pipeline Co., Ltd. ("Xinjiang Xingmei"), a non-wholly owned subsidiary of the Company until 24 October 2007. Calculated up to 31 December 2006, the interest on the Alleged Loans amounted to approximately RMB24 million (equivalent to approximately HK\$24 million).

32. 或有負債

a) 指稱銀行貸款及附帶利息

於2006年12月31日，本集團因指稱銀行貸款及附帶利息之詳情：—

據本集團所知，本公司一名前董事就其以新疆星美石油管道有限公司（「新疆星美」，2007年10月24日之前為本公司之非全資附屬公司）之名義所借之兩筆銀行貸款（「指稱貸款」）及附帶利息之指稱詐騙行徑被提出訴訟，該兩筆貸款約人民幣240,000,000元（約相當於240,000,000港元）。結算至2006年12月31日，指稱貸款之利息約為人民幣24,000,000元（約相當於24,000,000港元）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

32. CONTINGENT LIABILITIES (Continued)

a) Alleged bank loans and interest thereon (Continued)

In addition, the Group disposed of its entire interest in Xinjiang Xingmei on 24 October 2007 (the "Disposal Date"). Calculated up to the Disposal Date, the interest on the Alleged Loans amounted to approximately RMB40 million (equivalent to approximately HK\$42 million), of what approximately RMB16 million (equivalent to approximately HK\$18 million) arose during the period from 1 January 2007 to the Disposal Date, and approximately RMB24 million (equivalent to approximately HK\$24 million) arose in prior years.

As stated in the Group's PRC legal opinion, the Group's PRC legal counsellor reviewed the copies of the above-mentioned loan agreements, interviewed the lawyers of the defendant and obtained advice from the PRC police department. The Company was advised that the former director of the Company has entered into two loan agreements with banks under the name of Xinjiang Xingmei in 2003 by forgery of documents. The loan amounts have never gone to the subsidiary. This case has been tentatively regarded as an individual criminal act by the PRC police department and the suspect has been arrested. In light of the above information obtained, the Group's PRC legal counsellor is of the opinion that, with reference to the relevant PRC laws, Xinjiang Xingmei, its immediate holding company and any member within the Group will not have any legal and financial obligations relating to these alleged bank loans and alleged interest thereon. The legal opinion obtained by the Group on Hong Kong law was in line with this view.

32. 或有負債 (續)

a) 指稱銀行貸款及附帶利息 (續)

此外，本集團於2007年10月24日（「出售日期」）出售其於新疆星美之全部權益。結算至出售日期，指稱貸款之利息約為人民幣40,000,000元（約相當於42,000,000港元），其中約人民幣16,000,000元（約相當於18,000,000港元）乃於2007年1月1日至出售日期期間產生，及約人民幣24,000,000元（約相當於24,000,000港元）於過往年度產生。

根據本集團之中國法律意見，本集團中國法律顧問已審閱上述貸款協議副本，並已查詢被告律師及向中國警方索取資料。本公司獲告知，本公司該名前董事使用偽造文件，於2003年以新疆星美名義與銀行訂立兩項貸款協議。而附屬公司從未取得該筆貸款。中國警方初步認為此案件屬個人罪行，並已拘捕疑犯。鑒於上文所述資料，本集團中國法律顧問認為，根據相關中國法律，本集團直系控股公司及任何成員公司對該等指稱銀行貸款及指稱利息並無任何法律及財務責任。本集團所獲得之香港法律意見亦與此觀點相同。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

32. CONTINGENT LIABILITIES (Continued)

a) Alleged bank loans and interest thereon

(Continued)

As of the date of issue of these financial statements, the directors of the opinion that none of the operation or business of any company within the Group has been affected in any material way and adverse way or has any existing director or management personnel been arrested or detained by the police of the PRC or any other place.

The directors are of the opinion that, upon disposal of Xinjiang Xingmei, the Group no longer had the contingent liabilities in respect of the alleged bank loans and interest thereon. This view was in line with legal opinion issued by the Group's legal counsellor to PRC law.

b) Environmental liabilities

The Group has oil exploitation operation in the United States of America (the "USA"). The USA has adopted environmental laws and regulations that affect the operation of the oil industry. The outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under existing legislation, however, management believes that there are no probable liabilities that will have a material adverse effect on the financial position of the Group.

32. 或有負債 (續)

a) 指稱銀行貸款及附帶利息 (續)

於本財務報表刊發之日，董事認為，本集團任何公司之營運或業務概無受任何重大及不利之影響，亦概無現任董事或管理人員因此而遭到中國或任何地方之警察拘留。

董事認為，在出售新疆星美後，本集團不再因指稱銀行貸款及附帶利息形成或有負債。本集團法律顧問就中國律法所給予之法律意見與上述觀點一致。

b) 有關環保之負債

本集團於美國經營油氣開採業務。美國已實行環保法律及法規，該等法律及法規影響到石油工業之經營。建議中或未來之環保立法所引致之有關環保之負債目前尚無法合理地估計，但可能會產生重大影響。然而，根據現有立法，管理層認為，並不存在任何可能對本集團財務狀況產生重大負面影響之負債。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2007 and 2006, the directors consider that the following are related parties of the Group.

33. 重大關連人士交易

截至2007年12月31日及2006年12月31日止年度內，董事認為，本集團之關連人士如下：

Name of party 關連人士名稱	Relationship with the Group 與本集團之關係
Hong Chang Group Limited ("Hong Chang Group") 鴻昌集團有限公司(「鴻昌集團」)	Controlling shareholder of the Company, which is a company controlled by Ms. Xing Xiao Jing, a director of the Company 本公司之控股股東，由本公司董事邢曉晶女士控制
Hong Chang China Limited ("HCC") 鴻昌中國有限公司(「HCC」)	A wholly-owned subsidiary of Hong Chang Group 鴻昌集團之全資附屬公司
庫爾勒市燃氣公司	Minority equity holder of a subsidiary 一家附屬公司之少數股權持有人
China National Star Petroleum Corporation ("CNSP") (Note) 中國新星石油有限責任公司 (「中國新星」)(附註)	Minority equity holder of a subsidiary 一家附屬公司之少數股權持有人
China Petroleum and Chemical Corporation ("CPC") (Note) 中國石油化工股份有限公司 (「中國石化」)(附註)	Holding company of CNSP 中國新星之控股公司
Surplus Way Investments Limited ("SWI") 盈威投資有限公司(「盈威投資」)	A wholly-owned subsidiary of Hong Chang Group. 鴻昌集團之全資附屬公司

Note: CNSP and CPC ceased to be related parties of the Group upon the disposal of Xinjiang Xingmei Oil-Pipeline Co., Ltd. ("Xinjiang Xingmei") on 24 October 2007.

附註：在本集團於2007年10月24日出售新疆星美石油管道有限公司(「新疆星美」)後，中國新星及中國石化不再為本集團之關連人士。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(a) Recurring transactions

(i) Provision of crude oil transportation service

There existed an agreement dated 5 December 2005 entered into between Xinjiang Xingmei and CPCC ("Transportation Agreement") for the provision of crude oil transportation services for a period of three years commencing from 1 December 2005 to 30 November 2008.

During the year, revenue from the provision of crude oil transportation service to the CPCC amounted to HK\$44,661,000 (2006: HK\$44,710,000). The balance due from CPCC as at 31 December 2007 and included in trade debtors in note 20 was nil (2006: HK\$7,150,000), of which gross trade receivables and allowance for doubtful debts were nil (2006: HK\$37,030,000) and nil (2006: HK\$29,880,000) respectively.

(ii) Pipeline leasing income

During the year ended 31 December 2007, the Group leased out the natural gas pipeline under operating leases to 庫爾勒市燃氣公司, from which the Group received pipeline leasing income of approximately HK\$1,091,000 (2006: HK\$252,000) from 庫爾勒市燃氣公司.

33. 重大關連人士交易 (續)

(a) 經常性交易

(i) 提供原油運輸服務

於2005年12月5日，新疆星美與中國石化訂立協議（「運輸協議」），以提供原油運輸服務，自2005年12月1日開始至2008年11月30日止，為期3年。

年內，向中國石化提供原油運輸服務之收入達44,661,000港元（2006年：44,710,000港元）。於2007年12月31日之應收中國石化結餘為零（2006年：7,150,000港元），乃計入附註20之應收賬款內，其中應收賬款總額及呆壞賬減值分別為零（2006年：37,030,000港元）及零（2006年：29,880,000港元）。

(ii) 管道租賃之收入

截至2007年12月31日止年度內，本集團根據經營租賃，將天然氣管道租予庫爾勒市燃氣公司，本集團自庫爾勒市燃氣公司收取管道租賃費用收入約1,091,000港元（2006年：252,000港元）。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Recurring transactions *(Continued)*

(iii) Utility expenses

During the year ended 31 December 2007, the Group paid utility expenses of approximately HK\$1,926,000 (2006: HK\$1,843,000) to CPCC whereas CPCC paid utility expenses of approximately HK\$124,000 (2006: HK\$426,000) to the Group.

The directors are of the opinion that the above related party transactions, excluding item (ii) above, were conducted on normal commercial terms and in the ordinary course of business.

(b) Non-recurring transactions

(i) Disposal of subsidiaries

On 11 September 2007, the Group entered into an agreement to dispose of its 100% equity interest in Bamber Resources Limited ("Bamber") to SWI for a consideration of HK\$1. Further details are set out in note 29(a). The disposal was completed on 24 October 2007.

33. 重大關連人士交易 (續)

(a) 經常性交易 (續)

(iii) 水電費用

截至2007年12月31日止年度內，本集團向中國石化支付水電費用約1,926,000港元(2006年：1,843,000港元)，而中國石化向本集團支付水電費用約124,000港元(2006年：426,000港元)。

董事認為，上述關連人士交易除(ii)外均於日程業務過程中按正常商業條款進行。

(b) 非經常性交易

(i) 出售附屬公司

於2007年9月11日，本集團達成協議以1港元之代價出售其於蓬勃資源有限公司(「蓬勃」)全部股本權益予盈威投資。進一步詳情載於附註29(a)。出售交易於2007年10月24日完成。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Non-recurring transactions (Continued)

(i) Disposal of subsidiaries (Continued)

At completion of this disposal, Elite Ascend Holdings Limited ("Elite Ascend"), a wholly-owned subsidiary of the Company, and Bamber entered into a deed of waiver whereby Bamber waived the obligation of Elite Ascend to repay an amount of approximately HK\$7,762,000, representing 20% of the amount approximately HK\$38,812,000 due to Bamber by Elite Ascend immediately before the waiver. The net amount payable, HK\$31,050,000 was unsecured, interest-free and repayable as follows:—

- 50% of the said amount (approximately HK\$15,525,000) payable within one year from 24 October 2007; and
- remaining 50% of the said amount (approximately HK\$15,525,000) payable within one year after the first anniversary date of 24 October 2007;

Elite Ascend may make early partial/full settlement of the said amount at its discretion.

In case the repayment would have an adverse impact on the working capital of Elite Ascend, the said amount was agreed not to be repaid until Elite Ascend was financially capable of doing so.

On the balance sheet date Bamber assigned the said amount due by Elite Ascend to Hong Chang Group. The amount due to Hong Chang Group was unsecured, interest-free and had no fixed terms of repayment.

33. 重大關連人士交易 (續)

(b) 非經常性交易 (續)

(i) 出售附屬公司 (續)

於出售交易完成後，本公司全資附屬公司怡陞控股有限公司（「怡陞」）與蓬勃訂立一項豁免契據，據此，蓬勃豁免怡陞償還約7,762,000港元（佔緊隨豁免前怡陞應付蓬勃款項約38,812,000港元之20%）之責任。該淨款項31,050,000港元為無抵押、免息及以下列方式償還：

- 有關貸款之50%（約15,525,000港元）自2007年10月24日起計1年內償還；及
- 有關貸款餘下之50%（約15,525,000港元）自2007年10月24日1週年後1年內償還；

怡陞有權提早償還部份或全部之款項。

惟如清償上述貸款項將導致怡陞缺乏足夠營運資金時，雙方同意怡陞不用清償上述貸款直至怡陞在財務上有能力償還為此。

於結算日，蓬勃將怡陞所欠的款項轉讓予鴻昌集團。應付鴻昌集團之款項為無抵押、免息及無固定還款期。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Non-recurring transactions (Continued)

(ii) Disposal of property, plant and equipment

During the year ended 31 December 2007, the Group disposed of some property, plant and equipment to 庫爾勒市燃氣公司 at their then carrying amounts of approximately HK\$252,000. There is no gain or loss on disposal.

(iii) Placing of shares

During the year ended 31 December 2007, HCC entered into a placing agreement and a subscription agreement with placing agents and the Company respectively in relation to (i) the placing by HCC an aggregate of 374,000,000 (2006: 404,250,000) then existing shares of the Company held by HCC to the placees through the placing agents and (ii) the subscription by HCC an aggregate of 374,000,000 (2006: 404,250,000) new ordinary shares of HK\$0.01 each to be issued by the Company after the placing being completed pursuant to the placing and subscription agreement. The gross proceeds from the subscription were approximately HK\$121,550,000 (2006: HK\$61,199,000). Further details are set out in note 28(c)(ii).

33. 重大關連人士交易 (續)

(b) 非經常性交易 (續)

(ii) 出售物業、廠房及設備

截至2007年12月31日止年度內，本集團按當時之賬面值約252,000港元出售若干物業、廠房及設備予庫爾勒市燃氣公司。該出售並無任何損益。

(iii) 配售股份

截至2007年12月31日止年度內，HCC分別與配售代理及本公司訂立配售協議及認購協議，內容乃有關根據配售及認購協議，(i)HCC通過配售代理向承配人配售HCC所持有之合共374,000,000(2006年：404,250,000)股本公司當時現有股份；及(ii)HCC於配售完成後認購合共374,000,000股(2006年：404,250,000股)由本公司發行之每股面值0.01港元之新普通股。認購事項之所得款項總額約為121,550,000港元(2006年：61,199,000元)。詳情載於附註28(c)(ii)。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Non-recurring transactions *(Continued)*

(iv) Guarantee

During the years ended 31 December 2007 and 2006, 庫爾勒市燃氣公司 issued a guarantee to secure other loan borrowed by a subsidiary of approximately HK\$5,345,000. The guarantee was released in June 2007 upon repayment of the loan.

(v) Indemnity

Ms. Xing Xiao Jing, a controlling shareholder and a director of the Company, has given undertakings to indemnify to the Group in connection with all losses the Group may incur relating to, as set out in note 32(a) to the financial statements, the Alleged Loans and alleged interest thereon for whatever reasons.

The directors are of the opinion that the above non-recurring related party transactions, excluding items (iv) and (v) above, were conducted on normal commercial terms and in the ordinary course of business.

33. 重大關連人士交易 (續)

(b) 非經常性交易 (續)

(iv) 擔保

截至2007年及2006年12月31日止年度內，庫爾勒市燃氣公司就一家附屬公司之其他貸款5,345,000港元作出擔保。該擔保已於2007年6月償還貸款後解除。

(v) 彌償保證

本公司董事及控股股東邢曉晶女士就本財務報表之附註32(a)之指稱貸款及附帶利息對本集團所帶來之所有損失提出保證承擔。

董事認為，上述非經常性關連人士交易（上文第(iv)及(v)項除外）均於日程業務過程中按正常商業條款進行。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

		2007	2006
		HK\$'000	HK\$'000
		千港元	千港元
Short-term employee benefits	短期僱員福利	4,940	5,574
Post-employment benefits	離職後福利	36	36
Equity compensation benefits	權益計酬福利	1,485	2,130
		6,461	7,740

Total remuneration is included in "staff costs" (see note 6(b)).

33. 重大關連人士交易 (續)

(c) 主要管理人員酬金

本集團主要管理人員酬金(包括附註8所披露之已向本公司董事支付之款項及附註9所披露之已向若干最高薪僱員支付之款項)如下:

酬金總額乃計入「員工成本」中(見附註6(b))。

(d) Financing arrangements

(d) 融資安排

		Amounts due to related parties		Related interest (expenses)/increase	
		欠關連人士款項		有關利息(開支)/增加	
		As at 31 December		Year ended 31 December	
		於12月31日		截至12月31日止年度	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Amount due to a minority equity holder of a subsidiary	應付一家附屬公司少數股權持有人之款項	6,591	3,573	-	-
Amount due to controlling shareholder	應付控股股東款項	36,348	676	-	-
		42,939	4,249	-	-

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Financing arrangements (Continued)

Notes:

- (i) The outstanding balances with these related parties are unsecured, interest-free and have no fixed terms of repayment. The amounts due to related parties are included in "trade and other payables" (note 22).
- (ii) Details of new advances and repayments during the period are disclosed in the consolidated cash flow statement.

34. COMPARATIVE FIGURES

Certain comparative figures have been restated and reclassified to conform with the current year's presentation.

As a result of adopting HKFRS 7, *Financial Instruments: Disclosures*, and the amendments to HKAS 1, *Presentation of financial statements: Capital disclosures*, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and show separately comparative amounts in respect of items disclosed for the first time in 2007. Further details of these developments are disclosed in note 3.

In addition, as a result of the changes in presentation currency for the preparation of its financial statements and the presentation format of the income statement, the comparative information has been reclassified to conform to the current year's presentation.

33. 重大關連人士交易 (續)

(d) 融資安排 (續)

附註:

- (i) 與該等關連人士之尚未結清結餘為無抵押、免息及無固定還款期。應付關連人士款項乃計入「應付賬款及其他應付款項」(附註22)中。
- (ii) 期內,新墊款及償還款項之詳情披露於綜合現金流量表內。

34. 比較數字

若干比較數字已獲重列並重新分類以符合本年度之呈報方式。

因採納香港財務報告準則第7號金融工具:披露及香港會計準則第1號(修訂本)財務報表之呈報:資本披露,已對若干比較數字作出調整,以符合本年度披露之變動,並個別顯示與2007年首次披露之條款有關之比較數字。該等變動之進一步詳情披露於附註3。

此外,因編製財務報表之呈報貨幣及損益表之呈報方式出現變動,比較資料已重新分類以符合本年度之呈報方式。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

35. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future and other key sources of estimated uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) Impairment of property, plant and equipment and pre-paid lease payments

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

35. 會計估計及判斷

a) 估計不明朗因素之主要理據

於應用本集團會計政策（載於附註2）之過程中，管理層曾就結算日估計不確定因素之未來及其他主要來源作出若干重要假設，有關假設可能帶有導致於下個財政年度對資產及負債之賬面值作出重大調整之重大風險，如下文討論。

(i) 物業、廠房及設備及租賃預付款項減值

資產之可收回數額為其淨售價及使用價值之較高者。在評估使用價值時，按除稅前折現率將估計之日後現金流量折現至現值，當中須對收入水準及經營成本金額作出重大判斷，以反映現時市場所評估之金額之時間值及與資產相關之風險。本集團利用所有現有資料對可收回金額作合理估算，包括合理及可支持之假設以及收入及經營費用之推算。估計金額之變動可能對資產之賬面值造成重大影響，並可能導致在未來期間計提額外減值開支或作出減值撥回。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

35. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Key sources of estimation uncertainty (Continued)

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivable and other receivables, where applicable, at each balance sheet date. The estimates are based on the ageing of the accounts receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Income taxes and deferred taxation

The Group is subject to income taxes in few jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

35. 會計估計及判斷 (續)

a) 估計不明朗因素之主要理據 (續)

(ii) 應收款項減值

於各結算日，本集團根據應收賬目及其他應收款項之可收回性之估計，維持呆賬減值準備（倘適用）。有關估計乃根據應收賬目及其他應收款項結餘之賬齡及歷史撇銷記錄扣除可收回數額計算。倘債務人之財務狀況變壞，可能須作出額外減值準備。

(iii) 所得稅及遞延稅項

本集團須繳納若干司法權區之所得稅。釐定所得稅準備時需要作出重大判斷。許多交易及計算方法在日常業務過程中難以確定最終稅項。本集團按照會否出現額外應繳稅項之估計為基準而確認預期稅務審核事宜所產生之負債。倘該等事宜之最終稅務結果與起初記賬之金額不同，該等差額將會影響作出有關決定期間之所得稅及遞延稅項準備。

有關若干臨時差額及稅項虧損之遞延稅項資產，乃於管理層認為日後可能會出現應課稅溢利以用作抵銷臨時差額或稅項虧損時方始確認。倘若該項預計與起初估計不同，該等差額將影響更改有關估計期間所確認之遞延稅項資產及稅項。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

35. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Key sources of estimation uncertainty (Continued)

(iv) Contingencies

Periodically, the Group assesses potential liabilities related to any lawsuits or claims brought against the Group or any asserted claims. Although it is typically very difficult to determine the timing and ultimate outcome of such actions, the Group uses its best judgement to determine if it is probable that it will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In accordance with HKAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Group accrues a liability when it believes a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation, although the Group believes that the estimates and judgements are reasonable, it is possible that certain matters may be resolved for amounts materially difference from any estimated provisions or previous disclosures.

35. 會計估計及判斷 (續)

a) 估計不明朗因素之主要理據 (續)

(iv) 或有事項

本集團定期評估任何有關向本集團提出之訴訟或申索之潛在負債。儘管一般而言難以確定該等事宜之時間及最終結果，本集團將作出最佳判斷確定會否因和解或最終判決該等事宜而產生開支，以及能否就該等可能虧損（如有）作出合理估計。根據香港會計準則第37號準備、或有負債及或有資產，本集團於其相信有可能出現虧損並可合理估計虧損金額時產生負債。由於訴訟最終結果內在之不穩定因素，儘管本集團相信估計及判斷屬合理，仍可能導致若干事宜獲解決金額與估計準備或先前披露者出現重大差異。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

35. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Key sources of estimation uncertainty (Continued)

(v) Oil reserves

Engineering estimates of the Group's oil reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil reserves can be designated as 'proved' and 'probable'. Proved and probable oil reserve estimates are updated on regular intervals taking into account recent production and technical information about each oil field. In addition, as prices and cost levels change from year to year, the estimate of proved and probable oil reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining amortisation expenses and impairment losses. The capitalised costs of oil exploitation rights are amortised over the estimated useful lives. The useful lives are reviewed annually in accordance with the production plans of the Group and the proven and probable reserves of the oil.

35. 會計估計及判斷 (續)

a) 估計不明朗因素之主要理據 (續)

(v) 石油儲量

鑒於編製有關資料涉及主觀判斷，本集團石油儲量之工程估計存有內在不精確性，並僅屬相若數額。在估計石油儲量可確定為「探明儲量」及「概略儲量」之前，需要遵從若干有關工程標準之權威性指引。探明及概略石油儲量之估計須定期更新，並計入各個油田最近之生產和技術資料。此外，由於價格及成本水平按年變更，因此，探明及概略石油儲量之估計也會出現變動。就會計目的而言，該變動視為估計變更處理，並按預期基準反映於有關折舊率中。

儘管工程估計存有內在不精確性，但該等估計可用作釐定攤銷費用及減值虧損。資本化石油開採權成本按估計可使用年限攤銷。可使用年限根據本集團之生產計劃及探明及概略石油儲量，每年審閱一次。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

35. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

b) Critical accounting judgement in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the balance sheet date. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Recognition of share-based compensation expenses

The Company has granted share options to employees. Management has used valuation model to determine the total fair value of the options granted, which is to be expensed over the vesting period. Significant judgement, such as risk free rate, dividend yield and expected volatility and expectations of early exercise, is required to be made by management as the parameters for applying the valuation model. Accordingly, any changes to the variables adopted may materially affect the estimation of the fair value of an option.

35. 會計估計及判斷 (續)

b) 本集團會計政策所應用之重大會計判斷

在釐定部分資產及負債之賬面值時，本集團就不明朗之未來事件對於結算日該等資產及負債之影響作出了假設。該等估計涉及有關現金流量或所使用折現率之假設。本集團根據過往經驗及對未來事件之預計作出估計及假設，並定期審閱。除對未來事件之假設及估計外，本集團應用會計政策時亦須作出判斷。

確認以股份支付之補償開支

本公司已向其僱員授出購股權。管理層乃採用估值模式，釐定已授出購股權之總公平值，並於歸屬期內支銷。管理層須作出重大判斷，作為採用該估值模式之參數，如無風險利率、股息率、預期波動及預期提早行使。因此所採納之可變因素發生任何變動將對購股權公平值之估計造成重大影響。

Notes to the Financial Statements

財務報表附註

(Expressed in Hong Kong Dollars) (以港元計算)

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 March 2007

3 Effective for annual periods beginning on or after 1 January 2008

4 Effective for annual periods beginning on or after 1 July 2008

36. 截至2007年12月31止年度已頒佈但未生效之修訂、新準則及詮釋可能產生之影響

截至本財務報表刊發日期，香港會計師公會已頒佈下列於截至2007年12月31日止會計年度尚未生效而並未於本財務報表內採用之修訂、新準則及詮釋。

本集團現正評估該等修訂、新準則及新詮釋預期於初次應用期間產生之影響。截至目前為止，本集團認為採納該等修訂、新準則及詮釋不可能對本集團之經營業績及財務狀況產生重大影響。

此外，以下變動可能導致財務報表產生新增或經修訂之披露事項：

香港會計準則第1號 (修訂本)	呈報財務報表 ¹
香港會計準則第23號 (修訂本)	借貸成本 ¹
香港財務報告準則 第8號	經營分類 ¹
香港(國際財務報告 詮釋委員會) — 詮釋第11號	香港財務報告準 則第2號—集團及 庫存股份交易 ²
香港(國際財務報告 詮釋委員會) — 詮釋第12號	服務經營權安排 ³
香港(國際財務報告 詮釋委員會) — 詮釋第13號	客戶忠誠度計劃 ⁴
香港(國際財務報告 詮釋委員會) — 詮釋第14號	香港會計準則第19號 — 界定福利資產之 限制、最低資金需求 及兩者相互關係 ³

1 於2009年1月1日或之後開始之年度期間生效

2 於2007年3月1日或之後開始之年度期間生效

3 於2008年1月1日或之後開始之年度期間生效

4 於2008年7月1日或之後開始之年度期間生效