



YINGDE GASES GROUP COMPANY LIMITED
盈德氣體集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 02168

2016



年報

ANNUAL REPORT



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Corporate Profile

公司簡介

Our Company was established in the Cayman Islands on 25 September 2007. Our Group's history dates back to 2001 when Hunan Yingde was established in the PRC. Our Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 8 October 2009. Our Company wholly owns Yingde BVI which is incorporated in the British Virgin Islands and is an investment holding company of our Group.

Based on the research information in the SAI Report, we were the largest domestic independent industrial gas supplier in China in terms of total revenue for the year ended 31 December 2016.

We produce, supply and distribute a variety of industrial gas products to our on-site and merchant customers from a number of locations in the PRC, with oxygen, nitrogen and argon being our main gas products. Our on-site customers are those whose premises our gas production facilities are located on or in close proximity to and to whom we supply industrial gases directly. Our merchant customers include liquid gas distributors and other industrial companies who purchase industrial gases from us on a spot market basis from time to time.

We differentiate our on-site operation and merchant operation as well as the revenue generated from the respective operations in accordance with the type of customers to which we sell our gas products. In relation to the on-site operation, we generate revenue by selling our gas products to those customers with whom we have entered into long-term gas supply contracts. In relation to the merchant operation, we generally generate revenue by selling our gas products (which are produced from the remaining available capacity of our on-site production facilities as well as our dedicated merchant production facilities) to local distributors on the spot market. We also enter into gas supply contracts with a selected number of merchant customers who have a stable and regular demand for our gas products. Pursuant to such contracts, we supply gas products on a regular basis during the term of the relevant gas supply contracts. The on-site production facilities referred to in this report relate to those which we construct after having entered into long-term gas supply contracts with industrial companies. The merchant production facilities referred to in this report relate to those which we generally operate without entering into long-term gas supply contracts with customers.

本公司於2007年9月25日在開曼群島註冊成立。本集團的歷史可追溯至2001年湖南盈德在中國成立。本公司股份於2009年10月8日在香港聯交所主板上市。本公司全資擁有於英屬處女群島註冊成立的盈德(英屬處女群島)，並為本集團的投資控股公司。

根據SAI報告的研究資料，按截至2016年12月31日止年度的總收入計算，我們是中國境內最大的獨立工業氣體供應商。

我們向位於中國多個地區的現場供氣客戶及零售客戶生產、供應及分銷多種工業氣體產品，我們的主要氣體產品為氧氣、氮氣及氬氣。我們的現場供氣客戶指我們氣體生產設施設置於其廠房內或毗鄰位置並由我們直接供應工業氣體的客戶。我們的零售客戶包括不時於現貨市場向我們購買工業氣體的液態氣體分銷商及其他的工業公司。

我們按銷售氣體產品的客戶類別，區分現場供氣業務及零售業務，以及來自其兩者的收益。就現場供氣業務而言，我們透過向該等與我們訂立長期供氣合約的客戶銷售氣體產品獲取收益。就零售業務而言，我們一般透過於現貨市場向當地分銷商銷售氣體產品(以我們於現場生產設施的剩餘可用產能及專門用作零售生產的生產設施生產)獲取收益。我們亦有選擇地與對我們的氣體產品有穩定及定期的需求的零售客戶簽訂供氣合約。根據該等合約，我們於有關供氣合約年內定期供應氣體產品。本報告所指的現場生產設施指我們與工業公司訂立長期供氣合約後建設的現場供氣設施。本報告所指的零售生產設施指在沒有與客戶訂立長期供氣合約下，我們一般營運的生產設施。

Chairman's Statement

主席報告

Dear Shareholders,

On behalf of Yingde Gases Group Company Limited (our "Company", together with its subsidiaries, referred to as our "Group"), I am pleased to present the annual results for the year ended 31 December 2016. I would like to express my gratitude to our shareholders for your continuous support and concern.

INDUSTRY REVIEW

In 2016, economic growth and recovery has been sluggish in China and most of the world, and the industrial gas industry has recovered to some extent after a long period of low demand. With the progression of supply-side structural reform and the improvement of manufacturing in the downstream industries such as metallurgy, chemical engineering and automobile, the demand for industrial gas started to pick up and retailing price rose in the second half of 2016. In the meantime, there were many occasions during 2016 where production plants had to reduce or shut down their operation under administrative directives related to special events, accidents, pollution and policy targets, resulting in significant drop in gas demand.

Industrial gas is the primary material in modern industry, and it has an important position and plays an important role in the national economy. It is an indispensable production element for industries, such as petrochemicals, coal chemical, metallurgy, electronics, medical, and food. With weak recovery of the global economy and the complicated domestic market and regulatory environment, the operation of industrial gas projects still faces challenges in the short run.

BUSINESS REVIEW

Our Group has been the largest independent on-site gas supplier in China since 2009. According to SAI report, our Group remained as the largest independent industrial gas supplier in the PRC in terms of total revenue in 2016. Our Group, with its extensive market experience and excellent professional teams, has evolved into a reliable gas provider and has been granted with premium projects. As at the end of 2016, our Group had 70 production facilities in operation with a total installed oxygen capacity of 2,007,300 Nm³/hr.

尊敬的各位股東：

本人謹此代表盈德氣體集團有限公司(「本公司」，連同其附屬公司統稱為「本集團」)欣然呈報截至2016年12月31日止年度之全年業績，並對各位股東長期以來的支持與關心表示誠摯謝意！

行業回顧

2016年中國和國際多數經濟體的增長和恢復非常疲弱，工業氣體行業在歷經前期較長時間的需求低迷後有所復甦。隨著供給側結構性改革的推進，以及下游行業，例如冶金業、化工業及汽車製造業等相關工業生產的好轉，氣體需求量於2016年下半年開始回升，零售氣體價格出現一定的上漲。與此同時，年內亦發生多次生產企業因涉及特別會議和活動、安全事故和事件、環境影響、政策目標的行政指令而被迫停產或減產，繼而造成氣體需求明顯下降的情況。

工業氣體是現代大工業生產的基礎原料，在國民經濟中有著重要的作用和地位，是石油化工、煤化工、冶金、電子、醫療、食品等行業不可或缺的生產要素。全球經濟的疲弱復甦態勢，中國經濟所面臨的不確定的市場和政策環境，使得工業氣體的項目運營在短期內依然面臨挑戰。

業務回顧

自2009年開始，本集團已成為中國最大的獨立現場製氣供應商。而根據SAI報告，就總收入而言，本集團2016年維持為中國最大的獨立工業氣體供應商。本集團憑藉其豐富的市場經驗和優秀的專業團隊，已成為一個可靠的氣體供應商，榮獲優質項目。截至2016年底，本集團營運的生產設施共70個，總裝機氧氣容量為2,007,300標準立方米/小時。



Although the macroeconomic environment is filled with uncertainties, as a leader of the industrial gas industry in China, our Group maintained stable development in 2016, thanks to the professional management which has laid a solid foundation for our sustainable development. Apart from iron and steel makers, in recent years, we further diversified our customer base into enterprises in industries including chemical and nonferrous metal. As at the end of 2016, our Group has 67 on-site gas supply facilities in operation with a total installed oxygen capacity of 2,004,300 Nm³/hr. For the merchant market, the market demand for nitrogen and oxygen remained relatively stable while the volume and price of argon sold increased due to decline in supply and rising demand from downstream industries.

KELAMAYI PROJECT

In relation to the Kelamayi project involving the construction of a Coal to Hydrogen plant, having assessed its prospects and the Company's financial resources, the Company has decided to indefinitely suspend the project and will not make any further investment into it. The equipment purchased under the project will be transferred to other parts of the businesses of the Company and its subsidiaries.

儘管宏觀經濟環境充滿不確定性，作為工業氣體行業在中國的領導者，專業化管理為我們的可持續發展奠定了堅定的基礎，本集團在2016年的發展保持穩定。近年來除了鋼鐵企業，我們進一步多樣化我們的客戶群至化工和有色金屬企業。截至2016年底，本集團有67個正在營運的現場供氣設施，總裝機氧氣容量達2,004,300標準立方米/小時。零售氣體方面，氮氣和氧氣的市場需求相對保持穩定，氬氣因產品供應緊縮及下游行業的生產好轉而量價齊升。

克拉瑪依煤製氫項目

有關克拉瑪依之煤製氫建設項目，本公司在評估項目前景及本公司之融資來源後，已決定無限期暫停該項目，並不再進行進一步投資。該項目下已採購設備將轉移至本公司及其子公司其他經營項目。

Chairman's Statement (continued)

主席報告(續)

OUTLOOK

Looking ahead, our Group will continue to work with high quality customers in 2017 and maintain its leading position in the industry by providing the best gas service to our customers.

Finally, I would like to take this opportunity to thank our business partners and customers for their support and trust over the years. Meanwhile, I would like to express my sincere gratitude to our staff for their efforts in the past year. We commit to capitalize our success and we will strive to maximize the return to our shareholders.

Zhongguo Sun

Chairman and chief executive officer

20 April 2017

展望

展望2017年，本集團將繼續與優質客戶合作，並保證為客戶提供最佳的氣體供應，保持在行業內的領頭企業地位。

最後，本人籍此機會感謝本集團的商業夥伴及客戶多年的支持和信任。同時，亦十分感謝全體員工過去一年來的辛勞，我們承諾將建基於我們的成就並繼續努力為本集團的股東帶來最大的回報。

Zhongguo Sun

主席及行政總裁

2017年4月20日

CEO's Report and Management Discussion & Analysis

行政總裁報告及管理層討論及分析

On behalf of our Company's management team, I am pleased to report our Group's 2016 results to our shareholders as follows:

INDUSTRY REVIEW

In 2016, the industrial gas industry has recovered to some extent after a long period of low demand. With the progression of supply-side structural reform and the improvement of manufacturing in downstream industries, such as metallurgy and chemical engineering, the retailing price of industrial gas picked up in the second half of 2016. On the other hand, economic growth and recovery has been sluggish in China and most of the world. As China's domestic manufacturing sectors struggled to navigate their ways through the persistently challenging and highly uncertain market and regulatory environment, consumption of most industrial gas products, particularly consumption by large industrial users shrank instead of expanding. Affected by this, the challenge of the project operation of industrial gases still exists in the short run. According to the 2016 SAI report, it is estimated that the CAGR of China industrial gas market from 2016 to 2021 would amount to 7%, and China's gross industrial gas would reach US\$13.8 billion by 2021.

BUSINESS REVIEW

In 2016, global economic recovery has been sluggish, while the market and regulatory environment confronted by China's domestic industries has been complex. Although the macroeconomic environment was filled with uncertainties, as a leader of the industrial gas industry in China, our Group maintained steady development in 2016, thanks to the professional management which has laid a solid foundation for our sustainable development. Apart from iron and steel makers, in recent years, we further diversified our customer base into enterprises in industries including chemical, nonferrous metal, electronics and energy, as well as into new geographic regions. In the meantime, we adopted a more constructive way of handling customer relationships, in order to keep operation stable.

As at 31 December 2016, our Group had a total of 70 facilities in operation and 13 facilities under development. The total installed capacity amounted to 2,007,300 Nm³/hr in terms of installed oxygen capacity, representing an increase of 3.3% as compared with last year. During the year, our Group sold 27,048 million Nm³ of industrial gases, representing a growth of 12.5% as compared with last year. The total sales volume of oxygen products, nitrogen products and argon products were 11,876 million Nm³, 11,114 million Nm³ and 255 million Nm³, respectively. It is expected that the total installed capacity will exceed 2,300,000Nm³/hr in 2018 when construction of all facilities under development is completed.

本人謹此代表本公司管理層，欣然向股東報告本集團2016年的業績如下：

行業回顧

2016年，工業氣體行業在經歷前期較長時間的需求低迷後有所復甦。下半年以來，隨著供給側結構性改革的推進和下游冶金、化工等相關工業生產的好轉，零售氣體價格出現一定上漲。另一方面，中國和大部份國家的經濟增長和恢復非常疲弱，國內製造業在持續艱難和極度不確定的市場和政策環境中尋找出路，工業氣體產品的消耗應用，特別是大工業用戶的氣體消耗應用不升反降。受此影響，工業氣體的項目運營在短期內依然面臨挑戰。根據2016年SAI報告預測，中國工業氣體市場於2016年至2021年的複合年增長率達7%，中國工業氣體總值於2021年將達138億美元。

業務回顧

2016年世界經濟復甦態勢疲弱，國內各行業面臨的市場和政策環境依然錯綜複雜。儘管宏觀經濟環境充滿不確定性，作為工業氣體行業在中國的領導者，有賴於專業化管理為我們的可持續發展奠定了堅實的基礎，本集團在2016年的發展穩中有升。近年來除了鋼鐵企業，我們進一步多樣化我們的客戶群至新的行業，如化工、有色金屬、電子及能源等，以及新的地域。同時，我們採納更具建設性的客戶關係處理方式，以維持運營的穩定。

於2016年12月31日，本集團有70個正在營運的生產設施及13個正在興建的生產設施。以裝機氧氣容量計算，總裝機容量達到2,007,300標準立方米／小時，同比上升3.3%。本年度內，本集團共銷售27,048百萬標準立方米工業氣體，同比上升12.5%，氧氣產品、氮氣產品及氬氣產品的總銷量分別為11,876百萬標準立方米、11,114百萬標準立方米及255百萬標準立方米。預計在2018年所有在建項目完成後，總裝機容量能超過2,300,000標準立方米／小時。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

REVIEW OF ON-SITE GAS SUPPLY OPERATION

Our Group is principally engaged in on-site gas supply. After years of continuing development and with our professional management, we currently maintain a stable and quality customer base and an established professional reputation in the industrial gas industry. To ensure reliable and stable gas supply to our customers, we provide on-site services including design, construction, operation and maintenance of production facilities at our customers' premises or in close proximity.

According to the SAI Report of 2016, our Group was the largest independent on-site industrial gas supplier in the PRC with a market share of 34.5% in 2016. Our major gas products include oxygen, nitrogen and argon. For the year ended 31 December 2016, the revenue of our Group's on-site gas supply business amounted to RMB7,021 million, representing an increase of 2.0% as compared with last year. On-site gas supply accounted for approximately 83.5% of the revenue of our Group, mainly contributed by customers from steel, chemical and non-ferrous metals industries. To secure stable stream of income, our Group has been stringent in customer selection, and will normally enter into long term take-or-pay on-site gas supply contracts with customers with a term from 10 to 30 years, which include terms of minimum gas supply commitment.

現場氣體供應業務回顧

本集團主要從事現場氣體供應，在多年持續發展及專業管理領導下，我們現時維持穩定的優質客戶基礎，成為工業氣體行業內的專業代表。為確保向客戶提供可靠穩定的氣體，我們在客戶廠房實地現場或毗鄰位置提供氣體生產設施設計、建設、營運及保養等現場服務。

根據2016年SAI報告研究指出，本集團在2016年的市場佔有率為34.5%，是現時中國最大獨立現場工業氣體供應商，其主要氣體產品為氧氣、氮氣及氬氣。截至2016年12月31日止年度，本集團現場供氣業務的收入為人民幣7,021百萬元，同比增加2.0%。現場氣體供應佔本集團業務收入約83.5%，主要是來自鋼鐵、化工及有色金屬行業的客戶群。本集團一向嚴格挑選客戶，一般與現場客戶訂立為期10至30年的長期照付不議現場供氣合約，包括最低供氣量條款的合約，以確保本集團收入穩定。



CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

For the year ended 31 December 2016, our Group has entered into 3 new long-term on-site gas supply contracts.

REVIEW OF MERCHANT GAS OPERATION

As the manufacturing sector remained in the doldrums with shrinking demand from downstream sectors, the revenue of our Group's merchant gas operation for the year ended 31 December 2016 amounted to RMB955 million, representing an increase of 15.8% as compared with last year. The percentage of merchant sales accounting for the revenue of our Group also increased to 11.4%. Due to the recovery of the metal processing industry in the PRC, our sales volume of oxygen increased by 18.8% and unit price of oxygen increased by 4.2% in 2016 as compared with last year. Due to the strong recovery of stainless steel industry in the PRC, the volume and unit price of argon increased by 23.8% and 11.7% respectively in 2016 as compared with last year.

FINANCIAL REVIEW

Leveraging on our comprehensive market strategy, effective control over cost and expenditure, development of business, and devotion from our management and staff, our Group recorded an increase in both our production and sales in 2016, resulting in a steady growth of revenue in 2016.

For the year ended 31 December 2016, our revenue increased by RMB485 million to RMB8,404 million from RMB7,919 million in 2015. The increase in revenue is mainly attributable to the commencement of operation of 2 on-site facilities during the year and the full ramp-up of facilities that commenced operation in 2015, increased in merchant sales and proceeds from the provision of construction and operating services for the downstream customers.

截至2016年12月31日止年度，本集團簽訂了3份新的長期現場供氣合約。

零售氣體業務回顧

由於製造業持續低迷，下游需求萎縮，截至2016年12月31日止年度，本集團零售氣體業務的營業收入為人民幣955百萬元，同比上升15.8%，且零售業務收入佔本集團業務收入比例上升至11.4%。由於國內金屬加工行業有所好轉，於2016年我們氧氣銷量同比上升18.8%，氧氣單位價格同比增加4.2%；於2016年氬氣受到國內不銹鋼行業強勁復甦，氬氣銷量及單位價格同比分別增加23.8%及11.7%。

財務回顧

憑藉我們全面的市場策略、有效的成本及開支控制、於業務上的發展、管理層及員工盡心的表現，本集團的產量及銷售額均於2016年有所增長，從而於2016年錄得穩健增長的銷售收入。

截至2016年12月31日止年度，我們的收入為人民幣8,404百萬元，較2015年的人民幣7,919百萬元增加人民幣485百萬元。收入增長主要是由於2015年投產的項目已進入全面生產，而本年度內亦有2個現場供氣項目投產，零售的增長以及為下游客戶提供建造和運營的服務的所得款項。

CEO's Report and Management Discussion & Analysis (continued)

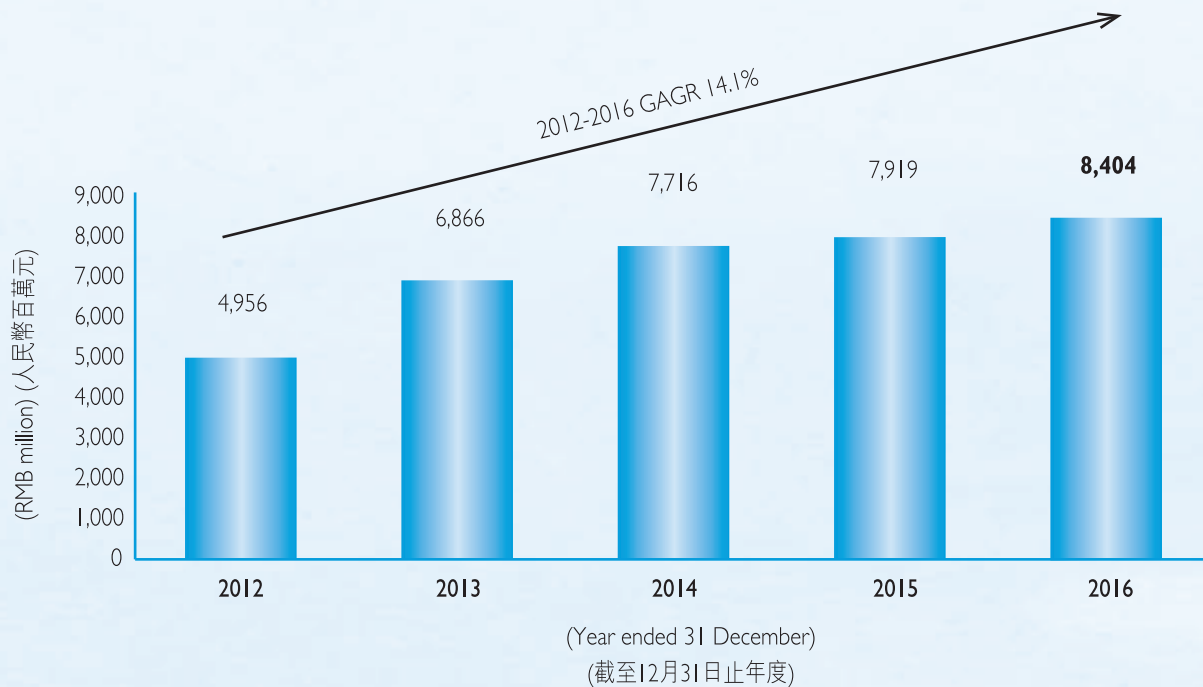
行政總裁報告及管理層討論及分析(續)

REVENUE

Our revenue consists of proceeds from the sale of industrial gas products and provision of service. Our revenue is recognised when our gas products are delivered to and accepted by a customer, to whom our Company has transferred the related risks and ownership or other services are rendered. The revenue figures represent the aggregation of the invoiced value of goods sold or services provided, net of value-added tax. Our revenue increased by 6.1% from RMB7,919 million for the year ended 31 December 2015 to RMB8,404 million for the year ended 31 December 2016.

收入

我們的收入包括銷售工業氣體產品及提供服務的所得款項。我們的收入於我們的氣體產品付運至客戶且彼等確認接受貨品後且本公司已轉讓有關貨品風險及擁有權時確認或提供相關服務後確認。收入數字為扣減增值稅後的銷售貨品或提供服務發票總值。本公司的收入由截至2015年12月31日止年度的人民幣7,919百萬元增加6.1%至截至2016年12月31日止年度的人民幣8,404百萬元。



CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

The table below sets out revenue generated from sales of industrial gases to our on-site, merchant customers and other services rendered for the years indicated:

下表載列於所示年份自銷售工業氣體予現場供氣，零售客戶以及提供其他相關服務所得的收入：

		Year ended 31 December 截至 12 月 31 日止年度			
		2016		2015	
		RMB'000 人民幣千元	(%)	RMB'000 人民幣千元	(%)
Revenue	收入				
Sales of industrial gases to on-site customer	銷售工業氣體予現場供氣客戶	7,021,211	83.5	6,886,264	87.0
Sales of industrial gases to merchant customer	銷售工業氣體予零售客戶	954,520	11.4	824,593	10.4
Revenue from other related services	提供其他相關服務	428,201	5.1	208,004	2.6
Total	總計	8,403,932	100.0	7,918,861	100.0

The table below sets out the weighted average unit price of gases sold to our merchant customers for the years indicated:

下表載列於所示年份向我們的零售客戶銷售的加權平均單位價格：

		Year ended 31 December 截至 12 月 31 日止年度	
		2016	2015
		Unit price (RMB/Nm ³) 單位價格(人民幣/標準立方米)	
Oxygen	氧氣	0.74	0.71
Nitrogen	氮氣	0.63	0.63
Argon	氬氣	1.43	1.28
Weighted Average Unit Price	加權平均單位價格	0.82	0.79

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行政總裁報告及管理層討論及分析(續)

COST OF SALES

Our cost of sales mainly comprises utility expenses, depreciation expenses for property, plant and equipment related to production, staff costs for our production team and other expenses. Utility expenses, mainly consisting of electricity expenses and steam expenses, represented 78.8% and 80.2% of our total cost of sales for the years ended 31 December 2016 and 2015, respectively. Depreciation and amortisation expenses related primarily to property, plant and equipment and intangible assets we own and are calculated on a straight-line basis over the estimated useful lives of these assets. Staff costs mainly include salaries, bonuses, benefits and contributions that we pay to our employees or the benefit we make to our employees in our production team. Other expenses primarily consist of other consumables as well as repair and maintenance.

Cost of sales increased by 9.0% from RMB5,369 million for the year ended 31 December 2015 to RMB5,850 million for the year ended 31 December 2016, which was mainly driven by the increase in the revenue. Cost of sales as a percentage of revenue increased from 67.8% for the year ended 31 December 2015 to 69.6% for the year ended 31 December 2016.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased slightly by 0.2% from RMB2,550 million for the year ended 31 December 2015 to RMB2,554 million for the year ended 31 December 2016. Our gross profit margin decreased from 32.2% for the year ended 31 December 2015 to 30.4% for the year ended 31 December 2016, representing a slight decrease compared with last year.

OTHER INCOME

Other income mainly includes subsidies and grants from local government authorities and income from certain one-off transactions. In 2016, our Group repurchased USD37 million senior notes and the relevant gain of RMB37 million on repurchase was recognised in other income.

銷售成本

我們的銷售成本主要包括公用費用、生產有關物業、廠房及設備的折舊開支、生產團隊的員工成本以及其他開支。公用費用主要包括電費和蒸汽費用，截至2016年和2015年12月31日止之年度分別佔我們總銷售成本78.8%及80.2%。折舊及攤銷開支主要與我們擁有的物業、廠房及設備以及無形資產有關，以直線法按該等資產的估計可使用年限計算。員工成本主要與我們向僱員支付的薪金、花紅、福利及供款或向本公司生產團隊員工提供的福利有關。其他開支主要包括其他消耗品及維修及保養。

銷售成本由截至2015年12月31日止年度的人民幣5,369百萬元增加9.0%至截至2016年12月31日止年度的人民幣5,850百萬元，主要是由於收入增加所致。銷售成本佔收入的百分比由截至2015年12月31日止年度的67.8%增加至截至2016年12月31日止年度的69.6%。

毛利及毛利率

我們的毛利由截至2015年12月31日止年度的人民幣2,550百萬元略微增加0.2%至截至2016年12月31日止年度的人民幣2,554百萬元。我們的毛利率由截至2015年12月31日止年度的32.2%下降至截至2016年12月31日止年度的30.4%，比去年略為下降。

其他收入

其他收入主要包括地方政府機關授予的補貼收入和補助金，及某些一次性交易。本集團於2016年回購了37百萬美元優先票據，相關收益人民幣37百萬元於其他收入中確認。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

SELLING EXPENSES

Our selling expenses primarily consist of freight charges for distribution and logistics expenses and staff costs in connection with hiring and maintaining our sales team across different regions in the PRC. Selling expenses decreased by 22.7% from RMB207 million for the year ended 31 December 2015 to RMB160 million for the year ended 31 December 2016, mainly due to the tightened control over cost.

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily consist of staff costs in connection with hiring and retaining our management and administrative staff at our headquarters and production plant level, travel and entertainment expenses, external consulting fees and impairment losses of trade receivables. Administrative expenses decreased by RMB27 million from RMB501 million for the year ended 31 December 2015 to RMB474 million for the year ended 31 December 2016, which is mainly due to decrease in allowance made by our Group for doubtful debts of trade receivables on the on-site customers and merchant customers.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Impairment losses of RMB47 million, in respect of certain building, plant and machinery of the Group which were obsolete, damaged or that could not generate future economic benefits, were provided against for impairment for the year ended 31 December 2016.

銷售費用

本公司的銷售費用主要包括分銷的運費及物流開支及有關於中國各地區聘用及留任銷售團隊的員工成本。銷售費用由截至2015年12月31日止年度的人民幣207百萬元下降22.7%至截至2016年12月31日止年度的人民幣160百萬元，主要由於嚴謹的成本控制所致。

管理費用

本公司的管理費用主要包括有關聘用、留任總部及工廠管理層及行政員工的員工成本、差旅及招待費用、外聘顧問費用以及應收賬款的減值虧損。管理費用由截至2015年12月31日止年度的人民幣501百萬元下降人民幣27百萬元至截至2016年12月31日止年度的人民幣474百萬元，主要是由於對現場供氣以及零售客戶計提的應收賬款呆賬準備下降所致。

物業、廠房及設備和在建工程減值撥備

截至2016年12月31日止年度，由於本集團部分老化、損壞或無法產生未來經濟利益流入的物業、廠房及設備已計提減值虧損人民幣47百萬元。

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In relation to the Kelamayi project involving the construction of a Coal to Hydrogen plant, having assessed its prospects and our financial resources, we have decided to indefinitely suspend the project and will not make any further investment in it. The equipment purchased under the project will be transferred to other parts of the businesses of the Company and its subsidiaries. As a result, it indicates that construction in progress of the project in Kelamayi is impaired. The Company re-assessed the recoverable amount of this project with reference to the fair value less cost of disposal of these assets. For the assets which cannot be moved or disposed, mainly plant under construction and the capitalised interest cost, we decided to make full impairment provision as it is expected that the recoverable amount is minimal. While, the equipment and machinery in Kelamayi project site are nearly brand new, mainly includes a set of air separator and a set of hydrogen manufacturing converter, can be moved from the construction site in Kelamayi to another project. The Company assessed recoverable amount of these equipment and machinery based on these equipment and machinery's fair value less costs of disposal, by reference to recent market prices of air separator set and hydrogen manufacturing converter set of similar capacity and condition. As a result of the above, a total impairment loss of RMB 482 million for this project mainly related to the plant under construction in Kelamayi was recognised for the year ended 31 December 2016.

Besides, impairment losses of RMB83 million were recognised on other construction projects, mainly plants under construction, during the year ended 31 December 2016 due to projects suspension, primarily based on their assessment that the recoverable amount is minimal.

PROFIT FROM OPERATIONS AND OPERATING PROFIT MARGIN

As a result of the foregoing, our profit from operations decreased by 27.5% from RMB1,875 million for the year ended 31 December 2015 to RMB1,360 million for the year ended 31 December 2016, while our operating profit margin decreased from 23.7% for the year ended 31 December 2015 to 16.2% for the year ended 31 December 2016, which is mainly due to impairment loss on property plant and equipment and construction in progress of RMB 612 million.

有關克拉瑪依的煤制氫建設項目，本公司在評估項目前景及本公司的融資來源後，已決定無限期的暫停該項目，並不再進行進一步投資。該項目已採購設備將轉移至本集團的其他經營項目。因而，該等決定提示克拉瑪依項目在建工程存在減值跡象。本公司根據公允價值減處置成本重新評估了該項目的可收回金額。針對無法移動或處置的資產，主要為在建廠房和已資本化利息開支，本公司已決定全額確認減值虧損。同時，克拉瑪依項目現場的機器設備幾近全新，主要包括一套空分設備和一套氣化爐，該等設備可從克拉瑪依建設現場轉移至本集團另一項目。本公司根據該等設備之公允價值減處置成本評估了該等設備的可收回金額，並參考至相同規制和情況之空分設備和氫氣轉化爐設備之最新市場價。截至2016年12月31日止年度，本公司就該項目主要在建廠房確認減值虧損總計人民幣482百萬元。

除此之外，於截至2016年12月31日止年度，有關其他停滯在建工程項目確認減值虧損人民幣83百萬元，該等金額基於可收回金額很小。

經營收益及經營收益率

基於上文所述，我們的經營收益由截至2015年12月31日止年度的人民幣1,875百萬元下降27.5%至截至2016年12月31日止年度的人民幣1,360百萬元，經營收益率由截至2015年12月31日止年度的23.7%下降至截至2016年12月31日止年度的16.2%，主要是由於對物業、廠房及設備及在建工程減值撥備人民幣612百萬元所致。

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FINANCE INCOME

Our finance income mainly consists of interest income from bank deposits, finance income on receivables under finance lease and the gain on remeasurement of derivative financial instruments.

Finance income increased by 158.1% from RMB31 million for the year ended 31 December 2015 to RMB80 million for the year ended 31 December 2016.

FINANCE COSTS

Our finance costs primarily consist of interest payments for our borrowings granted by banks and other financial institutions as well as finance charges on obligations under finance lease and exchange loss.

Finance costs increased by 5.1% from RMB968 million for the year ended 31 December 2015 to RMB1,017 million for the year ended 31 December 2016, mainly due to the depreciation of Renminbi in 2016 resulting in foreign exchange loss of RMB406 million incurred in connection with our outstanding foreign currency debts and increase in bank borrowings.

INCOME TAX EXPENSES

Income tax expenses increased by 24.6% from RMB418 million for the year ended 31 December 2015 to RMB521 million for the year ended 31 December 2016, primarily due to the tax effect of non-deductible expenses arising from impairment losses on property, plant and equipment, construction in progress, and trade receivables in China.

PROFIT/LOSS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF OUR COMPANY

As a result of the foregoing, profit attributable to the equity shareholders of our Company decreased by 126.7% from RMB536 million for the year ended 31 December 2015 to a loss of RMB143 million for the year ended 31 December 2016.

LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Loss attributable to non-controlling interests increased from RMB3 million for the year ended 31 December 2015 to a loss of RMB6 million for the year ended 31 December 2016.

財務收入

我們的財務收入主要包括銀行存款的利息收入，應收融資租賃貸款的融資收入以及重計衍生金融工具的收益。

財務收入由截至2015年12月31日止年度的人民幣31百萬元增加158.1%至截至2016年12月31日止年度的人民幣80百萬元。

財務成本

我們的財務成本主要包括銀行及其他財務機構借款的利息開支，融資租賃負債的融資費用以及滙兌損失。

財務成本由截至2015年12月31日止年度的人民幣968百萬元增加5.1%至截至2016年12月31日止年度的人民幣1,017百萬元，主要因為2016年人民幣貶值，錄得與我們未償外幣債務406百萬元人民幣滙兌損失以及銀行貸款增加所致。

所得稅費用

所得稅費用由截至2015年12月31日止年度的人民幣418百萬元增加24.6%至截至2016年12月31日止年度的人民幣521百萬元，主要是由於國內不可抵扣開支的稅務影響所致，該等開支主要產生確認的物業廠房設備，在建工程，以及應收賬款減值虧損所致。

本公司權益持有人應佔利潤／虧損

基於上文所述，本公司的權益持有人應佔利潤由截至2015年12月31日止年度的人民幣536百萬元減少126.7%至截至2016年12月31日止年度的虧損人民幣143百萬元。

非控股股東應佔虧損

非控股股東應佔虧損由截至2015年12月31日止年度的人民幣3百萬元增加至截至2016年12月31日止年度的虧損人民幣6百萬元。

CEO's Report and Management Discussion & Analysis (continued)

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TRADE RECEIVABLES

應收賬款

		As at 31 December	
		於 12 月 31 日	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	應收賬款	1,769,614	1,919,665
Bills receivable	應收票據	374,920	685,139
Less: allowance for doubtful debts	減：呆賬準備	(444,530)	(376,809)
		1,700,004	2,227,995

Our trade receivables decreased from approximately RMB2,228 million as at 31 December 2015 to approximately RMB1,700 million as at 31 December 2016. Our Group has made sufficient amount of allowance for doubtful debts in this financial year.

我們的應收賬款由2015年12月31日的約人民幣2,228百萬元減至2016年12月31日的約人民幣1,700百萬元。本集團在本年度已計提了足額的呆賬準備。

Turnover of trade receivables decreased from 82 days for the year ended 31 December 2015 to 79 days for the year ended 31 December 2016.

應收賬款周轉期由截至2015年12月31日止年度的82天減至截至2016年12月31日止年度的79天。

The following table sets out the turnover of our trade receivables for the years indicated:

下表載列於所示年度的應收賬款的周轉天數：

		Year ended 31 December	
		截至 12 月 31 日止年度	
		2016	2015
Turnover of trade receivables (days)*	應收賬款周轉(天數)*	79	82

Note:

備註：

* Calculated on the average of the beginning and ending trade receivables balances for the year, divided by revenue for the year, and multiplied by 360 days for a year in respect of the years indicated.

* 就所示年度而言，按該年度年初與年終的應收賬款平均結餘，除以該年度的收益，再乘以一年360日計算。

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BORROWINGS

借款

		As at 31 December	
		於12月31日	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term borrowings	短期借款	1,511,456	709,676
Current portion of long-term borrowings	長期借款的即期部份	2,367,313	893,662
		3,878,769	1,603,338
Non-current portion of long-term borrowings	長期借款的非即期部份	6,505,224	8,060,162
		10,383,993	9,663,500

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital and other capital requirements principally from equity provided by our shareholders, cash generated from operations, cash at bank and on hand, short-term and long-term borrowings from banks and other financial institutions and debt securities.

As at 31 December 2016, the total assets of our Group were approximately RMB19,223 million, representing a decrease of approximately RMB351 million from 31 December 2015. The cash at bank and on hand was RMB737 million, representing an increase of approximately RMB59 million from 31 December 2015. The current ratio of our Group was 67.8%. The gearing ratio of our Group that is calculated by dividing total liabilities by total assets was 67.5%.

One subsidiary of our Group issued corporate bonds of aggregate amount of RMB980 million in October 2015 at an interest rate of 5.48% per annum, which will be due in 2020. Details of the corporate bonds are set out in note 24(h) to the consolidated financial statements.

One subsidiary of our Group issued senior notes of an aggregate amount of US\$250 million in August 2014 ("Senior Notes II") at an interest rate of 7.25% per annum, which will be due in 2020. Details of the senior notes are set out in note 24(f) to the consolidated financial statements.

流動資金及資本資源

我們過往主要以股東提供的股本、營運提供的現金、銀行存款及現金及來自銀行及其他財務機構的短期及長期借款及債務證券滿足我們的營運資金及其他資本需求。

於2016年12月31日，本集團總資產約為人民幣19,223百萬元，比2015年12月31日減少約人民幣351百萬元。銀行及手頭現金為人民幣737百萬元，比2015年12月31日增加約人民幣59百萬元；本集團流動比率為67.8%。本集團按總負債除以總資產計算的槓杆比率為67.5%。

本集團一附屬公司於2015年10月發行了總值人民幣980百萬元之公司債券，年利率為5.48%，這些公司債券於2020年到期。關於公司債券之詳情載於合併財務報表附註24(h)。

本集團一附屬公司於2014年8月發行了總值250百萬美元的優先票據(「優先票據II」)，年利率為7.25%，這些優先票據於2020年到期。關於優先票據之詳情載於合併財務報表附註24(f)。

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One subsidiary of our Group issued senior notes of an aggregate amount of USD425 million in April 2013 ("Senior Notes I") at an interest rate of 8.125% per annum, which will be due in 2018. Details of the senior notes are set out in note 24(f) to the consolidated financial statements.

As at 31 December 2016, the carrying value of assets pledged to secure for bank borrowings and other loans was RMB3,545 million (31 December 2015: RMB2,580 million).

As at 31 December 2016, the total borrowings included a syndicated loan of USD90,000,000 and HKD77,500,000 equivalent to RMB680,794,000. The Group has failed to fulfil a financial covenant requirement in relation to the amount of the net tangible assets of the Group ("Event of Default") under the syndicated loan and the Group has not remedied this requirement at the reporting date. Therefore, the syndicated loan lenders have (via the syndicated loan agent) the right to require the syndicated loan to be immediately repaid prior to its original repayment dates as defined in the original syndicated loan agreement. As at 31 December 2016, the entire outstanding amount of the syndicated loan was reclassified as current liabilities. The Directors are in communication with the syndicated loan lenders about the syndicated loan and the Event of Default. If the Directors are unable to come to an acceptable agreement with the syndicated loan lenders with regards to the Event of Default and the Company is unable to secure alternative funding to replace the syndicated loan, then an acceleration of repayment of the syndicated loan may trigger a cross default of other financial indebtedness and result in the Group being under an immediate repayment obligation for such financial indebtedness. As of the date hereof, the Company has not received notice from the syndicated loan agent to accelerate the repayment of the syndicated loan.

本集團一附屬公司於2013年4月發行了總值425百萬美元優先票據(「優先票據I」)，年利率為8.125%，這些優先票據於2018年到期。關於優先票據之詳情載於合併財務報表附註24(f)。

於2016年12月31日，就銀行及其他貸款抵押的資產賬面價值為人民幣3,545百萬元(2015年12月31日：人民幣2,580百萬元)。

於2016年12月31日，借款總額中包含一筆金額為90,000,000美元和77,500,000港元(相當於人民幣680,794,000元)的銀團貸款。本集團未能滿足銀團貸款下有關於本集團有形資產淨值額的財務契約要求(「違約事項」)，且於本報告日本集團尚未彌補此要求。因而，銀團貸款借款方有權(通過銀團貸款代理人)要求在原定還款日(定義見原銀團貸款協議)前立即提前償還銀團貸款。於2016年12月31日，銀團貸款的全部未償還金額已重列為流動負債。董事現正與銀團貸款借款方就銀團貸款及違約事項進行溝通。倘董事未能與銀團貸款借款方就違約事項達成可接納的安排，以及本公司未能獲取可取代銀團貸款的其他資金，則加快償還銀團貸款可能觸發其他財務債項的交叉違約，而導致本集團履行該項財務債項的即時還款責任。於本報告日，本公司尚未收到銀團貸款代理人通知需加快償還銀團貸款。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

CONVERTIBLE BONDS AND WARRANTS

On 24 November 2013, our Company and China Development Bank International Investment Limited ("CDB International") entered into an investment agreement whereby our Company agreed to issue and CDB International agreed to subscribe for (i) the principal amount of US\$25 million 8% coupon convertible bonds due 2015; and (ii) at nil consideration, 18,953,853 warrants exercisable to purchase ordinary Shares of the Company (the "CDB International Warrants").

The convertible bonds are convertible into Shares at the initial conversion price of HK\$8.80 per Share. If all the convertible bonds are converted at the initial conversion price, a total of 22,024,148 new Shares will be issued. The initial price at which a share will be issued upon exercise of a warrant will be HK\$10.23. The total price at which CDB International is entitled to acquire the warrant shares from our Company shall be not more than US\$25 million. The net proceeds from the issue of our convertible bonds received by our Company is approximately US\$25 million and were used as general working capital of our Company. Upon full exercise of the subscription rights attaching to the warrants, net proceeds of approximately US\$25 million will be raised by our Company, which will be used as general working capital of the Company.

As at 31 December 2016, the convertible bonds and warrants were mature and no Share was converted.

CAPITAL EXPENDITURE

Capital expenditures principally comprise expenditures for the construction of new production facilities, purchase of property, plant and equipment and other investments. The annual total capital expenditure for 2016 was RMB928 million (2015: RMB1,123 million), principally comprised expenditures for the construction of new production facilities, purchase of property, plant and equipment and other investments, which were financed by a combination of our internal cash flows and bank borrowings.

可轉股債券和認股權證

於2013年11月24日，本公司與國開國際投資有限公司(「國開國際」)訂立投資協議，據此本公司同意發行及國開國際同意(i)認購本金額為25百萬美元之2015年到期8厘可轉股債券；及(ii)無償認購18,953,853份可行使認股權證以購買本公司的普通股股份(「國開國際認股權證」)。

可換股債券可以根據初步兌換價每股8.80港元兌換為股份。若按初步兌換價悉數兌換可換股債券，本公司將會發行總數22,024,148股新股份。認股權證獲行使時將予發行股份的初步價格為10.23港元。國開國際有權自本公司收購的認股權證股份之總價格須不多於25百萬美元。本公司發行可換股債券所得款項淨額約為25百萬美元並被本公司用作一般營運資金。認股權證所附認購權獲悉數行使後，本公司將籌得所得款項淨額約25百萬美元，本公司計劃將其均用作一般營運資金。

於2016年12月31日，可換股債券和認股權證已到期，並無轉股。

資本開支

資本開支主要包括興建新生產設施、購買物業、廠房及設備及其他投資的支出。2016年的全年資本開支總額為人民幣928百萬元(2015年：人民幣1,123百萬元)，主要包括建設新生產設施、購買物業、廠房及設備及其他投資的支出，以內部現金流及銀行借款支付。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

PLEDGE OF ASSETS

Details of the pledged assets of our Group are set out in note 24(d) to the consolidated financial statements.

FOREIGN EXCHANGE

As at 31 December 2016, our Group entered into the capped forward contract with the Bank to hedge against RMB/USD currency risk, in the principal amount of USD 400 million. In view of the potential Renminbi exchange rate fluctuations, our Group will consider arranging for proper financial instruments at appropriate time to avoid the corresponding risks.

CONTINGENT LIABILITIES

Details of the contingent liabilities of our Group are set out in notes 32(c) to the consolidated financial statements.

STRATEGIES AND PROSPECTS

Our Company aims to consolidate and further strengthen our position as the leading domestic independent on-site industrial gas supplier in the PRC.

In order to achieve this, we intend to pursue the following strategies:

- capitalize on the outsourcing trend and consolidate and further strengthen our leading position in the on-site industrial gas outsourcing market in China;
- “Go Deep” and “Go Wide” to develop our business and expand our business network;
- further enhance and expand our Company's target markets through industry diversification;
- enhance our competitive strength in providing customized, unique and efficient solutions to our customers through continuous innovation and research and development; and
- continue to attract and retain highly skilled professionals.

抵押資產

本集團之抵押資產詳情載於合併財務報表附註24(d)。

外匯

於2016年12月31日，本集團與銀行訂立加蓋遠期合約，以對沖人民幣風險，本金金額為400百萬美元。鑒於人民幣匯率的潛在波動，本集團會考慮適時安排適當的金融工具以避免相應風險。

或有負債

本集團之或有負債詳情載於合併財務報表附註32(c)。

戰略及前景

本公司旨在鞏固並進一步加強中國境內獨立現場工業氣體供應商的領軍地位。

為達致此目標，本公司將貫徹執行下列戰略：

- 把握外包趨勢而得益及鞏固並進一步加強本公司在中國外包現場工業氣體市場的領軍地位；
- 深入及開拓市場，進一步發展業務及擴大業務網路；
- 透過行業多元化，進一步提升及拓展本公司的目標市場；
- 透過不斷革新和研發，向本公司的客戶提供度身訂造、獨特並高效的解決方案，以提升本公司的競爭優勢；及
- 繼續吸納及留任高技術的專業人員。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

EMPLOYEE, REMUNERATION POLICY AND INFORMATION TECHNOLOGY

Human resources and information technology have been essential to our Group's success. Our staff is crucial assets of our Company. As such, we review our remuneration policy and welfare from time to time to ensure it remains competitive. Our Company has a balanced appraisal system to evaluate the staff's performance. For the long-term development of all concerned, we provide relevant training to our staff, such as providing financial supports to our staff for their further education and carrying out relevant trainings for our management. Our Group has operated a training and research centre in Hangzhou, where our staff could acquire more knowledge on industry safety and technology.

As at 31 December 2016, our Group had 2,261 (31 December 2015: 2,707) employees. The decrease in headcount was mainly a result of cancelation of certain projects under construction, improvement of efficiency of plant management and streamlining our Company's structure in 2016.

We believe that our Company's strong growth and maturity is credited to the expertise of our high-calibre staff and their full support to our Company's development strategy. Our Company values every staff member, and therefore put forward a people-oriented governance philosophy, endeavouring to provide our staff with an excellent working environment and a sound promotion system, and to offer newly promoted staff comprehensive on-the-job training, with a view to fostering a sense of belonging among staff members and propping up their passion at work so that they may provide clients with higher quality services.

僱員、薪酬政策及資訊科技

人力資源與資訊科技一直是本集團的成功關鍵。本公司員工是公司重要的資產，因此，本公司不時檢討薪酬政策及福利以維持競爭力。本公司採用平衡評估制度，評估員工績效。為促進員工各方面及業務上長遠的發展，我們為員工提供相關培訓，例如：資助員工持續進修及對管理層作出相對的培訓。本集團更於杭州設有培訓及研究中心，讓員工在行業安全及技術方面有更多的認知。

於2016年12月31日，本集團有2,261名員工（2015年12月31日：2,707名），員工人數減少主要是由於2016年取消部分在建項目，提升工廠管理效能及精簡本公司架構所致。

我們相信，本公司的增長及成熟有賴於幹練員工的專業知識及其對本公司發展策略的鼎力支持。本公司重視每名員工，故此貫徹以人為本的管理哲學，致力為員工提供理想的工作環境及完善的晉升制度，並為新晉升的員工提供全面在職培訓，使員工增加歸屬感及培養工作熱誠，為客戶提供更優質的服務。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

EXCELLENT MANAGEMENT

Our senior management and senior technicians have extensive experience in the operation of industrial gas enterprises, as well as industry knowledge and know-how. Our board of directors and management represent an excellent combination of expertise in business operation, corporate finance, investment management and strategy, and business development within the industrial gas industry. We also continue recruiting high-calibre technicians and improving our operation systems and production technologies, in order to provide customers with the best gas supply management solutions and other professional services.

DIVIDENDS

The Directors do not recommend any final dividend for the year ended 31 December 2016 (2015: RMB0.14 per Share).

INVESTOR RELATIONS

Communication with Stakeholders

Our Group's investor relations team is devoted to enabling the most effective communication between our Company with shareholders, the financial community and other stakeholders. Our Company adheres to the best practices of high transparency and consistency in information disclosure no matter the market is favourable to the industrial gas sector or otherwise. Our investor relations team has earned the recognition from shareholders, investors and analysts on our Group's integrity in continuing to disclose our Company's strategies and performance at the earliest date in 2016. Our Company's investor relations team frequently reports to management and relevant departments on stakeholders' comments and opinions so that we could keep improving our efficiency and performance, with the ultimate goal of generating higher returns for our shareholders. Communication between the stakeholders and our Company is a two-way process. Our Company had made the following efforts in 2016:

Providing updates to stakeholders through the following channels:

- announcements and notices published on the website of the Hong Kong Stock Exchange, our Company's website, and/or dispatched to our shareholders pursuant to the requirements of the Listing Rules;

優秀管理

我們的高級管理人員及高級技術員均擁有豐富的工業氣體企業營運經驗以及行業知識和技巧。我們的董事會及管理層代表著在工業氣體行業內業務運營、企業融資、投資管理及策略、企業拓展領域的專才的優秀結合。我們亦不斷招攬幹練的技術員及改良營運系統與生產技術，為客戶提供最優質的氣體供應管理解決方案及其他專業服務。

股息

本公司董事不建議分配截至2016年12月31日止年度的末期股息(2015年：每股人民幣0.14元)。

投資者關係

與利益相關者的溝通

本集團的投資者關係團隊致力於實現本公司與股東、金融界及其他利益相關者之間的最有效溝通。不論市場是否有利於工業氣體行業，在資訊披露方面，本公司堅持最高透明度及一致性。本集團的投資者關係團隊在2016年繼續堅持就本公司策略及業績第一時間作出披露，表現出本集團的誠信，贏得股東、投資者及分析師的認同。本公司投資者關係團隊經常向管理團隊及相關部門匯報利益相關者的意見及建議，不斷提高效率及業績，以達致為股東帶來更高回報的最終目標。本公司與利益相關者之間的溝通是雙向的。於2016年，本公司所作努力包括：

透過下列渠道向利益相關者提供最新資料：

- 按上市規則規定，於香港聯交所網站及本公司網站刊登及／或向股東寄發的公告及通告；

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

- our Company's financial reports;
- our annual and extraordinary general meetings, attended by top management representatives and Directors; and
- investors conferences and meetings.

Encouraging feedback from stakeholders through the following channels:

- face-to-face dialogue at our annual and extraordinary general meetings;
- communication with stakeholders via email or telephone. Our Company also replied email and telephone enquiries from stakeholders directly. If it was a matter of general interest to stakeholders, we would seek to address it in subsequent corporate communication to all stakeholders; and
- site visits. Our Company has organized a few site visits for the stakeholders to inspect our production facilities across China in 2016.

Our Company collected and reported to the management team regularly about stakeholders' comments and suggestions on our operations.

We are grateful to all stakeholders who offered us support and provided us with feedback during 2016. If any stakeholder has questions or comments on our Company's work, please contact us at ir@yingdegas.com.

- 本公司財務報告；
- 高層管理代表及董事出席的本公司股東週年大會及股東特別大會；及
- 投資者會議及會面。

鼓勵利益相關者透過下列渠道回饋意見：

- 在股東週年大會及股東特別大會面對面對話；
- 與利益相關者透過電郵及電話溝通。本公司亦會直接回覆利益相關者的電郵及電話諮詢。倘諮詢內容涉及利益相關者的廣泛關注，則本公司將在其後的公司通訊中答覆全體利益相關者；及
- 實地考察。於2016年，本公司組織了數次實地考察，安排利益相關者考察本公司於中國的生產設施。

本公司定期收集並向管理團隊匯報利益相關者對本公司經營的意見及建議。

我們向在2016年為本公司提供支援及回饋的所有利益相關者致謝。任何利益相關者對本公司的工作如有任何疑問或意見，請電郵 ir@yingdegas.com 聯絡我們。

CEO's Report and Management Discussion & Analysis (continued)

行政總裁報告及管理層討論及分析(續)

PROSPECTS

Despite that the industrial gas market was affected by weak global economy and the uncertainties of China's economic and regulatory environment in 2016, our Group will continue to consolidate our business and will endeavour to explore new industries, geographic regions, customers and business models.

Pursuing the above goals, our Group will strive for outstanding performance in 2017 and reciprocate our shareholders with admirable return.

展望

儘管2016年工業氣體市場因全球經濟疲弱及中國市場和政策環境的不確定因素而受到影響，但本集團必定繼續穩守現有業務，並同時致力於新的行業、地域、客戶及商業模式的拓展。

秉承上述目標，本集團將於2017年努力爭取優越的表現，以可觀的回報回饋股東。

Biographies of Directors and Senior Management

董事及高級管理層簡歷

EXECUTIVE DIRECTOR AND CHAIRMAN

Mr. Zhongguo Sun, aged 53, was initially appointed as the chairman, chief executive officer of our Company and an executive Director on 12 November 2007 and was subsequently re-elected as a Director on 19 May 2010, 21 June 2013 and 8 March 2017. Mr. Sun resigned as an executive Director, the chairman of the Board and the Chief Executive Officer of the Company, with effect from the conclusion of a Board meeting on 20 April 2017. Mr. Sun was one of the founders of our Group and has been a director and the general manager of our Group since 2001. Mr. Sun is responsible for the overall management and strategy of our Group. Mr. Sun has more than ten years experience in the industrial gas industry. Prior to establishing our Group, Mr. Sun was the business manager of applied gas solution at BOC Group Plc. Mr. Sun received a Master's degree in Science in Mechanical Engineering from the University of Pittsburgh in 1989.

EXECUTIVE DIRECTOR

Mr. Trevor Raymond Strutt, aged 65, was appointed as an executive Director on 20 May 2010 and was subsequently re-elected as a Director on 26 May 2011, 9 May 2014 and 8 March 2017. He is also the chief operating officer of our Company. Mr. Strutt resigned as an executive Director and the Chief Operating Officer of the Company, with effect from the conclusion of a Board meeting on 20 April 2017. Mr. Strutt was one of the founders of our Group and has been the deputy general manager responsible for the overall operational aspects of our Group since establishment. Mr. Strutt has more than 20 years experience in the industrial gas industry. Prior to establishing our Group, he held various positions at BOC Group Plc. Mr. Strutt received a Bachelor's degree in Science with Honors in Materials Science from the University of Sussex in 1975 and a Master's degree in Business Administration from the University of Leeds in 2001. Mr. Strutt is a member of the Institute of Materials, Minerals and Mining, and is a registered member of the United Kingdom Engineering Council – Chartered Engineer.

執行董事兼主席

Zhongguo Sun 先生，53歲，於2007年11月12日首次獲委任為本公司主席、行政總裁兼執行董事，繼而於2010年5月19日、2013年6月21日及2017年3月8日再次獲重選為董事。Sun先生已辭任本公司執行董事、董事會主席及行政總裁，由2017年4月20日董事會會議結束起生效。Sun先生已辭任本公司執行董事、董事會主席及行政總裁，由2017年4月20日董事會會議結束起生效。Sun先生為本集團創辦人之一，自2001年起擔任本集團董事兼總經理。Sun先生負責本集團整體管理及戰略。Sun先生於工業氣體行業有逾10年經驗。在本集團成立前，Sun先生曾擔任比歐西集團應用氣體解決方案業務經理。Sun先生於1989年獲得匹茲堡大學機械工程理學碩士學位。

執行董事

Trevor Raymond Strutt 先生，65歲，於2010年5月20日獲任為執行董事，繼而於2011年5月26日、2014年5月9日及2017年3月8日再次重選為董事。他亦為公司的營運總監。Strutt先生已辭任本公司執行董事及營運總監，由2017年4月20日董事會會議結束起生效。Strutt先生已辭任本公司執行董事及營運總監，由2017年4月20日董事會會議結束起生效。Strutt先生為本集團創辦人之一，自成立起擔任副總經理，負責本集團整體經營。Strutt先生於工業氣體行業有逾20年經驗。本集團成立前，彼曾於比歐西集團擔任多個職位。Strutt先生於1975年獲得蘇塞克斯大學材料科學榮譽理學學士學位及於2001年獲得利茲大學工商管理碩士學位。Strutt先生為英國材料、礦物及採礦學會會員及英國工程委員會－執業工程師的註冊會員。

Biographies of Directors and Senior Management (continued)

董事及高級管理層簡歷 (續)

NON-EXECUTIVE DIRECTORS

Mr. Wong Tak-Wai, aged 40, was appointed as a non-executive Director on 6 April 2017. He is a Managing Director with PAG Asia Capital. He previously worked with TPG Capital from 2005 to 2010. He has also worked in Morgan Stanley's investment banking division in Hong Kong, San Francisco and Beijing. Mr. Wong received a Bachelor of Science degree and a Bachelor of Arts degree from University of California, Berkeley.

Mr. Qiu Zhongwei, aged 48, was initially appointed as a non-executive Director on 6 April 2017 and was subsequently re-designated as an executive Director and appointed as the chairman of the Board and chief executive officer of our Company, with effect from the conclusion of a Board meeting on 20 April 2017. Mr. Qiu is a Managing Director with PAG Asia Capital. He previously worked with Hony Capital for 10 years, responsible for overall PE business management and investment execution. Mr. Qiu also worked with China Yintai Investments as its head of equity direct investments, where he built and led the Yintai's SOE buyout team. He also worked with Hua Neng Group and Goldpark China, responsible for mergers and acquisitions, business development, project planning and development. Mr. Qiu has a MBA from Kellogg School of Management, Northwestern University and Hong Kong University of Science and Technology, and a BS in Engineering from Xi'an Jiaotong University. Mr. Qiu served as an executive director of Century Ginwa Retail Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00162) from 15 November 2010 to 31 March 2015.

Mr. Xiao Suining, aged 69, was appointed as a non-executive Director on 13 April 2017. He is a Managing Director with PAG Asia Capital. He was previously the Chairman of Ping An Bank (formerly known as Shenzhen Development Bank) from 2009 to 2013 and President of Shenzhen Development Bank from 2007 to 2009. Prior to joining Shenzhen Development Bank, Mr. Xiao spent 17 years at Bank of Communications, including as President of its Shenzhen branch. Mr. Xiao is currently an independent non-executive director of Nan Hai Corporation Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 680) and Sino-i Technology Limited (a company listed on Main Board of the Hong Kong Stock Exchange, stock code: 250). Mr. Xiao is also currently an independent non-executive director of Haitong Securities Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600837) and an independent director of Zhongrun Resources Investment Corporation* (中潤資源投資股份有限公司 a company listed on the Shenzhen Stock Exchange, stock code: 000506) and Beijing SPC Environment Protection Tech Co., Ltd.* (北京清新環境技術股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002573).

非執行董事

黃德煒先生，40歲，於2017年4月6日獲任為非執行董事。黃先生為PAG Asia Capital的董事總經理。彼於2005年至2010年曾任職於TPG Capital。彼亦任職於摩根士丹利於香港、舊金山及北京的投資銀行部。黃先生擁有加州大學伯克利分校的文學學士學位及理學學士學位。

邱中偉先生，48歲，於2017年4月6日獲委任為非執行董事，於2017年4月20日舉行的董事會後，邱先生繼而獲調任為執行董事，並獲委任為本公司主席、行政總裁。邱先生為PAG Asia Capital的董事總經理。彼曾於弘毅投資工作十年，負責總體PE業務管理及投資運作。邱先生亦於中國銀泰投資擔任股權直接投資主管，建立並領導銀泰的國有企業併購團隊。彼亦就職於華能集團及Goldpark China，負責併購、業務發展、項目規劃及開發。邱先生擁有西北大學凱洛格商學院及香港科技大學的工商管理碩士學位，以及西安交通大學的工程學學位。邱先生於2010年11月15日至2015年3月31日擔任世紀金花商業控股有限公司(香港聯交所主板上市公司，股份代號：00162)的執行董事。

肖遂寧先生，69歲，於2017年4月13日獲委任為非執行董事。肖先生為PAG Asia Capital的董事總經理。他先前於2009年至2013年為平安銀行(前稱為深圳發展銀行)主席及於2007年至2009年為深圳發展銀行行長。於加入深圳發展銀行前，肖先生在交通銀行任職17年，包括在深圳分行擔任行長。肖先生現時為南海控股有限公司(一家於香港聯交所主板上市的公司，股份代號：680)及中國數碼信息有限公司(一家於香港聯交所主板上市的公司，股份代號：250)的獨立非執行董事。肖先生現時亦為海通證券股份有限公司(一家於上海證券交易所上市的公司，證券代碼：600387)的獨立非執行董事，以及為中潤資源投資股份有限公司(一家於深圳證券交易所上市的公司，證券代碼：000506)及北京清新環境技術股份有限公司(一家於深圳證券交易所上市的公司，證券代碼：002573)的獨立董事。

Biographies of Directors and Senior Management (continued)

董事及高級管理層簡歷 (續)

Mr. He Hui David, aged 56, was appointed as a non-executive Director on 13 April 2017. He is a Managing Director and Head of Operations with PAG Asia Capital. He was previously Head of Portfolio Management Group at Bain Capital Asia for 8 years until 2015. Prior to joining Bain Capital Asia, Mr. He spent 13 years at General Electric in its healthcare, advanced materials and corporate groups. Mr. He is currently a non-executive director of SinoMedia Holding Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 623).

Mr. He received his MBA degree from Kellogg School of Business at Northwestern University, Ph.D. in Applied Physics from The University of Michigan, Ann Arbor, MS in Physics from Chinese Academy of Science and BS in Physics from the Peking University in China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Fuya, aged 50, was initially appointed as an independent non-executive Director on 12 September 2009 and was subsequently re-elected as a Director on 26 May 2011 and 9 May 2014. Mr. Zheng was a director of Cogo Group, Inc., a company listed on the NASDAQ and has since 1 January 2008 served as the chief financial officer of the same company. Mr. Zheng was previously a vice president of travel service at eLong, Inc., one of the leading online travel service companies in China and listed on the NASDAQ, where Mr. Zheng was responsible for the overall operation of eLong Inc.'s travel services. Mr. Zheng has more than ten years experience in the service industry. Mr. Zheng received a Bachelor's degree of Business Administration majoring in accounting from City University of New York in 1994.

何暉先生，56歲，於2017年4月13日獲委任為非執行董事。何先生為PAG Asia Capital董事總經理兼營運總監。彼先前於2015年前擔任Bain Capital Asia的Portfolio Management Group主管8年。於加入Bain Capital Asia前，何先生在通用電氣的醫療保健、先進材料及公司集團任職13年。何先生現時現時中視金橋國際傳媒控股有限公司(一家於香港聯交所主板上市的公司，股份代號：623)的非執行董事。

何先生獲西北大學凱洛格商學院工商管理碩士學位，密歇根大學安娜堡分校應用物理哲學博士，中國科學院物理學的理學碩士及北京大學物理學的理學學士。

獨立非執行董事

鄭富亞先生，50歲，於2009年9月12日首次委任為獨立非執行董事，並於2011年5月26日及2014年5月9日再次獲重選為董事。鄭先生曾任一間於納斯達克上市公司Cogo Group, Inc.的董事，並自2008年1月1日起出任該公司財務總監。鄭先生之前曾任一間於納斯達克上市公司藝龍旅行網(中國最大的網上旅遊服務公司之一)的旅遊服務副總裁，負責藝龍旅行網旅遊服務整體經營。鄭先生於服務行業有逾10年經驗。鄭先生於1994年獲得紐約市立大學工商管理學士學位，主修會計。

Biographies of Directors and Senior Management (continued)

董事及高級管理層簡歷 (續)

Dr. Wang Ching, aged 62, was initially appointed as an independent non-executive Director on 4 December 2009 and was subsequently re-elected as a Director on 15 June 2012 and 29 April 2015. Dr. Wang has more than 20 years of working experience in global financial industry specialising in asset management, direct investment, corporate finance, equity and fixed income trading/sales with particular focus in the U.S. and the Greater China region. Dr. Wang is currently the managing director of Shanghai International Asset Management (HK) Co. Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission, and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 770). He also serves as an independent non-executive director of Minth Group Limited (stock code: 425), a leading supplier of exterior automobile body parts in China as well as China Singyes Solar Technologies Holdings Limited (stock code: 750), a fast growing professional thin-film BIPV building engineering company, in which he advises senior management on business strategies and financial development in the fast changing China market. Dr. Wang had served as the CEO of the Investment & Proprietary Trading Group for Jih Sun Financial Holding Co., Ltd. in Taiwan, Chairman of FENB Securities, Inc. in U.S., Managing Director of SinoPac Securities (Asia) Hong Kong, Managing Director of JS Cresvale International Securities, Director of Investment Banking of Standard Chartered Bank in Hong Kong, and Associate Director of Bear Stearns & Co., Inc. in New York. Dr. Wang received his Ph.D. in Finance from Columbia University in New York.

Mr. Jhi-Ho Mah, aged 68, was appointed as an independent non-executive Director on 3 March 2017. Mr. Mah resigned as an independent non-executive Director, with effect from the conclusion of a Board meeting on 20 April 2017. Mr. Mah worked in Yingde Gases from 2008-2013. Prior to the Company, Mr. Mah was the General Manager of Shiplely Union DFR (Cayman) Co., Ltd in 2001-2006 and the Assistant Vice President of Lien Hwa Industrial Gases in 1970-1999. Mr. Mah also was the supervisor of Taiwan H.P. Gases Association in 1985-1988, Director of H.P. Vessel Industry Association in 1998-2001, and Director of Welding Industry Association in 1998-2001. Mr. Mah completed study in English for Business in Tamkang University of Art and Science, Taiwan in 1973 and in Management and Marketing in University of Hawaii, USA in 1985.

王京博士，62歲，於2009年12月4日首次委任為獨立非執行董事，並於2012年6月15日及2015年4月29日再次獲重選為董事。王博士在全球金融市場，特別是美國與大中華區域，對於資產管理、直接投資、企業融資、以及證券交易等領域，有逾20年豐富經驗。王博士目前為已在香港證券及期貨事務監察委員會註冊的持牌企業香港滙光國際投資管理有限公司董事總經理、香港聯交所上市的投資基金公司滙光國際上海發展投資有限公司(股份代號：770)執行董事。彼亦於中國汽車車身外觀部件龍頭供應商敏實集團有限公司(股份代號：425)及迅速發展的專業薄膜BIPV(光電建築一體化)建設工程公司，中國興業太陽能技術控股有限公司(股份代號：750)擔任獨立非執行董事，負責就瞬息萬變的中國市場業務戰略及財務發展向高級管理層提供意見。王博士曾任職台灣日盛金融控股有限公司投資管理事業群執行長、美國洛杉磯遠東銀證券有限公司董事長、香港建華證券(亞洲)有限公司董事總經理、香港日盛嘉富證券國際有限公司董事總經理、香港渣打銀行投資銀行部董事、紐約Bear Stearns & Co., Inc. 聯席董事等。王博士獲得紐約哥倫比亞大學財務金融博士學位。

馬致和先生，68歲，於2017年3月8日獲委任為獨立非執行董事。馬先生已辭任獨立非執行董事，由2017年4月20日董事會會議結束起生效。馬先生已辭任獨立非執行董事，由2017年4月20日董事會會議結束起生效。馬先生由二零零八年至二零一三年在盈德氣體任職。效力本公司前，馬先生於二零零一年至二零零六年為聯合希瑞公司的總經理，及於一九七零年至一九九九年出任聯華氣體公司的助理副總裁。馬先生於一九八五年至一九八八年亦為台灣區高壓氣體同業公會監事、於一九九八年至二零零一年為壓力容器協會理事，及於一九九八年至二零零一年為焊接協會的理事。馬先生於一九七三年在台灣淡江大學修畢商用英文研究，並於一九八五年在美國夏威夷大學修讀管理及市場學。

Biographies of Directors and Senior Management (continued)

董事及高級管理層簡歷 (續)

Mr. Rawen Zhi Hong Huang, aged 32, was appointed as an independent non-executive director on 12 March 2017. Mr. Huang is the founder and portfolio manager of Petrel Capital Management Limited which is the manager to Petrel Capital Greater China Fund, a private investment fund focusing on Greater China equities. Prior to founding Petrel Capital in 2015, Mr. Huang worked as an investment analyst at Oasis, focusing on listed Chinese companies. Earlier in his career, Mr. Huang worked as an investment banking analyst at Morgan Stanley in New York, where he advised on a wide range of transactions including mergers, acquisitions, capital raising, and restructuring. Mr. Huang graduated from Yale University with a Bachelor of Arts in Economics and International Studies, and received his Masters of Business Administration from Harvard Business School.

Mr. David Chan, aged 51, was appointed as an independent non-executive Director on 27 March 2017. He is an independent business management consultant. Mr. Chan worked as the Head of Strategic Marketing at Linde Gas Greater China region from 2012 to May 2015, and as a Business Development Director at Linde Electronics Asia from 2010 to 2012. Mr. Chan worked in BOC Lien Hwa Industrial Gases Co., Ltd. (a joint venture company of the Linde Group) as the Head of Marketing from 2008 to 2010. He worked as a General Manager in BOC S&SE Asia from 2003 to 2007. Mr. Chan held various positions in BOC Process Plants from 1995 to 2002. Mr. Chan graduated from the University of Bradford with a Bachelor of Engineering degree in Chemical Engineering in 1989.

Mr. Deng Xipeng, aged 38, was appointed as an independent non-executive Director on 27 March 2017. He is an investment director and a member of the investment committee at Shengshi Jinquan (Tianjin) Equity Investment Fund Management Co., Ltd., where he advised on fund promotion, raising and issuance. From 2007 to 2010 Mr. Deng was a general manager assistant of the investment banking department of the Capital Securities Limited Liability Company. From 2005 to 2007, Mr. Deng was a manager at the Enterprise Risk Department of Ernst & Young Hua Ming Certified Public Accountants. From 2003 to 2005, Mr. Deng worked as a consultant at BiBo Management Consulting Co., Ltd. Mr. Deng graduated from Capital University of Business and Economics in Beijing with a Bachelor's degree of Economics in Foreign Accounting in 2000 and received a Master's degree in Business Administration from Renmin University of China in 2007. Mr. Deng is a Certified Internal Auditor.

黃志鴻先生，32歲，於2017年3月12日獲委任為獨立非執行董事。黃先生為Petrel Capital Management Limited(一間專注於大中華股權的私募投資基金Petrel Capital Greater China Fund的管理人)的創辦人兼投資組合經理。於2015年創辦Petrel Capital前，黃先生擔任Oasis的投資分析師，專注於中國上市公司。在其職業生涯早期，黃先生在紐約的摩根士丹利擔任投資銀行分析師，彼在併購、融資及重組等多種交易方面提供意見。黃先生畢業於耶魯大學，獲得經濟學與國際研究文學學士學位，並獲得哈佛商學院的工商管理碩士學位。

陳德偉先生，51歲，於2017年3月27日獲委任為獨立非執行董事。他為獨立業務管理顧問。2012年至2015年5月，陳先生擔任林德氣德大中華區戰略營銷主管，及於2010年至2012年，擔任林德電子亞洲的業務發展總監。2008年至2010年，陳先生於BOC Lien Hwa Industrial Gases Co., Ltd.(林德集團的合資公司)擔任營銷主管。2003年至2007年，彼擔任BOC S&SE Asia的總經理。1995年至2002年，陳先生於BOC Process Plants擔任多個職務。陳先生於1989年畢業於布拉德福德大學取得化學工程的工程學士學位。

鄧汐彭先生，38歲，於2017年3月27日獲委任為獨立非執行董事。他為盛世金泉(天津)股權投資基金管理有限公司的投資總監及投資委員會成員，其在該公司就基金推廣、募集及發行提供建議。2007年至2010年，鄧先生為首創證券有限責任公司投資銀行部的總經理助理。2005年至2007年，鄧先生為安永華明會計師事務所企業風險部的經理。2003年至2005年，鄧先生於畢博管理諮詢有限公司擔任顧問。鄧先生於2000年畢業於北京首都經濟貿易大學取得外國會計經濟學學士學位並於2007年取得中國人民大學工商管理碩士學位。鄧先生為註冊內部審計師。

Biographies of Directors and Senior Management (continued)

董事及高級管理層簡歷 (續)

SENIOR MANAGEMENT

Mr. Zhongguo Sun - please refer to his biography under the sub-section headed - “Executive Director and Chairman”.

Mr. Trevor Raymond Strutt - please refer to his biography under the sub-section headed - “Executive Director”.

COMPANY SECRETARY

Ms. Mok Ming Wai, was appointed as the company secretary of our Company on 24 June 2013. Ms. Mok is a director of KCS Hong Kong Limited, she has over 20 years of professional and in-house experience in the company secretarial field. Ms. Mok is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the company secretary or joint company secretary of various publicly listed companies.

Ms. Wong Sze Wing has resigned as a joint company secretary of our Company on 9 March 2017.

高級管理層

Zhongguo Sun先生，關於他的履歷請參見「執行董事兼主席」部份。

Trevor Raymond Strutt先生，關於他的履歷請參見「執行董事」部份。

公司秘書

莫明慧女士，於2013年6月24日獲委任為本公司之公司秘書。莫女士為凱譽香港有限公司之董事。彼擁有逾20年的專業及內部公司秘書工作經驗。莫女士為香港特許秘書公會及英國特許秘書及行政人員公會的資深會員。莫女士目前亦擔任若干上市公司的公司秘書或聯席公司秘書職務。

黃斯穎女士於2017年3月9日辭任本公司聯席公司秘書。

Directors' Report

董事會報告

The Board is pleased to present its report and the audited consolidated financial statements of our Group for the year ended 31 December 2016.

PRINCIPAL PLACE OF BUSINESS

Our Company's principal place of business in Hong Kong is at Room 3212-13, 32/F., Tower Two, Times Square, Causeway Bay, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

PRINCIPAL OPERATIONS AND ANALYSIS OF OPERATIONS

Based on the research information in the SAI Report, we were the largest domestic independent industrial gas supplier in China in terms of total revenue for the year ended 31 December 2016.

We produce, supply and distribute a variety of industrial gas products to our on-site and merchant customers from a number of locations in the PRC, with oxygen, nitrogen and argon being our main gas products. Our on-site customers are those whose premises our gas production facilities are located on or in close proximity to and to whom we supply industrial gases directly. Our merchant customers are liquid gas distributors who purchase industrial gases from us on a spot market basis from time to time.

The analysis of our Group's revenue is set out in note 4 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

Results of our Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 105.

BUSINESS REVIEW AND OUTLOOK

The business review of our Company for the year and the future development of our Company are set out in the sections of "Chairman's Statement" and "CEO's Report and Management Discussion & Analysis" of this annual report.

董事會欣然提呈董事會報告以及本集團截至2016年12月31日止年度經審核合併財務報表。

主要營業地點

本公司於香港主要營業地點位於香港銅鑼灣時代廣場二座三十二層3212-13室，而註冊辦事處位於Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

主要業務及業務分析

根據SAI報告的研究資料，按截至2016年12月31日止年度的總收入計算，我們是中國境內最大的獨立工業氣體供應商。

我們向位於中國多個地區的現場供氣客戶及零售客戶生產、供應及分銷多種工業氣體產品，我們主要氣體產品為氧氣、氮氣及氫氣。我們的現場供氣客戶指廠房設置於我們氣體生產設施或毗鄰位置並由我們直接供應工業氣體的客戶。本公司零售客戶為不時於現貨市場向本公司購買工業氣體的液態氣體分銷商。

本集團收入的分析載於合併財務報表附註4。

業績及分派

本集團截至2016年12月31日止年度業績載於第105頁的合併利潤及其他綜合收益表。

業務審視及展望

本公司就本年度的業務審視及本公司的未來業務發展載於本年報「主席報告」及「行政總裁報告及管理層討論及分析」部分。

FINANCIAL KEY PERFORMANCE INDICATORS

An analysis of our Group's performance during the year using financial key performance indicators is set out in the sections of "CEO's report and Management Discussion & Analysis" and "Financial Summary" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING BY THE COMPANY

We are exposed to the cyclical nature of our major customers' industries and economic conditions in China

We produce, supply and sell our gas products in China to on-site customers operating in a limited number of industries, primarily the steel, chemical and non-ferrous metals industries. These industries are cyclical in nature and are largely affected by the economic growth and industrialization of China.

We rely on a limited number of customers and gas products to derive the substantial portion of our revenue

We currently generate a substantial portion of our revenue from a limited number of customers, all of which are located in China. In addition, we generate substantially all of our revenue from a limited number of gas products, namely, oxygen, nitrogen and argon. We anticipate that the revenue generated by these major customers and limited number of gas products will continue to represent a substantial proportion of our revenue in the near future. Any significant decline in the business or financial condition of our major customers could adversely affect the demand for our products and our major customers' ability to satisfy their obligations under the take-or-pay gas supply contracts they have entered into with us.

We are exposed to risks that our on-site customers may default or prematurely terminate under our gas supply contracts

We generally enter into long-term take-or-pay gas supply contracts with our major on-site customers. However, if any of our major on-site customers terminates its gas supply contract prior to the expiration of the contractual term, defaults on or delays payments under such contracts, fails to take delivery of our gas products in accordance with our long-term gas supply contracts or fails to comply with the price adjustment provisions in the gas supply contracts with respect to utility costs, our revenue and profitability will be adversely affected and our expenditures related to the construction, start-up and operation of our production facilities may not be fully or partially recovered during that period of operations. In the event that our customers delay or default on payments, we may be required to commence legal proceedings to enforce the contract terms.

財務主要表現指標

年內本集團以財務主要表現指標作出之表現分析載於本年報「行政總裁報告及管理層討論及分析」及「財務摘要」部分。

本公司面對之主要風險及不明朗因素

我們面對主要客戶行業及中國經濟狀況之週期性風險

我們於中國生產、供應及銷售氣體產品予部分行業(主要為鋼鐵、化學及有色金屬行業)之現場供氣客戶。該等行業具有週期性，深受中國經濟增長及產業化影響。

我們依賴少數客戶及氣體產品以取得大部分收入

現時，我們大部分收入來自少數位於中國之客戶。此外，我們絕大部分收入來自有限的氣體產品，即氧氣、氮氣及氬氣。我們預計該等主要客戶及有限的氣體產品產生的收入將繼續佔我們日後收入的大部分。我們主要客戶的業務或財務狀況如有任何重大倒退，將對我們的產品需求及主要客戶履行彼等與我們所訂立照付不議氣體供應合約責任的能力造成不利影響。

我們面對現場客戶可能違約或提早終止供氣合約的風險

我們一般與主要現場客戶訂立長期照付不議供氣合約。然而，倘我們的任何主要現場客戶於供氣協議合約期屆滿前終止合約；拖欠或延遲償付合約款項；未能按照長期供氣合約接收氣體產品或未能遵守供氣合約內有關公用事業成本的價格調整條文，我們的收入及盈利能力將會受到不利影響，而我們可能不能全數或部分收回於該經營期間有關我們建設、開辦及營運生產設施的開支。倘客戶延遲或拖欠付款，我們可能須開展法律訴訟程序以強制執行合約條款。

The majority of our contracts with merchant customers are short-term and do not have fixed prices and as a result, the merchant market demand for, and the prices of, our gas products may fluctuate

Due to the commodity nature of our gas products, we have limited bargaining power in relation to pricing. Any decrease in the demand and prices for our gas products will generally result in a decrease in the turnover and margins of our merchant business, which may adversely affect our results of operations and financial condition.

Fluctuations in the value of the Renminbi may materially and adversely effect our results of operations and financial condition

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through People's Bank of China (the "PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of our Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of our Group are transacted in Renminbi. Our Group is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in currencies other than Renminbi. Depreciation or appreciation of the Renminbi against foreign currencies can affect the Group's results. Our Group did not hedge its foreign currency exposure.

DIVIDENDS

Our Directors of the Company do not recommend any final dividend for the year ended 31 December 2016, the full year dividend of RMB0.139 per Share. (2015: RMB0.20 per Share).

我們與零售客戶訂的合約大部分為短期及無固定價格，因此氣體產品的零售市場需求及價格可能會波動

基於我們的氣體產品具有大宗商品性質，我們的議價能力有限。氣體產品需求及價格出現任何下跌一般會令零售業務的營業額及利潤下跌，繼而可能對我們的經營業績及財務狀況造成不利影響。

人民幣價值波動或會對我們的經營業績及財務狀況造成重大不利影響

人民幣不可自由兌換為外幣。所有涉及人民幣的外匯交易均須通過中國人民銀行或其他經授權機構進行外匯買賣。外匯交易所採納的匯率為中國人民銀行所報的匯率，該匯率會因一籃子非特定貨幣的受控波動所規限。

外幣付款，包括中國境外盈利的匯款，均受外幣可用性(取決於本集團以外幣列值的盈利)的限制，或須經政府批准通過中國人民銀行安排。

本集團所有產生收入的經營活動都用人民幣交易。本集團用人民幣以外的其他貨幣計價的金融資產和金融負債需要承受外幣匯兌風險。人民幣對外幣貶值和升值均會影響本集團的業績。本集團未對沖其外幣風險。

股息

本公司董事不建議派發截至2016年12月31日止年度的末期股息，全年派付股息因此為每股人民幣0.139元(2015年：每股人民幣0.20元)。

Directors' Report (continued)

董事會報告 (續)

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of our Group is set out on pages 246 to 247.

RESERVES

Movements in the reserves of our Group and our Company during the year are set out in consolidated statement of changes in equity and note 30(a) to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

Our Company's total distributable reserves as at 31 December 2016 amounted to RMB425 million (2015: RMB1,061 million).

SHARE CAPITAL

Movements in the share capital of our Company during the year ended 31 December 2016 are set out in note 29 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in our Group's property, plant and equipment are set out in note 11 to the consolidated financial statements.

BORROWINGS AND CAPITALISATION OF INTERESTS

Details of borrowings of our Group during the year are set out in note 24 to the consolidated financial statements. Details of our Group's capitalised interests expenses and other borrowing costs during the year are set out in note 6(a) to the consolidated financial statements.

RETIREMENT BENEFITS

Details of the retirement benefit plans of our Group are set out in note 6(b) to the consolidated financial statements.

財務摘要

本集團過去五個財政年度的業績、資產及負債概要載於第246至247頁。

儲備

年內本集團及本公司儲備變動詳情分別載於合併權益變動表和合併財務報表附註30(a)。

可分派儲備

於2016年12月31日，本公司可分派儲備總額為人民幣425百萬元(2015年：人民幣1,061百萬元)。

股本

本公司截至2016年12月31日止年度的股本變動詳情載於合併財務報表附註29。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於合併財務報表附註11。

借款及利息資本化

本集團年內借款詳情載於合併財務報表附註24。本集團年內資本化的利息開支及其他借款成本詳情載於合併財務報表附註6(a)。

退休福利

本集團退休福利計劃詳情載於合併財務報表附註6(b)。

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

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

REPURCHASE OF SENIOR NOTES

In 2016, Yingde Gases Investment Limited (a wholly-owned subsidiary of our Company) repurchased a total of principal amount of USD30 million (approximately equivalent to RMB197 million) and USD7 million (approximately equivalent to RMB47 million) of the senior notes issued by it in April 2013 and August 2014, respectively, at an aggregate consideration of USD32 million (approximately equivalent to RMB207 million). The gain of RMB37 million on the above-mentioned senior notes purchase was recognized in other income of our Group.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by a resolution of the shareholders on 12 September 2009 and adopted by a resolution of the Board on 12 September 2009. Unless it is terminated by the Board or our shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of ten years from the date on which it became unconditional. After the period, no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of this ten year period or otherwise as handled in accordance with the provisions of the Share Option Scheme. As at the date of this annual report, the remaining life of the Share Option Scheme was approximately 2 years and 5 months.

The amount payable by a participant upon acceptance of a grant of option is RMB1.00. The Board may, at its absolute discretion, offer any employee, management member or Director of our Company, or any of our subsidiaries and third party service providers the options to subscribe for shares on the terms set out in the Share Option Scheme. The purpose of the Share Option Scheme is to attract and retain skilled and experienced personnel, to incentivize them to remain with us and to give effect to our customer-focused corporate culture, and to motivate them to strive for our future development and expansion, by providing them with the opportunity to acquire equity interests in our Company.

購買、出售或贖回本公司上市證券

於回顧年內，本公司或其任何附屬公司概無購買、出售或贖回本公司上市證券。

回購優先票據

盈德氣體投資有限公司(本公司之全資附屬公司)於2016年以總計32百萬美元(約合人民幣207百萬元)的對價分別回購了其於2013年4月發行之優先票據本金合計30百萬美元(約合人民幣197百萬元)及於2014年8月發行之優先票據本金合計7百萬美元(約合人民幣47百萬元)。購買上述優先票據之收益人民幣37百萬元於本集團其他收入中確認。

購股權計劃

2009年9月12日，股東通過決議案有條件批准購股權計劃，同日，董事會通過決議案採納該購股權計劃。除非董事會或股東在股東大會上根據購股權計劃的條款終止購股權計劃，否則購股權計劃將於其成為無條件當日起生效並自無條件起計十年內有效，屆滿後不得再授出或提呈購股權，惟購股權計劃條文仍具十足效力及作用，使十年期限屆滿前已授出的任何現有購股權仍可行使或根據購股權計劃條文另行處理。截至本報告日期，購股權計劃尚餘的有效期為約二年及五個月。

參與者接納購股權時須支付人民幣1.00元。董事會可全權酌情根據購股權計劃所載條款，向本公司或任何附屬公司的任何僱員、管理人員或董事及第三方服務供應商授出可認購股份的購股權。購股權計劃旨在招攬及留用技術熟練及經驗豐富的人士，為彼等提供購買本公司股權的機會，藉此激勵彼等留任本公司、促進本公司以客戶為本的企業文化，並推動彼等為本公司的未來發展及擴展作出努力。

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued Shares as at the date of approval of the Share Options Scheme (ie. a total of 180,923,250 Shares).

No option shall be granted to any one person such that the total number of Shares issued and to be issued upon the exercise of options granted and to be granted to that person in any 12 month period up to the date of the latest grant exceeds 1% of our issued share capital from time to time, unless the approval of our shareholders is obtained.

The amount payable for each Share to be subscribed for under an option upon exercise shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the higher of:

- (a) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet for the five Business Days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

The Share Option Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of grant of the options, our Company may specify any such minimum period(s).

Under the Share Option Scheme, a total of 3,832,500 share options were granted to the Directors and no share options were exercised by the Directors as at 31 December 2016. If all the granted share options are exercised at the exercise prices, the Company will receive HK\$16,844,625. As at 31 December 2016, as no Shares were issued under the Share Option Scheme, the total number of Share available for issue under the Share Option Scheme remained to be 180,923,250, representing approximately 9.57% of the issued share capital of the Company.

根據購股權計劃授出的購股權所涉及的股份數目合共不得超過批准購股權計劃當日已發行股本的10%(即合共180,923,250股)。

我們不得向任何人士授出購股權而致使於截至最近授出日期止之任何12個月內已授予及將授予該人士的購股權獲行使而發行及將發行的股份總數超過我們的不時已發行股本的1%，惟獲我們的股東批准則除外。

行使購股權認購每股股份應付的金額須由董事會於提出購股權要約時釐定，並知會建議受益人，且不得低於下列的較高者：

- (a) 股份於授出日期(須為營業日)在香港聯交所每日報價表所列的收市價；
- (b) 股份於緊接授出日期前五個營業日在香港聯交所每日報價表所列的平均收市價；及
- (c) 股份的面值。

購股權計劃並無載列購股權可獲行使前須持有的任何最短期限。然而，於授出購股權時，本公司可具體規定任何有關最短期限。

根據購股權計劃，合共3,832,500股購股權已授予本公司董事，而截至2016年12月31日概無董事行使購股權。如已授出購股權全部按行使價獲行使，本公司將收入港幣16,844,625元。截至2016年12月31日，由於尚無股份根據購股權計劃發行，購股權計劃中有180,923,250股股份可供發行，佔本公司已發行股本約9.57%。

Directors' Report (continued)

董事會報告 (續)

The following table sets out the movements of the Company's share options during the year:

下表載列本公司購股權年內的變動情況：

Name of grantees	Date of grant	Exercise period	Closing price of the Shares immediately before the date of grant	Exercise price	Outstanding as at 1 January 2016	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2016
承授人姓名	授出日期	行使期間	緊接提出日期前股份收市價	行使價	於2016年1月1日尚未行使	年內已授出	年內已行使	年內已失效	年內註銷	於2016年12月31日尚未行使
Directors										
董事										
Mr. Zhongguo Sun	16/10/2014	16/10/2014 – 15/10/2019	6.56	6.62	700,000	–	–	–	–	700,000
Zhongguo Sun先生	20/11/2015	20/11/2015 – 19/11/2020	3.38	3.35	1,490,000	–	–	–	–	1,490,000
Mr. Trevor Raymond Strutt	16/10/2014	16/10/2014 – 15/10/2019	6.56	6.62	350,000	–	–	–	–	350,000
Trevor Raymond Strutt先生	20/11/2015	20/11/2015 – 19/11/2020	3.38	3.35	745,000	–	–	–	–	745,000
Mr. Zhao Xiangti	16/10/2014	16/10/2014 – 15/10/2019	6.56	6.62	175,000	–	–	–	–	175,000
趙項題先生	20/11/2015	20/11/2015 – 19/11/2020	3.38	3.35	372,500	–	–	–	–	372,500
Total					3,832,500	–	–	–	–	3,832,500
合計										

SHARE ALLOTMENT SCHEME

On 8 July 2013, our Company adopted a share allotment scheme ("Share Allotment Scheme"). The purpose of the Share Allotment Scheme is to recognise the contributions of certain employees and to give incentives for them to work with commitment towards enhancing the value of our Company and to attract high caliber personnel for further development of our Group.

The Board has the power to administer the Share Allotment Scheme in accordance with the rules of the Share Allotment Scheme. Our Company shall bear the costs of establishing and administering the Share Allotment Scheme. The trustee will borrow the loans, hold the Shares and the income derived therefrom, and perform its duties of trustee in accordance with the terms of the trust deed and such other applicable agreements as agreed between our Company and the trustee from time to time either in its own name or in the name of a nominee or an investment/asset holding vehicle established solely for the purposes of the Share Allotment Scheme. The allotted shares held by the trustee shall be fully vested on the participating employee on the tenth anniversary date of the reference date provided that the participating employee remains at all times after the reference date an employee.

The participating employees of the Share Allotment Scheme are mid-and-senior-level management team of our Company selected by the Board at its sole discretion on the basis of the employee's contribution to the development and growth of our Group and such other matters that the Board considers relevant.

The maximum number of the Shares which may be allotted to a participating employee under the Share Allotment Scheme shall not exceed 1% of the issued share capital of our Company as at the date of the adoption of the Share Allotment Scheme.

In respect of each participating employee, the Board shall cause a loan to be lent to the trustee, being the sum of (i) the closing price of the allotted shares in respect of the participating employee as at the reference date and (ii) the related purchase expenses incurred by the trustee from our Company's resources as soon as practicable. Within 15 business days after borrowing the loan from our Company, the trustee shall apply the same towards the acquisition of the allotted shares at the prevailing market price.

股份配發計劃

本公司於2013年7月8日採納股份配發計劃(「股份配發計劃」)。股份配發計劃的目的為嘉許若干僱員所作的貢獻並激勵其致力於為提升本公司價值而努力工作，以及為本集團的進一步發展吸引優秀人才。

根據股份配發計劃的規則，董事會有權管理股份配發計劃。本公司應承擔建立和管理股份配發計劃的成本。受託人將根據信託契據及本公司與受託人之間不時簽訂的適用協議的條款，以其本身名義或以代名人名義或僅為股份配發計劃之目的而設立的投資／資產控股公司的名義，持有股份及由此產生的收入，並履行其作為受託人的職責。受託人持有的配發股份應於參考日期第十周年之日全額歸屬予參與僱員，前提是參與僱員於參考日期後至歸屬日一直身為僱員。

股份配發計劃的參與僱員為本公司的中高級管理團隊，由董事會根據僱員對本集團的發展及增長所作貢獻以及董事會認為相關的其他事宜全權選擇。

根據股份配發計劃，可配發予參與僱員的最高股份數目不得超過本公司於股份配發計劃接納日期已發行股本的1%。

就各參與僱員而言，董事會須盡快從公司資金中安排貸款借予受託人，金額為(i)就參與僱員而言獲配發股份於參考日期的收市價及(ii)受託人產生的相關購買開支的總和。於借出本公司貸款後15個工作日內，受託人須就按當時市價收購獲配發股份申請貸款。

Subject to any early termination as may be determined by the Board under the Share Allotment Scheme, the Share Allotment Scheme shall be valid and effective for a term of 13 years commencing on the date of the adoption of the Share Allotment Scheme (provided that no further Shares will be allotted to any employee after the third anniversary of the date of the adoption of the Share Allotment Scheme) but the provisions of the Share Allotment Scheme shall remain in full force and effect and in all other respects. As at the date of this annual report, the remaining life of the Share Allotment Scheme was approximately 9 years and 3 months.

The maximum number of new Shares to be issued by the Company and allotted to the trustee under the Share Allotment Scheme will be 180,683,000 Shares, representing 10% of the issued share capital of the Company as at the date of the adoption of the Share Allotment Scheme. As at 31 December 2016, a total of 97,600,000 Shares had been issued and allotted under the Share Allotment Scheme. As at the date of this annual report, 83,083,000 Shares were available for allotment under the Share Allotment Scheme, representing approximately 4.4% of the issued share capital of the Company as at 31 December 2016.

According to the Share Allotment Scheme, for subscription of the new Shares issued by our Company, the Board has the discretion to decide the issue price up to 10% discount to the 30-day average closing price of the Shares prior to the reference date.

2013 Allotment

On 15 October 2013, in accordance with the terms and conditions of the Share Allotment Scheme, the Company allotted 22,600,000 Shares to the trustee holding on behalf of the participating employees at an issue price of HK\$7.03 per Share (the "2013 Allotment"). The total proceeds used by the trustee to subscribe for the allotted Shares was HK\$158,878,000, which was borrowed from our Company by the trustee pursuant to the Share Allotment Scheme. The trustee shall hold the Shares and the income derived therefrom and perform its duties of trustee in accordance with the terms of the trust deed and such other applicable agreements as agreed between our Company and the trustee from time to time.

2015 April Allotment

In order to allot Shares at a lower price to the existing participating employees to appreciate their long services to our Company as well as to offer an opportunity for some of our Company's new employees to participate in the Share Allotment Scheme, our Company further issued and allotted 36,000,000 new Shares at the issue price of HK\$5.59 per allotted Share to the trustee holding on behalf of the participating employees on 28 April 2015 ("2015 April Allotment") pursuant to the Share Allotment Scheme to replace the 2013 Allotment.

視乎董事會可根據股份配發計劃決定提前終止而定，股份配發計劃將自股份配發計劃接納日期起計13年內有效(唯股份配發計劃接納日期第三個週年後概無進一步股份配發予任何僱員)。但股份配發計劃條文須於所有其他方面維持十足效力及作用。截至本報告日期，股份配發計劃尚餘的有效期為約九年及三個月。

本公司將發行並根據股份配發計劃配發予受託人的新股份最高數目將為180,683,000股股份，佔本公司於股份配發計劃接納日期已發行股本的10%。於2016年12月31日，根據股份配發計劃已發行及配發合共97,600,000股股份。截至本報告日期，股份配發計劃中有83,083,000股股份可供配發，佔本公司截至2016年12月31日已發行股本約4.4%。

根據股份配發計劃，就認購本公司發行的新股份而言，董事會有酌情權釐定發行價較參考日期前股份的30日平均收市價最多折讓10%。

2013年配發

2013年10月15日，根據股份配發計劃的條款及條件，本公司按每股7.03港元的發行價配發22,600,000股股份予代參與僱員持有的受託人(「2013年配發」)。受託人使用募集資金認購配發股份的總額為158,878,000港元，該款項由受託人根據股份配發計劃向本公司借出。受託人根據信託契據及本公司與受託人之間不時簽訂的有關其他適用協議的條款持有股份及由此產生的收入，並履行其作為受託人的職責。

2015年4月配發

為了以較低價格向現有參與僱員配發股份，以感謝彼等對本公司的長期服務，以及向本公司若干新僱員提供參與股份配發計劃的機會，本公司根據股份配發計劃，於2015年4月28日，按發行價每股配發股份5.59港元，向代參與僱員持有的受託人進一步發行及配發36,000,000股新股份(「2015年4月配發」)，以取代2013年配發。

The total proceeds used by the trustee to subscribe for the allotted Shares was HK\$201,240,000, which was borrowed from our Company by the trustee pursuant to the Share Allotment Scheme. The trustee shall hold the Shares and the income derived therefrom and perform its duties of trustee in accordance with the terms of the trust deed and such other applicable agreements as agreed between our Company and the trustee from time to time.

2015 December Allotment

In order to allot Shares at a lower price to the existing participating employees to appreciate their long services to our Company as well as to offer an opportunity for some of our Company's new employees to participate in the Share Allotment Scheme, our Company further issued and allotted 39,000,000 new Shares at the issue price of HK\$3.32 per allotted Share to the trustee holding on behalf of the participating employees on 7 December 2015 ("2015 December Allotment") pursuant to the Share Allotment Scheme to replace the 2015 April Allotment.

The total proceeds used by the trustee to subscribe for the allotted Shares was HK\$129,480,000, which was borrowed from our Company by the trustee pursuant to the Share Allotment Scheme. The trustee shall hold the Shares and the income derived therefrom and perform its duties of trustee in accordance with the terms of the trust deed and such other applicable agreements as agreed between our Company and the trustee from time to time.

The allotted Shares held by the trustee shall be fully vested on the participating employee on 16 September 2023, being the tenth anniversary date of the reference date of 2013 Allotment, provided that the participating employee remains at all times after the reference date till vesting date an employee of our Company.

受託人使用募集資金認購配發股份的總額為201,240,000港元，該款項由受託人根據股份配發計劃向本公司借出。受託人根據信託契據及本公司與受託人之間不時簽訂的有關其他適用協議的條款持有股份及由此產生的收入，並履行其作為受託人的職責。

2015年12月配發

為了以較低價格向現有參與僱員配發股份，以感謝彼等對本公司的長期服務，以及向本公司若干新僱員提供參與股份配發計劃的機會，本公司根據股份配發計劃，於2015年12月7日，按發行價每股配發股份3.32港元，向代參與僱員持有的受託人進一步發行及配發39,000,000股新股份（「2015年12月配發」），以取代2015年4月配發。

受託人使用募集資金認購配發股份的總額為129,480,000港元，該款項由受託人根據股份配發計劃向本公司借出。受託人根據信託契據及本公司與受託人之間不時簽訂的有關其他適用協議的條款持有股份及由此產生的收入，並履行其作為受託人的職責。

受託人持有的配發股份應於2023年9月16日（即2013年配發的參考日期第十周年之日）全額歸屬予參與僱員，前提是參與僱員於參考日期後至歸屬日一直身為本公司僱員。

Directors' Report (continued)

董事會報告 (續)

Changes in the number of allotted Shares during the year under review are set out below:

以下載列回顧年內配發股份數目的變化：

		Year ended 31 December 2016 截至2016年 12月31日止年度	Year ended 31 December 2015 截至2015年 12月31日止年度
Outstanding at the beginning of the year	年初餘額	39,000,000	22,400,000
Granted during the year	本年配發	—	75,000,000
Forfeited during the year (notes 1, 2)	本年廢止(附註1, 2)	(2,400,000)	(58,300,000)
Vested during the year (note 3)	本年歸屬(附註3)	—	(100,000)
Outstanding at the end of the year	年末餘額	36,600,000	39,000,000
Exercisable at the end of the year	年末可行權	—	—

Notes:

- Since the completion of the 2015 December Allotment, three participating employees resigned from the Group and one participating employee be re-designated as a non-executive director of the Company, all the 2,400,000 Shares allotted to them were forfeited.
- 22,400,000 Shares under 2013 Allotment, 35,900,000 Shares under 2015 April Allotment and 2,400,000 Shares mentioned in note 1 above under 2015 December Allotment had been forfeited for the purpose of the Share Allotment Scheme, and are held by the trustee. The trustee will cause such Shares to be sold at a time to be recommended by the committee established under the Share Allotment Scheme.
- During the year of 2015, one participating employee passed away. According to the Share Allotment Scheme rules, in the event of the death of a participating employee, the trustee shall hold the allotted Shares upon Trust and to transfer the same to the representative of such participating employee. As at 31 December 2016, the trustee is holding all the 100,000 vested Shares allotted to the deceased participating employee upon trust, pending the claim of the representative of such deceased participating employee.

附註：

- 自2015年12月配發完成以來，三名參與僱員已自本集團離職及一名參與僱員獲委任為本公司非執行董事，配發予該等僱員的2,400,000股股份全部被沒收。
- 2013年配發下之22,400,000股股份、2015年4月配發下之35,900,000股股份及2015年12月附註1所提及之2,400,000股股份已根據股份配發計劃被予以沒收，並由受託人持有。受託人將於根據股份配發計劃設立的委員會推薦之時間將該等股份出售。
- 於2015年年度，一名參與僱員已離世。根據股份配發計劃條款，在參與僱員離世的情況下，受託人應通過信託方式持有配發股份，並將配發股份轉讓予該等參與僱員的代表。於2016年12月31日，受託人以信託方式持有配發予已離世員工的全部100,000股已歸屬股份，待該名已離世員工之代表主張權利。

Directors' Report (continued)

董事會報告 (續)

EQUITY-LINKED AGREEMENTS

Save for the CDB International Warrants, the Share Option Scheme and Share Allotment Scheme, no equity-linked agreements were entered into by the Company or existed during the year ended 31 December 2016.

DIRECTORS

The Directors during the year and up to the date of this annual report are:

Executive Directors

Mr. Zhongguo Sun (Chairman and Chief Executive Officer) ¹
Mr. Trevor Raymond Strutt ²
Mr. Zhao Xiangti ³
Mr. Zhang Yunfeng ⁴

Non-executive Directors

Mr. Qiu Zhongwei ⁵
Mr. Wong Tak-Wai ⁶
Mr. Xiao Suining ⁷
Mr. He Hui David ⁸
Mr. He Yuanping ⁹
Mr. Suo Yaotang ¹⁰

Independent non-executive Directors

Mr. Zheng Fuya (Alternate: Dr. Wang Ching) ¹¹
Dr. Wang Ching (Alternate: Mr. Zheng Fuya) ¹²
Mr. Mah Jhi-Ho ¹³
Mr. Huang Rawen Zhi Hong ¹⁴
Mr. David Chan ¹⁵
Mr. Deng Xipeng ¹⁶
Dr. Feng Ke ¹⁷

股票掛鈎協議

除國開國際認股權證、購股權計劃及股份配發計劃外，本公司於截至2016年12月31日止年度並無訂立股票掛鈎協議，且於該日止年度亦不存在有關協議。

董事

本公司年內及截至本年報日期之董事如下：

執行董事

Zhongguo Sun 先生 ¹
Trevor Raymond Strutt 先生 ²
趙項題先生 ³
張雲峰先生 ⁴

非執行董事

邱中偉先生 ⁵
黃德煒先生 ⁶
肖遂寧先生 ⁷
何暉先生 ⁸
何願平先生 ⁹
所耀堂先生 ¹⁰

獨立非執行董事

鄭富亞先生 ¹¹
王京博士 ¹²
馬致和先生 ¹³
黃志鴻先生 ¹⁴
陳德偉先生 ¹⁵
鄧汐彭先生 ¹⁶
馮科博士 ¹⁷

Directors' Report (continued)

董事會報告 (續)

Notes:

1. Mr. Zhongguo Sun was re-designated from an executive Director to a non-executive Director, ceased to be the Chairman of the Board and the chief executive officer of the Company on 5 November 2016. He was re-designated from a non-executive Director to an executive Director and appointed as the chairman of the Board and the chief executive officer of the Company on 12 March 2017. He resigned as the chairman of the Board, the Chief Executive Officer of the Company and an executive Director, with effect from the conclusion of a Board meeting on 20 April 2017.
2. Mr. Trevor Raymond Strutt was re-designated from an executive Director to a non-executive Director on 5 November 2016. He was re-designated from a non-executive Director to an executive Director on 12 March 2017. He resigned as the Chief Operating Officer of the Company and an executive Director, with effect from the conclusion of a Board meeting on 20 April 2017.
3. Mr. Zhao Xiangti was appointed as the chairman of the Board on 5 November 2016. He was removed as an executive Director and ceased to serve as the chairman of the Board and on 8 March 2017.
4. Mr. Zhang Yunfeng was appointed as an executive Director on 5 November 2016. He was removed as an executive Director on 8 March 2017.
5. Mr. Qiu Zhongwei was appointed as a non-executive Director on 6 April 2017. He was re-designated as an executive Director and appointed as the chairman of the Board and the Chief Executive Officer of the Company, with effect from the conclusion of a Board meeting on 20 April 2017.
6. Mr. Wong Tak-Wai was appointed as a non-executive Director on 6 April 2017.
7. Mr. Xiao Suining was appointed as a non-executive Director on 13 April 2017.
8. Mr. He Hui David was appointed as a non-executive Director on 13 April 2017.
9. Mr. He Yuanping was re-designated from an independent non-executive Director to an executive Director and appointed as the chief executive officer of the Company on 5 November 2016. He was resigned as the chief executive officer of the Company and re-designated as a non-executive Director on 2 March 2017 and was removed as a non-executive Director on 8 March 2017.
10. Mr. Suo Yao Tang was appointed as a non-executive Director on 5 November 2016 and was removed as a non-executive Director on 8 March 2017.
11. Mr. Zheng Fuya was appointed as alternate Director to Dr. Wang Ching on 23 March 2017.
12. Dr. Wang Ching was appointed as alternate Director to Mr. Zheng Fuya on 23 March 2017.

附註：

1. Zhongguo Sun先生於2016年11月5日由執行董事調任非執行董事，且不再擔任董事會主席及本公司行政總裁。彼於2017年3月12日由非執行董事調任執行董事，並獲委任為董事會主席兼本公司行政總裁。彼已辭任董事會主席、本公司行政總裁及執行董事，由2017年4月20日董事會會議結束起生效。
2. Trevor Raymond Strutt先生於2016年11月5日由執行董事調任非執行董事。彼於2017年3月12日由非執行董事調任執行董事。彼已辭任本公司營運總監及執行董事，由2017年4月20日董事會會議結束起生效。
3. 趙項題先生於2016年11月5日獲委任為董事會主席。彼於2017年3月8日被罷免為執行董事並不再擔任董事會主席。
4. 張雲峰先生於2016年11月5日獲委任為執行董事。彼於2017年3月8日被罷免為執行董事。
5. 邱中偉先生於2017年4月6日獲委任為非執行董事。彼已調任執行董事，並獲委任為董事會主席兼本公司行政總裁，由2017年4月20日董事會會議結束起生效。
6. 黃德煒先生於2017年4月6日獲委任為非執行董事。
7. 肖遂寧先生於2017年4月13日獲委任為非執行董事。
8. 何暉先生於2017年4月13日獲委任為非執行董事。
9. 何願平先生於2016年11月5日由獨立非執行董事調任執行董事，並獲委任為本公司行政總裁。彼於2017年3月2日辭任本公司行政總裁及調任非執行董事，以及於2017年3月8日被罷免為非執行董事。
10. 所耀堂先生於2016年11月5日獲委任為非執行董事，並於2017年3月8日被罷免為非執行董事。
11. 鄭富亞先生於2017年3月23日獲委任為王京博士之替任董事。
12. 王京博士於2017年3月23日獲委任為鄭富亞先生之替任董事。

Directors' Report (continued)

董事會報告 (續)

13. Mr. Mah Jhi-Ho was appointed as an independent non-executive Director on 8 March 2017. He resigned as an independent non-executive Director, with effect from the conclusion of a Board meeting on 20 April 2017.
 14. Mr. Huang Rawen Zhi Hong was appointed as an independent non-executive Director on 12 March 2017.
 15. Mr. David Chan was appointed as an independent non-executive Director on 27 March 2017.
 16. Mr. Deng Xipeng was appointed as an independent non-executive Director on 27 March 2017.
 17. Dr. Feng Ke was appointed as an independent non-executive Director on 5 November 2016 and was removed as an independent non-executive Director on 8 March 2017.
13. 馬致和先生於2017年3月8日獲委任為獨立非執行董事。彼已辭任獨立非執行董事，由2017年4月20日董事會會議結束起生效。
 14. 黃志鴻先生於2017年3月12日獲委任為獨立非執行董事。
 15. 陳德煒先生於2017年3月27日獲委任為獨立非執行董事。
 16. 鄧汐彭先生於2017年3月27日獲委任為獨立非執行董事。
 17. 馮科博士於2016年11月5日獲委任為獨立非執行董事，並於2017年3月8日被罷免為獨立非執行董事。

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with our Company or any member of our Company which is not determinable by our Company within one year without the payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to our Group's business to which our Company, any of its subsidiaries, its fellow subsidiaries or its parent company was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review was our Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, our Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of our Company or any other body corporate or had exercised any such right save as disclosed in the report.

董事服務合約

擬於應屆股東週年大會上膺選連任的董事概無與本公司或其任何成員公司訂立任何本公司不可於一年內毋須支付賠償(法定賠償除外)即終止的服務合約。

董事於重大交易、安排及合約之權益

於回顧財政年度結束時或回顧財政年度內任何時間，概無本公司、其任何附屬公司、同系附屬公司或其母公司作為締約方訂立任何與本集團業務有關，且董事或與董事有關連之實體直接或間接擁有重大權益的重大交易、安排或合約的存續。

董事收購股份或債券之權利

於回顧年度內任何時間，除本報告披露外，本公司或其任何附屬公司或同系附屬公司概無訂立令董事可藉收購本公司或任何其他法團股份或債券獲利的任何安排，而董事或彼等各自的配偶或18歲以下子女亦概無獲授權或行使任何可認購本公司或任何其他法團股權或債務證券的權利。

Directors' Report (continued)

董事會報告 (續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES OR DEBENTURES OF OUR COMPANY AND OUR ASSOCIATED CORPORATIONS

As at 31 December 2016, the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register kept by our Company under Section 352 of the SFO or as otherwise notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code of the Listing Rules contained in Appendix 10 were as follows:

董事及最高行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉

於2016年12月31日，本公司董事及最高行政人員於本公司及其相聯法團(定義見《證券及期貨條例》第XV部)的股份、相關股份及債券中擁有須記錄於本公司根據《證券及期貨條例》第352條須存置之登記冊，或根據上市規則附錄十所載之標準守則須知會本公司及香港聯交所的權益及淡倉如下：

Name 名稱	Nature of interest 權益性質	Number of Shares 所擁有股份數目	Approximate percentage of shareholding 持股概約百分比 (Note) (附註)
Mr. Zhongguo Sun Zhongguo Sun先生	Beneficiary of a trust 信託受益人	373,000,000 (long position) 373,000,000 (好倉)	
	Beneficial owner 實益擁有人	2,190,000 (long position) 2,190,000 (好倉)	
		375,190,000 (long position) 375,190,000 (好倉)	19.85%
Mr. Zhao Xiangti 趙項題先生	Deemed interest, interest of controlled company 視作擁有權益 (控制公司權益)	233,129,585 (long position) 233,129,585 (好倉)	
	Beneficial owner 實益擁有人	1,439,500 (long position) 1,439,500 (好倉)	
		234,569,085 (long position) 234,569,085 (好倉)	12.41%
Mr. Trevor Raymond Strutt Trevor Raymond Strutt先生	Founder of a discretionary trust 全權信託的成立人	184,352,961 (long position) 184,352,961 (好倉)	
	Beneficial owner 實益擁有人	1,095,000 (long position) 1,095,000 (好倉)	
		185,447,961 (long position) 185,447,961 (好倉)	9.81%

Note: There were 1,890,573,500 Shares in issue as at 31 December 2016.

附註：於2016年12月31日，已發行1,890,573,500股股份。

Directors' Report (continued)

董事會報告 (續)

Save as disclosed above, as at 31 December 2016, none of the Directors and the chief executive of our Company or their associates (including their spouses and children under 18 years of age) had any interest or short positions in the Shares, underlying Shares or debentures of our Company or our associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2016年12月31日，本公司董事、最高行政人員或彼等之聯繫人(包括彼等的配偶及未滿18歲的子女)概無於本公司或相聯法團之股份、相關股份及債券中擁有須記錄於根據證券及期貨條例第352條存置之登記冊內或根據標準守則須知會本公司及香港聯交所的權益或淡倉。

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF OUR COMPANY

As at 31 December 2016, to the best knowledge of the Directors, the following persons (other than the Directors and chief executive of our Company) had interests or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept pursuant to Section 336 of the SFO as follows:

主要股東及其他人士於股份及相關股份的權益及淡倉

於2016年12月31日，就董事所知，下列人士(本公司的董事及最高行政人員除外)擁有須根據《證券及期貨條例》第336條登記於該條所指登記冊內的本公司股份或相關股份權益或淡倉如下：

Name 名稱	Nature of interest 權益性質	Number of Shares 所擁有股份數目	Approximate percentage of shareholding 持股概約百分比 (Note) (附註)
Baslow Technology Limited	Beneficial owner 實益擁有人	184,352,961 (long position) 184,352,961 (好倉)	9.75%
Baslow Resources Limited	Deemed interest, interest of controlled company 視作擁有權益 (控制公司權益)	184,352,961 (long position) 184,352,961 (好倉)	9.75%
Bubbly Brooke Holdings Limited	Beneficial owner 實益擁有人	373,000,000 (long position) 373,000,000 (好倉)	19.73%
Li Hongmei 李洪妹	Founder of a discretionary trust 全權信託的成立人	373,000,000 (long position) 373,000,000 (好倉)	19.73%
Rongton Investments Limited 榮滔投資有限公司	Beneficial owner 實益擁有人	233,129,585 (long position) 233,129,585 (好倉)	12.33%

Directors' Report (continued)

董事會報告 (續)

Name 名稱	Nature of interest 權益性質	Number of Shares 所擁有股份數目	Approximate percentage of shareholding 持股概約百分比 (Note) (附註)
Equity Trustee Limited	Trustee (other than a bare trustee) 受託人 (被動受託人除外)	557,352,961 (long position) 557,352,961 (好倉)	29.48%
Rouser Investments Inc.	Deemed interest, interest of controlled company 視作擁有權益 (控制公司權益)	373,000,000 (long position) 373,000,000 (好倉)	19.73%
Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of Accounts managed by the Aberdeen Group	Investment manager 投資經理	169,888,000 (long position) 169,888,000 (好倉)	8.99%
Aberdeen Global	Beneficial Owner 實益擁有人	113,065,000 (long position) 113,065,000 (好倉)	5.98%
KCS Trust Limited	Trustee (Other than a bare trustee) 受託人 (被動受託人除外)	97,400,000 (long position) 97,400,000 (好倉)	5.15%
Ultra Growth Management Limited	Beneficial Owner 實益擁有人	97,400,000 (long position) 97,400,000 (好倉)	5.15%
Originwater Hong Kong Environmental Protection Co., Limited	Beneficial owner 實益擁有人	268,674,730 (long position) 268,674,730 (好倉)	14.21%
Beijing OriginWater Technology Co., Ltd.	Interest of controlled company 控制公司權益	268,674,730 (long position) 268,674,730 (好倉)	14.21%
UBS Group AG	Person having a security interest in shares 對股份持有保證權益的人	94,169,835 (long position) 94,169,835 (好倉)	
	Interest of controlled company 控制公司權益	1,942,595 (long position) 1,942,595 (好倉)	
		96,112,430 (long position) 96,112,430 (好倉)	5.08%
	Interest of controlled company 控制公司權益	2,625,000 (short position) 2,625,000 (淡倉)	0.14%

Note: There were 1,890,573,500 Shares in issue as at 31 December 2016.

附註：於2016年12月31日，已發行1,890,573,500股股份。

Directors' Report (continued)

董事會報告 (續)

Save as disclosed above, as at 31 December 2016, our Company was not aware of any person (other than the Directors and chief executive of our Company) who had an interest or a short position in the Shares or underlying Shares of our Company as recorded in the register required to be kept by our Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige our Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors have any ownership in other businesses which compete or are likely to compete, either directly or indirectly, with the businesses of our Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Company were entered into or existed during the year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Our Company has received an annual confirmation of independence during the year pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and our Company considers that all independent non-executive Directors are being considered to be independent.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, our Group had a total of 2,261 employees (2015: 2,707 employees). Total staff costs (including Directors' emoluments) incurred for the year ended 31 December 2016 amounted to approximately RMB279 million (2015: RMB325 million). Remuneration packages of the Directors are recommended by the remuneration committee and approved by the Board. Employee remuneration will be determined by the management with reference to individual performance and experience and industry practice.

None of the Directors waived any emoluments during the year ended 31 December 2016.

除上文所披露者外，根據《證券及期貨條例》第336條規定存置的本公司登記冊所示，於2016年12月31日，就本公司所知，並無任何人士（本公司的董事及最高行政人員除外）擁有本公司股份或相關股份的權益或淡倉。

優先購買權

章程細則並無載有關於優先購買權之規定，亦無限制優先購股權規定本公司須按比例向現有股東發售新股份。

董事在競爭業務中的權益

本公司概無董事擁有任何與本集團業務直接或間接競爭或可能競爭的業務。

管理合約

於本年內，本公司並無訂立或訂有涉及全部或大部份業務的管理及行政合約。

獨立非執行董事的獨立性確認函

本公司已接獲各獨立非執行董事根據上市規則第3.13條就其年內獨立性發出的年度確認函。本公司認為所有獨立執行董事皆被視為獨立。

僱員及薪酬政策

截至2016年12月31日，本集團共有2,261名僱員（2015年：2,707名）。截至2016年12月31日止年度的總員工成本（包括董事酬金）約為人民幣279百萬元（2015年：人民幣325百萬元）。董事薪酬待遇由薪酬委員會建議並經董事會批准。管理層將參考工作表現、經驗及行業慣例釐定僱員薪酬。

截至2016年12月31日止年度，概無董事放棄任何酬金。

MAJOR SUPPLIERS AND CUSTOMERS

As our Group obtains our major raw material, air, at no cost, electricity, which comprises over 60% of our total cost of sales, is therefore the largest item of our total purchases. As our Group normally secures our electricity supply for our on-site gas operations through contractual arrangements with our on-site customers, our current five largest suppliers are all our on-site customers. Our Group generally obtains electricity from our on-site customers at the market rate set by state-owned electricity grid companies. Electricity is usually supplied to our on-site customers by local electricity companies which are state-owned enterprises. As our Group generally collects our receivables from our on-site customers and makes payment to on-site customers for our electricity usage at or around the same time, their payments to us are generally netted off to take into account our electricity expenses to our on-site customers. Our five largest suppliers together accounted for approximately 38.8% (2015: approximately 38.1%) of the total purchases for the year ended 31 December 2016. For the year ended 31 December 2016, our largest supplier accounted for approximately 11.4% (2015: approximately 12.3%) of our total purchases.

Our five largest customers together accounted for approximately 33.3% (2015: approximately 34.4%) of our total revenues for the year ended 31 December 2016. For the year ended 31 December 2016, our largest customer accounted for approximately 10.3% (2015: approximately 11.2%) of our total turnover.

As far as our Company is aware, neither the Directors, their close associates, nor those substantial shareholders who are interested in more than 5% of the number of issued Shares or underlying Shares of our Company had any interest in the five largest customers and suppliers of our Group.

CONNECTED TRANSACTIONS

During the year under review, the Group had not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Board confirmed that none of the related party transactions set out in note 31 to the financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had our Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to our Company or any of its subsidiaries.

主要供應商及客戶

由於本集團的主要原材料空氣毋須成本便可取得，故電力成為採購總額的最大項目，佔本集團總銷售成本的60%以上。由於本集團一般透過與現場供氣客戶訂立的合約安排，保障本集團對現場供氣業務的電力供應，故本集團目前五大供應商均為現場供氣客戶。本集團一般按國有電網公司釐定的市價自本集團現場供氣客戶獲取電力。電力通常由當地國有電力公司向本集團的現場供氣客戶供應。由於本集團一般收取現場供氣客戶的應收款項的時間與本集團支付予現場供氣客戶的電力費用的時間相若，故此客戶向本集團支付的款項一般會扣減本集團支付予現場供氣客戶的電力費用。我們的五大供應商合共佔我們截至2016年12月31日止年度採購總額約38.8%(2015年：約38.1%)。截至2016年12月31日止年度，我們的最大供應商佔採購總額約11.4%(2015年：約12.3%)。

我們的五大客戶合共佔我們截至2016年12月31日止年度總收益約33.3%(2015年：約34.4%)。截至2016年12月31日止年度，我們的最大客戶佔總收入約10.3%(2015年：約11.2%)。

就本公司所知，董事、彼等的緊密聯繫人及擁有超過5%的本公司已發行股份或相關股份數目的主要股東概無於本集團五大客戶及供應商擁有權益。

關連交易

回顧年內，本集團並無訂立任何需根據上市規則予以披露的關連交易或持續關連交易。董事會確認載於財務報表附註31中的關聯方交易並無構成根據上市規則第14A章下的非豁免關連交易或持續關連交易。

重要合約

除本年報所披露者外，於年內任何時間，本公司或其任何附屬公司概無與控股股東(定義見上市規則)或其任何附屬公司訂立任何重要合約，亦無就控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立任何重要合約。

SUFFICIENT PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to our Company and within the knowledge of the Directors, our Company has maintained a sufficient public float of more than 25% of our Company's issued Shares as required under the Listing Rules during the year.

OTHER REQUIRED DISCLOSURE PURSUANT TO RULE 13.18 AND RULE 13.21 OF THE LISTING RULES

Yingde BVI issued senior notes with amount of USD 425,000,000 in 2013 ("Senior Notes I") and USD 250,000,000 in 2014 ("Senior Notes II", together, the "Senior Notes") respectively. Pursuant to the terms and conditions of both Senior Notes, it will be an event triggering mandatory prepayment if (A) there is a decline in rating of Senior Notes I or Senior Notes II (as the case may be); and, inter alia, (B) the Permitted Holders are the beneficial owners of less than 25% of the total voting rights in the Company. "Permitted Holders" means any or all of the following: (1) Zhongguo Sun, Zhao Xiangti or Trevor Raymond Strutt; (2) any affiliate (other than an affiliate being a director or officer of such person or any subsidiary of such person or of any person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person); and (3) any person all share capital in the Company of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the persons specified in (1) and (2) above.

Our Company entered into a facility agreement with a syndicate of banks on 12 October 2015 (the "2015 Facility Agreement") for a 42-month term loan facility of up to US\$90 million (for the US dollar tranche) and HK\$77.5 million (for the Hong Kong dollar tranche) in aggregate. Pursuant to the 2015 Facility Agreement, it will be an event triggering mandatory prepayment, inter alia, if: (a) any one or more of Bubbly Brooke, Rongton and Baslow jointly cease to control the Company or cease to own legally and beneficially directly or indirectly through wholly-owned subsidiaries at least 30% of the issued share capital of our Company; (b) either of Baslow or Bubbly Brooke sells or disposes of the issued share capital of our Company directly or indirectly which in aggregate constitute more than 5% of the issued share capital of our Company that beneficially owned by it directly or indirectly as at 12 October 2015; or (c) other than, in each case, by reason of death, mental incapacity or critical illness, Mr. Zhongguo Sun ceases to be the chairman of our Company, or Mr. Trevor Raymond Strutt ceases to be the Director.

足夠公眾持股量

根據本公司所獲公開資料及就董事所知，截至本年報日期，本公司於本年度一直維持上市規則所規定超過已發行股份25%的足夠公眾持股量。

遵照上市規則第13.18條及第13.21條之規定須作出的其他披露

Yingde BVI分別於2013年及2014年發行金額為425,000,000美元之優先票據(「優先票據I」)及金額為250,000,000美元之優先票據(「優先票據II」，總稱「該等優先票據」)。根據該等優先票據之條款及條件，倘(A)優先票據I或優先票據II(視情況而定)之評級下降；及(其中包括)(B)獲准許持有人乃本公司總投票權少於25%之實益擁有人，此等情況則將會引發須強制預付款項。「獲准許持有人」指下列任何或所有人士：(1) Zhongguo Sun、趙項題或Trevor Raymond Strutt；(2) 任何聯屬人士(不包括身為該人士或該人士之任何附屬公司之董事或高級職員或直接或間接控制該人士或受該人士控制或受其直接或間接共同控制之任何人士之聯屬人士)；及(3) 上述(1)及(2)所指一名或以上擁有本公司所有股本之80%或以上權益(或倘為一項信託，則於其中之實益權益)之任何人士。

本公司於2015年10月12日與一組銀團簽訂最高總額90百萬美元(美元部份)及77.5百萬港元(港幣部份)為期42個月的有期貨款融資協議(「2015年融資協議」)。根據2015年融資協議，若出現(其中包括)以下情況，即屬觸發強制提前還款的事件：(a) Bubbly Brooke、榮滔及Baslow共同不再控制本公司或不再透過全資子公司直接或間接法定實益擁有本公司已發行股本中至少30%之權益；(b) Baslow或Bubbly Brooke直接或間接出售或處分其所直接或間接實益擁有的總計超過本公司於2015年10月12日已發行股本5%之權益；或(c) 若非因為死亡、精神無行為能力或嚴重疾病，Zhongguo Sun先生不再擔任本公司董事長，或者Trevor Raymond Strutt先生不再擔任董事。

Directors' Report (continued)

董事會報告 (續)

PERMITTED INDEMNITY PROVISION

Our Company's articles of association provide that each Director, secretary or other officer of the Company shall be entitled to be indemnified out of the assets and profits of our Company against all actions, costs, charges, losses, damages or expenses which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, our Company has arranged appropriate liability insurance to indemnify our Director and senior officers for their liabilities arising out of corporate activities.

COMPLIANCE WITH THE MODEL CODE

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding the securities transactions by the Directors.

The Board is pleased to confirm, after specific enquiries with all Directors, that all Directors have fully complied with the standards required under the Model Code during the year ended 31 December 2016.

CORPORATE GOVERNANCE

Our Company is committed to maintaining a high level of corporate governance practices. Corporate governance practices adopted by our Company are set out in the Corporate Governance Report on page 70.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of our Company are set out in the section of "Environmental, Social and Governance" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

All of our business operations are based in China. We are required to comply with a range of laws, regulations and measures in China which regulate the production of industrial gases. The laws, regulations and measures in China regulating the production of industrial gases in China include but not limited to the following:

- Work Safety Law of the People's Republic of China;
- Measures for the Implementation of the Permits for the work safety of Hazardous Chemicals Production Enterprises;
- Regulations of People's Republic of China on the Administration of Production License for Industrial Products;

獲准許的彌償條文

本公司的組織章程細則規定每名董事、秘書或本公司其他高級職員須有權就其於或有關執行涉及職務或與此有關的其他情況而可能持續出現或產生的一切法律行動、成本、費用、虧損、損害或支出自本公司資產及利潤中獲得彌償。此外，本公司已投購適當責任險以彌償董事及高級職員因進行公司活動而產生的責任。

遵守標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易之標準守則(「標準守則」)作為董事進行證券交易的行為守則。

在向全體董事作出具體查詢後，董事會謹此確認，全體董事於截至2016年12月31日止年度全面遵照標準守則規定的標準。

企業管治

本公司奉行高水平企業管治標準。本公司所採用的企業管治常規載於第70頁的企業管治報告。

環境政策及表現

本公司的環境政策及表現載於本年報「環境、社會及管治報告」部分。

遵守法律及法規

我們的業務營運全部位於中國。我們須遵守中國規管生產工業用氣體的一系列法律、條例及辦法。規管在中國生產工業用氣體的中國法律、條例及辦法包括但不限於下列各項：

- 中華人民共和國安全生產法；
- 危險化學品生產企業安全生產許可證實施辦法；
- 中華人民共和國工業產品生產許可證管理條例；

Directors' Report (continued)

董事會報告 (續)

- Measures for the Implementation of the Regulations of People's Republic of China on the Administration of Production License for Industrial Products; and
- Regulations on the Safety Management of Hazardous Chemicals.

During the year ended 31 December 2016, our Group was in compliance with PRC laws and regulations governing the production of industrial gases in China.

RELATIONSHIPS WITH STAKEHOLDERS

The relationships with stakeholders of our Company are set out in the section of "Investor relations" of the "CEO's Report and Management Discussion & Analysis" of this annual report.

PARTICULARS OF IMPORTANT EVENTS AFTER THE FINANCIAL YEAR END OF 2016

Save as disclosed below, there are no important events affecting our Company that have occurred since the end of the financial year of 2016:

- in the extraordinary general meetings of the Company on 8 March 2017, the removal of each of Mr. Zhao Xiangti, Mr. He Yuanping, Mr. Zhang Yunfeng, Mr. Suo Yaotang and Dr. Feng Ke as a Director was approved by the Shareholders and the appointment of Mr. Jhi-Ho Mah as a Director was approved by the Shareholders;
- discontinuation of the court proceedings in the Cayman Islands as disclosed in the Company's announcement dated 10 April 2017;
- the Company has renewed an existing contract with a collection agency in respect of the collection of certain receivables on the same terms. No payments have been made or are required to be made under such contract as of the date hereof;
- the Company is expected to incur between US\$10 million to US\$20 million of expenses as a result of or arising from the engagement of advisers in respect of the PAG Offers; and
- as disclosed in the announcement from PAG dated 6 April 2017, the PAG Offers have become unconditional in all respects as at 4:00 p.m. on 6 April 2017.

- 中華人民共和國工業產品生產許可證管理條例實施辦法；及
- 危險化學品安全管理條例。

截至2016年12月31日止年度，本集團已遵守有關規管在中國生產工業用氣體的中國法律法規。

與權益持有者的關係

與本公司利益持有者的關係載於本年報「行政總裁報告及管理層討論及分析」中「投資者關係」部分。

財政年度結束後的重要事項詳情

自本財政年度結束以來並無發生影響本公司的重要事項。

- 於本公司2017年3月8日的特別股東大會上，罷免趙項題先生、何願平先生、張雲峰先生、所耀堂先生及馮科博士各自為本公司董事獲股東批准及委任馬致和先生為本公司董事獲股東批准；
- 誠如本公司日期為2017年4月10日的公告所披露，開曼群島法律程序中止；
- 本公司已按相同條款就追收若干應收款項與追收代理續訂現有合約。於本年報日期，並無根據該合約已支付或須予支付款項；
- 預期本公司因要約或就要約委聘顧問而產生10百萬美元至20百萬美元的開支；及
- 如太盟發出的日期為2017年4月6日的公告所披露，2017年4月6日下午四時正太盟要約已在各方面成為無條件。

Directors' Report (continued)

董事會報告 (續)

AUDIT COMMITTEE

Our Company has established an audit committee (the "Audit Committee") comprising all six existing independent non-executive Directors, namely Mr. Zheng Fuya (Chairman of the Audit Committee), Dr. Wang Ching, Mr. Jhi-Ho Mah, Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng.

The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2016, and is of the view that our Group's consolidated financial statements for the year ended 31 December 2016 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

AUDITOR

The consolidated financial statements of our Group for the year ended 31 December 2016 have been audited by KPMG, Certified Public Accountants. A resolution for its re-appointment as auditor of our Company for the ensuing year will be proposed at the forthcoming annual general meeting.

By order of the Board

Zhongguo Sun

Chairman

Hong Kong, 20 April 2017

審核委員會

本公司已成立審核委員會(「審核委員會」)，成員包括六名現任獨立非執行董事鄭富亞先生(審核委員會主席)、黃志鴻先生、馬致和先生及王京博士、陳德偉先生、鄧汐彭先生。

審核委員會已審閱截至2016年12月31日止年度的合併財務報表，認為本集團截至2016年12月31日止年度的合併財務報表乃根據適用會計準則、法律及法規編製，並已進行適當披露。

核數師

截至2016年12月31日止年度的本集團合併財務報表由註冊會計師畢馬威會計師事務所審核，本公司將於即將召開的股東週年大會上提呈決議案，再度委任其為本公司來年的核數師。

承董事會命

Zhongguo Sun

主席

香港，2017年4月20日

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THE REPORT

As a responsible listed company which pays attention to sustainable development, Yingde Gases Group Company Limited (“the Company” or “Yingde” and its subsidiaries collectively referred to as “the Group”) has voluntarily issued the Health & Safety, Environment & Efficiency Report since 2013. In preparation of this Environmental, Social and Governance Report (“this Report”), we appointed heads from different business departments of the Group to form an ESG Report team and provide independent opinions and drafts of each operation sector based on the perspectives of stakeholders including employees, customers and suppliers. Prepared in accordance with the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Listing Rules, this Report elaborates on guidelines and policies, major measures and achievements of the Company’s various departments in compliance on the environmental, social and governance aspects and describes broader social background with respect to subjects concerning sustainable development.

This Report is divided into several chapters on the basis of different environmental, social and governance factors, information in which, save as otherwise specified, covers the performance of the Group’s operation activities carried out in mainland China in environmental, social and governance aspects during the period from 1 January 2016 to 31 December 2016 and emphasizes operating on-site pipeline gas supply and sales and transportation of gas products.

ENVIRONMENT & EFFICIENCY

Our work is motivated by our commitment to sustainable development, newly-developing laws and regulations on environmental protection and higher environmental performance standards. Globalization has accelerated the formation of laws and regulations on environmental protection in emerging markets and raised awareness of limitation on natural resources, leading people to pay attention to resource productivity. Reduction in energy consumption and improvement in energy utilization rate can effectively lower business production costs and enhance business reputation while bringing potential benefits to consumers.

關於本報告

作為一家負責任及注重可持續性發展的上市企業，盈德氣體集團有限公司（「本公司」或「盈德」，連同其附屬公司統稱為「本集團」）自2013年度起開始自願發佈《健康與安全、環境與效率報告》。在本環境、社會及管治報告（「本報告」）制定的過程中，我們委任集團各業務部門主管組成ESG報告工作小組，基於員工、客戶、供應商等利益相關方的觀點，為本報告提供各業務板塊的獨立意見和文稿。本報告亦依照上市規則附錄二十七《環境、社會及管治報告指引》編製，細述公司各部門在環境、社會及管治合規方面的方針政策、主要措施和成就，並針對相關的可持續發展課題，敘述更廣闊的社會背景。

本報告根據不同的環境、社會及管治因素分為若干章節，除非另有所指，其中資料涵蓋公司於2016年1月1日至2016年12月31日期間本集團在中國大陸開展業務活動中於環境、社會及管治方面的表現，並著重運營中的現場管道供氣和氣體產品銷售運輸業務。

環境與效率

我們的工作動力源自對可持續發展、新興環保法規及更高的環境績效標準的承諾。全球化促使了新興市場環保法規的訂立，並提高了自然資源限制意識，讓人們開始注重資源生產率。能源消耗的減少和能源利用率的提高能夠有效地降低企業生產成本，在為消費者帶來潛在收益的同時，增進企業的聲譽。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

We believe:

- Effects on the environment can be controlled through cutting emissions of wastes and in pursuit of the ultimate goal of zero-pollution and zero-emission;
- We must improve resource efficiency and reduce waste through continuous technological innovation;
- We are obliged to protect the health of residents and the environment in the community where we operate; and
- We are responsible for implementing sustainable development strategies to protect the environment for future generations.

Company policies and principles

We diligently operate businesses and guarantee the health and safety of customers, the public and the environment.

We strive to become an industry leader in the environmental, health and safety performance.

We unswervingly comply with the following fundamental principles:

- To abide by laws and regulations in relation to the environment, health and safety and continue to improve performance in these regards;
- To continue to improve the environmental, health and safety situations and ultimately realize the goal of zero-injury and zero-emission of toxic and hazardous articles;
- To design and operate our plants and facilities in a way of protecting the environment, the health and safety of our employees and the public;
- To develop and manufacture products that can be produced, delivered, used, recycled or disposed of in a safe and environment-friendly manner;

我們相信：

- 通過減少廢棄物排放，以及追求無污染、零排放的最終目標，能夠控制我們對環境造成的影響；
- 必須通過不斷技術創新，提升資源效率，減少浪費；
- 我們有義務保護所在社區內人們的健康和環境；及
- 我們有責任實施可持續發展戰略來為後人保護環境。

公司政策及原則

我們盡職地經營業務，並保證客戶、公眾及環境的健康與安全。

在環境、健康和安全管理方面我們致力成為行業的領導者。

我們堅決遵守以下基本原則：

- 遵守相關環境、健康和安全管理法規，不斷提升相關表現；
- 不斷改善環境、健康和安全管理狀況，最終實現零傷害以及有毒和危險品零排放的目標；
- 以保護環境以及我們員工和公眾的健康安全的方式設計和營運我們的工廠和設施；
- 開發和生產能夠以安全和環保的方式進行生產、配送、使用、循環或處理的產品；

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

- To strengthen transparency in disclosing the practice and performance of the environment, health and safety;
 - To put the aforementioned relevant policies into force in contractor management; and
 - To set goals, improve and implement measures on a regular basis, evaluate and report the results.
- 增加披露環境、健康、安全實踐和表現的透明度；
 - 在承包商管理中推行上述相關政策；及
 - 設置目標，定期改進、落實措施，並評估和報告結果。

Environmental management

a) Environmental management system

Our environmental management system was established and certified in accordance with ISO 14001 * Standard to enable operating plants, logistics companies and project centers to identify effects on the environment and make continuous improvements.

Note:

* ISO - International Organization for Standardization is the world's largest organization for developing voluntary International Standards and ISO 14001 provides a framework for any company or organization looking to set up effective environmental management systems.

b) Greenhouse gas emissions

Usually, our Group's air separation equipment almost has no direct emission into the air. Given the fact that power consumption accounts for 80% of the Group's operating costs, we convert energy consumption such as power consumption in daily production and fuel consumption by vehicles for distributing gas productions into greenhouse gas (CO₂) emissions in line with the Conversion Coefficient published by the National Development and Reform Commission, on the basis of which we set the goal for energy conservation and emission reduction. This year, we managed to cut approximately 200,000 tons of greenhouse gas emissions, about 1% down from the total emissions of last year. To meet the goal stated above, we have adopted the following measures:

- Transformed devices, technologies and process in each subsidiary to achieve energy conservation and reduce consumption;

環境管理

a) 環境管理體系工作

我們的環境管理系統乃按照ISO 14001*標準進行建立和認證，以便於運行工廠、物流公司及項目中心識別環境影響和實現持續改善。

備註：

* ISO—國際標準組織是世界上規模最大的自願性國際標準的制定組織，ISO 14001提供了一個框架，讓任何公司或組織可按此設立有效的環境管理系統。

b) 溫室氣體排放

通常情況下，本集團空分設備的生產工藝過程對外界幾乎不產生任何直接氣體排放。考慮到本集團的運營成本約80%來自於電力消耗，我們根據中國國家發展改革委員會發佈的轉換係數將日常生產中消耗的電力以及氣體產品配送車輛的油耗等能源換算成溫室氣體(CO₂)排放量，以此設定節能減排的目標。本年度我們降低溫室氣體排放約200,000噸，相比去年排放總量降低約1%。為達成以上目標，我們採取了以下措施：

- 對各子公司進行設備、技術、工藝改造，以達到節能降耗的效果；

- Proposed that all employees in the Group lead a low-carbon and environment-friendly life, save power, water, oil and gas, cut down on travels by company vehicles and take public transportation such as railways to the largest extent; and
- Regularly conducted trainings among employees to raise awareness of emission reduction and low-carbon and promote a green and environment-friendly way of action.

c) Waste treatment

We have adopted relevant measures with respect to the generation and treatment of hazardous and non-hazardous waste materials:

- Firstly, we arranged trainings to raise the awareness of environmental protection featuring resources conservation;
- Through constant efforts, we reduced generation of wastes and employed circulation procedures as much as possible;
- We treated all unavoidable wastes in an environment-friendly manner so as to comply with local laws and regulations; and
- According to the PRC laws and regulations, waste materials are stored and treated by category. Wastes from our production mainly include chemicals, wastes containing metals and cylinders post service life, which are dealt with appropriately by qualified third parties in accordance with applicable regulations.

Thus, we realized the ultimate goal of "None Contamination Accidents, Zero-leakage".

- 向集團所有員工倡議低碳環保生活，注意節電、節水、節油、節氣，減少公車出行，儘量選擇鐵路等公共交通；及
- 定期對員工進行培訓，提高員工的減排低碳意識，處處從綠色環保做起。

c) 廢物處理

針對有害及無害廢棄物的產生及處理，我們採取了相關措施：

- 首先我們加強員工培訓，以提高他們節約資源的環保意識；
- 通過不斷努力，減少廢物的產生，儘可能採用循環流程；
- 採用環保方式處理不可避免的廢物，以符合當地法律法規；及
- 依照國家法律法規，實行廢物的分類存放及處理。我們生產過程中的廢物主要包括化學品，含有金屬的廢物，以及達到使用壽命的氣瓶，我們也都會根據適用法規，交由符合資質的第三方進行妥善處理。

從而達成「不發生污染事件、零洩漏」的最終目標。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

d) Use of resources

With regards to use of resources, water resource comes first on the list. Around 85% of the water used in our production is used for cooling purpose and can be recycled. During the recycling process, the water needs to be cooled down, during which process a small part of the water will be lost and evaporate into the atmosphere. Therefore, additional water supply is needed during this process. About 15% of the water is used in chemical reaction process and also as the source of steam for local office buildings. The very small amount of waste water generated will be purified or fed into local industrial treatment system for concentrated disposition.

Second on the list is resources consumed in the office. We primarily promote the E-office system to reduce the use of papers.

e) Power and energy (sustainable development)

As for energy consumption, our production processes consume electricity and other forms of energies. Actually almost 80% of our operation cost is spent on power supply. Therefore, the management pays close attention to the reduction of energy consumption, in consideration of not only the cost but also environmental protection. In recent years, we have set up a team specialized in reducing power consumption, and reviewing aspects such as mechanical efficiency, technique process, project engineering design and energy recycling system. We are currently forming continuous improvement measures to improve energy efficiency and reduce emission of greenhouse gases, heading toward the goal of increasing efficiency by 1% per annum.

d) 資源使用

在資源使用方面，首先是水資源，我們企業生產用水大約85%用於冷卻，並且是循環使用。在循環過程中，需要將水冷卻，也會損耗一小部分進入大氣中，因此該過程需要補充水源。還有約15%的水用於化學反應過程，以及作為當地辦公大樓的蒸汽來源。針對產生的極少量廢水，我們會對其進行淨化或送入當地工業處理系統進行集中處理。

其次辦公資源方面，我們主要是提倡電子辦公系統及減少紙張使用。

e) 動力及能源(可持續發展)

關於能耗方面，我們的生產過程消耗電力及其他形式的能源，實際上動力提供幾乎佔了我們運營成本的80%，因此，管理層極度關注能耗的降低。這不僅是出於成本考慮，也關係到環保效益。近年來我們已經成立了一個小組，這支隊伍專攻能耗表現的提升，並審核機械效率，力求優化工藝流程、項目工程設計及能量循環系統等方面。目前我們正在形成持續的改進措施，以提高能效，減少溫室氣體的排放，朝著每年提高1%能效的目標前進。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

CONVENTIONS FOR EMPLOYMENT AND LABOR

The human resources department is one of the core departments of Yingde Gases (Group) Company Limited since its establishment. The department always follows the tenet of people first, exploring talent potentials and focusing on talent management and keeps promoting it to this day as our unchanging aim. The work of human resources is guided by the group and implemented by its plants in accordance with the Labor Law of the People's Republic of China ("Labor Law") and regional labor-related policies. The policies, development, training, and labor standards of human resources are expounded below:

Recruitment

Our employees are our important assets. "Open Recruitment, Fair Competition, Strict Selection, and Enrollment According to Merits" are our employment policy. The personnel selected from open recruitment will be assigned to work according to actual demands. We observe the tenet of people first, exploring talent potentials, and focusing on talent management and formulate recruitment policies as per laws and regulations, covering remuneration and dismissal, recruitment and promotion, work hours, vacations and holidays, equal opportunities, diversification, anti-discrimination, and other treatment and benefits.

We use balanced evaluation system to assess our employees' performances and are committed to providing them with ideal working environment and sound promotion mechanism. The human resources department is responsible for making promotion policy and the human resources specialists of all the plants for declaration and appraisal of staff promotion, with the results being reviewed by plant managers, business director, and human resources director in the end. Staff promotion is based on as a rule the knowledge and skills required for the post, job performance and conducts, applicability and potentials, and other necessary conditions required by the Company.

Work time and vacations for employees are arranged properly in accordance with relevant laws and regulations. We have set out detailed Attendance and Leave Management Regulations in which paid leave, medical treatment periods, personal leave, marriage leave, maternity leave, nursing leave, and funeral leave are strictly prescribed by the Labor Law and other national stipulations.

僱傭及勞工常規

盈德氣體(集團)有限公司自成立以來，集團人力資源部是集團部門的核心部門之一。部門秉承以人為本、開發人才潛能、注重人才管理為始終目標，不斷完善至今。人力資源工作以集團為指導，各工廠具體實施，遵守中華人民共和國《勞動法》(「勞動法」)及各地區勞動相關政策。現就本集團人事政策、發展與培訓、勞工準則闡述如下：

僱傭

本公司員工是公司重要的資產。公司僱傭原則為「公開招聘、公平競爭、嚴格選拔、擇優錄用」。公司通過公開招聘獲得人才，另會根據實際工作需要，在內部調配員工。我們遵從「以人為本，開發人才潛能，注重人才管理」的宗旨，所制定的各僱傭制度均依照相關法律法規制定，涵蓋薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利等多個方面。

我們採用平衡評估制度，評估員工績效，致力為員工提供理想的工作環境和完善的晉升機制。集團人力資源部負責制定員工的晉升制度，相關各工廠人事專員負責晉升員工的申報、考核工作，最終由工廠經理，業務總監及人事總監最終審核。員工晉升一般依據職位所要求的知識和技能、相關資歷和經驗、工作表現和品行、適用性和潛力、公司要求其他必備條件等。

我們根據相關法律法規要求，合理安排員工的工作時間及假期。集團設有詳細的《考勤管理和休假管理制度》，依據《勞動法》及相關國家規定，針對員工的帶薪休假、醫療期、事假、婚假、產假、哺乳假及喪假有嚴格的規定。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

We attach great importance to employees' benefits and our remuneration policy meets the compulsory minimum wage standard and the market level. We apply the principle of equal pay for equal work to pay our employees in full amount and adjust the remuneration based on performance appraisal.

We always highlight anti-discrimination and are fair to our employees. We treat our employees equally despite of their race, birth, wealth, sex, etc.

Training and Development

We focus on cultivating employees' professional knowledge and skills and provide them with a variety of training to help them develop to their full potentials. The personnel from the human resources department and administrative staffs from each branch, subsidiary, representative office provide new comers with pre-job training, helping them learn our corporate culture, policies, and rules and regulations, introducing to them job environment, personnel environment, humanistic environment, as well as work contents, responsibilities, and norms, and assisting them to be familiar with and master work flows and skills. Moreover, we provide various kinds of on-the-job training for different posts and businesses. Below are a couple of examples:

a) Personnel training: operational training of human resources

Objects: human resources personnel of project and operation plants and representative offices

Time: June 2016

Topics: including but not limited to the Employee Handbook, recruitment process and specifications, entry and departure procedures, daily attendance specifications, employee transfer procedures, labor dispatching procedures, usage rules of legal documents for labor and personnel, avoidance of labor dispute risk, and reporting and approving procedures of staff and business data.

集團注重員工福利，薪酬政策符合不低於國家規定的最低工資標準，以市場水平定薪；實行同工同酬，並及時足額支付勞動報酬，依據公司績效考核調薪。

公司一向重視反歧視並公平對待所有員工。員工不會因為種族、出生、貧富、性別等而受到不平等待遇。

培訓與發展

本公司注重培養員工專業知識和技能，並提供多種培訓，幫助員工發揮自身潛能。人力資源部及各子、分公司、代表處的行政人員會對新入職員工進行崗前培訓，幫助員工了解公司的文化、政策及規章制度，介紹崗位環境、人事環境等人文環境及工作內容、責任、規範，並協助員工熟悉、掌握工作流程、技能。此外，集團公司亦會根據員工從事崗位及業務要求的不同，提供各種在職培訓，在此列舉一二，具體如下：

a) 集團人事培訓：人力資源實操培訓

培訓對象：全集團範圍內各項目、運行工廠及代表處人事接口人員

培訓時間：2016年6月

培訓內容：包括但不限於《員工手冊》：招聘流程及規範；員工入職及離職程序；日常考勤規範；員工調動程序；勞務派遣程序；勞動人事法律文本使用規範；勞動爭議風險規避；員工及企業資料報備、審批程序等。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

b) Production procedure training of subordinate operation plants (about 60)

Object: staff of operation plants

Time: monthly training in 2016

Topics: training of procedure, equipment, instruments, quality inspection, electrical engineering, safety, management rules, professional institute training for professional certification.

Labor Standards

We have definitely banned child labor or forced labor in the Employee Handbook. We have no operation departments that hire child labor or forced labor.

HEALTH AND SAFETY

We will always deem safety as the priority. For each specific work environment, we follow the provisions of the Labor Law to offer appropriate safety protection facilities and devices. We protect our employees from hidden dangers by various measures. We identify potential hazards in the work place and set up risk control standards and guidelines using the safety, health, environment and quality management system (SHEQ). Also, social insurance and regularly arranged physical examinations are guarantee to the health of our employees.

In 2016, the damage rate of the Company was 3.6 (per one million work hours) and logistics transportation accident rate was 2.39 (per one million kilometers), without any on-duty casualty or being accused of occupational health and safety-related issues.

We have always believed that no accident cannot be avoided and will continue to find out the root causes of accidents and formulate management actions to safeguard our employees, customers, contractors, and communities.

b) 集團下屬運行工廠(約60家)生產工藝培訓

培訓對象：運行工廠員工

培訓時間：2016 月度培訓

培訓內容：工藝、設備、儀錶、質檢、電氣、安全培訓、各項規章管理制度學習及相關專業崗位人員認證／考證的專業機構培訓。

勞工準則

公司《員工手冊》明確禁止僱傭童工或強制勞工。公司並無營運單位僱傭童工或強制勞工。

健康和 safety

盈德始終將安全視為第一要素。對於每個特定的工作環境，我們遵循《勞動法》規定，提供適當的安全防護設施與裝備。盈德通過各種舉措，保護員工不被潛在危險傷害。集團通過安全、健康、環境和品質 (SHEQ) 管理系統，辨識工作場所中的潛在危險源，並建立風險控制標準和準則。此外，社保的繳納，定期安排的體檢也為員工的健康提供了保障。

2016年，集團的傷害率為3.6(每百萬工時)，物流運輸事故率為2.39(每百萬公里)；未發生任何因工死亡事故，也未就職業健康及安全事宜遭受指控。

盈德始終相信所有事故是可以避免的，我們會持之以恆的努力，發現並找出引發事故的根因，制定相關的管理措施，來保護我們的員工、客戶、承包商及社區的安全。

Job Hazard Identification and Risk Assessment

We constantly update the standard operating procedure (SOP), effectively avoid accidents, and implement hazard identification and risk assessment and control measures to lower the hidden danger of accidents and existing risk.

Hazards are identified and risk evaluated by using hazard identification and risk assessment and control system and the theories and analytical methods of safety system engineering; objective and scientific decisions are made for existing risk to determine the best way to deal with and reduce risk and raise our economic benefits and market competitiveness.

The main operation line of occupational safety and health management system is risk control process and its foundation is planning of hazard identification, risk assessment and control. To control risk, we have recognized the existing dangers in all jobs and activities, evaluated the risk level of each hazardous incident, and determined and controlled the intolerable risk according to regulations.

Accident Report, Analysis and Closing

All accidents happened at the Company (including all of its subsidiaries, operation factories, projects and contractors) must be reported to the higher authorities, regardless of the severity.

All employees must attend safety training and pass qualification tests before taking up their posts and accident reporting process is critical in safety training management.

We have classified and categorized the accidents according to severity, investigated and analyzed the direct, remote, and root causes of each accident, made corrections based on the findings, compiled precautionary measures and schemes, and shared them among all subsidiaries so that the accidents of the same nature are prevented from happening repeatedly.

All accidents are displayed on reliable system platforms from bulletin to analysis report, from occurrence to conclusion, with each step reviewed by our specialists.

工作危險源識別、風險評估

我們不斷更新完善標準操作程式(SOP)，有效地遏制事故的發生，開展危害識別、風險評價及控制措施，降低事故隱患及存在的風險。

通過危害辨識、風險評價和風險控制，運用安全系統工程的理論和分析方法辨識危害、評價風險；針對所存在的風險作出客觀而科學的決策，以確定處理風險的最佳方法，降低風險、提高盈德公司的經濟效益和市場競爭力。

職業安全健康管理體系運行的主線是風險控制的過程，其基礎是危害辨識、風險評價和風險控制的策劃。為了控制風險，我們對所有作業活動中存在的危害加以識別，然後評價每種危害性事件的風險等級，依據法規要求確定不可承受的風險，再對不可承受的風險予以控制。

事故報告、分析、關閉

本公司(含所有子公司、運行工廠、項目及承包商)所有事故都必須上報，不論事故的大小。

我們所有員工的上崗必備條件為接受安全培訓並經測試合格，而事故的匯報流程是安全培訓管理中非常重要的一環節。

我們根據不同事故的嚴重程度做出分級、分類，對每一起事故都調查分析直接原因、間接原因和根本原因，根據調查結果落實整改，制定預防措施方案，並分享所有子公司知悉，避免同樣性質事故的反覆發生。

我們的所有事故都在盈德可靠性系統平台顯示，從事故快報到事故分析報告，從事故發生到事故關閉，每一步驟都由盈德專業人員進行審核。

Occupational Health, Safety and Environment System Management

We have passed the environmental management system GB/T24001-2004 (ISO14001:2004) and occupational health and safety management system GB/T28001-2011 (OHSAS18001:2007), and fully considered the two standards (the Standards of ISO 14001: 2004 and GB/T28001: 2011) when establishing the occupational health, safety and environmental (HSE) management system, and set up a corresponding management system based on construction process. The top management is responsible for formulating and introducing HSE policy and conveying it by training, meeting and bulletin to all employees and associated sides for implementation. Process standards and control methods are determined in accordance with the national policy of “safety first and prevention first” and the principle of “the person who takes charge holds responsibility”, the “no accident cannot be avoided” in HSE management system, and “safety is the duty of every employee and safety management is the duty of all department heads and supervisors at all levels.” Necessary management documents are formed at the same time to achieve the goal of prevention first and process control and continuous improvement. We will supervise, test and analyze these management system processes to guarantee their effectiveness. Change of management systems are planned and implemented and the systems will be kept intact by adopting systematic methods. Furthermore, after the regular internal review by our subsidiaries, we will assign professional management to conduct management appraisal.

SUPPLY CHAIN MANAGEMENT

We promote implementation of supply chain management as a key part of decision-making, review, update and strictly perform the policies regarding supply chain management, environmental and social risk within the year to support the public services of supply chain management.

職業健康、安全、環保的體系管理

盈德公司通過了環境管理體系GB/T24001-2004 (ISO14001 : 2004) 及職業健康安全的管理體系認證GB/T28001-2011 (OHSAS18001 : 2007)，公司在建立健康、安全及環境(HSE)管理體系過程中充分考慮了ISO14001:2004及GB/T28001:2011標準要求，以建設過程為基礎，建立了一套符合以上相關標準的管理體系。由最高管理者負責組織制定並頒佈職業健康安全環保方針，同時通過培訓、會議、簡報等途徑傳達至全體員工和相關方貫徹執行。遵照國家「安全第一，預防為主」的方針和「誰主管，誰負責」的原則，以及健康安全環保管理「所有的事務都是可以避免的」和「安全是每個從業人員的責任，安全管理是所有部門直線(各級)主管人員的職責」的理念，確定了過程準則和控制方式。同時，形成了必要的管理文件，以實現預防為主，程序控制和持續改進的目標。公司將通過對這些過程的監視、測量和分析，保持管理體系過程的有效性。對管理體系的變更進行策劃和實施時，將採取系統的方式以保持管理體系的完整性。且公司定期要求各子公司開展內部審核後，總公司會委派專業管理人員進行管理評審。

供應鏈管理

我公司推動開展供應鏈管理作為集團政策的重要內容，年內檢討、更新並嚴格履行供應鏈管理、環境和社會風險的相關政策，以此提供支持全集團供應鏈管理的公共性服務。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

We have selected qualified suppliers by public bidding and comparison to ensure benefit sharing and appropriate benefit allocation among our partners on the supply chain and avoid to have single supplier. Regarding the selection of subcontractors for supplies and services, we have referred to the Purchase Management System and obeyed its strict provisions on legitimacy, quality, environmental protection, and safety, and once non-compliance is found, corresponding suppliers are requested and urged to take corrective actions and the names of suppliers whose goods are still unqualified are removed from the list of suppliers.

All subcontractors whose goods and materials are delivered to the project area must sign a safety agreement with our group. We bear the social responsibilities for our suppliers and partners and exchange opinions, feedback problems, and offer suggestions for correction on a regular basis. We assign personnel to conduct annual audit on the suppliers and conduct field visit and survey.

In Future, we will work to build a cooperative supply chain partnership with suppliers, enter into supply contracts with different manufacturers for flexible goods supply, maintain long-term relationship with old suppliers, set up information sharing mechanism, and deepen the integrative management of supply chain companies' social responsibilities, eventually achieving a win-win situation.

PRODUCT LIABILITY

Safety and Health

All air separation products (industrial gas O₂, N₂, Ar) and the production and service products of industrial liquid such as high purity nitrogen, high purity argon, and industrial oxygen must be designed and manufactured in consideration of final users' safety and health. We carry out safety inspection and internal review with the attempt to ensure that our products meet the Product Quality Law of the People's Republic of China (the Product Quality Law) and the requirements of users on safety, health and quality.

我們通過公開招標、貨比三家的原則開發出合適的供應商，保證供應鏈上合作企業之間利益共享並進行合理分配，避免單一供應商情況的發生；在物資和服務的分包商選定和考量上，集團參照《採購管理制度》在合法性、品質、環保和安全性方面的嚴格規定，一經發現不合規情況，即要求並促使整改，整改後仍不符合的供應商將從採購名冊中移除。

與此同時，所有進到現場物資的分包商均須與集團簽訂安全協議。我們承擔對供應商和合作夥伴的社會責任，定期交流溝通、反映問題並提供整改建議；針對關鍵供應商集團還派專人開展年度審查工作，對其現場進行走訪調研。

未來，我們將致力於構建供應鏈戰略合作夥伴關係，與不同廠商簽訂供應合同，靈活供應產品；維護與合作多年的供應商的良好合作關係，建立資訊共享機制；同時，深化供應鏈企業社會責任的一體化管理，實現雙贏局面。

產品責任

安全與健康

所有盈德生產或銷售的空分產品(工業用氣體 O₂, N₂, Ar)及工業液體高純氮、高純氫、工業氧的生產、服務產品，必須以最終用戶安全和健康的原則設計或製造。我們展開安全檢查及內部審核，努力確保產品符合《中華人民共和國產品品質法》、《中華人民共和國消費者權益保障法》的規定以及用戶對於安全、健康和品質的要求。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

Quality Assurance and Recall

We implement ISO 9001:2008 quality management system, according to which quality management system documents including Quality Manual, Procedure Document, and job instruction are compiled and implemented as the quality law of the Company to regulate the activity processes and places involved in product quality management. The Company has the capability to steadily provide products to customers as per their requirements and applicable laws and regulations and enhance customer satisfaction through effective use of the system including the process of continuous improvement and non-conformity prevention.

We inspect the purity of products filled and transported from plants and immediately recall the polluted products if any for correction to ensure customers' requirements on product purity. On the premise that it can be rationally determined that products need to be recalled according to correlated laws and regulations and the internal Sales Work Manual, we observe the policy that the products used on market or by customers shall be recalled, no matter they lead to actual damage or not.

Advertisements, Trademarks and Customer Privacy Policies

Websites are the main means of publicizing our brands and products. We closely follow the Advertisement Law of the People's Republic of China (the Advertisement Law) and the prevailing statutes and regulations regarding Internet contents issued by the international community and Chinese government. All contents are reviewed before release. Meanwhile, we abide by the Trademark Law of the People's Republic of China (the Trademark Law) to protect our trademark rights and interests and escort the Company in fierce market competition, thus bringing about considerable economic benefits and market values.

At the time of protecting our own rights and interests, we also value customers' rights and interests highly and respect customers' trademark rights and interests and intellectual property rights, closely pursue the policy of safeguarding customers' information and privacy, decide who can have access to such information and train them and put it on record, and sign agreements to prevent customers' information from leaking.

品質保證和召回

集團推行ISO 9001:2008品質管理體系，並依據該標準，編製了品質管理體系文檔，包括《品質手冊》、《程序文件》和作業指導書等相關文檔，作為公司的品質法規予以發佈實施，應用於產品品質管理所涉及的所有活動過程和場所。本公司有能力穩定地提供滿足顧客和適用法律、法規要求的產品，並通過體系的有效應用，包括持續改進和預防不合格的過程實現顧客滿意度的提升。

我們在產品運輸過程中的車輛灌裝、出廠時對所載產品的純度進行檢測，一旦發現產品受污染的情況立即撤回整改，確保符合客戶的純度要求。在參照相關法規要求及企業內部《銷售工作手冊》、可合理確定產品需召回的情況下，不論是否已產生實際損害，我們的政策是召回在市場中或客戶所用的產品。

廣告、商標和客戶隱私政策

網站平台是我公司宣傳公司品牌和產品的主要方式，我們嚴格遵循《中華人民共和國廣告法》以及國際社會和中國政府關於互聯網內容發佈的現行法規條例，所有內容均經審核後發布。與此同時恪守《中華人民共和國商標法》，保護企業應有的商標權益，在激烈的市場競爭中保駕護航，從而創造可觀的經濟效益和市場價值。

在保護自身權益的同時，我們同樣重視對於客戶權益的維護，尊重客戶的商標權益和知識產權；嚴格奉行客戶信息保護和隱私政策，明確可接觸此等信息的人員，對其進行培訓並記錄在案，同時簽訂協議防止客戶信息的洩密。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

In respect to the plan of product liability, our work will focus on the following aspects:

- In production, continue to control the production process to eliminate unqualified products.
- In products loading and transportation, optimize the SOP control of vehicle filling and unloading and replacement, strengthen the training and implementation of defensive driving of tank vehicles to avoid traffic accidents and contamination of product purity.
- Based on current on-site gas supply services and gas station customer service system, improve 24-hour after-sales service mechanism and help customers to solve problems immediately after receiving complaints so as to enhance customer satisfaction.

ANTI-CORRUPTION

Institutions and Work

Yingde, a young listed company, although whose anti-corruption and governance just started from 2014 as a departmental duty, has launched the work, as one aspect of the company's internal control mechanism, ever since it was founded. The Company has consciously resisted all temptations to go beyond the legal interests at the place where it is located with all vulgar and illegal means. Such value has formed the objective foundation and approaches of the company's anti-corruption departments. The systems and mechanisms formed gradually and the daily work are based on or originated from the Company Law of the People's Republic of China (the Company Law), the Criminal Law of the People's Republic of China (the Criminal Law), and the Opinions of the Supreme People's Procuratorate and Supreme People's Court on Some Issues Concerning the Applicable Laws of Handling Bribery and Criminal Cases (8 July 2007), and other correlated national laws and regulations and judicial interpretations.

關於未來產品責任方面的計劃，我們的工作將著重於以下幾個方面：

- 在生產過程中，持續嚴格地進行過程控制，杜絕不合格產品。
- 在產品裝運過程中，優化車輛充裝、卸貨、置換等節點的SOP控制，加強槽車安全防禦性駕駛的培訓和貫徹執行，避免交通事故和產品純度受污染的情況發生。
- 在現有現場供氣客戶服務和氣站客戶服務系統的基礎上，完善24小時售後服務機制，在接到投訴後將第一時間幫助客戶解決問題，提高客戶滿意度。

反貪污

機構與工作

盈德氣體是一家年輕的上市公司，雖然反貪污工作作為一個部門職責僅僅起始於2014年，但作為公司內控機制的一個方面，這項工作自公司誕生之日起就已經啟動。公司自覺抵禦一切以低俗的、違法手段去追求企業所在地法定利益之外的一切誘惑。這種價值觀奠定了公司反貪及廉潔從業部門(崗位)的目標基礎及方式方法。逐步成型的體制機制及日常工作，主要遵循的原則依據或源自於《中華人民共和國公司法》、《中華人民共和國刑法》、《最高人民檢察院、最高人民法院關於辦理受賄刑事案件適用法律若干問題的意見(2007年7月8日)》等國家法律法規和司法解釋。

We have established so far several rules and systems referred to in the Employee Handbook (Item 3 of Article 20: Management System Regarding Taking Gifts in the Code of Ethics), Notice on Specifying the Regulations of Senior Management's Taking Gifts, Notice on the Setting up of Yingde Group's Anti-Corruption Department, Notice on the Violating of the Regulations of Clean and Honest Operation, Regulations on the Strengthening of Anti-Corruption and Clean and Honest Operation, and Notice on the Rules of Price Negotiation with Liquid Resellers.

Integration of Corporate Characteristics with Work Priorities

In view of the above, the gist of the Group's anti-corruption governance in 2016 was inputting time and energy into the building of work system and mechanism so as to form a complete work pattern. In the meantime, the essential of anti-corruption was building the anti-embezzlement awareness of "everyone is on duty and everyone performs his or her duty" in consideration of the Company's widespread businesses across mainland China, high automation, high per capita investment density, and fund-intensive and technology-intensive characteristics, turning each staff into the discoverer, whistleblower, and opponent of filthy and wicked deeds so as to realize a "condominium system". To achieve the goal, a collective discussion mechanism for clean and honest operation and an individual or collective integrity reception system were gradually set up at decisive and sensitive posts such as purchase and sales and among direct and indirect superiors to these posts, especially during the construction of large-scale projects. Special email addresses and telephones were provided as reporting and complaint approaches. In the prospect and direction of anti-corruption governance, the Company is on the one side will apply the system echoing production, purchase and marketing, and operation management and on the other implement the system in the dozens of construction projects and production companies in mainland China and combine precaution closely with investigation and treatment.

迄今為止已經相應形成了若干規章與制度，散見於諸如《員工手冊》(第二十條第3款有關道德操守中收受禮品的管理制度)、《關於規範中高層收受禮品規定的通知》、《關於成立盈德集團廉政部的通知》、《關於對違反廉潔從業規定行為的舉報獎懲辦法》、《關於加強預防貪腐與廉潔從業建設的有關規定》、《關於與液體銷售中間商議價規則的通知》。

企業特點與工作重點的結合

據此，2016年本集團反貪管治，要旨在構建工作體制、機制上下功夫，形成完備的工作模式。同時，反貪工作的重點，在於結合盈德在中國大陸面廣點多，自動化程度高，人均投資密度相對較高，具有資金密集型、技術密集型的特點，建立反貪工作「人人在職、人人盡職」的全員反貪的意識，促成每位員工都是藏污納垢的發現者、舉報者、反對者，實現反貪「共管機制」。為此，逐步在關鍵崗位，如採購、銷售等敏感崗位及其直接領導、分管領導中間，特別是在大型項目建設期間，建立廉潔從業集體座談機制，以及個人或集體廉正招呼會制度。專設了舉報郵箱和舉報電話等反映情況的途徑。本公司反貪管治工作的前景和方向，一是結合生產、購銷、運行管理相應的制度體系；二是切實把制度落實到目前中國大陸數十家建設項目和生產企業中去，防範與查處緊密結合。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

Investigation and Treatment

A joint investigation group shall be set up once there is clue of signed report or anonymous report that can be verified and corruption clues acquired from other channels. The members of the joint investigation group are determined according to the content and nature of the report, generally working with personnel from the human resources, finance and audit departments. Technical personnel shall be called together to deal with the case regarding the problems of production technology in equipment and construction. If the contents reported involve serious violation of law or even criminal offense, the priority is to invite the internal legal personnel and even external lawyers to conduct preliminary investigation.

COMMUNITY INVESTMENT

The current community investment policy of the Company mainly includes the following aspects:

- Promotion of social and economic development
- Minimization of negative social impact
- Energetic support of programs for public good

In 2016, we made sustainable investment based on the existing community investment policy:

查案與處置

署名舉報或具有明確可查核線索的匿名舉報線索，以及其他途徑獲得的涉貪線索，一旦發現即組成聯合調查小組，對舉報線索予以調查、甄別。調查小組的組成根據具體舉報內容及其不同性質而定，通常由人事、財務、審計等相關部門配合工作。凡涉及設備、建設等環節中的生產技術問題時，也會召集相關技術人員參與查辦案件。當被舉報內容涉及嚴重違法，甚或可能涉及刑事犯罪問題的時候，當然首要邀請公司法務、甚至外聘律師參與初查。

社區投資

本公司現有的社區投資政策主要涵蓋以下各方面：

- 促進社會和經濟發展
- 儘量減少負面社會影響
- 大力支持公益事業

2016年，我們基於現有的社區投資政策作出持續性的投入：

Promotion of social and economic development

- Community development and community investment are the focus of corporate management. Our air separation plants are mostly distributed in the third- and fourth-tier cities and regions of China supplying industrial gas products to customers, which has increased local GDP, earnings and governmental revenues and promoted economic development.
- In the process of plant operation, we have hired local labors and by the end of 2016 the number of plant staffs registered was nearly 2,300. All factories provide a week's occupational skills training and annual safety training for new employees as per the requirements of the Group so as to elevate their skills and employment abilities and help alleviate the pressure on local employment.
- The plants affiliated to the Company provide local university and vocational school students with internship posts so that they get the opportunity to put the knowledge and skills learned into practice. We also have plant open days for local university and college teachers and students to pay on-site visits, attend occupational safety training, and understand the recruitment needs of an industrial company. These measures have served as good guide and reference for local educational institutions in curriculum designing.

Minimization of negative social impact

- The Company tries to reduce possible negative social impact while promoting opportunities and seeking well-being for the community where our project is located. "Zero Harm" is the corporate value of the Company.
- We attach great importance to the risk management of public health threatening. The noise generated in our businesses and production process is one of the major environmental issues. We adopt all noise attenuation standards to reduce noise. But beyond that, our engineers constantly pursue technical progress and their work is propelled by our sustainable development and newly implemented environmental protection regulations as well as higher environmental performance standards.

促進社會和經濟發展

- 社區發展和社區投資是企業管理的重點。本公司空分工廠絕大多數位於中國國內第三、四線城市和地區，這些工廠為客戶輸送工業氣體產品，增進了當地的GDP、收益和政府稅收收入，促進了經濟發展。
- 在工廠運營的過程中，本公司僱傭當地勞動力，截至2016年底，在冊工廠員工人數近2,300人。所有工廠依據集團相關規定為僱員提供入職職業技能培訓和年度安全培訓，時長均為一周，以此提高他們的技能和就業能力，同時幫助解決當地的就業問題。
- 本公司的附屬工廠為當地大學和職業學校學生提供實習崗位，使得他們有機會將所學知識和技能運用於實際操作之中。我們還提供工廠開放日，讓當地院系師生參觀現場，接受職業安全培訓，了解工業企業的招聘需求。這些舉措為教育機構的課程設置起到了很好的指導借鑒作用。

儘量減少負面社會影響

- 本公司在為所處社區推廣機遇和謀求福祉的同時，儘量減少可能造成之負面社會影響。「零傷害」是公司的企業價值。
- 我們十分重視對公眾健康威脅的風險管理。在我們的業務中，我們產品生產過程中產生的噪音是主要環境問題之一。我們通過採用所有噪音衰減標準來降低噪音。但除此之外，我們的工程師不斷追求技術進步，其工作受到我們致力於可持續發展、新實施的環保法律法規，以及更高的環境績效標準所推動。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

Energetic support of programs for public good

The Company and our subsidiaries and affiliated plants have been proactively supporting and participating in the public service activities of the local community. In 2016 for instance, we funded a fire brigade for the local government where our Anyang plant is located to safeguard the property and personal safety of the community residents around the clock.

While continuing to fulfill the current policies above, we will reinforce the following work as well:

- Make a more detailed scheme to ensure sustainable community welfare;
- Continue to improve community development and investment plans by supervising and managing our social and economic influence; and
- Establish and maintain a close relationship with the parties directly related to our businesses or the stakeholders; listen to opinions and suggestions and improve continuously.

CONCLUSION

In the report period, we did not find any major actual or potential negative impact resulted from environmental protection, recruitment, occupational health and safety, labor measures, product liability, and anti-corruption issues, or any violation or appeal confirmed having significant impact on the Company.

大力支持公益事業

本公司及其分公司、附屬工廠積極支持和參與當地社區的公益活動，例如安陽工廠出資為當地政府成立消防隊，以全天候保障當地社區居民的財產和人身安全。

公司在繼續推行上述現行政策的基礎上，將加強以下方面的工作：

- 制定確保可持續社區福利的更為詳盡的方案；
- 通過監察及管理我們的社會及經濟影響持續改善社區發展及社區投資方案；及
- 與直接受我們業務影響或利益相關者建立並維持更緊密的關係；聽取意見和建議，並持續改進。

結論

報告期內本集團並沒發現任何與環境保護、僱傭、職業健康與安全、勞工措施、產品責任及反貪污事宜造成任何重大實際及潛在的負面影響，亦無對本集團有重大影響的已確認違規事件或任何申訴。

Corporate Governance Report

企業管治報告

The Board is committed to achieving high standard of corporate governance to ensure effective and responsible leadership for our Company and the protection of shareholders' interests.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2016, our Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules, save as otherwise disclosed in this annual report. Code provision A.2.1 states that roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the year of 2016, the roles of chairman and chief executive officer of our Company were performed by the same individual, Mr. Zhongguo Sun (for the period of 1 January 2016 to 5 November 2016) and Mr. Zhao Xiangti (for the period of 6 November 2016 to 31 December 2016).

As at the date of this annual report, the Board comprises two executive Directors, four non-executive Directors and six independent non-executive Directors, with independent non-executive Directors representing approximately 50% of the Board, which is higher than the requirements under the Listing Rules. Such a high percentage of independent non-executive Directors on the Board can ensure that their views carry significant weight and reflect the independence of the Board.

Mr. Sun was one of the main founders of our Group. He has been responsible for the operational management since the establishment of our Group. He has played an important role in our business expansion. Mr. Sun possesses rich working experience in the industrial gas industry business and excellent operational management ability.

With effect from the conclusion of a Board meeting on 20 April 2017, Mr. Qiu Zhongwei has been appointed as the chairman of the Board and the Chief Executive Officer of the Company. At present, the Board believes that it is beneficial to the management and development of our Group's businesses with Mr. Qiu being both the chairman and chief executive officer as it helps to expedite the Board's decision-making. The Board would still consider segregating the role of chairman and chief executive officer to comply with the Code if appropriate.

董事會承諾達致高水平的企業管治，確保有效負責引領本公司及保護股東權益。

企業管治常規

截至2016年12月31日止年度，除本年報另有披露者外，本公司已遵守上市規則附錄14所載企業管治守則(「守則」)內之守則條文。守則條文A.2.1條訂明，主席與行政總裁之角色應有區分，並不應由一人同時兼任。於2016年度內，本公司之主席與行政總裁角色由同一人士 Zhongguo Sun(由2016年1月1日至2016年11月5日止期間)及趙項題先生(由2016年11月6日至2016年12月31日止期間)擔任。

董事會目前由兩名執行董事、四名非執行董事及六名獨立非執行董事組成，獨立非執行董事約佔董事會50%，高於上市規則規定比率。獨立非執行董事佔董事會之高比率可確保彼等之意見有重大影響力及反映董事會之獨立性。

Sun先生為本集團主要創辦人之一，自本集團成立起一直負責本集團的營運管理，於本集團擴展業務方面舉足輕重。Sun先生擁有豐富的工業氣體行業經驗及良好的營運管理實力。目前，董事會認為由邱先生兼任本公司的主席和行政總裁，可加強董事會的決策能力，對本集團業務的管理及發展有利。董事會仍會考慮於適當時將主席與行政總裁的角色分離以符合守則要求。

自2017年4月20日董事會會議結束起，邱中偉先生獲委任為本公司董事會主席兼行政總裁。目前，董事會相信，由邱先生身兼主席及行政總裁兩職，有助加快董事會決策過程，因而有利於集團業務管理及發展。董事會仍會考慮區分主席與行政總裁之角色，以遵守守則(如適用)。

Corporate Governance Report (continued)

企業管治報告(續)

DIRECTORS' SECURITIES TRANSACTIONS

Our Company has adopted the Model Code as the code of conduct regarding the securities transactions by the Directors.

The Board is pleased to confirm, after specific enquiries with all Directors, that all Directors have fully complied with the standards required under the Model Code during the year ended 31 December 2016.

Independent Non-executive Directors

For the year ended 31 December 2016, the Board at all times met Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Our Company has received annual confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. Our Company considers that all existing independent non-executive Directors are independent parties in accordance with the independence guidelines set out in the Listing Rules and are free of any relationship that could materially interfere with the exercise of their independent judgements.

董事的證券交易

本公司已採納標準守則作為董事進行證券交易的行為守則。

在向全體董事作出具體查詢後，董事會謹此確認，全體董事於截至2016年12月31日止年度全面遵照標準守則規定的標準。

獨立非執行董事

截至2016年12月31日止年度，董事會一直符合上市規則第3.10條有關委任不少於三名獨立非執行董事的規定，其中一名獨立非執行董事須具備適當的會計及財務管理專業資格。

本公司已收到獨立非執行董事根據上市規則第3.13條就彼等各自的獨立性發出的年度確認書。本公司認為，根據上市規則所載獨立性指引，所有現任獨立非執行董事均為獨立人士，亦概無可能對彼等作出獨立判斷造成重大干擾的任何關係。

THE BOARD

Responsibilities

The Board is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of our Company and our shareholders. Matters relating to the daily operations of our Group are delegated to the management. During the year, the Board considered and approved the annual budget and its performance under management supervision together with the business reports from the management. The Board also reviewed and approved the final results for the year ended 31 December 2016 and other critical business operations. The Board also assessed the internal control and the financial matters of our Group.

Board Composition

As at the date of this annual report, the Board consists of twelve members, including:

Executive Directors

Mr. Zhongguo Sun (chairman and chief executive officer)

Mr. Trevor Raymond Strutt

Non-executive Directors

Mr. Wong Tak-Wai

Mr. Qiu Zhongwei

Mr. Xiao Suining

Mr. He Hui David

Independent Non-executive Directors

Mr. Zheng Fuya (alternate Director to Dr. Wang Ching)

Dr. Wang Ching (alternate Director to Mr. Zheng Fuya)

Mr. Jhi-Ho Mah

Mr. Rawen Zhi Hong Huang

Mr. David Chan

Mr. Deng Xipeng

Mr. Qiu Zhongwei, Mr. Wong Tak-Wai, Mr. Xiao Suining, Mr. He Hui David, Mr. Zheng Fuya, Dr. Wang Ching, Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

董事會

職責

董事會的職責是達致公司目標，制訂發展戰略，定期檢討組織架構及監察業務活動及管理層表現，以保障並提升本公司及股東的利益。有關本集團日常運營的事務授權予管理層處理。年內，董事會已審議並批准年度預算及在管理層監察下的預算表現，連同管理層的業務報告。董事會亦已審閱並批准截至2016年12月31日止年度的年度業績、批准其他重要業務經營以及評核本集團的內部監控及財務事宜。

董事會的組成

在本年報日期，董事會包括十二名董事，包括：

執行董事

Zhongguo Sun先生 (主席兼行政總裁)

Trevor Raymond Strutt先生

非執行董事

黃德煒先生

邱中偉先生

肖遂寧先生

何暉先生

獨立非執行董事

鄭富亞先生(替任董事：王京博士)

王京博士(替任董事：鄭富亞先生)

馬致和先生

黃志鴻先生

陳德偉先生

鄧汐彭先生

邱中偉先生、黃德煒先生、肖遂寧先生、何暉先生、鄭富亞先生、王京博士、黃志鴻先生、陳德偉先生及鄧汐彭先生符合資格並願意於應屆股東週年大會膺選連任。

Corporate Governance Report (continued)

企業管治報告(續)

The members of the Board represent a diverse and rich industry background with appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" for the profiles of our Directors.

To the best knowledge of the Board, there is no financial, business, family or other material/relevant relationship among members of the Board. Board members are free to exercise their independent judgment.

Under code provision A.4.1 of the Code contained in Appendix 14 to the Listing Rules, non-executive Directors should be appointed for a specific term, subject to re-election. Mr. Zheng Fuya, Dr. Wang Ching and Mr. Jhi-Ho Mah, our independent non-executive Directors, are each appointed for a term of three years, subject to re-election when appropriate by our Company in general meeting.

The terms of Mr. Qiu Zhongwei, Mr. Wong Tak-Wai, Mr. Xiao Suining, Mr. He Hui David, our non-executive Directors; and Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng, our independent non-executive Directors will expire on the date of the annual general meeting of our Company to be held on or before 30 June 2017.

董事會成員具有豐富的行業經驗和多元化的背景，且具有適當的專業資格。有關各董事的履歷資料請參閱「董事及高級管理層簡歷」一節。

就董事會所知，董事會成員之間概無財務、業務及家庭或其他重大／相關關係。彼等可自由作出獨立判斷。

根據上市規則附錄14守則第A.4.1條守則條文，非執行董事須按特定任期委任，並須重選。本公司獨立非執行董事鄭富亞先生、王京博士、馬致和先生及黃志鴻先生各自任期為三年，可由本公司於股東大會重選連任(如適合)。

我們的非執行董事邱中偉先生、黃德煒先生、肖遂寧先生及何暉先生；及我們的獨立非執行董事黃志鴻先生、陳德偉先生及鄧汐彭先生之任期將於2017年6月30日或之前舉行本公司股東週年大會當日屆滿。

Corporate Governance Report (continued)

企業管治報告(續)

ATTENDANCE RECORD OF DIRECTORS AND BOARD COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meeting of our Company held during the year ended 31 December 2016 is set out in the table below:

董事及董事委員會成員的出席紀錄

各位董事於2016年12月31日止年度的董事會及董事委員會會議及本公司股東大會會議的出席紀錄載列如下：

Name of Directors	董事姓名	Board Committees						
		2016 annual general meeting	2016 Board Meetings	Attendance Rate of Board Meeting (%)	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Compliance Committee Meeting
		2016 股東 週年大會	董事會會議	會議出席率	審核 委員會會議	薪酬 委員會會議	提名 委員會會議	合規 委員會會議
Executive Directors		執行董事						
Mr. Zhao Xiangti ¹	趙項題先生 ¹	1/1	5/5	100%	–	–	1/1	1/1
Mr. He Yuanping ²	何願平先生 ²	1/1	5/5	100%	2/2	1/1	1/1	–
Mr. Zhang Yunfeng ³	張雲峰先生 ³	–	3/5	60%	–	–	–	–
Non-executive Directors		獨立非執行董事						
Mr. Zhongguo Sun ⁴	Zhongguo Sun先生 ⁴	1/1	4/5	80%	–	–	–	–
Mr. Trevor Raymond Strutt ⁵	Trevor Raymond Strutt先生 ⁵	1/1	4/5	80%	–	–	–	–
Mr. Suo Yaotang ⁶	所耀堂先生 ⁶	–	3/5	60%	–	–	–	–
Independent Non-executive Directors		獨立非執行董事						
Mr. Zheng Fuya ⁷	鄭富亞先生 ⁷	1/1	5/5	100%	2/2	1/1	1/1	1/1
Dr. Wang Ching ⁸	王京博士 ⁸	1/1	5/5	100%	2/2	1/1	–	1/1
Dr. Feng Ke ⁹	馮科博士 ⁹	–	3/5	60%	–	–	–	–

Corporate Governance Report (continued)

企業管治報告(續)

Notes:

1. Mr. Zhao Xiangti was appointed as the chairman of the Board on 5 November 2016. He was removed as an executive Director and ceased to serve as the chairman of the Board and on 8 March 2017.
2. Mr. He Yuanping was re-designated from an independent non-executive Director to an executive Director and appointed as the chief executive officer of the Company on 5 November 2016. He was resigned as the chief executive officer of the Company and re-designated as a non-executive Director on 2 March 2017 and was removed as a non-executive Director on 8 March 2017.
3. Mr. Zhang Yunfeng was appointed as an executive Director on 5 November 2016. He was removed as an executive Director on 8 March 2017.
4. Mr. Zhongguo Sun was re-designated from an executive Director to a non-executive Director, ceased to be the Chairman of the Board and the chief executive officer of the Company on 5 November 2016. He was re-designated from a non-executive Director to an executive Director and appointed as the chairman of the Board and the chief executive officer of the Company on 12 March 2017.
5. Mr. Trevor Raymond Strutt was re-designated from an executive Director to a non-executive Director on 5 November 2016. He was re-designated from a non-executive Director to an executive Director on 12 March 2017.
6. Mr. Suo Yao Tang was appointed as a non-executive Director on 5 November 2016 and was removed as a non-executive Director on 8 March 2017.
7. Mr. Zheng Fuya was appointed as alternate Director to Dr. Wang Ching on 23 March 2017.
8. Dr. Wang Ching was appointed as alternate Director to Mr. Zheng Fuya on 23 March 2017.
9. Dr. Feng Ke was appointed as an independent non-executive Director on 5 November 2016 and was removed as an independent non-executive Director on 8 March 2017.

附註：

1. 趙項題先生於2016年11月5日獲委任為董事會主席。彼於2017年3月8日被罷免執行董事一職並不再擔任董事會主席。
2. 何願平先生於2016年11月5日由獨立非執行董事調任為執行董事，並獲委任為本公司行政總裁。彼於2017年3月2日辭任本公司行政總裁並調任為非執行董事，及於2017年3月8日被罷免非執行董事一職。
3. 張雲峰先生於2016年11月5日獲委任為執行董事。彼於2017年3月8日被罷免執行董事一職。
4. Zhongguo Sun先生於2016年11月5日由執行董事調任為非執行董事，及不再擔任董事會主席及本公司行政總裁。彼於2017年3月12日由非執行董事調任為執行董事，及獲委任為董事會主席兼本公司行政總裁。
5. Trevor Raymond Strutt先生於2016年11月5日由執行董事調任為非執行董事。彼於2017年3月12日由非執行董事調任為執行董事。
6. 所耀堂先生於2016年11月5日獲委任為非執行董事，並於2017年3月8日被罷免非執行董事一職。
7. 鄭富亞先生於2017年3月23日獲委任為王京博士之替任董事。
8. 王京博士於2017年3月23日獲委任為鄭富亞先生之替任董事。
9. 馮科博士於2016年11月5日獲委任為獨立非執行董事，並於2017年3月8日被罷免獨立非執行董事一職。

Corporate Governance Report (continued) 企業管治報告(續)

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board committee meetings, reasonable notice is generally given.

The agendas and accompanying Board papers were given to all Directors in a timely manner. Issues arising at Board meetings were properly discussed by the Chairman and the Directors.

All Directors have full and timely access to all relevant information with the advice of the company secretary, to ensure that Board procedures and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at our Company's expense for carrying out their functions.

The company secretary is responsible for advising the Board through the chairman and the chief executive officer on governance matters, facilitating induction training and professional development of Director, and taking and keeping minutes of all Board committee meetings. Draft and final versions of minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

Director's Training

Each newly appointed Director will be offered training by our Company upon the appointment, so as to ensure that they have appropriate understanding of our Company's business and they are fully aware of their duties as director under the laws and regulations.

In addition, the Company also issues latest information regarding corporate governance and directors' responsibilities under the Listing Rules and other applicable laws and regulations to the Directors, to ensure their awareness of their responsibilities under the laws and regulations. All Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. Directors are requested to provide their records of trainings they received in 2016 to our Company for record.

董事會定期會議的通知須於會議舉行前至少14天向全體董事發出。對於其他董事委員會會議，一般會發出合理通知。

議程及相關董事會文件會按時向全體董事發出。主席會就董事會會議上提出的事項和全體董事作適當討論。

為確保遵守董事會程序及所有適用規則及規定，所有董事均可全面及時查閱所有相關資料，並可獲公司秘書提供意見。向董事會提出要求後，所有董事均可就履行其職務獲取獨立專業意見，費用由本公司承擔。

公司秘書負責透過主席及行政總裁向董事會提供管治事宜方面意見，安排董事的入職培訓及專業發展；以及記錄並保管董事委員會所有會議的會議紀錄。會議紀錄初稿及最終稿一般於會議結束後合理時間內提交董事供提出意見，而最終稿可供董事查閱。

董事培訓

每位新委任的董事均在接受委任時獲得本公司提供的培訓，以確保他們對本公司業務以及其作為公司董事在法律及法規方面的職責均有充分的理解。

同時，本公司也持續向董事發佈有關上市規則和其他適用法律法規方面的有關企業管治和董事責任的更新信息，確保董事了解他們在法律法規方面的責任。本公司也鼓勵所有董事均參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面信息及切合所需的情況下對董事會作出貢獻。董事亦向本公司提供2016年所接受培訓的記錄。

Corporate Governance Report (continued)

企業管治報告(續)

Details of trainings that the Directors participated in 2016 are as follows:

於2016年內，董事參與培訓的情況如下：

		Executive Directors			Non-executive Directors		Independent Non-executive Directors			
		執行董事			非執行董事		獨立非執行董事			
					Mr. Trevor Raymond Mr. Strutt ⁵ Zhongguo					
		Mr. Zhao Xiangti ¹ 趙項題 先生	Mr. He Yuanping ² 何願平 先生	Mr. Zhang Yunfeng ³ 張雲峰 先生	Sun ⁴ Zhongguo Sun 先生	Trevor Raymond Strutt 先生	Mr. Suo Yaotang ⁶ 所耀堂 先生	Mr. Zheng Fuya ⁷ 鄭富亞 先生	Dr. Wang Ching ⁸ 王京博士	Dr. Feng Ke ⁹ 馮科博士
Key Changes of the Listing Rules	主要《上市規則》修訂	√	√		√	√		√	√	
Takeover and Mergers and Share buy-backs	《公司收購、合併及股份回購守則》	√	√		√	√		√	√	
Update of Corporate Governance requirement	香港上市規則關於企業管治的要求	√	√		√	√		√	√	
Consultation Paper on Review of the Environmental, Social and Governance (ESG) Reporting Guide	環境、社會及管治報告指引		√		√	√		√	√	
Amendments to the Appendix 14 of Listing Rules & Board meetings	《上市規則》附錄14之修訂&會議提示	√	√		√	√		√	√	
Risk Management and Internal Control and amendments to the relevant provisions in the Code of Corporate Governance	風險管理及內部控制及《企業管治報告》相關規則之修訂	√	√		√	√		√	√	
Training requirement for directors and company secretary	董事及公司秘書培訓要求	√	√		√	√		√	√	
A Share Listing of Hong Kong listed assets under the Hong Kong rules	香港規則項下香港上市資產的A股上市	√	√		√	√		√	√	

Corporate Governance Report (continued)

企業管治報告(續)

Notes:

1. Mr. Zhao Xiangti was appointed as the chairman of the Board on 5 November 2016. He was removed as an executive Director and ceased to serve as the chairman of the Board and on 8 March 2017.
2. Mr. He Yuanping was re-designated from an independent non-executive Director to an executive Director and appointed as the chief executive officer of the Company on 5 November 2016. He was resigned as the chief executive officer of the Company and re-designated as a non-executive Director on 2 March 2017 and was removed as a non-executive Director on 8 March 2017.
3. Mr. Zhang Yunfeng was appointed as an executive Director on 5 November 2016. He was removed as an executive Director on 8 March 2017.
4. Mr. Zhongguo Sun was re-designated from an executive Director to a non-executive Director, ceased to be the Chairman of the Board and the chief executive officer of the Company on 5 November 2016. He was re-designated from a non-executive Director to an executive Director and appointed as the chairman of the Board and the chief executive officer of the Company on 12 March 2017.
5. Mr. Trevor Raymond Strutt was re-designated from an executive Director to a non-executive Director on 5 November 2016. He was re-designated from a non-executive Director to an executive Director on 12 March 2017.
6. Mr. Suo Yao Tang was appointed as a non-executive Director on 5 November 2016 and was removed as a non-executive Director on 8 March 2017.
7. Mr. Zheng Fuya was appointed as alternate Director to Dr. Wang Ching on 23 March 2017.
8. Dr. Wang Ching was appointed as alternate Director to Mr. Zheng Fuya on 23 March 2017.
9. Dr. Feng Ke was appointed as an independent non-executive Director on 5 November 2016 and was removed as an independent non-executive Director on 8 March 2017.

附註：

1. 趙項題先生於2016年11月5日獲委任為董事會主席。彼於2017年3月8日被罷免執行董事一職並不再擔任董事會主席。
2. 何願平先生於2016年11月5日由獨立非執行董事調任為執行董事，並獲委任為本公司行政總裁。彼於2017年3月2日辭任本公司行政總裁並調任為非執行董事，及於2017年3月8日被罷免非執行董事一職。
3. 張雲峰先生於2016年11月5日獲委任為執行董事。彼於2017年3月8日被罷免執行董事一職。
4. Zhongguo Sun先生於2016年11月5日由執行董事調任為非執行董事，及不再擔任董事會主席及本公司行政總裁。彼於2017年3月12日由非執行董事調任為執行董事，及獲委任為董事會主席兼本公司行政總裁。
5. Trevor Raymond Strutt先生於2016年11月5日由執行董事調任為非執行董事。彼於2017年3月12日由非執行董事調任為執行董事。
6. 所耀堂先生於2016年11月5日獲委任為非執行董事，並於2017年3月8日被罷免非執行董事一職。
7. 鄭富亞先生於2017年3月23日獲委任為王京博士之替任董事。
8. 王京博士於2017年3月23日獲委任為鄭富亞先生之替任董事。
9. 馮科博士於2016年11月5日獲委任為獨立非執行董事，並於2017年3月8日被罷免獨立非執行董事一職。

Corporate Governance Report (continued)

企業管治報告(續)

As a part of our training program for the Board, all Directors were provided with reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime during the year under review. A number of reading materials were also provided to all Directors to develop and refresh the Directors' knowledge and skills. In the future, our Company will continue to organize various training and seminars for the Directors on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

Directors' and Officers' Liability Insurance and Indemnity

Our Company has arranged for appropriate liability insurance to indemnify our Directors and senior officers for their liabilities arising out of corporate activities. For the year ended 31 December 2016, no claim has been made against our Directors and senior officers.

Board Committees

The Board has set up four Board committees, namely, the Audit Committee, the remuneration committee, the nomination committee and the compliance committee (collectively the "Board Committees"), for overseeing particular aspects of our Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at our Company's expense.

作為本公司董事會培訓計劃的一部份，在回顧年內所有董事不時被提供有關上市規則、公司治理常規及其他規管制度最新變更及發展的報告。許多閱讀材料也同時提供予全體董事，以供全體董事發展提升其知識技能。未來，本公司將就與董事職責相關的法律規定、最新發展及專業知識，繼續為董事舉辦各種培訓及研討會。

董事及高級職員的責任保險及彌償保證

本公司已安排適當責任保險以就董事及高級職員因公司活動產生的責任向彼等作出彌償保證。截至2016年12月31日止年度，董事及高級職員並無遭索償。

董事委員會

董事會設有四個董事委員會，即審核委員會、薪酬委員會、提名委員會及合規委員會(統稱「董事委員會」)，監督本公司特定的具體事務。

董事委員會獲提供履行職責的充足資源，並可在適當情況下提出合理要求後徵詢獨立專業意見，費用由本公司承擔。

Corporate Governance Report (continued)

企業管治報告(續)

Audit Committee

The Board established the Audit Committee on 12 September 2009 in compliance with the Listing Rules with the written terms of reference. As at the date of this annual report, it was chaired by Mr. Zheng Fuya and comprises five other members, namely Dr. Wang Ching, Mr. Jhi-Ho Mah, Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements, oversee and provide material advice in respect to our financial reporting system and oversee the internal control procedures of our Company.

As at the date of this annual report, the Audit Committee together with the management has reviewed the accounting principles and practices adopted by our Group and discussed the Group's risk management, internal control and financial reporting matters, including review of the annual results for the year ended 31 December 2015 and the interim results for the six months ended 30 June 2016, with recommendation to the Board for approval. The Audit Committee has also recommended to the Board that, subject to our shareholders' approval at the forthcoming annual general meeting, KPMG be re-appointed as the external auditor of our Company.

Remuneration Committee

The Board established the remuneration committee on 12 September 2009 in compliance with the Listing Rules with the written terms of reference. As at the date of this annual report, Dr. Wang Ching was the chairman of the remuneration committee and Mr. Zhongguo Sun, Mr. Trevor Raymond Strutt, Mr. Zheng Fuya, Mr. Jhi-Ho Mah, Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng were the other seven members of the remuneration committee.

The primary functions of the remuneration committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management, our retirement scheme and our performance assessment system and bonus and commission policies.

The remuneration of Directors are based on their skills, knowledge, involvement in our Company's affairs and the performance, with reference to the profitability of our Company, remuneration benchmarks in the industry, and prevailing market conditions.

審核委員會

董事會於2009年9月12日根據上市規則設立審核委員會，並書面訂明其職權範圍。於本年報日期，審核委員會主席為鄭富亞先生，另有五名成員，王京博士、馬致和先生、黃志鴻先生、陳德偉先生及鄧汐彭先生，全部為獨立非執行董事。

審核委員會的主要職責為就委任及罷免外聘核數師向董事會提出建議、審閱財務報表、監督財務申報系統並提供重要建議以及監督本公司風險管理和內部監控程序。

於本年報日期，審核委員會與管理層審閱本集團所採納之會計政策及慣例，並就本集團的風險管理、內部監控及財務報告等事宜(包括審閱本公司截至2015年12月31日止之年度業績及截至2016年6月30日止六個月之中期業績)進行討論，並建議董事會批准。審核委員會向董事會建議，待股東於應屆股東週年大會批准後重新委任畢馬威會計師事務所為本公司外聘核數師。

薪酬委員會

董事會於2009年9月12日根據上市規則設立薪酬委員會，並書面訂明其職權範圍。於本年報日期，薪酬委員會主席為王京博士，另有七名成員，Zhongguo Sun先生、Trevor Raymond Strutt先生、鄭富亞先生、馬致和先生、黃志鴻先生、陳德偉先生及鄧汐彭先生。

薪酬委員會的主要職責為評估董事及高級管理層的表現，並就彼等的薪酬待遇提出建議、評估本公司退休計劃、表現評估制度、紅利及佣金政策並提出建議。

董事酬金乃按各董事的技能、知識水平及參與本公司事務的程度及表現，並參照本公司盈利狀況、同業薪酬水平及當前市況而釐定。

Corporate Governance Report (continued)

企業管治報告(續)

No Director or senior executive will be involved in any discussion in connection with his or her own remuneration. The remuneration committee may also consult with the chairman about their proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary. The major objective of the remuneration policy is to ensure that our Company is able to attract, retain, and motivate a high caliber team which is essential to the success of our Company.

During the year under review, the remuneration committee reviewed, amongst others, the performance and remuneration policy of the executive Directors; and the grant of share options to Mr. Zhongguo Sun and Mr. Trevor Raymond Strutt had been discussed and recommended to the Board.

Details of the remuneration by band of the 4 members of the senior management of our Company for the year ended 31 December 2016 are set out below:

Remuneration by Band	薪酬範圍	Number of Individual 人數
RMB0 to RMB1,000,000	人民幣0元至人民幣1,000,000元	1
RMB1,000,000 to RMB2,000,000	人民幣1,000,000元至人民幣2,000,000元	1
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	1
RMB6,000,000 to RMB7,000,000	人民幣6,000,000元至人民幣7,000,000元	1

Nomination Committee

The Board established the nomination committee on 12 September 2009 in compliance with the Listing Rules with the written terms of reference. As at the date of this annual report, it was chaired by Mr. Zhongguo Sun and comprises seven other members, namely Mr. Trevor Raymond Strutt, Mr. Zheng Fuya, Dr. Wang Ching, Mr. Jhi-Ho Mah, Mr. Rawen Zhi Hong Huang, Mr. David Chan and Mr. Deng Xipeng.

The primary functions of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board.

The duties of the nomination committee also include reviewing the structure, number of members and composition of the Board; submitting proposals to the Board on the appointment of chief executive officer; reviewing the independence of the independent non-executive Directors and submitting proposals to the Board. The authority and duties of the nomination committee are clearly set out in its terms of reference.

董事或高級行政人員不會參與有關其酬金的任何討論。薪酬委員會亦可向主席諮詢有關其他執行董事酬金的意見，並於必要時徵詢專業意見。薪酬政策之首要目標為確保本公司能夠吸引、留任及激勵高質素工作團隊，對本公司的成功至關重要。

在回顧年內，薪酬委員會已審閱(其中包括)執行董事之表現及薪酬政策；已就向Zhongguo Sun先生及Trevor Raymond Strutt先生授出購股權作出討論並向董事會推薦建議。

本公司高級管理層4位成員於截至2016年12月31日止年度的薪酬範圍詳情載列如下：

提名委員會

董事會於2009年9月12日根據上市規則設立提名委員會，並書面訂明其職權範圍。於本年報日期，提名委員會主席為Zhongguo Sun先生，另有七名成員，Trevor Raymond Strutt先生、鄭富亞先生、王京博士、馬致和先生、黃志鴻先生、陳德偉先生及鄧汐彭先生。

提名委員會的主要職責為就本公司董事會職位空缺的提名向董事會作出推薦建議。

提名委員會的職責亦包括審閱董事會的架構、人數及組成；就委任行政總裁向董事會提出建議；檢討獨立非執行董事的獨立性以及向董事會提交建議。提名委員會的職權範圍已清楚載列其權限及職責。

During the year under review, the nomination committee had made recommendations to the Board concerning the re-election of Directors by shareholders pursuant to the Articles of Association and with due regard to their performance and ability to continue to contribute to the Board. The nomination committee had also reviewed the structure, number, composition and diversity of the Board, the independence of the independent non-executive Directors and make recommendation to the Board on the appointment and redesignation of the Directors.

Board Diversity Policy

Our Company adopted the board diversity policy ("Board Diversity Policy") in August 2013 which sets out the approach to achieve diversity on the Board. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, with due regard to the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made based on merit and contribution that the selected candidates could bring to the Board.

The nomination committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

The nomination committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that our Group fully implemented the Board Diversity Policy.

Compliance Committee

The Board established the compliance committee on 12 September 2009 with the written terms of reference. As at the date of this annual report, it was chaired by Mr. Rawen Zhi Hong Huang comprises six other members, namely Mr. Zhongguo Sun, Mr. Trevor Raymond Strutt, Mr. Zheng Fuya, Mr. Jhi-Ho Mah, Mr. David Chan and Mr. Deng Xipeng. The primary functions of the compliance committee are to ensure compliance on regulatory matters and corporate governance.

於回顧年度內，提名委員會根據章程細則並考慮各位董事之表現及繼續為董事會作貢獻的能力向董事會建議由股東重選董事之事宜。提名委員會亦已審閱董事會之結構、人數、組成及多元性、各獨立非執行董事的獨立性及就董事委任及調任向董事會提出建議。

董事會成員多元化政策

本公司於2013年8月採納董事會成員多元化政策(「董事會成員多元化政策」)，列載董事會成員為達致多元化而採取的方針。董事會所有委任均以用人唯才為原則，並在考慮人選時以適當的條件充分顧及董事會成員多元化的裨益。

甄選人選將以一系列多元化範疇為基準，除教育背景、專業經驗、技能、知識及服務任期外亦包括但不限於性別、年齡、文化背景及種族。最終將按人選的長處及可為董事會提供的貢獻而作決定。

提名委員會不時監察政策的執行，及在適當時候檢討政策，以確保政策行之有效。

提名委員會已檢討董事會成員多元化政策，確保其行之有效並認為本集團已充分落實董事會成員多元化政策。

合規委員會

董事會於2009年9月12日設立合規委員會，並書面訂明其職權範圍。於本年報日期，合規委員會主席為黃志鴻先生，另有六名成員，Zhongguo Sun先生、Trevor Raymond Strutt先生、鄭富亞先生、馬致和先生、陳德偉先生和鄧汐彭先生。合規委員會的主要職責為確保遵守監管事宜及企業管治。

Corporate Governance Report (continued) 企業管治報告(續)

The work performed by the compliance committee during the year under review included review of the adequacy and effectiveness of the risk management and internal control systems and making recommendation to the Board for improvement of internal control, credit control and risk management. In addition, the compliance committee reviewed our Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, our Company's policies and practices on the compliance with legal and regulatory requirements, the compliance of the Directors with the Model Code and our Company's compliance with the Code and the disclosure in the Corporate Governance Report.

ACCOUNTABILITY

The Directors acknowledged their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports. If the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon our Company's ability to continue as a going concern, such uncertainties should be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control of our Group is designed to help our Group protect its assets and information. The presence of risk management and internal control empowers our Group to implement best business practices in challenging business environment. Our Group's risk management and internal control covers a number of in-house procedures and policies. The Group will also engage independent third party to review our internal control policies from time to time.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets.

The internal control system of the Group is designed for identifying and managing risks that are significant to the fulfilment of the Group's business objectives. The Group's management continues to allocate resources for an internal control and risk management systems. The Board is aware of that risk management and internal control systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

合規委員會於回顧年內的工作包括檢討風險管理及內部監控系統是否充足及有效，以及就改善風險管理和內部監控、信貸控制及風險管理向董事會提出建議。此外，合規委員會已審閱本公司的企業管治政策及常規、各董事和高級管理人員的培訓和持續專業發展、本公司在遵守法律及監管規定方面的政策及常規、董事遵守標準守則的情況、本公司遵守守則的情況及在企業管治報告內的披露。

問責

董事知悉彼等有責任於年報及中期報告的合併財務報表中提供客觀持平、清晰及易於明白的評估。倘董事知悉有重大不明朗事件或情況可能會嚴重影響本公司持續經營能力，則須在本企業管治報告中清楚披露及詳細討論該等不明朗因素。

風險管理和內部監控

本集團的風險管理和內部監控旨在幫助本集團保護資產及資料。風險管理和內部監控可令本集團在充滿挑戰的營商環境中實踐最佳的營商措施。本集團的風險管理和內部監控涵蓋多個內部程序及政策。本集團亦會不時外聘獨立第三方審視本集團的內部監控政策。

董事會全面負責評估和確定其在實現本集團戰略目標過程中所願意承擔的風險的性質與程度，並保持有效完善的風險管理和內部監控體系(包括審核其有效性)，以此保障股東的投資和集團的資產。

本集團的內部監控體系旨在識別和管理對實現本集團業務目標產生重大影響的風險。本集團管理層持續為內部監控和風險管理體系分配資源。董事會知悉風險管理及內部監控系統旨在以此合理但非絕對地防止重大失實陳述或損失的發生的保證，同時管理而非消除無法實現業務目標的風險。

Through the Audit Committee and the Compliance Committee, the Board continues to review the effectiveness of risk management and internal control systems which include financial, operational, compliance, risk identification and assessment and risk response implementation controls. This process consists of (i) assessing such systems by the Group's internal audit function; (ii) operational management's assurance of their maintenance of effective risk management systems and internal controls; and (iii) identifying risk management and control issues by the external auditor during statutory audit. The Audit Committee and the Compliance Committee review the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis and internal audit functions. Review of the effectiveness of the risk management and internal control system has been conducted by management who provides the confirmation to the Board, through the Audit Committee and the Compliance Committee. In 2016, the Board through the Audit Committee and the Compliance Committee, reviewed the risk management and internal control system of the Company for one time.

The Group also has an internal audit function to review risk management and internal control regularly by (i) evaluating the control environment and risk identification and assessment processes; (ii) assessing the adequacy of risk response measures and internal controls; and (iii) testing the implementation of such measures and the functioning of key controls through audit sampling.

The Group is fully aware of its obligations under the Listing Rules and the SFO, which has established the internal policy to regulate the handling and dissemination of inside information. The Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission. The internal policy is updated whenever required and adopted accordingly to guide its stakeholder communications and the determination of inside information in order to ensure consistent and timely disclosure.

The Group has established an ongoing process for identifying, evaluating and managing the significant risks faced, including strategic planning, corporate governance, financial reporting, core business processes, and compliance and risk management. Review of the significant risks faced has been conducted to ensure the effectiveness and adequacy of the risk management and internal control system for the year ended 31 December 2016.

For the year under review, the Board considers that the risk management and internal control systems of the Group are adequate and effective and the Company has complied with the relevant code provisions in the Corporate Governance Code on internal control.

董事會通過審核委員會和合規委員會持續審核包括財務、運營、合規性風險識別和評估以及風險應對實施監控在內的風險管理和內部監控體系的有效性。此程序包括(i)集團內審部門對風險管理和內部監控體系進行評估；(ii)運營管理部門確認風險管理體系和內部監控的有效性；(iii)外聘核數師在法定審核期間識別風險管理和內部監控有關的問題。審核委員會和合規委員會同時也審核會計、財務申報、財政、財務分析和內審職能人員的資源、資格、經驗和接受培訓是否足夠。通過審核委員會和合規委員會向董事會提供確認的管理人員已對風險管理和內部監控體系的有效性進行審核。於2016年，董事會已透過審核委員會及合規委員會監督本公司的風險管理及內部監控系統一次。

本集團同時配備內審部門通過以下方式對風險管理和內部監控體系進行定期審核：(i)評估控制環境和風險識別評估程序；(ii)評估風險應對措施和內部監控的充分性；(iii)對風險應對措施的執行情況和關鍵控制的效果進行審核抽樣測試。

本集團完全知悉其在《上市規則》和證券及期貨條例項下的責任，並已訂立內幕消息處理及傳播的內部政策。本集團在處理事務時密切關注《上市規則》以及證券及期貨事務監察委員會發佈的《內幕資訊披露指引》項下的披露規定。我們有需要時對內部政策進行更新，並據此指導與利益相關方的溝通和內幕消息的確定，以此確保資訊披露的一致性和及時性。

本集團已制訂可持續識別、評估及管理本集團所面對之重大風險的程序，包括戰略規劃、公司管治、財務報告、營運及合規監控和風險管理。我們已對本集團所面臨的重大風險進行了風險評價，以確保截至2016年12月31日止年度風險管理和內部監控系統的有效性和充分性。

董事會認為回顧年度內本集團的風險管理及內部監控體系充分和有效，且本公司已遵循《公司治理準則》中的關於內部監控的守則條文。

Corporate Governance Report (continued)

企業管治報告(續)

DIRECTORS' RESPONSIBILITY

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee 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 the 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. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations to meet debt obligation as they fall due and financial support from bankers to meet future capital expenditures.

The total borrowings included a syndicated loan of USD 90,000,000 and HKD 77,500,000 (see Note 24(b)) equivalent to RMB 680,794,000. The Group has failed to fulfil a financial covenant requirement in relation to the amount of the net tangible assets of the Group ("Event of Default") under the syndicated loan and the Group has not remedied this requirement at the reporting date. Therefore, the syndicated loan lenders have (via the syndicated loan agent) the right at any time by notice to the Group to require the syndicated loan to be immediately repaid prior to its original repayment dates as defined in the original syndicated loan agreement. As at 31 December 2016, the entire outstanding amount of the syndicated loan was reclassified as current liabilities. The directors are in communication with the syndicated loan lenders about the syndicated loan and the Event of Default. If the directors are unable to come to an acceptable arrangement with the syndicated loan lenders with regards to the Event of Default and the Company is unable to secure alternative funding to replace the syndicated loan, then an acceleration of repayment of the syndicated loan may trigger a cross default of other financial indebtedness and result in the Group being under an immediate repayment obligation for such financial indebtedness. As of the date hereof, the Company has not received notice from the syndicated loan agent to accelerate the repayment of the syndicated loan.

董事的責任

董事深明彼等須負責根據由國際會計準則理事會及國際財務報告詮釋委員會所頒佈的《國際財務報告準則》和香港《公司條例》的披露規定編製及真實而公允地呈列財務報表。

此責任包括設計、實施和維護與編製及真實而公允地呈列財務報表有關的內部監控，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；選擇和運用恰當的會計政策；及作出合理的會計估計。本集團的流動資金狀況主要取決於本集團維持足夠營運現金淨流入以及獲得銀行的財務支持以應付償還到期債務和已承擔的未來資本開支的能力。

借款總額中包含一筆金額為90,000,000美元和77,500,000港元(相當於人民幣680,794,000元)的銀團貸款(見附註24(b))。本集團未能滿足銀團貸款下有關本集團有形資產淨值額的財務契約要求(「違約事項」)，且於本報告日本集團尚未彌補此要求。因而，銀團貸款借款方有權(通過銀團貸款代理人)要求在原定還款日(定義見原銀團貸款協議)前立即償還銀團貸款。於2016年12月31日，銀團貸款的全部未償還金額已重列為流動負債。董事現正與銀團貸款借款方就銀團貸款及違約事項進行溝通。倘董事未能與銀團貸款借款方就違約事項達成可接納的安排，以及本公司未能獲取可取代銀團貸款的其他資金，則加快償還銀團貸款可能觸發其他財務債項的交叉違約，而導致本集團須履行該項財務債項的即時還款責任。於本公告日期，本公司尚未收到銀團貸款代理通知須加快償還銀團貸款。

Corporate Governance Report (continued)

企業管治報告(續)

The Directors have reviewed the current performance and cashflow projections as part of their assessment of the Group's going concern, and after carefully considering the matters described above, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group generated net cash from operating activities of approximately RMB 1,884 million during the year ended 31 December 2016 (2015: RMB 1,374 million) and expects to continue to improve its working capital management and generate positive operating cash flows for the next twelve months;
- (ii) at 31 December 2016, the Group has available unutilised bank facilities of RMB 595 million;
- (iii) the Group has the ability to renew or refinance the banking facilities upon maturity;
- (iv) the directors have been actively communicating with the lenders of the syndicated loan as mentioned above;
- (v) the Group determines to postpone certain planned capital expenditure for the next twelve months; and
- (vi) according to the Company's offer announcement from PAGAC II-2 Limited ("PAG" or "Offeror") dated 7 March 2017 ("PAG Offers"), as further explained in Note 35, PAG provided voluntary conditional cash offers to acquire all issued shares of the Company at HKD 6 per share, for a total maximum consideration of approximately HKD 11,288 million.

It has been stated in the PAG Offers that "It is the Offeror's intention to acquire a majority interest in the Company pursuant to the Offers. The Offeror intends to maintain the Company's existing principal activities. After completion of the Offers, the Offeror will assist the Company to review its existing funding programs in place, to optimise its capital structure to ensure adequate liquidity in the context of the Company's business activities, and in general to assist in improving the Company's operations to create shareholder value."

董事在持續經營評估過程中審閱了現時表現和現金流預測，並對上述事項認真考慮後，董事合理預期本集團有能力於報告期末起未來至少12個月內繼續持續經營並於債務到期時履行償債義務，原因如下：

- (i) 截至2016年12月31日止年度，本集團經營活動產生的淨現金流量約為人民幣1,884百萬元(2015年：人民幣1,374百萬元)，預期會持續改善營運資金管理，於未來十二個月內產生正的經營活動現金流量；
- (ii) 於2016年12月31日，本集團尚有未使用銀行授信額度人民幣595百萬元；
- (iii) 本集團有能力在銀行授信額度到期時續期或再融資；
- (iv) 董事正與上述銀團貸款借款方積極溝通；
- (v) 本集團決定推遲未來12個月內某些原定資本開支；及
- (vi) 根據本公司於2017年3月7日接獲自太盟亞洲資本II-2有限公司(「太盟」或「要約方」)之要約公告(「太盟要約」)，如附註35進而所述，太盟提出自願附條件現金要約，以按太盟發售價每股股份6港元以現金收購本公司全部已發行股份，總計要約價值約為11,288百萬港元。

太盟要約中已聲明，要約人的意圖是根據要約收購本公司的多數股權。要約人擬維持本公司現有的主要活動。要約完成之後，要約人將協助本公司覆核現有的資金計劃是否到位，優化其資本結構以確保本公司在業務活動範圍內有足夠的流動性，並協助本公司改善經營以為股東創造價值。

Corporate Governance Report (continued)

企業管治報告(續)

As refer to the announcement dated 6 April 2017, the PAG Offers have become unconditional in all respects, taking into account of approximately 23.61% of issued share capital held by PAG and valid acceptance under the PAG Offers which resulted PAG and its Concert Parties holding an aggregate of approximately 53.87% of the issued share capital and voting rights of the Company. PAG is the largest shareholder of the Company.

Consequently, the directors have concluded that the Company and the Group have the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

AUDITORS' RESPONSIBILITY

A statement by the external auditors of our Company, KPMG, is included in the Independent Auditor Report on pages 90 to 104 of this annual report.

INDEPENDENT AUDITOR'S REMUNERATION

Our Group's independent auditor is KPMG. KPMG is responsible for auditing and forming an independent opinion on our Group's annual consolidated financial statements.

During the year under review, the remunerations paid or payable to our Company's auditor, KPMG, are as follows:

		Year ended 31 December	
		截至12月31日止年度	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Audit service (including annual audit and interim review)	審核服務(包括年度審核及中期審閱服務)	5,524	5,430
Non-audit services	非審核服務	213	181
		5,737	5,611

Non-audit service includes tax service and other assurance services for financing.

During the year under review, the remuneration paid to the external auditor of the subsidiaries of our Company in respect of audit services amounted to RMB2.2 million.

根據2017年4月6日之公告，太盟要約於各方面已成為無條件，考慮到太盟已持有本公司約23.61%已發行股份，太盟要約下之股份有效接納致使太盟與其一致行動人合共持有本公司約53.87%已發行股份及投票權，太盟為本公司第一大股東。

因而，董事認定本公司及本集團有能力持續經營。相應地，本財務報表以本集團將能夠持續經營之基礎而編製。

核數師的責任

本公司外聘核數師畢馬威會計師事務所發出之聲明載於本年報第90至104頁的獨立核數師報告。

獨立核數師酬金

本集團的獨立核數師為畢馬威會計師事務所。畢馬威會計師事務所負責審核本集團年度合併財務報表及提供獨立意見。

在回顧年內，已付或應付本公司核數師畢馬威會計師事務所的酬金如下：

非審核服務包括稅務相關服務及其他與融資相關的鑒證業務。

於回顧年度，支付於本公司的附屬公司其他外部核數師的審計費人民幣2.2百萬元。

JOINT COMPANY SECRETARIES

During the year ended 31 December 2016, Ms. Wong Sze Wing and Ms. Mok Ming Wai were our Company's joint company secretaries and each of them has taken no less than 15 hours of relevant professional training. The primary corporate contact person of Ms. Mok Ming Wai, a director of KCS Hong Kong Limited, was Ms. Wong Sze Wing, the other joint company secretary of our Company.

On 9 March 2017, Ms. Wong Sze Wing resigned as a joint company secretary of the Company. Following the resignation of Ms. Wong, Ms. Zhang Jing, the investor relationship manager of the Company is the primary corporate contact person of Ms. Mok Ming Wai.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting.

Resolutions put forward at our shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of our Company and of the Hong Kong Stock Exchange after each shareholders' meeting.

(i) Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of Articles of Association, an extraordinary general meeting (the "EGM") may be convened by the Board on requisition of one or more shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of our Company. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of the deposit of the requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) concerned as a result of the failure of the Board shall be reimbursed to the requisitionist(s) concerned by the Company.

The requisitionist(s) must state the objects clearly in the requisition, sign the requisition and deposit the same to the Board or the company secretary or the primary contact person of our Company.

聯席公司秘書

於2016年12月31日止年度，黃斯穎女士與莫明慧女士是本公司的聯席公司秘書，她們分別內參加了不少於15小時的相關專業培訓。莫明慧女士(凱譽香港有限公司董事)於本公司內部之主要聯絡人為本公司另一位聯席公司秘書黃斯穎女士。

黃斯穎女士於2017年3月9日辭去聯席公司秘書之職位。於黃女士辭任後，莫明慧女士之主要公司聯絡人為本公司投資關係經理張靜女士。

股東權利

作為保障股東權益及權利的一項措施，本公司於股東大會上就各重大事項(包括選舉個別董事)提呈個別決議案以供股東考慮及投票。

於本公司的股東大會上提出之決議案將根據上市規則以投票表決方式進行投票表決，投票結果將於每一股東大會後在本公司及香港聯交所網站上的公佈。

(i) 股東召開股東特別大會

根據章程細則第58條，一名或多名持有不少於十分之一投票權的已繳足股本之股東，可以要求董事會召開臨時股東大會。該會議應在接收到請求書後2個月內舉行。如果在接收到請求書的21天內，董事會未能採取行動召開該臨時股東大會，提出要求者可以以同樣的方式去召開。因董事會未能召開會議而由提出要求者付出的所有合理費用將由本公司承擔。

提出要求者必須於請求書清楚說明會議的目的，簽署請求書並提交該請求書與董事會或公司秘書或本公司的主要聯繫人。

Corporate Governance Report (continued)

企業管治報告(續)

(ii) Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association. However, shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an EGM following the procedures set out in paragraph (i) above.

The procedures for shareholders to propose a person for election as a Director are available on our Company's website (www.yingdegas.com).

(iii) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquires to our Company.

Note: Our Company will not normally deal with verbal or anonymous enquires.

Primary Contact Person

Shareholders may send their requisitions, proposed resolutions or enquiries as mentioned in (i), (ii) and (iii) above to the primary contact person of our Company as set out below:

Name: Jennie Zhang
Address: Room 3212-13, 32/F., Tower Two, Times Square, Causeway Bay, Hong Kong
Fax: 852-3100 0068
Email: zhangjingjennie@yingdegas.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

During the year under review, our Company made no changes to the Articles of Association. An up-to-date version of our Articles of Association is available on our Company's website and the Hong Kong Stock Exchange's website.

Further information about investor relations are set out on pages 21 to 22.

(ii) 在股東大會上提出建議

開曼群島公司法(2013年修訂版)或章程細則並沒有規定允許股東於股東大會上提出新的決議。但希望在股東大會上提出建議的股東可通過載於上文第(i)段所述的程序召開臨時股東大會提出。

關於股東提名董事候選人的程序，已載於本公司的網站(www.yingdegas.com)。

(iii) 向董事會提出查詢

股東可以書面向董事會提出對本公司的任何查詢。

註：本公司將不會處理口頭或匿名查詢。

主要聯繫人

股東可將以上提到第(i)、(ii)及(iii)項的正式要求、提呈的決議案或查詢寄予本公司以下的主要聯繫人：

名稱：張靜
地址：香港銅鑼灣時代廣場二座三十二層3212-13室
傳真：852-3100 0068
電子郵件：zhangjingjennie@yingdegas.com

為免產生疑問，股東必須提交已正式簽署的書面要求、通知或聲明、或查詢(視乎情況而定)到上述地址，並提供其全名、聯繫方式及身份證明以使之生效。股東信息有可能因法律要求而被披露。

投資者關係

在回顧年內，本公司並未修改章程細則。最新的章程細則可於本公司及香港聯交所網站取得。

有關投資者關係的更多資料載列於第21至22頁。

Independent Auditor's Report

獨立核數師報告



Independent auditor's report to the shareholders of
Yingde Gases Group Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yingde Gases Group Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 105 to 245, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致盈德氣體集團有限公司股東

(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第105至245頁的盈德氣體集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的合併財務報表。此合併財務報表包括於二零一六年十二月三十一日的合併財務狀況表與截至該日止年度的合併利潤及其他綜合收益表、合併權益變動表及合併現金流量表，以及財務報表附註和主要會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會頒佈的《國際財務報告準則》真實而中肯地反映了貴集團於二零一六年十二月三十一日的綜合財務狀況及截至該日止年度的財務表現及綜合現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表的審計相關的道德要求，我們獨立於貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Independent Auditor's Report (continued)

獨立核數師報告(續)

Going concern

持續經營

Refer to Note 2(b) to the consolidated financial statements.

參見合併財務報表附註2(b)。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

As at 31 December 2016, the Group had net current liabilities of RMB 1,993 million (which included cash and cash equivalents of RMB 737 million), total borrowings of RMB 10,384 million (which included a long term syndicated loan with a carrying amount of RMB 681 million which was reclassified as current liabilities as a result of the "Event of Default" as further explained in Note 2(b) to the consolidated financial statements) and contracted for capital commitments of RMB 802 million.

An acceleration of repayment of the syndicated loan may trigger a cross default of other financial indebtedness and result in the Group being under an immediate repayment obligation for such financial indebtedness. As of the date of this audit report, the Company has not received notice from the syndicated loan agent to accelerate the repayment of the syndicated loan, or to cause the repayment of the syndicated loan to be accelerated and become immediately due and payable.

於2016年12月31日，貴集團之流動負債淨額為人民幣1,993百萬元(該淨額包含現金及現金等價物人民幣737百萬元)，借款總額人民幣10,384百萬元(該總額包含一筆賬面值人民幣681百萬元的長期之銀團貸款，該銀團貸款如合併財務報表附註2(b)中所述由於觸發「違約事件」故而重分類至流動負債)以及已定約資本承擔人民幣802百萬元。

加快償還該銀團貸款可能觸發貴集團其他財務債項的交叉違約，而導致貴集團須履行該項財務債項的即時還款責任。於本報告日，貴公司尚未收到銀團貸款代理通知須加快償還銀團貸款，或致使銀團貸款加快償還並即時到期而須予償還。

Our audit procedures to assess the going concern assumption in the preparation of the consolidated financial statements included the following:

- walking through the business planning process and assessing the design, implementation and operating effectiveness of management's key internal controls over the assessment of going concern, including the preparation of cash flow forecasts;
- evaluating the key assumptions in the cash flow forecast (including gas supply volumes, unit prices, unit costs and production volumes, committed capital expenditure and foreign exchange rates) with reference to historical production information, current performance and internal investment and production plans;

我們就編製合併財務報表時基於持續經營假設評估之審核程序包含以下方面：

- 對經營計劃流程執行穿行測試，評估管理層對於持續經營評估(包括現金流預測編製)之關鍵內部控制設計、執行及運營有效性；
- 評價現金流預測中關鍵假設(包括供氣量、單位售價、單位成本及產量、已承諾資本性開支及外匯匯率)，比較歷史產量信息、當前經營業績以及內部投資及產量計劃；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Going concern (continued)

持續經營(續)

Refer to Note 2(b) to the consolidated financial statements.

參見合併財務報表附註2(b)。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

The directors of the Group evaluated the Group's ability to continue as a going concern based upon an assessment of the Group's cash position, a cash flow forecast, its recourse to various financing facilities and the potential acquisition of the Company's issued shares by PAG (as further explained in Note 35 to the consolidated financial statements).

In assessing the Group's ability to continue to operate as a going concern the directors prepared a cash flow forecast which required the exercise of significant management judgement, particularly in forecasting the Group's future revenue, operating expenses and capital expenditure and in assessing the Group's ability to renew existing banking facilities.

貴集團董事基於對貴集團現金狀況、現金流預測、多種財務授信資源及太盟對貴公司已發行股份之潛在收購(如合併財務報表中附註35所述)之評估，評價貴集團持續經營之能力。

在評估貴集團持續經營能力時，董事編製現金流預測，該現金流預測涉及重大管理層判斷之運用，尤其對貴集團未來收入、運營開支及資本性開支之預測及貴集團更新現行銀行授信能力之評估。

- comparing the available bank facilities and arrangements with underlying documentation, which included bank facility agreements, and assessing the impact of any covenants and other restrictive terms attached thereto;
- assessing the Group's ability to renew or refinance existing banking facilities upon maturity by performing a retrospective review of past renewal or roll-over of banking facilities in prior years;
- assessing the sensitivities of the key assumptions adopted by management in the going concern assessment and considering whether management had incorporated any bias in the selection of such assumptions;
- 將尚未使用銀行授信與相關支持性文件進行比較，包括銀行授信協議，並評估是否受契約條款之影響及其他隨附之限制性條款；
- 通過追溯覆核以前年度銀行授信更新或續期情況評估集團對現有銀行授信到期時更新或再融資之能力；
- 評估管理層在持續經營評估中採用之關鍵假設之敏感性，並考慮管理層在選擇該等假設時是否存在偏向；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Going concern (continued)

持續經營(續)

Refer to Note 2(b) to the consolidated financial statements.

參見合併財務報表附註2(b)。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

We identified the assessment of going concern as a key audit matter because the assessment of going concern is dependent upon certain management assumptions and judgements, in particular in relation to future revenue from the supply of gas and the ability of the Group to obtain external financing, which may be inherently uncertain and could be subject to management bias.

我們將持續經營評估識別為關鍵審計事項，因為持續經營評估依賴某些管理層之假設和判斷，尤其涉及未來供氣收入及貴集團獲取外部融資之能力本身具有不確定性且可能受到管理層偏向之影響。

- considering the accuracy and reliability of cash flow forecasts made by management in prior years by comparing them with the current year's results;
- evaluating the implications of the potential acquisition of the Company's issued shares by PAG on the Group's business and liquidity position through enquiries with the Group's directors; and
- evaluating the disclosures in the consolidated financial statements in respect of going concern with reference to the requirements of the prevailing accounting standards.
- 通過將管理層以前年度編製現金流預測與年內經營業績比較以考慮預測之準確性和可靠性；
- 通過詢問集團董事，評價太盟對貴公司已發行股份潛在收購於貴集團經營業務及流動性情況之影響；及
- 評價合併財務報表中有關持續經營之披露是否符合現行會計準則之規定。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

Assessing potential impairment of plant and machinery and construction in progress

評估廠房、設備及在建工程之潛在減值

Refer to Note 11 and 12 to the consolidated financial statements and the accounting policies on page 134-137.

參見合併財務報表附註 11 及 12，及第 134-137 頁之會計政策。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

The Group has significant plant and machinery, which principally comprises air separation equipment.

Annually, management assesses whether there are any indicators of impairment of the Group's plant and machinery, including plant and machinery under construction. Such indicators may include:

- mechanical obsolescence or suspension of projects; and
- plant and machinery under construction where there is uncertainty over the level of revenue these assets will generate upon completion.

貴集團持有重大廠房及設備，該等包含空分設備。

管理層按年度評估貴集團之廠房及設備是否存在減值跡象，包含尚在建之廠房及設備。該等減值跡象包含：

- 機器老化或項目停滯；及
- 在建廠房及設備完完工後該等資產產生收入水平之不確定性。

Our procedures to assess potential impairment of plant and machinery and construction in progress included the following:

- evaluating management's identification of CGUs and the allocation of assets to each CGU and assessing the management's identification of impairment indicators with reference to the requirements of the prevailing accounting standards;
- assessing the Group's intention to carry out construction activities at the relevant sites by inspecting the future budgets and discussing the latest status with senior management and the executive directors;

我們就評估廠房、設備及在建工程潛在減值的審核程序包含以下方面：

- 評價集團對於現今產出單元之認定及各現金產出單元資產之分配，以及評估管理層對於減值跡象之識別是否符合現行會計準則之規定；
- 通過檢查未來預算及與高級管理人員和執行董事討論最近建設進度，評估貴集團相關建設場地執行建設活動之意向；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Assessing potential impairment of plant and machinery and construction in progress (continued)

評估廠房、設備及在建工程之潛在減值(續)

Refer to Note 11 and 12 to the consolidated financial statements and the accounting policies on page 134-137.

參見合併財務報表附註11及12，及第134-137頁之會計政策。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

Where indicators of impairment are identified, the recoverable amounts of plant and machinery and construction in progress are determined by management as the greater of the value in use of the separately identifiable cash generating units ("CGUs") to which the plant and machinery and construction in progress are allocated and the fair value less cost of disposal of these assets.

Management assessed value in use by preparing discounted cash flow forecasts for the relevant CGUs. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in estimating future gas supply volumes, future unit prices, future unit costs and in determining the discount rates applied.

倘識別出減值跡象，管理層以識別出可分配廠房及設備及在建工程之最小獨立現金產出單元(「現金產出單元」)之使用價值及公允價值減處置成本之較高者決定廠房及設備及在建工程之可收回金額。

管理層就相關現金產出單元採用已貼現現金流量預測評估使用價值。該等已貼現現金流量預測之編製涉及重大管理層判斷，尤其可預計未來供氣量、未來單位售價、未來單位成本及確定採用之貼現率。

- considering whether the Group has the ability to finance its planned future construction by comparing budgets with available financing facilities;
- engaging our internal valuation specialists to assist us in evaluating the methodology adopted by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards;
- comparing data in the discounted cash flow forecasts with relevant financial data, including future revenue, future cost of sales and other operating expenses, in the financial budgets which were approved by management;
- 通過比較預算及尚可使用融資授信考慮貴集團是否有能力對其計劃之未來建造進行融資；
- 聘用內部估值專家協助我們評價管理層在編製已貼現現金流預測時採用之方法是否符合現行會計準則之規定；
- 將已貼現現金流預測中數據與經管理層已批准財務預算中相關財務數據進行比較，包括未來收入、未來銷售成本及其他運營開支；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Assessing potential impairment of plant and machinery and construction in progress (continued)

評估廠房、設備及在建工程之潛在減值(續)

Refer to Note 11 and 12 to the consolidated financial statements and the accounting policies on page 134-137.

參見合併財務報表附註11及12，及第134-137頁之會計政策。

The Key Audit Matter

關鍵審計事項

We identified assessing potential impairment of plant and machinery and construction in progress as a key audit matter because of its significance to the consolidated financial statements and because assessing whether there is any impairment involves significant management judgement in determining the inputs to the impairment assessment which may be inherently uncertain and could be subject to management bias.

我們將評估廠房、設備及在建工程之潛在減值識別為關鍵審計事項，因為其對合併財務報表之重大影響，及評估是否存在減值在確定減值評估輸入數據時涉及重大管理層判斷，該等判斷本身具有不確定性且可能受到管理層偏向之影響。

How the matter was addressed in our audit

我們的審計如何處理該事項

- engaging our internal valuation specialists to assist us in assessing whether the discount rates applied in the discounted cash flow forecasts were within the range adopted by other companies in the same industry;
- comparing the long term growth rates adopted in the discounted cash flow forecasts with those of comparable companies and external market data;
- performing sensitivity analyses of the key assumptions, including the discount rates applied and future gas supply volumes, future unit prices and future unit costs, considering the resulting impact on the impairment assessment and considering whether there were any indicators of management bias in the selection of these key assumptions;
- assessing the fair value less cost of disposal of the relevant assets, on a sample basis, with reference to recent market prices for similar assets with similar capacity.
- 聘用內部估值專家協助我們評估已貼現現金流預測中適用之貼現率是否處於同行業中其他可比公司採用貼現率範圍內；
- 將已貼現現金流預測中採用之長期增長率與可比公司之長期增長率及外部市場數據進行比較；
- 對於關鍵假設執行敏感性分析，包括適用之貼現率、未來供氣量、未來單位售價及未來單位成本，考慮其對於減值評估產生之影響並考慮在選擇關鍵假設時是否存在偏向；
- 以抽樣基礎評估相關資產之公允價值減處置成本，與類似規格資產之最近市場價格比較。

Independent Auditor's Report (continued)

獨立核數師報告(續)

Assessing the recoverability of trade receivables

應收賬款可回收性評估

Refer to Note 21 to the consolidated financial statements and the accounting policies on page 130-133.

參見合併財務報表附註21以及第130-133頁的會計政策。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

As at 31 December 2016 the Group had significant trade receivables which were past due but not considered to be impaired.

The Group's customers are principally involved in the steel industry in Mainland China which is facing challenges in terms of profitability and liquidity. There is, therefore, a risk that trade receivables may not be fully recoverable.

Management calculates the provision for doubtful debts based on an estimate of the credit losses to be incurred, which is estimated by taking into account the credit history of the Group's customers and current market and customer-specific conditions all of which involve a significant degree of management judgement.

於二零一六年十二月三十一日，貴集團持有重大已逾期尚未減值之應收賬款。

貴集團客戶主要涉及中國大陸之鋼鐵行業，該行業面臨盈利能力及流動性方面之挑戰。故而其應收賬款可能存在不能全額收回之風險。

呆帳準備計提計算基於管理層對於預期信用損失之估計，需考慮貴集團客戶之歷史信用記錄及當期市場情況和客戶特定情況，該等因素相當依賴於管理層判斷。

Our audit procedures to assess the recoverability of trade receivables included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection and making provisions for doubtful debts;
- obtaining an understanding of the basis of management's judgements about the recoverability of individual trade receivable balances, on a sample basis, and evaluating the provisions for doubtful debts made by management for these individual balances with reference to the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances, agreed repayment arrangements and historical and post year end payment records;

我們就貿易應收款項可回收性的審核程序包括以下方面：

- 了解及評價貴集團就信用控制、收款流程及呆帳計提相關之內部控制之設計、執行及其運行有效性；
- 以抽樣基礎，對於運用個別計提法計提呆帳應收款項，了解管理層對於單項金額重大應收款項之可回收性判斷依據，需參考債務人之財務狀況、所處行業形勢、應收賬款賬齡、歷史付款記錄以及資產負債表日後付款情況等多方面因素；

Independent Auditor's Report (continued)

獨立核數師報告 (續)

Assessing the recoverability of trade receivables (continued)

應收賬款可回收性評估 (續)

Refer to Note 21 to the consolidated financial statements and the accounting policies on page 130-133.

參見合併財務報表附註21以及第130-133頁的會計政策。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

The Group's provision for doubtful debts includes a specific element based on individual debtors and a collective element based on historical experience adjusted for certain current factors.

We identified assessing the recoverability of trade receivables as a key audit matter because of the significant degree of management judgement involved in determining the level of provision for doubtful debts, particularly because certain customers may be in financial difficulty and unable to pay their debts.

貴集團計提呆帳準備包括運用個別方式評估呆帳準備，以及根據歷史經驗和調整當前市場因素運用組合方式評估呆帳。

我們把應收賬款可回收性評估識別為關鍵審計事項，因為在確定呆帳準備水平時涉及相當管理層判斷，尤其某些客戶可能陷入資金困難而無法償還債務。

- assessing the classification of trade receivables in the trade receivable ageing report by comparing a sample of individual items with sales invoices and other relevant underlying documentation;
- assessing the assumptions and estimates made by the management for the provision for doubtful debts calculated based on a collective assessment by performing a retrospective review of the historical accuracy of these estimates and recalculating the Group's provision with reference to the Group's policy for collective assessment;
- comparing cash receipts, on a sample basis, from customers subsequent to the reporting date relating to trade receivable balances as at 31 December 2016 with bank statements and other underlying documentation.
- 評估應收賬款賬齡分類的準確性，選取樣本並核對至銷售發票及相其他相關支持性文檔；
- 對於運用組合計提法計提呆帳準備評估管理層計算時採用之假設和估計，通過追溯覆核該等估計之歷史準確性，並根據集團組合計提壞賬政策重新計算集團壞賬準備；
- 以抽樣基礎，將客戶於二零一六年十二月三十一日應收賬款餘額之報告日後回款與銀行對賬單及其他支持性文件進行比較。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

Revenue recognition - multiple deliverables

包含多項交付部分收入確認

Refer to Note 4 and 21 to the consolidated financial statements and the accounting policies on page 151.

參見合併財務報表附註4及21以及第151頁的會計政策。

The Key Audit Matter

關鍵審計事項

The Group has entered into a construction and gas supply service agreement with a customer. This arrangement contains two separate components: construction services and gas supply services and it is necessary to allocate revenue to each of these two components with reference to their relative fair values.

The recognition of revenue is largely dependent on the terms of the underlying contract with the customer, including the nature of the separate deliverables within the contract, achieving milestones within the contract and the mechanisms in the contract by which risks and rewards of goods and services are transferred to the customer.

貴集團與一客戶達成建造和供氣服務協議。該協議包含兩個獨立組成部分：建造服務及供氣服務，且需根據兩個組成部分相對公允價值分攤收入。

收入確認相當依賴於與客戶之基礎合同之條款，包括合同內各獨立交付部分之性質、進度實現及商品及服務之風險及報酬轉移至該客戶之機制。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the recognition of revenue where there are multiple deliverables included the following:

- inspecting the gas supply service agreement to evaluate management's identification of the arrangement's components and determine whether a stand-alone value to the customer exists for each of the identified components in the overall arrangement with the customer;
- evaluating management's measurement process and the assumptions adopted in the allocation of revenue to separately identified components, in particular (i) the determination of the relative fair value of each component with reference to estimated costs and profit margins for construction services and gas supply services and (ii) the discount rate applied;
- assessing the most significant inputs used by management in determining the fair value of construction services, by (i) comparing the estimated construction costs with management's budget and supplier contracts and (ii) comparing the profit margin for construction services with profit margins for comparable companies with similar projects;

我們就包含多項交付部分收入確認的審核程序包括以下方面：

- 檢查供氣服務合同以評價管理層對於協議安排組成部分之識別及決定與該客戶之整體協議安排對於各認定組成部分對於客戶是否存在獨立價值；
- 評價管理層測算流程及將收入分配至各已識別組成部分時採用之假設，尤其(i)根據建造服務及供氣服務預估成本和毛利之相對公允價值確定，及(ii)適用之貼現率；
- 通過(i)將預估建造成本與管理層預算及供應商合同進行比較，及(ii)將建造服務毛利與有相似項目可比公司之毛利進行比較，評估管理層確定建造服務公允價值時採用之最重要輸入值；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Revenue recognition - multiple deliverables (continued)

包含多項交付部分收入確認(續)

Refer to Note 4 and 21 to the consolidated financial statements and the accounting policies on page 151.

參見合併財務報表附註4及21以及第151頁的會計政策。

The Key Audit Matter

關鍵審計事項

The determination of whether a component within an arrangement has a stand-alone value to the customer and whether the fair value of the component can be measured reliably depend on facts and circumstances and requires the exercise of management judgement.

We identified the recognition of revenue where there are multiple deliverables as a key audit matter because of the complexity of the arrangement entered into by the Group with the customer and because significant management judgement is involved, which included the identification of the separate components in the arrangement and the determination of relative fair value of each component and the discount rate applied.

確定協議中一組成部分對該客戶是否有獨立價值及組成部分之公允價值是否能可靠計量依賴於事實、特定情況及涉及管理層判斷之運用。

我們把包含多項交付部分收入確認識別為關鍵審計事項，因為貴集團與該客戶所達成之協議之複雜及涉及重大管理層判斷，包括協議中獨立組成部分之識別、各組成部分相對公允價值之確定以及貼現率之應用。

How the matter was addressed in our audit

我們的審計如何處理該事項

- assessing management's judgements applied in the estimation of total construction costs by performing a retrospective review of the historical accuracy of the estimations of relevant costs of similar plant construction in the prior year and investigating any significant differences;
- comparing the most significant inputs used by management in determining the fair value of gas supply services, including the profit margin, with profit margins for comparable gas plants owned by the Group and third party gas suppliers with similar gas plants;
- obtaining an external confirmation of the stage of completion of the construction work and inspecting documentation indicating customer acceptance of the work done to establish whether contractual milestones had been achieved;
- re-calculating the percentage of completion of construction services at the end of the reporting period by comparing the actual costs incurred and agreed by the customer to date with total estimated costs to completion.
- 通過執行追溯覆核以前年度類似項目建設相關成本估計歷史數據準確性，評價管理層在估計建造成本總額時採用之管理層判斷；
- 將管理層確定供氣服務公允價值採用之最重要輸入值，包括毛利，與貴集團持有之可比供氣工廠及持有類似供氣工廠之供氣供應商之毛利進行比較；
- 就建造工程之完工比例獲取外部函證，並檢查反映客戶對於已執行工作量確認之反映完工進度相關文件進行檢查；
- 對於報告期末未完工的建造合同，以實際已發生成本佔預計總成本的比例重新計算完工進度。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

合併財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就合併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》的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助董事履行監督貴集團的財務報告過程的責任。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report (continued)

獨立核數師報告 (續)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
13 April 2017

從與審計委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是區日科。

畢馬威會計師事務所

執業會計師

香港中環
遮打道十號
太子大廈八樓
二零一七年四月十三日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併利潤及其他綜合收益表

for the year ended 31 December 2016

截至2016年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

		Note	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
		附註		
Revenue	收入	4	8,403,932	7,918,861
Cost of sales	銷售成本		(5,850,474)	(5,368,593)
Gross profit	毛利		2,553,458	2,550,268
Other income	其他收入	5	52,196	32,875
Selling expenses	銷售費用		(159,621)	(207,204)
Administrative expenses	管理費用		(474,118)	(500,770)
Impairment loss on property, plant and equipment and construction in progress	物業、廠房及設備以及在 建工程減值虧損	11/12	(611,912)	—
Profit from operations	經營收益		1,360,003	1,875,169
Finance income	財務收入	6(a)	79,519	30,851
Finance costs	財務成本	6(a)	(1,016,836)	(968,324)
Share of results of associates	應佔聯營公司業績		(49,750)	13,881
Share of results of joint ventures	應佔合營公司業績		(18)	(1,087)
Profit before taxation	除稅前利潤	6	372,918	950,490
Income tax	所得稅	7	(521,094)	(417,785)
(Loss)/profit and total comprehensive income for the year	本年(虧損)/利潤及 綜合收益總額		(148,176)	532,705
Attributable to:	以下各方應佔：			
Equity shareholders of the Company	本公司權益持有人		(142,589)	535,941
Non-controlling interests	非控股股東權益		(5,587)	(3,236)
(Loss)/profit and total comprehensive income for the year	本年(虧損)/利潤及 綜合收益總額		(148,176)	532,705
(Loss)/earnings per share (RMB cents)	每股(虧損)/盈利(人民幣分)	10		
Basic	基本		(8.0)	30.0
Diluted	攤薄		(8.0)	30.0

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Statement of Financial Position

合併財務狀況表

at 31 December 2016

於2016年12月31日

(Expressed in Renminbi)

(以人民幣列示)

		Note	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment, net	物業、廠房及設備，淨額	11	10,632,823	10,274,282
Construction in progress	在建工程	12	2,085,920	3,013,037
Lease prepayments	租賃預付款項	13	407,286	416,483
Intangible assets	無形資產	14	40,964	47,863
Receivables under finance leases	應收融資租賃款	15	9,628	10,638
Interest in associates	於聯營公司的權益	17	184,001	518,671
Interest in joint ventures	於合營公司的權益	18	249,434	263,694
Other non-current assets	其他非流動資產	19	1,273,515	1,081,786
Deferred tax assets	遞延稅項資產	7(d)	138,509	165,006
Total non-current assets	非流動資產總額		15,022,080	15,791,460
Current assets	流動資產			
Inventories	存貨	20	108,443	102,422
Trade and other receivables	應收賬款及其他應收款項	21	2,049,518	2,682,864
Receivables under finance leases	應收融資租賃款	15	2,117	2,117
Income tax recoverable	可收回所得稅	7(c)	5,209	7,604
Other financial assets	其他金融資產	33(e)	68,587	—
Pledged bank deposits	已抵押銀行存款	22	1,229,769	309,526
Cash and cash equivalents	現金及現金等價物	23	736,855	678,450
Total current assets	流動資產總額		4,200,498	3,782,983
Current liabilities	流動負債			
Borrowings	借款	24	3,878,769	1,603,338
Trade and other payables	應付賬款及其他應付款項	25	1,849,207	2,285,508
Obligations under finance leases	融資租賃負債	26	223,674	190,241
Income tax payable	應付所得稅	7(c)	242,300	184,940
Total current liabilities	流動負債總額		6,193,950	4,264,027
Net current liabilities	流動負債淨額		(1,993,452)	(481,044)
Total assets less current liabilities	資產總額減流動負債		13,028,628	15,310,416

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Statement of Financial Position (continued)

合併財務狀況表 (續)

at 31 December 2016

於2016年12月31日

(Expressed in Renminbi)

(以人民幣列示)

		Note	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
		附註		
Non-current liabilities	非流動負債			
Borrowings	借款	24	6,505,224	8,060,162
Obligations under finance leases	融資租賃負債	26	115,892	224,855
Other non-current liabilities	其他非流動負債	27	56,777	53,376
Deferred tax liabilities	遞延稅項負債	7(d)	101,962	93,431
Total non-current liabilities	非流動負債總額		6,779,855	8,431,824
Net assets	資產淨值		6,248,773	6,878,592
Equity	權益			
Share capital	股本	29	12	12
Reserves	儲備		6,083,420	6,707,652
Total equity attributable to equity shareholders of the Company	本公司權益持有人應佔權益總額		6,083,432	6,707,664
Non-controlling interests	非控股股東權益		165,341	170,928
Total equity	權益總額		6,248,773	6,878,592

Approved and authorised for issue by the board of directors on 13 April 2017.

董事會於2017年4月13日批准及授權刊發。

Zhongguo Sun

Director

董事

Trevor Raymond Strutt

Director

董事

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Statement of Changes in Equity

合併權益變動表

for the year ended 31 December 2015

截至2015年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益持有人應佔						Non-	Total
	Note	Share capital	Share premium	Statutory reserve	Other reserve	Retained earnings	Total	controlling interests	equity
	附註	股本	股份溢價	法定儲備	其他儲備	保留盈利	總計	股東權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 29)	(Note 30(c))	(Note 30(d))	(Note 30(e))				
		(附註 29)	(附註 30(c))	(附註 30(d))	(附註 30(e))				
Balance at 1 January 2015	於2015年1月1日餘額	12	2,919,808	758,040	(352,045)	3,309,817	6,635,632	107,891	6,743,523
Changes in equity for 2015:	2015年權益變動：								
Profit and total comprehensive income	利潤及綜合收益總額	—	—	—	—	535,941	535,941	(3,236)	532,705
Effect on share schemes	股份計劃影響	28	—	—	17,325	—	17,325	—	17,325
Appropriations	轉撥	—	—	127,382	—	(127,382)	—	—	—
Dividends approved in respect of the previous year	有關上年度的已宣派股息	30(b)	—	—	—	(369,867)	(369,867)	—	(369,867)
Interim dividends approved in respect of the current interim period	有關本年度中期的已宣派中期股息	30(b)	—	—	—	(111,094)	(111,094)	—	(111,094)
Capital contribution from a non-controlling shareholder	非控股股東的注資	—	—	—	—	—	—	68,000	68,000
Purchase of non-controlling interests	購買非控股股東權益	—	—	—	(273)	—	(273)	(1,727)	(2,000)
Balance at 31 December 2015	於2015年12月31日餘額	12	2,919,808	885,422	(334,993)	3,237,415	6,707,664	170,928	6,878,592

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Statement of Changes in Equity (continued)

合併權益變動表 (續)

for the year ended 31 December 2016

截至2016年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益持有人應佔					Non-controlling interests 非控股股東權益		Total equity
Note	Share capital	Share premium	Statutory reserve	Other reserve	Retained earnings	Total			
附註	股本	股份溢價	法定儲備	其他儲備	保留盈利	總計	股東權益	權益總額	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
	(Note 29)	(Note 30(c))	(Note 30(d))	(Note 30(e))					
	(附註29)	(附註30(c))	(附註30(d))	(附註30(e))					
Balance at 1 January 2016	於2016年1月1日餘額	12	2,919,808	885,422	(334,993)	3,237,415	6,707,664	170,928	6,878,592
Changes in equity for 2016:	2016年權益變動：								
Loss and total comprehensive income	虧損及綜合收益總額	—	—	—	—	(142,589)	(142,589)	(5,587)	(148,176)
Effect on share schemes	股份計劃影響	28	—	—	45,827	—	45,827	—	45,827
Appropriations	轉撥	—	—	142,953	—	(142,953)	—	—	—
Dividends approved in respect of the previous year	有關上年度的已宣派股息	30(b)	—	—	—	(264,680)	(264,680)	—	(264,680)
Interim dividends approved in respect of the current interim period	有關本年度中期的已宣派中期股息	30(b)	—	—	—	(262,790)	(262,790)	—	(262,790)
Balance at 31 December 2016	於2016年12月31日餘額	12	2,919,808	1,028,375	(289,166)	2,424,403	6,083,432	165,341	6,248,773

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Cash Flow Statement

合併現金流量表

for the year ended 31 December 2016

截至2016年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

			2016	2015
	Note		RMB'000	RMB'000
	附註		人民幣千元	人民幣千元
Operating activities		經營活動		
Profit before taxation		除稅前利潤	372,918	950,490
Adjustments for:		調整項目：		
Depreciation	6(c)	折舊	882,886	753,669
Amortisation	6(c)	攤銷	16,266	12,947
Finance income	6(a)	財務收入	(79,519)	(30,851)
Finance costs	6(a)	財務成本	1,016,836	968,324
Net (gain)/loss on disposal of property, plant and equipment		出售物業、廠房及設備的(收益)/ 虧損淨額		
	6(c)		(2,658)	10,615
Share of results of associates		應佔聯營公司業績	49,750	(13,881)
Share of results of joint ventures		應佔合營公司業績	18	1,087
Impairment loss on other non-current assets	6(c)	其他非流動資產減值虧損	—	10,000
Impairment loss on interest in joint ventures	6(c)	於合營公司權益減值虧損	15,034	—
Impairment loss on property, plant and equipment and construction in progress		物業、廠房及設備以及 在建工程減值虧損		
	6(c)		611,912	—
Increase in inventories		存貨增加	(6,021)	(4,664)
Decrease/(Increase) in trade and other receivables		應收賬款及其他應收款項 減少/(增加)	217,390	(378,756)
(Decrease)/Increase in trade and other payables		應付賬款及其他應付款項 (減少)/增加	(169,464)	176,138
Cash generated from operations		經營活動所得的現金流量	2,925,348	2,455,118
Interest received		已收利息	9,519	27,414
Interest paid		已付利息	(624,764)	(683,787)
Income tax paid	7(c)	已付所得稅	(428,400)	(424,316)
Income tax refund	7(c)	所得稅退稅	2,089	—
Net cash generated from operating activities		經營活動所得的現金淨額	1,883,792	1,374,429

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Cash Flow Statement (continued)

合併現金流量表(續)

for the year ended 31 December 2016

截至2016年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Investing activities	投資活動		
Capital expenditure	資本開支	(927,764)	(1,123,471)
Decrease/(Increase) in pledged bank deposits	已抵押銀行存款減少/(增加)	158,492	(178,500)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	67,985	427,938
Proceeds from disposal of interest in an associate	處置於聯營公司權益所得款項	18,752	25,000
Collection of receivables under finance leases	收到應收融資租賃款	2,245	2,245
Payment for investment in an associate	投資聯營公司支付款項	(3,230)	(24,041)
Payment for purchase of non-controlling interests	購買非控股股東權益支付款項	—	(2,000)
Dividend received from an associate	已收聯營公司股息	—	2,700
Dividend received from other investment	已收其他投資股息	2,999	—
Net cash used in investing activities	投資活動所用的現金淨額	(680,521)	(870,129)

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Consolidated Cash Flow Statement (continued)

合併現金流量表 (續)

for the year ended 31 December 2016

截至2016年12月31日止年度

(Expressed in Renminbi)

(以人民幣列示)

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Financing activities	融資活動			
Proceeds from loans	借款所得款項		3,187,616	2,562,054
Repayment of loans	償還借款		(2,416,305)	(3,103,921)
Proceeds from finance lease transaction	融資租賃交易所得款項		87,500	130,500
Payment of obligations under finance leases	償還融資租賃負債支付款項		(196,059)	(426,052)
Proceeds from corporate bonds	發行公司債券所得款項		—	953,340
Increase in restricted cash pledged for borrowings	借款抵押使用受限貨幣資金的增加		(1,078,735)	—
Payment for repurchase of senior notes	優先票據回購支付款項	24(f)	(207,481)	(142,774)
Capital injection from a non-controlling shareholder	非控股股東注資所得款項		—	68,000
Dividend paid to equity shareholders of the Company	支付給本公司股東的股息	30(b)	(527,470)	(480,961)
Net cash used in financing activities	融資活動所用的現金淨額		(1,150,934)	(439,814)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額		52,337	64,486
Cash and cash equivalents at 1 January	於1月1日現金及現金等價物		678,450	606,359
Effect of foreign exchange rate changes	外匯匯率變動的影響		6,068	7,605
Cash and cash equivalents at 31 December	於12月31日現金及現金等價物	23	736,855	678,450

The notes on pages 113 to 245 form part of these financial statements.

第113頁至第245頁的附註為本財務報表的組成部分。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi)

(以人民幣列示)

I CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 25 September 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the production and sales of industrial gases in the People's Republic of China (the "PRC"). The Company's shares have been listed on the Main Board of the Hong Kong Stock Exchange since 8 October 2009.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board ("IASB") 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.

I 公司資料

本公司於2007年9月25日根據開曼群島法例第22章(經綜合及修訂的1961年第三號法例)公司法在開曼群島註冊成立為豁免有限責任公司。本集團主要在中華人民共和國(「中國」)從事工業氣體生產及銷售。本公司股份已於2009年10月8日在香港聯合交易所有限公司主板上市。

2 主要會計政策

(a) 合規聲明

本財務報表是按照國際會計準則理事會頒佈的所有適用的《國際財務報告準則》(「國際財務報告準則」)與香港《公司條例》適用的披露規定編製。國際財務報告準則包括所有適用的個別國際財務報告準則，《國際會計準則》(「國際會計準則」)及其詮釋，依據香港公司條例的規定而作出披露。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的適用披露條文。本集團採納的主要會計政策概要如下列示。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Statement of compliance (continued)

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) 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.

(b) Basis of preparation of the financial statements

In determining the appropriate basis of preparation of financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations to meet debt obligation as they fall due and financial support from bankers to meet future capital expenditures.

At 31 December 2016, the Group had cash and cash equivalents of RMB 736,855,000 (2015: RMB 678,450,000); the Group also had net current liabilities of RMB 1,993,452,000 (2015: RMB 481,044,000) and total borrowings of RMB 10,383,993,000 (2015: RMB 9,663,500,000).

2 主要會計政策(續)

(a) 合規聲明(續)

國際會計準則理事會頒佈了於本集團於本會計期間首次生效或可提早採納的若干新訂和經修訂的國際財務報告準則。附註2(c)列示了因首次採用這些與本集團有關的準則而反映於本財務報表當前及以前會計期間的會計政策變更。

(b) 財務報表的編製基準

確定財務報表的編製基礎時，董事需要考慮本集團是否能夠在可預期的未來運營存續。

本集團的流動資金狀況主要取決於本集團維持足夠營運現金淨流入以及獲得銀行的財務支持以應付償還到期債務和已承擔的未來資本開支的能力。

於2016年12月31日，本集團持有的現金及現金等價物為人民幣736,855,000元(2015年：人民幣678,450,000元)，同時，本集團的流動負債淨額為人民幣1,993,452,000元(2015年：人民幣481,044,000元)，借款總額為人民幣10,383,993,000元(2015年：人民幣9,663,500,000元)。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The total borrowings included a syndicated loan of USD 90,000,000 and HKD 77,500,000 (see Note 24(b)) equivalent to RMB 680,794,000. The Group has failed to fulfil a financial covenant requirement in relation to the amount of the net tangible assets of the Group ("Event of Default") under the syndicated loan and the Group has not remedied this requirement at the reporting date. Therefore, the syndicated loan lenders have (via the syndicated loan agent) the right at any time by notice to the Group to require the syndicated loan to be immediately repaid prior to its original repayment dates as defined in the original syndicated loan agreement. As at 31 December 2016, the entire outstanding amount of the syndicated loan was reclassified as current liabilities. The directors are in communication with the syndicated loan lenders about the syndicated loan and the Event of Default. If the directors are unable to come to an acceptable arrangement with the syndicated loan lenders with regards to the Event of Default and the Company is unable to secure alternative funding to replace the syndicated loan, then an acceleration of repayment of the syndicated loan may trigger a cross default of other financial indebtedness and result in the Group being under an immediate repayment obligation for such financial indebtedness. As of the date hereof, the Company has not received notice from the syndicated loan agent to accelerate the repayment of the syndicated loan.

The directors have reviewed the current performance and cashflow projections as part of their assessment, on the Group's going concern, and after carefully considering the matters described above, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due.

Accordingly, the Directors have prepared the financial statements for the year ended 31 December 2016 on a going concern basis.

2 主要會計政策(續)

(b) 財務報表的編製基準(續)

借款總額中包含一筆金額為90,000,000美元和77,500,000港元(相當於人民幣680,794,000元)的銀團貸款(見附註24(b))。本集團未能滿足銀團貸款下有關本集團有形資產淨值額的財務契約要求(「違約事項」),且於本報告日本集團尚未彌補此要求。因而,銀團貸款借款方有權(通過銀團貸款代理人)要求在原定還款日(定義見原銀團貸款協議)前立即償還銀團貸款。於2016年12月31日,銀團貸款的全部未償還金額已重列為流動負債。董事現正與銀團貸款借款方就銀團貸款及違約事項進行溝通。倘董事未能與銀團貸款借款方就違約事項達成可接納的安排,以及本公司未能獲取可取代銀團貸款的其他資金,則加快償還銀團貸款可能觸發其他財務債項的交叉違約,而導致本集團須履行該項財務債項的即時還款責任。於本公告日期,本公司尚未收到銀團貸款代理通知須加快償還銀團貸款。

本公司董事在為集團的持續經營審視完當前的表現及現金流預測,在仔細評估上述事件後,董事有合理的預期本集團在報表日後的12個月將會持續經營並能在債務到期時償還。

因此,董事已按持續基準編製截至2016年12月31日止年度的財務報表。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The directors have reviewed the current performance and cashflow projections as part of their assessment of the Group's going concern, and after carefully considering the matters described above, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group generated net cash from operating activities of approximately RMB 1,884 million during the year ended 31 December 2016 (2015: RMB 1,374 million) and expects to continue to improve its working capital management and generate positive operating cash flows for the next twelve months;
- (ii) at 31 December 2016, the Group has available unutilised bank facilities of RMB 595 million;
- (iii) the Group has the ability to renew or refinance the banking facilities upon maturity;
- (iv) the directors have been actively communicating with the lenders of the syndicated loan as mentioned above;
- (v) the Group determines to postpone certain planned capital expenditure for the next twelve months; and
- (vi) according to the Company's offer announcement from PAGAC II-2 Limited ("PAG" or "Offeror") dated 7 March 2017 ("PAG Offers"), as further explained in Note 35, PAG provided voluntary conditional cash offers to acquire all issued shares of the Company at HKD 6 per share, for a total maximum consideration of approximately HKD 11,288 million.

2 主要會計政策 (續)

(b) 財務報表的編製基準 (續)

董事在持續經營評估過程中審閱了現時表現和現金流預測，並對上述事項認真考慮後，董事合理預期本集團有能力於報告期末起未來至少12個月內繼續持續經營並於債務到期時履行償債義務，原因如下：

- (i) 截至2016年12月31日止年度，本集團經營活動產生的淨現金流量約為人民幣1,884百萬元(2015年：人民幣1,374百萬元)，預期會持續改善營運資金管理，於未來十二個月內產生正的經營活動現金流量；
- (ii) 於2016年12月31日，本集團尚有未使用銀行授信額度人民幣595百萬元；
- (iii) 本集團有能力在銀行授信額度到期時續期或再融資；
- (iv) 董事正與上述銀團貸款借款方積極溝通；
- (v) 本集團決定推遲未來12個月內某些原定資本開支；及
- (vi) 根據本公司於2017年3月7日接獲自太盟亞洲資本II-2有限公司(「太盟」或「要約方」)之要約公告(「太盟要約」)，如附註35進而所述，太盟提出自願附條件現金要約，以按太盟發售價每股股份6港元以現金收購本公司全部已發行股份，總計要約價值約為11,288百萬港元。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

It has been stated in the PAG Offers that "It is the Offeror's intention to acquire a majority interest in the Company pursuant to the Offers. The Offeror intends to maintain the Company's existing principal activities. After completion of the Offers, the Offeror will assist the Company to review its existing funding programs in place, to optimise its capital structure to ensure adequate liquidity in the context of the Company's business activities, and in general to assist in improving the Company's operations to create shareholder value."

As refer to the announcement dated 6 April 2017, the PAG Offers have become unconditional in all respects, taking into account of approximately 23.61% of issued share capital held by PAG and valid acceptance under the PAG Offers which resulted PAG and its Concert Parties holding an aggregate of approximately 53.87% of the issued share capital and voting rights of the Company. PAG is the largest shareholder of the Company.

Consequently, the directors have concluded that the Company and the Group have the ability to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

2 主要會計政策(續)

(b) 財務報表的編製基準(續)

太盟要約中已聲明，要約人的意圖是根據要約收購本公司的多數股權。要約人擬維持本公司現有的主要活動。要約完成之後，要約人將協助本公司覆核現有的資金計劃是否到位，優化其資本結構以確保本公司在業務活動範圍內有足夠的流動性，並協助本公司改善經營以為股東創造價值。

根據2017年4月6日之公告，太盟要約於各方面已成為無條件，考慮到太盟已持有本公司約23.61%已發行股份，太盟要約下之股份有效接納致使太盟與其一致行動人合共持有本公司約53.87%已發行股份及投票權，太盟為本公司第一大股東。

因而，董事認定本公司及本集團有能力持續經營。相應地，本財務報表以本集團將能夠持續經營之基礎而編製。

截至2016年12月31日止年度的合併財務報表包含本公司及其附屬公司以及本集團於聯營公司及合營公司的權益。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

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 that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as available-for-sale or as trading securities (see Note 2(f)); and
- derivative financial instruments (see Note 2(g)).

The preparation of financial statements in conformity with IFRSs 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 IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 主要會計政策(續)

(b) 財務報表的編製基準(續)

財務報表以歷史成本作為編製基準，除如下在會計政策中解釋的資產和負債以公允價值列賬列示如下：

- 被分類為可供出售的金融工具或交易性證券(見附註2(f))；及
- 衍生金融工具(見附註2(g))。

編製符合國際財務報告準則的財務報表時，管理層須作出的判斷、估計和假設，會影響政策的應用以及資產、負債、收入及費用的呈報數額。管理層的估計和相關假設乃根據歷史經驗和在此等情況下各種被判斷為合理的其他因素，在沒有其他直接來源下，作為判斷資產和負債的賬面價值的基礎。實際結果可能會與這些估計不同。

這些估計及相關假設會持續予以審閱。如會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂只會在該期間內確認；如會計估計的修訂對現時及未來期間均產生影響，則會在該修訂期間和未來期間內確認。

在應用國際財務報告準則時，管理層對合併財務報表有重大影響的判斷，及對不確定性進行估計的主要方法已於附註3論述。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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, transactions and cash flows 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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2 主要會計政策(續)

(c) 會計政策變更

國際會計準則理事會頒佈了多項《國際財務報告準則》之修訂，並於本集團的當前會計期間開始生效。上述變更對本集團本期間及所列示之以前期間之業績及財務狀況不存在重大影響。

本集團並未採用任何於當前會計期間未生效的新訂會計準則或詮釋。

(d) 附屬公司和非控股股東權益

附屬公司是指由本集團控制的實體。當本集團對一個實體經營所得的可變動回報承擔風險或享有權利，並有通過對其的權力影響回報額之能力，即存在控制。在評估本集團是否享有控制權時，僅會考慮本集團及其他投資方享有的實質性權利。

於附屬公司的投資由控制開始日起至控制結束日止合併計入合併財務報表中。集團內部的結餘、交易和現金流，以及集團內部交易所產生的任何未實現利潤，會在編製合併財務報表時全數抵銷。集團內部交易所產生的未實現虧損的抵銷方法與未實現利潤相同，但僅以沒有證據顯示已出現減值為限。

非控股股東權益是指並非由本公司直接或間接擁有的附屬公司的權益，本集團未與這些權益持有人訂立任何可導致本集團整體就這些權益而承擔符合金融負債定義的合約責任的額外條款。對於每項企業合併，本集團可以選擇公允價值或佔附屬公司可辨認淨資產的比例來計量任何非控股股東權益。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)), unless the investment is classified as held for sale.

2 主要會計政策(續)

(d) 附屬公司和非控股股東權益 (續)

非控股股東權益列於合併財務狀況表的權益內，與本公司權益持有人應佔權益分開呈列。非控股股東應佔本集團的業績，按照本年利潤或虧損總額及綜合收益總額在非控股股東及本公司權益持有人之間分配，於合併利潤及其他綜合收益表內呈列。非控股股東權益持有人的貸款及對這些持有人的其他合約責任已依照該負債的性質根據附註2(p)或(q)在合併財務狀況表呈列為金融負債。

不改變本集團對附屬公司控制權的權益變動，按權益交易確認，據此在合併權益中進行控股與非控股股東權益的金額調整，以反映相關權益的變動，但不會對商譽進行調整，同時也不會確認損益。

當本集團喪失了對附屬公司的控制權，於該附屬公司的全部權益會被視為處置，其導致的收益或虧損於損益確認。任何保留在前附屬公司的權益於喪失控制權日以公允價值確認，該金額為金融資產初始確認的公允價值(參見附註2(f))或如適用，確認為於聯營公司或合營公司的投資初始確認的成本(參見附註2(e))。

在本公司財務狀況表中，除分類至持有至出售的投資外，於附屬公司的投資以成本減減值虧損(參見附註2(k))呈列。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

2 主要會計政策(續)

(e) 聯營公司與合營公司

聯營公司是指本集團或本公司可以對其管理發揮重大影響力(不是控制或聯合控制)的實體，其中包括參與其財務及經營決策。

合營公司是指本集團或本公司與其他投資方根據合約對其實施共同控制的安排，並共同享有合營安排淨資產。

除分類至持有待售的投資外，於聯營公司或合營公司的投資是按權益法記入合併財務報表。該投資在權益法下先以成本入帳，然後就本集團應佔該被投資方可辨認淨資產的公允價值超過投資成本(如有)作出調整。然後，投資就本集團佔該被投資方淨資產在收購後的變動和任何與投資相關的減值虧損(參見附註2(k))作出調整。如於收購日超過成本，年內本集團所佔被投資方於收購後的稅後業績及任何減值虧損確認於合併利潤表，而本集團的佔被投資方於收購後的其他稅後綜合收益的項目則確認於合併利潤及其他綜合收益表的其他綜合收益。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, 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 investee. For this purpose, the Group's interest 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 associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

2 主要會計政策(續)

(e) 聯營公司與合營公司(續)

當本集團對聯營公司或合營公司虧損的承擔額超出本集團於該聯營公司或合營公司的權益時，本集團的權益將會減至零，並且不再確認其後虧損；但如本集團須向該聯營公司或合營公司承擔法定或推定義務，或代該被投資方付款則除外。因此，本集團的權益是按權益法投資的賬面金額及本集團長期權益，等同本集團實質上於聯營公司或合營公司的淨投資。

本集團與聯營公司及合營公司之間交易所產生的未實現損益，均按本集團於被投資方所佔的權益為限抵銷；但假如未實現虧損顯示已轉讓資產出現減值，則這些未實現虧損會即時確認於損益。

如於聯營公司的投資成為於合營公司的投資(反之亦然)，保留權益不會被重估，而是繼續按權益法確認。

除此之外，當本集團不再對聯營公司有重大影響力或者不再對合營公司有共同控制，於該被投資方的全部權益會被視為處置，其導致的收益或虧損於損益確認。任何保留在原被投資方的權益於喪失重大影響力或共同控制之日以公允價值確認，該金額為金融資產初始確認的公允價值(參見附註2(f))。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as these are recognised in accordance with the policies set out in Note 2(v) (iv).

Held-to-maturity securities are stated at amortised cost less impairment losses (see Note 2(k)).

Investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see Note 2(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in Note 2(v) (iv).

2 主要會計政策(續)

(f) 其他股本證券投資

本集團有關股本證券投資(於附屬公司、聯營公司和合營公司的投資除外)的政策如下:

股本證券投資的價值是以初始公允價值列示, 其一般是指成交價, 除非該等投資的初始公允價值與成交價不同, 並且公允價值可以可靠計量(相同資產或負債存在活躍市場報價, 或只通過可觀察市場數據的評估技術), 否則按交易價格入帳。除以下說明外, 該成本包括所有可歸屬的交易成本。該等投資在期後是根據下述分類計算:

為買賣所持有的證券投資歸類為流動資產列示。所有可歸屬的交易成本將於發生時於損益中確認。於每個報告期末, 其公允價值會被重估, 所產生的任何損益均於損益中確認。由於該等投資賺取的股息是根據附註2(v)(iv)的政策確認, 故於損益中確認的淨收益或虧損並不包括任何股息。

持有至到期證券按攤銷成本減減值虧損列示(參見附註2(k))。

在活躍市場中並無市場報價及其公允價值無法可靠計量時, 股本證券投資於財務狀況表中按成本減減值虧損確認(參見附註2(k))。該等投資的股息收入根據附註2(v)(iv)列示的政策在損益中確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in equity securities (continued)

When the investments are derecognised or impaired (see Note 2(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost. Cost comprises 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(x)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificates by the relevant PRC authorities.

2 主要會計政策(續)

(f) 其他股本證券投資 (續)

當該等投資終止確認或已減值(參見附註2(k))，累計損益將由權益重分類至損益。投資會於本集團承諾購買/出售該等投資或到期當日確認/終止確認。

(g) 衍生金融工具

衍生金融工具以公允價值初始確認。公允價值會於每個報告期末重計。由於重計導致的公允價值變化而產生的盈虧會即時確認於損益。

(h) 物業、廠房及設備

物業、廠房及設備，以成本減累計折舊和減值虧損(參見附註2(k))後呈列。

在建工程是指興建中的物業、廠房和設備，以及有待安裝的設備，以成本初始確認。成本包括材料成本、直接人工、拆除、搬遷項目及復原項目場地的初步估計成本以及按適當比例分攤的生產經常費用和借款成本(參見附註2(x))。縱使中國有關當局所簽發的相關證明書有任何延誤，當資產實質上可作既定用途時，在建工程仍轉撥至物業、廠房及設備。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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 profit or loss 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	15 - 35 years
Plant and machinery	5 - 20 years
Motor vehicles and other equipment	5 - 10 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.

2 主要會計政策(續)

(h) 物業、廠房及設備(續)

報廢或出售物業、廠房及設備項目所產生的損益以項目出售所得款項淨額與賬面價值之間的差額釐定，並於報廢或出售日即時於損益確認。

折舊是根據物業、廠房及設備項目的估計可使用年限，在扣除估計剩餘價值(如有)後，以直線法沖銷其成本。物業、廠房及設備項目的估計可使用年限呈列如下：

房屋	15 - 35年
廠房及機器	5 - 20年
汽車及其他設備	5 - 10年

如果物業、廠房及設備項目各部分有不同的可使用年限，該項目的成本會按合理的基準分配至各個部分，且每個部分分開計提折舊。資產的可使用年限及其剩餘價值(如有)均每年進行審閱。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets

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(x)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(k)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Know-how	10 - 20 years
Software	5 - 10 years

Both the period and method of amortisation are reviewed annually.

2 主要會計政策(續)

(i) 無形資產

研究活動產生的成本在產生時確認為當期費用。開發活動產生的成本僅於證明有關產品或程序在技術上及商業上是可行的及本集團有足夠資源及意願完成開發的情況下才會被資本化。資本化的成本包括原材料成本，直接人工成本及適當比例的間接成本及借貸成本(如適用)(見附註2(x))。資本化的開發成本以成本減累計攤銷及減值虧損列賬(見附註2(k))。其他開發成本在產生時確認為當期費用。

由本集團購買的無形資產以成本減累計攤銷(倘估計可使用年限有限)和減值虧損(參見附註2(k))列賬。

可使用年限有限的無形資產攤銷是於估計可使用年限內以直線法在損益中確認。下列可使用年限有限的無形資產於資產可使用日期起開始攤銷，其估計可使用年限呈列如下：

技術	10 - 20年
軟件	5 - 10年

攤銷年限及方法均每年進行審閱。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(i) Classification of assets leased to the Group

Assets that are held by the 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, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 主要會計政策(續)

(j) 租賃資產

如本集團釐定，一項安排賦予於一段協議期間內使用一項或多項指定資產的權利，並以付款或系列付款作為交換，該項安排(包括交易或系列交易)為或包含一項租賃。本集團經評估該項安排的實際內容後，作出上述決定，並不會考慮該項安排是否屬租賃的法定形式。

(i) 本集團租賃資產的分類

本集團以租賃持有，且將所有權的絕大部分風險及報酬轉移至本集團的資產歸類為以融資租賃方式持有。未將所有權的絕大部分風險及報酬轉移至本集團的租賃歸類為經營租賃，但是以經營租賃方式持作自用的土地除外；無法在租賃開始時將其公允價值與建於其上房屋的公允價值分開計量的土地是以融資租賃方式入帳，除非該房屋也清楚地以經營租賃方式持有。就此而言，租賃開始時間指本集團首次訂立租約或自前承租人接收之時。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leased assets (continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss 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 profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2 主要會計政策(續)

(j) 租賃資產(續)

(ii) 以融資租賃所收購的資產

如本集團以融資租賃收購資產的使用權，會按照租賃資產公允價值或該資產最低租賃付款的現值(如為較低者)確認為物業、廠房及設備，而扣除融資費用後的相應負債則列為融資租賃負債。折舊是在相關的租賃期或資產的可用期限(如本集團可能取得資產的所有權)內按沖銷資產成本的比率計提；有關的資產可用期限載列於附註2(h)。減值虧損按照附註2(k)所載的會計政策入帳。租賃付款內含的融資費用於租賃期內於損益中扣除，使每個會計期間所佔負債餘額的比率大致相同。或有租金在其發生的會計期間內於損益中扣除。

(iii) 經營租賃費用

當本集團擁有以經營租賃方式持有的資產的使用權，由於租賃而支付的款項會於租賃期所涵蓋的會計期間內等額於損益中扣除；除非有其他基準能更清楚地反映租賃資產所產生的收益模式時則除外。獲取之租賃優惠作為租賃淨付款總額的組成部分在損益中確認。或有租金在其發生的會計期間內於損益中扣除。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leased assets (continued)

(iii) Operating lease charges (continued)

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property or is held for development for sale.

(iv) Receivables under finance lease

Where the Group leased out assets under finance lease, the initial direct costs incurred on such assets are recorded as receivables under finance lease. Finance income implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the receivables for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(v) Lease prepayments

Lease prepayments represent the purchase costs of land use rights to the PRC governmental authorities or third parties. Lease prepayments are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the land use rights.

2 主要會計政策(續)

(j) 租賃資產 (續)

(iii) 經營租賃費用(續)

以經營租賃方式持有的土地使用權，其成本於租賃期間內按直線法攤銷，除非該資產被分類為投資性房地產或其是為開發、銷售而持有。

(iv) 應收融資租賃款

當本集團以融資租賃方式出租資產，該等資產的初始直接成本作為應收融資租賃款記錄。租賃付款內含的融資收入於租賃期內於損益中扣除，使每個會計期間的應收款項餘額的比率大致相同。或有租金在其發生的會計期間內於損益中扣除。

(v) 租賃預付款項

租賃預付款項是指付予中國政府機關或第三方之土地使用權的成本。土地使用權按成本減累計攤銷和減值虧損(參見附註2(k))後呈列。攤銷於各土地使用權期限內以直線法於損益中扣除。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

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

Investments in equity securities 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 the end of each reporting period 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)

(k) 資產減值

(i) 股本證券投資及其他應收款項的減值虧損

以成本或攤銷成本呈列、或被分類為可供出售證券的股本證券投資及其他流動與非流動應收款項，會於每個報告期末進行審閱，以確定是否有減值的客觀跡象。減值的客觀跡象包括本集團從可觀察數據中注意到以下一項或多項虧損事項：

- 債務人出現重大財政困難；
- 違反合約，例如拖欠或逾期償還利息或本金；
- 債務人很可能將會破產或進行其他財務重組；
- 科技、市場、經濟或法律環境的重大改變為債務人帶來不利影響；及
- 股權證券投資的公允價值出現重大或持續下降至低於成本。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

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

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see Note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 2(k) (ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 2(k) (ii).

- 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 carried at cost are not reversed.

2 主要會計政策(續)

(k) 資產減值 (續)

(i) 股本證券投資及其他應收款項的減值虧損(續)

如任何該等跡象存在，任何確定的減值虧損會被確認如下：

- 在合併財務狀況表中以權益法確認的於聯營公司、合營公司的投資(參見附註2(e))，根據附註2(k) (ii)，減值虧損是以整體投資的可收回金額比較其賬面價值計算的。根據附註2(k) (ii)，假若用作釐定可收回金額的估計出現正面的變化，減值虧損會被轉回。

- 以成本列示的非上市股本證券，其減值虧損是以金融資產的賬面價值及估計的未來現金流(如貼現的影響重大，以類似的金融資產的現行市場回報率貼現)的差額計算。以成本列示的股本證券的減值虧損不會被轉回。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

- For trade and other 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 these financial assets 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.

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 profit or loss. 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.

2 主要會計政策(續)

(k) 資產減值 (續)

(i) 股本證券投資及其他應收款項的減值虧損(續)

- 以攤銷成本列示的應收賬款、其他應收款項及其他金融資產，減值虧損是以資產的賬面價值及估計未來現金流的現值(若貼現的影響重大，以金融資產的原有利率貼現，即初始確認該資產計算的有效利率)的差額計算。金融資產具有類似的風險特質，如類似的以往到期狀況，及未有被個別評估為減值的，是以整體進行減值評估。整體進行減值評估的金融資產的未來現金流乃根據與本集團擁有類似信貸風險特質的資產的歷史虧損經驗作參考。

假若減值虧損在以後期間減少，而該減少客觀上與減值虧損確認後發生的事項相聯繫，則減值虧損將通過損益轉回。轉回減值虧損不得導致資產的賬面價值超出其在以往年度在沒有確認減值虧損的情況下確定的金額。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

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 profit or loss.

2 主要會計政策 (續)

(k) 資產減值 (續)

(i) 股本證券投資及其他應收款項的減值虧損 (續)

減值虧損一般直接於相關資產科目沖銷，除有關回收的可能性有疑問但不是極低的應收賬款及應收票據的減值虧損，在此情況下，呆帳的減值虧損在準備賬計提。當本集團認為收回款項的可能性極低，不能收回的部分則會直接於應收賬款及應收票據沖銷，並轉回於呆帳準備科目中已計提的有關該賬款的準備。其後收回過往已計入準備賬的金額，會於準備賬中轉回。準備賬中的其他變動和其後收回過往已直接沖銷的金額會於損益中確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- lease prepayments;
- intangible assets;
- other non-current assets (excluding receivables); and
- investments in subsidiaries, associates and joint ventures.

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

2 主要會計政策(續)

(k) 資產減值(續)

(ii) 其他資產的減值

於每個報告期末，內部和外部信息將被審閱以確定下列資產是否出現減值跡象，或以往確認的減值虧損是否不再存在或可能已經減少：

- 物業、廠房及設備；
- 在建工程；
- 租賃預付款項；
- 無形資產；
- 其他非流動資產(不包括應收款項)；及
- 於附屬公司、聯營公司及合營公司的投資。

如果出現任何減值跡象，對該資產的可收回金額便會作出估計。此外，針對還未達到可使用狀態的無形資產，每年均會評估其可收回金額以確定是否存在減值跡象。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 fair value less costs of disposal 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. 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).

2 主要會計政策(續)

(k) 資產減值(續)

(ii) 其他資產的減值(續)

— 計算可收回金額

資產的可收回金額是其公允價值減處置成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流會按可以反映當時市場對貨幣時間價值及資產特定風險的評估的稅前貼現率貼現至其現值。如果資產所產生的現金流入基本上並非獨立於其他資產所產生的現金流量，則以能獨立產生現金流量的最小資產組別(即現金產生單位)來確定可收回金額。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if 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 to reduce the carrying amount of the assets in the cash-generating 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 of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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 profit or loss in the year in which the reversals are recognised.

2 主要會計政策(續)

(k) 資產減值(續)

(ii) 其他資產的減值(續)

— 確認減值虧損

如果資產或其所屬現金產生單位的賬面價值高於其可收回金額，便會於損益中確認減值虧損。有關現金產生單位的已確認的減值虧損會予以分配，以按比例減少該現金產生單位(或單位組別)中資產的賬面價值，但一項資產的賬面價值不會減至低於其個別公允價值減處置成本(如能計量)或其使用價值(如能確定)。

— 轉回減值虧損

如果用作確定資產可收回金額的估計出現有利變化，則轉回減值虧損。

所轉回的減值虧損僅限於在以往年度沒有確認減值虧損時應確定的資產賬面價值。所轉回的減值虧損在確認轉回的期間計入損益。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(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 IAS 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(k) (i) and (ii)).

Impairment losses recognised in an interim period in respect of 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.

(l) 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.

2 主要會計政策(續)

(k) 資產減值 (續)

(iii) 中期財務報表及減值

根據香港聯合交易所有限公司證券上市規則，本集團需遵照國際會計準則第34號《中期財務報告》編製有關財政年度首六個月的中期財務報告。於中期期末採用等同年底之減值測試、確認及轉回標準(參見附註2(k)(i)及(ii))。

已在中期確認的以成本列示的非上市股本證券的減值虧損，不會在期後沖回。即使與中期期間相關的減值虧損，如只于財政年度年結時確認則不會出現虧損或虧損有所減少，亦不會將有關減值虧損沖回。

(l) 存貨

存貨以成本和可變現淨值兩者中的較低者呈列。

存貨成本按加權平均成本法計算，包含所有採購成本、轉換成本和將存貨運送至現址和變成現狀所產生的其他成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需的估計成本後所得數額。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories (continued)

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.

(m) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 2(v) (ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the “Gross amount due from customers for contract work” (as an asset) or the “Gross amount due to customers for contract work” (as a liability), as applicable. Progress billings not yet paid by the customer are included under “Trade debtors and bills receivable”. Amounts received before the related work is performed are presented as “Advances received” under “Trade and other payables”.

2 主要會計政策 (續)

(l) 存貨 (續)

所出售存貨的賬面價值在確認相關收益的期間內確認為支出。存貨金額沖減至可變現淨值，而所有存貨虧損在沖減或虧損產生期間確認為支出。存貨的任何沖減值轉回在轉回期間沖減確認為支出的存貨金額。

(m) 工程合約

工程合約是與客戶特別協商簽訂的為建造一個資產或一組資產的合同，並且客戶具備設計主要結構要素的能力。關於上述合同收入的會計政策載於附註2(v)(ii)。當工程合約的支出可以被可靠預測時，合同成本參照於報告期結算日合同完成進度確認為開支。當合同總成本超過合同總收入時，預期損失將被立即確認為開支。當工程合約的支出不可以被可靠預測時，合同成本於產生期間被確認為開支。

於報告期結算日之在建工程合約以已產生成本加已確認利潤，再減已確認虧損及進度款之淨額在財務狀況表中以「應收客戶合約工程款」（作為資產）或者「應付客戶合約工程款」（作為負債）列示（如適用），客戶尚未支付之進度款計入「貿易及其他應收款項」。進行相關工程前已收取之款項呈列為「貿易及其他應付款項」中的「預收賬款」。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 2(k)), 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.

(o) Convertible notes

(i) Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

2 主要會計政策(續)

(n) 應收賬款及其他應收款項

應收賬款及其他應收款項按公允價值初始確認，其後以有效利息方法確認的攤余成本減呆帳減值準備(參見附註2(k))呈列；但如應收款項為提供給關聯方的免息且無固定還款期的貸款或貼現的影響並不重大則除外。在此情況下，應收款項按成本減呆帳減值準備呈列。

(o) 可轉股債券

(i) 包含權益成份的可轉股債券

當可轉股債券的持有人可以選擇將該債券轉換成股本，而轉換的股票數量和轉換對價隨後不會變動，則可轉股債券按照包含負債成份和權益成份的混合金融工具進行會計處理。

可轉股債券的負債成本於初始確認時以未來支付的利息和本金的現值計量，折現的利率參考於初始確認時沒有轉換選擇權的類似債務的市場利率。所得款項超過初始確認為負債成份的金額會被確認為權益部分。發行可轉股債券的相關交易費用按照負債成份和權益成份佔所得款項的比例分配。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Convertible notes (continued)

(i) Convertible notes that contain an equity component (continued)

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(ii) Other convertible notes

Convertible notes which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments (see Note 2(g)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

2 主要會計政策(續)

(o) 可轉股債券(續)

(i) 包含權益成份的可轉股債券(續)

債務成份其後按攤余成本呈列。債務成份產生的利息費用採用有效利息方法計算，並計入當期損益。在債券被轉股或贖買之前，權益成份於資本公積中確認。

若債券被轉股，則轉股時的資本公積和債務成份的賬面金額將作為股份發行對價撥至股本和股份溢價。若債券被贖買，則資本公積將被直接轉至保留盈利。

(ii) 其他可轉股債券

不包含權益成份的可轉股債券根據下述計算：

可轉股債券衍生工具部分於初始確認時以公允價值計量，並作為衍生金融工具的一部分呈列(參見附註2(g))。所得款項超過衍生工具部分初始確認金額的差額確認為負債部分。發行可轉股債券發生的相關交易費用，按照負債部分和衍生工具部分佔所得款項的比例分配。分配至負債部分的交易費用初始確認為負債的一部分，分配至衍生工具部分的部分交易費用於損益確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Convertible notes (continued)

(ii) Other convertible notes (continued)

The derivative component is subsequently remeasured in accordance with Note 2(g). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

2 主要會計政策(續)

(o) 可轉股債券(續)

(ii) 其他可轉股債券(續)

衍生工具部分其後會根據附註2(g)被重新計量。負債部分其後按攤銷成本呈列。負債部分於損益確認之利息支出按有效利息方法計算。

如債券獲轉換，衍生工具部分及負債部分的賬面價值作為發行股票的對價轉入股本及股份溢價。如債券被贖買，實際支付金額與衍生工具部分及負債部分合併賬面價值的差額於損益確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) **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 profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) **Trade and other payables**

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(u) (i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) **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.

2 主要會計政策(續)

(p) **計息借款**

計息借款按公允價值減去應佔交易成本初始確認。初始確認後，計息借款以攤余成本呈列，而初始確認的金額與贖回價值之間的任何差額，連同任何應付利息和費用，按有效利息方法在借款期間於損益確認。

(q) **應付賬款及其他應付款項**

應付賬款及其他應付款項按公允價值初始確認。除財務擔保負債依據附註2(u)(i)計量外，應付賬款及其他應付款項其後以攤余成本呈列，除非貼現的影響並不重大，則以成本呈列。

(r) **現金及現金等價物**

現金及現金等價物包括銀行存款及現金、存放於銀行和其他金融機構的活期存款，以及可以隨時轉換為已知現金額且其價值變動風險不大，並在購入後三個月內到期的短期和高流動性投資。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

Obligations for contributions to PRC local government defined contribution retirement plans pursuant to the relevant labour rules and regulations in the PRC and Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance, which is a defined contribution retirement plan administered by independent trustees, are recognised as an expense in profit or loss when incurred.

2 主要會計政策(續)

(s) 僱員福利

(i) 短期僱員福利及向定額供款退休計劃的供款

薪金、年終花紅、帶薪年假、向定額供款退休計劃的供款及非貨幣性福利的成本於僱員提供相關服務的期間預提。若有關費用延遲支付或結算且影響重大的，則該金額以現值呈列。

依照中國相關勞動規則與規定向由中國地方政府管理的定額供款退休計劃支付供款，亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄的司法權區的受聘僱員設立一項強制性公積金計劃支付供款，由獨立受託人管理該供款退休計劃。在發生時於損益中確認為費用。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(ii) Share-based payments

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

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the capital 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 capital reserve until either the share is exercised (when it is transferred to the share premium account) or the share expires (when it is released directly to retained profits).

2 主要會計政策(續)

(s) 僱員福利(續)

(ii) 股權支付

授予僱員之股權之公允價值會確認為僱員成本，並相應在權益內增加資本公積。公允價值於授予日期使用二項式期權定價模式計量，並計及授予股權的條款及條件。如僱員須履行歸屬條件才無條件享有股權，則股權的估計公允價值總額會在歸屬期間攤分，並計及股權歸屬持有人之可能性。

於歸屬期間，本公司會評估預期歸屬的股權數目。對以前年度已確認的任何累計公允價值調整，會在評估年度從損益扣除／計入(除非原有僱員開支合資格確認為資產)，並相應調整資本公積。於歸屬日期，確認為開支之金額會作出調整，以反映所歸屬之股權之實際數目(而資本公積亦會作出相應調整)，惟只因未能達到與本公司股份市價有關之歸屬條件而導致被沒收則除外。權益金額乃於資本公積確認，直至股權獲行使(此時有關金額轉發至股份溢價賬)或股權屆滿(此時有關金額直接撥至保留盈利)為止。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(ii) Share-based payments (continued)

Where the share-based payments are arranged through trust and the Company transfers cash to the trust to enable the trustee to buy shares of the Company on the market, the shares purchased are treated as treasury shares of the Company and the purchase of shares in the market by the trust has no effect on the financial statements of the Company.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(t) 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 profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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.

2 主要會計政策(續)

(s) 僱員福利(續)

(ii) 股權支付(續)

若股權支付通過信託方式安排，並且本公司將資金借予信託以使其在市場購買本公司股票，所購買股票將作為本公司庫存股處理，該等購買對本公司財務報表不產生影響。

(iii) 離職福利

離職福利在本集團不能單方面撤回福利提議及確認支付離職福利的重組成本孰早時確認。

(t) 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的變動。即期稅項及遞延稅項資產和負債的變動均於損益確認，但與其他綜合收益或者直接在權益中確認的項目相關的，則相關的稅項金額分別確認為其他綜合收益或者直接確認為權益。

即期稅項是按本年度應課稅收入根據已執行或在報告期末實質上已執行的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。

遞延稅項資產和負債分別由可抵扣和應課稅暫時性差異產生。暫時性差異是指資產和負債就財務報告目的的賬面價值與其稅基的差異。遞延稅項資產也可以由未使用稅務虧損和未使用稅款抵扣產生。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from 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.

2 主要會計政策(續)

(t) 所得稅(續)

除了某些有限例外，所有遞延稅項負債和所有遞延稅項資產(只限於很可能獲得未來應課稅利潤以使資產得以使用的情况)均會被確認。可賴以支持確認可扣減暫時性差異所產生的遞延稅項資產的未來應課稅利潤，包括因轉回現有的應課稅暫時性差異而產生的金額；但這些轉回的差額需涉及同一稅務機關和同一課稅實體，並預期在可抵扣暫時性差異預計轉回的同一年間或於遞延稅項資產所產生的稅務虧損可承前或可結轉的期間內轉回。在確定現有的應課稅暫時性差異是否足以支持確認由未使用稅務虧損和抵扣所產生的遞延稅項資產時，會採用同一準則，即若有關差異涉及同一稅務機關和同一課稅實體，並預期在使用稅務虧損或抵扣的期間內轉回，則計及有關差額。

確認遞延稅項資產和負債的有限例外指那些由於資產或者負債的初始確認而產生的既不影響會計利潤也不影響應課稅利潤(倘若它們不是企業合併的一部分)的暫時性差異；以及與對附屬公司的投資相聯繫的暫時性差異，對於應課稅暫時性差異，本集團控制該暫時性差異轉回的時間安排，並且該暫時性差異在可預見的未來很可能不會轉回；或者對於可抵扣差異，除非它們在未來很可能轉回。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits 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 profits will be available.

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

2 主要會計政策(續)

(t) 所得稅(續)

遞延稅項金額是按照資產和負債賬面價值的預期實現或償還方式，根據已執行或在報告期末實質上已執行的稅率計量。遞延稅項資產和負債均不貼現計算。

遞延稅項資產的賬面價值會在每個報告期末被評估，如果不再可能獲得足夠的應課稅利潤以抵扣相關的稅務利益，該遞延稅項資產的賬面價值便會相應調低。如果很可能獲得足夠的應課稅利潤，有關扣減金額便會轉回。

分派股利所產生的額外所得稅於支付相關股利的負債確認時確認。

即期稅項結餘和遞延稅項結餘及其變動額會分開呈列，且不予相互抵銷。即期和遞延稅項資產只會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，並且符合以下其他條件的情況下，才可以分別抵銷即期和遞延稅項負債：

- 就即期稅項資產和負債而言，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償還該負債；或

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

- 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.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2 主要會計政策(續)

(t) 所得稅(續)

- 就遞延稅項資產和負債而言，這些資產和負債涉及同一稅務機關就以下其中一項徵收的所得稅：
 - 同一課稅實體；或
 - 不同的課稅實體，但這些實體計劃在日後每個預計有大額遞延稅項負債需要償還或大額遞延稅項資產可以收回的期間內，按淨額基準實現即期稅項資產和償還即期稅項負債，或同時變現該資產和償還該負債。

(u) 所作出的財務擔保、準備及或有負債

(i) 所作出的財務擔保

財務擔保是指那些規定發行人(即擔保人)根據債務工具的條款支付指定款項，以補償擔保受益人(「持有人」)因某一特定債務人不能償付到期債務而產生的虧損的合約。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial guarantees issued, provisions and contingent liabilities (continued)

(i) Financial guarantees issued (continued)

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2(u) (ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 主要會計政策(續)

(u) 所作出的財務擔保、準備及或有負債(續)

(i) 所作出的財務擔保(續)

如果本集團作出財務擔保，該擔保的公允價值在應付賬款及其他應付款項內初始確認為遞延收入。財務擔保於擔保日的公允價值，在有關信息能夠獲得時，是參考公平交易中同類服務收取的費用確定的；或者在能夠可靠估計的情況下通過參考有擔保貸款和無擔保貸款的利率差異而進行評估。如就作出財務擔保已收或應收的代價，會根據本集團有關資產類別適用的政策確認。如沒有已收或應收代價，即期費用會於任何遞延收入初始確認時於損益中確認。

初始確認為遞延收入的擔保金額會在擔保期內於損益中攤銷為已作出財務擔保的收入。此外，倘若(i)擔保持有人有可能根據該項擔保向本集團進行索償；及(ii)向本集團申索的金額預期會超出現時在應付賬款及其他應付款項中就該擔保入帳的金額(即初始確認金額減累計攤銷)，準備便會根據附註2(u)(ii)予以確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other 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)

(u) 所作出的財務擔保、準備及或有負債(續)

(ii) 其他準備及或有負債

如果本集團或本公司須就已發生的事件承擔法定或推定責任，因而預期會導致經濟利益流出，在可以做出可靠估計時，須為該時間或金額不確定的負債確認準備。如果貨幣時間價值重大，則按預計償付責任所需支出的現值計入準備。

如果經濟利益流出的可能性較低，或是無法對有關金額作出可靠的估計，便會將該責任披露為或有負債，但經濟利益流出的可能性極低的情況則除外。如果本集團的責任須視乎某宗或多宗未來事件是否發生才能確定是否存在，亦會披露為或有負債，但經濟利益流出的可能性極低的情況則除外。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 profit or loss as follows:

(i) Sale of goods

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

(ii) Revenue from construction contract

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to surveys of work performed or completion of a physical proportion of the contract work for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Service income

Service income from the rendering of services is recognised when the related services are rendered.

2 主要會計政策(續)

(v) 收入確認

收入是以已收或應收代價的公允價值來計量的。如果經濟利益很可能會流入本集團，而收入及成本(如適用)又能夠可靠地計量時，收入便會根據下列基準於損益確認：

(i) 銷售貨品

收入在氣體產品被運抵客戶處或客戶提貨時，即客戶已接收該氣體產品及其所有權相關的風險和回報時予以確認。收入不含增值稅及其他營業稅，並已扣除任何商業折扣。

(ii) 建造合約收入

倘能可靠估計合約結果，固定價格合約的收入按完成百分比確認入帳，並參照已完成工程的調查情況或合約工程實地部分的完成情況計算。

倘無法可靠估計合約結果，收入僅按可能收回的已產生合約成本確認。

(iii) 服務收入

來自提供服務的服務收入於提供相關服務後確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

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

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss 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 leased asset. Lease incentives granted are recognised in profit or loss 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.

2 主要會計政策(續)

(v) 收入確認(續)

(iv) 股息

非上市投資的股息收入於股東收取款項的權利確立時確認。

(v) 利息收入

利息收入於計提時按實際利率方法予以確認。

(vi) 政府補助

政府補助於本集團能夠合理確認將會收取及將遵守附帶條件的情況下初始計入財務狀況報表。補償本集團所產生的開支的補助金，會於產生開支的同一期間內作為收入有系統地於損益確認。補償本集團資產成本的補助金在相關資產賬面值中扣除，其後於該資產的可使用年期內以減少折舊開支方式於損益確認。

(vii) 經營租賃的租金收入

經營租賃項下應收租金於租賃期間按等額分期於利潤表內確認，有更能代表使用租賃資產帶來的收入模式的其他基準除外。已授出的租賃獎勵於利潤表內確認為應收淨租金總額的一部分。或有租金於產生的會計期間確認為收入。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the applicable rates of exchange quoted by the People's Bank of China ("PBOC") prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into RMB at the applicable PBOC rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using applicable PBOC 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 applicable PBOC rates ruling at the dates the fair value was measured.

(x) Borrowing costs

Borrowing costs that are 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 are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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.

2 主要會計政策(續)

(w) 外幣換算

本年的外幣交易按交易當日中國人民銀行(「中國人民銀行」)所報的適用匯率換算為人民幣。以外幣為單位的各項貨幣性資產及負債按報告期末適用的中國人民銀行匯率換算為人民幣。匯兌收益和虧損於損益確認。

以歷史成本計量的非貨幣性外幣資產及負債依據交易日適用的中國人民銀行匯率換算為人民幣。以公允價值計量的非貨幣性外幣資產及負債按公允價值評估日適用的中國人民銀行匯率換算為人民幣。

(x) 借款成本

與收購、建設或生產直接相關且需要長時間才可以投入擬定用途或銷售的資產的借款成本會被資本化為該項資產成本的一部分。其他借款成本則在發生當期費用化。

作為構成資產成本一部分的借款成本會在為資產發生支出、產生借款成本及使資產投入擬定用途或銷售所必須的活動進行時開始資本化。當使合資格資產投入其擬定用途或銷售所必須的活動大致上中止或完成時，則會暫停或停止將借款成本資本化。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

2 主要會計政策 (續)

(y) 關聯方

(a) 符合以下條件之一的人士或其直系家庭成員將被視為本集團的關聯方：

(i) 對本集團有控制或共同控制；

(ii) 對本集團有重大影響；或

(iii) 本集團或本集團母公司主要管理人員的成員。

(b) 符合以下條件之一的企業將被視為本集團的關聯方：

(i) 企業和本集團為同一集團下的成員(即母公司和各附屬公司均為相互的關聯方)。

(ii) 企業為另外一家企業的聯營公司或合營公司(或企業為該另外一家企業的集團成員的聯營公司或合營公司)。

(iii) 兩家企業同為一個第三方的合營公司。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued):

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

2 主要會計政策(續)

(y) 關聯方(續)

(b) 符合以下條件之一的企業將被視為本集團的關聯方(續):

(iv) 企業為一家第三方企業的合營公司及另一家企業為該第三方企業的聯營公司。

(v) 企業為一僱員退休福利計劃，且該福利計劃的受益人為本集團或本集團關聯方的僱員。

(vi) 企業被在附註(a)下認定的人士控制或共同控制。

(vii) 在附註(a) (i)下認定的人士對企業有重大影響，或該人士為企業(或企業的母公司)的主要管理人員。

(viii) 為本集團提供主要管理人員服務的企業或集團的任何成員。

個人的直系家庭成員是指預期他們在與企業的交易中，可能會影響該個人或受其影響的家屬。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group is principally engaged in the production and sales of industrial gases in the PRC. Although the industrial gases are sold to on-site and merchant customers, the Group's most senior executive management regularly review their combined financial information to assess the performance and make resource allocation decisions. Accordingly, no segment information is presented.

Substantially all of the Group's external customers and non-current assets are located in the PRC.

2 主要會計政策 (續)

(z) 分部報告

經營分部和財務報表中匯報的各分部項目的金額是由定期提供給本集團的最高行政管理層以作資源分配，及對不同的經營行業和地區進行表現評價的財務資料中分辨出來的。

除非分部有相似的經濟特徵以及對於產品和服務的性質、生產過程的性質、客戶的類型或分類、分銷產品或提供服務的方法和監管環境的性質是相類似的，否則個別重大的經營分部在財務匯報中不會合併。如有不屬於個別重大的經營分部大致符合這些標準，他們可能會被合併呈列。

本集團主要於中國境內生產和銷售工業氣體。雖然工業氣體分別銷售給現場供氣客戶和零售客戶，本集團的最高行政管理層定期審閱其合併財務信息以進行表現評價和作出資源分配決策。因此，並無分部資料呈列。

本集團內絕大部分外部客戶和非流動資產位於中國。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group's financial position and financial performance are sensitive to accounting methods, assumptions and estimates that underlie the preparation of these financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set out in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these financial statements.

(a) **Critical accounting judgements in applying the Group's accounting policies**

(i) **Construction contracts**

As explained in policy Note 2(m) and 2(v) (ii), revenue recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

3 會計判斷及估計

本集團的財務狀況和財務業績容易受到與編製本財務報表有關的會計方法、假設和估計的影響。本集團依據歷史經驗和其認為合理的其他各種假設作為相關假設和估計的基礎，而這些經驗和假設均為對未能從其他來源確定的事宜作出判斷的基礎。管理層會持續評估這些估計。隨著實際情況、環境和狀況轉變，實際結果可能與這些估計有差異。

在審閱本財務報表時，須考慮的因素包括主要會計政策的選擇、影響應用這些政策的判斷和其他不確定因素，以及已呈報業績對狀況和假設變動的敏感度等。主要會計政策載列於附註2。本集團認為，下列主要會計政策為編製本財務報表時所採用的最重要判斷和估計。

(a) **本集團會計政策應用中的重要會計判斷**

(i) **工程合約**

按政策附註2(m)及2(v)(ii)所述，確認未竣工建設工程的收入取決於對預計工程合約的整體結果及迄今已竣工工程的整體結果。根據本集團近期的經驗及所開展建設活動的性質，本集團預計工程落成日期，由此可靠估計竣工所需成本及收入。因此，竣工前應收客戶合約工程款項不包括本集團迄今已竣工工程可能最終變現的利潤。此外，有關成本或收入總額的實際結果可能高於或低於各報告期的估計數額，而調整迄今所列賬金額或會影響未來數年確認的收入及利潤。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

(ii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

3 會計判斷及估計(續)

(a) 本集團會計政策應用中的重要會計判斷(續)

(ii) 折舊

物業、廠房及設備在考慮其估計剩餘價值後，於估計可使用年限內按直線法折舊。本集團定期審閱資產的估計可使用年限，以確定於任何報告期內記錄的折舊費用金額。可使用年限是本集團根據對同類資產的歷史經驗並考慮預期的技術轉變計算得出。倘與過往估計相比發生重大變化，則會對未來期間的折舊費用進行調整。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

(iii) Impairment of assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, this asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment change or reversal of impairment in future years.

3 會計判斷及估計(續)

(a) 本集團會計政策應用中的重要會計判斷(續)

(iii) 資產減值

倘情況顯示某資產的賬面價值可能無法收回時，該資產會被視為發生「減值」，而減值虧損會於損益確認。資產的賬面價值會經定期審閱，以評估可收回金額是否已跌至低於賬面價值。當有事件或情況變動顯示該等資產的記錄賬面價值可能無法收回時，會對該等資產作減值測試。在減值發生時，賬面價值會減至可收回金額。可收回金額為公允價值減銷售成本或使用價值兩者中的較高者。確定使用價值時，該資產產生的預期現金流量會貼現至其現值，而此需要對銷售收入水平及營運成本金額作出重大判斷。本集團在確定可收回金額的合理約數時會利用所有隨時可用的資料，包括根據合理有力的假設所作的估計和對銷售收入及營運成本金額的預測。該等估計的變動可能會對資產的賬面值有重大影響，並可能會導致未來年度的額外減值費用或減值撥回。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

(iv) Determining whether an arrangement contains a lease

The Group has entered into long-term gas supply contracts with on-site customers for periods up to 30 years. The production facilities are built on or in close proximity to the on-site customers for the supply of industrial gases to such customers ("on-site facilities"). The Group receives fixed annual amounts over the terms of the long-term gas supply contracts plus variable charges based on the quantity of industrial gases supplied. The Group also sells gas products produced from the on-site facilities to merchant customers.

In determining whether the arrangement contains a lease, the Group has considered the terms of the long-term gas supply contracts. Pursuant to the terms of the long-term gas supply contracts, the on-site customers do not have the right to operate or control physical access to the on-site facilities. In addition, gas products produced from the on-site facilities are also sold to merchant customers. The amounts sold to the merchant customers are more than an insignificant amount of the total gas products produced from the on-site facilities. Accordingly, the Group concluded that the arrangement of long-term gas supply contracts does not contain any lease.

(b) Sources of estimation uncertainty

Notes 28, 33(e), and 32(c) contain information about the assumptions and their risk factors relating to fair value of share options in share schemes, fair value of financial instruments and the contingent liabilities relate to possible losses that may occur in the future.

3 會計判斷及估計(續)

(a) 本集團會計政策應用中的重要會計判斷(續)

(iv) 確定一項安排是否包含租賃

本集團與現場供氣客戶簽訂長期氣體供應合約，最長期限為30年。這些生產設施位於現場供氣客戶的物業或毗鄰以供應工業氣體給現場供氣客戶(「現場供氣設施」)。本集團在該長期供氣合約期限內每年收到定額加上根據供應的工業氣體量計算的變動費用。本集團也用這些現場供氣設施向零售客戶銷售所生產的氣體產品。

在確定一項安排是否包含租賃時，本集團已考慮長期氣體供應合約的條款。根據長期氣體供應合約的條款，現場供氣客戶無權運營現場供氣設施或控制其實質接觸。此外，現場供氣設施生產的氣體產品也銷售給零售客戶。銷售給零售客戶的金額與現場供氣設施生產的所有氣體產品相比並非不重要。因此，本集團認為長期氣體供應合約這項安排不包含任何租賃。

(b) 估計的不確定因素

與股份計劃中購股期權計劃的公允價值、金融工具的公允價值和可能導致未來損失的或有負債相關的假設與風險因素的信息，包含於附註28、33(e)與32(c)中。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

4 REVENUE

The principal activities of the Group are production and sales of industrial gases in the PRC. Revenue represents the aggregate of the invoiced value of goods sold or services provided, net of value added tax.

The amount of each significant category of revenue is as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of industrial gases to on-site customers	銷售工業氣體於現場供氣客戶	7,021,211	6,886,264
Sales of industrial gases to merchant customers	銷售工業氣體於零售客戶	954,520	824,593
Revenue from other related services	其他相關服務收入	428,201	208,004
		8,403,932	7,918,861

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2016 revenues from sales to this customer amounted to RMB 863,607,000 (2015: RMB 888,957,000). All the customers of the Group are from the PRC.

Details of concentration of credit risk arising from the customers are set out in Note 33(b).

5 OTHER INCOME

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit on repurchase of senior notes (Note 24(f))	回購優先票據收益(附註24(f))	37,078	19,568
Government grant	政府補助	10,159	18,559
Others	其他	4,959	(5,252)
		52,196	32,875

4 收入

本集團的主要業務是在中國從事工業氣體生產及銷售。收入代表銷售商品或提供服務的發票總額，不含增值稅。

主要品類收入的金額列示如下：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Sales of industrial gases to on-site customers	7,021,211	6,886,264
Sales of industrial gases to merchant customers	954,520	824,593
Revenue from other related services	428,201	208,004
	8,403,932	7,918,861

本集團的客戶基礎多元化，其中交易超過本集團於年內的年度收入10%的客戶有一名。於2016年，來自向該名客戶的銷售收入為人民幣863,607,000元(2015年：人民幣888,957,000元)。本集團所有客戶均位於中國。

有關客戶的信貸集中風險詳載於附註33(b)。

5 其他收入

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit on repurchase of senior notes (Note 24(f))	回購優先票據收益(附註24(f))	37,078	19,568
Government grant	政府補助	10,159	18,559
Others	其他	4,959	(5,252)
		52,196	32,875

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

6 除稅前利潤

除稅前利潤已扣除/(計入)：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(a) Finance costs/(income)	(a) 財務成本/(收入)		
Interest income	利息收入	(9,519)	(27,415)
Finance income on receivables under finance leases	應收融資租賃款的融資收入	(1,235)	(1,346)
Total interest income	利息收入總計	(10,754)	(28,761)
Gain on remeasurement of derivative financial instruments	重計衍生金融工具的收益	(68,765)	(2,090)
Finance income	財務收入	(79,519)	(30,851)
Interest expenses on bank loans and other borrowings	銀行貸款及其他借貸利息開支	632,694	712,133
Finance charges on obligations under finance leases	融資租賃負債的融資費用	19,399	35,244
Total interest expenses	利息支出總計	652,093	747,377
Less: borrowing costs capitalised	減：資本化借款成本	(40,815)	(103,046)
Foreign currency exchange loss	匯兌損失	405,558	323,993
Finance costs	財務成本	1,016,836	968,324
		937,317	937,473
The borrowing costs have been capitalised at the following rates:	借款成本按以下利率資本化：		
Capitalised interest rate (per annum)	資本化利率(每年)	4.4% - 8.2%	2.8% - 8.1%

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

6 PROFIT BEFORE TAXATION (continued)

6 除稅前利潤(續)

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(b) Staff costs	(b) 員工成本		
Salaries, wages, bonuses and benefits	薪金、工資、花紅及福利	244,793	286,929
Contributions to defined contribution retirement schemes	對界定供款退休計劃的供款	24,519	29,744
Expenses of share schemes (Note 8 and 28)	股份計劃費用(附註8及附註28)	9,792	8,199
		279,104	324,872

Staff costs included the directors' emoluments (see Note 8).

員工成本包含董事薪酬(參見附註8)。

Pursuant to the relevant labour rules and regulations in the PRC, the Group's PRC subsidiaries participate in defined contribution retirement schemes (the "Schemes") organised by the respective local government authorities whereby the Group is required to make contributions to the Schemes at rates in the range of 12% to 20% of the eligible employees' salaries during the year.

根據中國相關勞動規則及法規，本集團的中國附屬公司參與由有關當地政府機關管理的界定供款退休福利計劃(「該計劃」)，據此，本集團須按合格僱員本年度薪金的12%到20%向該計劃作出供款。

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed 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 HKD30,000 (HKD25,000 prior to June 2014). Contributions to the plan vest immediately.

本集團亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄的司法權區的受聘僱員設立一項強制性公積金計劃(「強積金計劃」)。強積金計劃為一項由獨立受託人管理的界定供款退休計劃。根據強積金計劃，僱主及其僱員須按僱員相關收入的5%各自作出供款，惟以每月相關收入30,000港元(2014年6月前為25,000港元)為上限。向計劃作出的供款即時歸僱員所有。

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

除上述年度供款外，本集團並無其他重大退休福利付款責任。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

6 PROFIT BEFORE TAXATION (continued)

6 除稅前利潤(續)

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
(c) Other items	(c) 其他項目			
Utilities	公用費用			
– Electricity	– 電費		3,838,825	3,580,277
– Steam	– 蒸汽		696,887	649,099
Depreciation	折舊	11	882,886	753,669
Amortisation	攤銷			
– Land lease prepayments	– 租賃預付款項		9,197	8,064
– Intangible assets	– 無形資產	14	7,069	4,883
Auditors' remuneration	核數師酬金			
– Audit services	– 審核服務		7,724	6,987
– Non-audit services	– 非審核服務		213	184
Operating lease charges: minimum lease payment (land and buildings)	經營租賃費用：最低租賃款項（土地及房屋）		19,013	17,720
Net (gain) / loss on disposal of property, plant and equipment	出售物業、廠房及設備的(收益)/虧損淨額		(2,658)	10,615
Impairment losses recognised on	計提下列項目的減值虧損			
– Trade and other receivables	– 應收賬款及其他應收款項		81,684	143,577
– Non-current assets	– 非流動資產			
Property, plant and equipment	物業、廠房及設備	11	46,893	–
Construction in progress	在建工程	12	565,019	–
Interest in joint ventures	於合營公司的權益		15,034	–
Other non-current assets	其他非流動資產		–	10,000

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Provision for income tax for the year	年度所得稅撥備	486,066	419,042
Deferred tax	遞延稅項	35,028	(1,257)
		521,094	417,785

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before taxation	除稅前利潤	372,918	950,490
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned (Note (i))	稅前利潤的名義稅項，按相關課稅司法權區適用的稅率計算(附註(i))	267,041	421,516
Tax effect of non-deductible expenses	不可抵扣開支的稅務影響	192,878	18,682
Tax losses and temporary differences not recognised	未確認稅務虧損及暫時性差異	25,032	13,284
Reversal of deferred tax assets recognised in previous years	轉回以前年度確認之遞延稅項資產	36,001	8,660
Effect of tax concessions (Note (i))	稅務優惠的影響(附註(i))	(27,556)	(49,667)
Tax on distributable profits of subsidiaries in the PRC (Note (ii))	就中國附屬公司可分派利潤的稅項(附註(ii))	—	8,509
Tax effect in respect of share of results of associates and joint ventures	應佔聯營公司及合營公司業績的稅務影響	12,442	(3,199)
Others	其他	15,256	—
Actual income tax expense	實際所得稅開支	521,094	417,785

7 所得稅

(a) 計入合併損益表中的稅項指：

(b) 所得稅支出與按適用稅率計算的會計利潤對賬：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

7 INCOME TAX (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (continued)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax rate for 2016 is 16.5% (2015: 16.5%). No provision has been made for Hong Kong profits tax as the Group did not earn any income which is subjected to Hong Kong profits tax.

The provision for current PRC income tax is based on a statutory rate of 25% (2015: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain subsidiaries of the Group, which operate in the western developing region of the PRC are granted the preferential tax rate of 15%, pursuant to the relevant documents issued by the state and local tax bureau of the PRC during 2016.

- (ii) Withholding tax at 10%, unless reduced by a treaty or agreement, is imposed when dividends are distributed by a PRC-resident enterprise to its immediate holding company outside mainland China for earnings generated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

7 所得稅 (續)

(b) 所得稅支出與按適用稅率計算的會計利潤對賬：(續)

附註：

- (i) 根據開曼群島及英屬處女群島的規則及規例，本集團無需於開曼群島及英屬處女群島繳納任何所得稅。

2016年香港利得稅稅率為16.5%（2015年：16.5%）。本集團並無賺取須繳納香港利得稅的任何收入，故毋須作出香港利得稅撥備。

2016年，根據中國所得稅相關規則及規定，除本集團若干位於中國西部大開發地區的附屬公司根據國家及地方稅務機關發佈的相關條例享受15%的優惠稅率外，年度中國所得稅是按應課稅利潤的25%（2015年：25%）法定稅率計算。

- (ii) 中國居民企業分派於2008年1月1日後取得的盈利給予其中國大陸以外的直接控股公司按照10%的稅率徵收預扣稅，除非有相關條約或協議對有關稅率予以減免。於2008年1月1日之前取得但仍未分派的盈利免徵該等預扣稅。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

7 INCOME TAX (continued)

(c) Income tax payable in the consolidated statement of financial position represents:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January	於1月1日	177,336	182,610
Provision for income tax for the year	年度所得稅撥備	486,066	419,042
PRC income tax paid	已付中國所得稅	(428,400)	(424,316)
PRC income tax refund	中國所得稅退稅	2,089	—
At 31 December	於12月31日	237,091	177,336
<i>Representing:</i>	<i>指:</i>		
Income tax recoverable	可收回所得稅	(5,209)	(7,604)
Income tax payable	應付所得稅	242,300	184,940
		237,091	177,336

7 所得稅 (續)

(c) 合併財務狀況表內應付所得稅指：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

7 INCOME TAX (continued)

(d) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Property, plant and equipment	Allowance for doubtful debts	Tax loss carry forwards	Profits expected to distribute	Accrued expenses not yet paid	Total
		物業、 廠房及設備	呆帳準備	結轉的 稅務虧損	預期 分派利潤	尚未支付 預提費用	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Deferred tax arising from:	遞延稅項來自：						
At 1 January 2015	於 2015 年 1 月 1 日	20,819	12,366	45,331	(61,137)	52,939	70,318
Credited/(charged) to profit or loss	於損益 扣除/(計入)	19,003	4,401	(2,261)	(8,508)	(11,378)	1,257
At 31 December 2015	於 2015 年 12 月 31 日	39,822	16,767	43,070	(69,645)	41,561	71,575
At 1 January 2016	於 2016 年 1 月 1 日	39,822	16,767	43,070	(69,645)	41,561	71,575
(Charged)/credited to profit or loss	於損益 (計入)/扣除	(29,307)	(4,634)	(24,705)	54,156	(30,538)	(35,028)
At 31 December 2016	於 2016 年 12 月 31 日	10,515	12,133	18,365	(15,489)	11,023	36,547

Note:

Deferred tax liabilities on undistributed profits represent temporary differences relating to the distributable profits accumulated since 1 January 2008 of the Group's subsidiaries in the PRC that are expected to be distributed in the foreseeable future.

附註：

未分派利潤的遞延稅項負債是指本集團各中國附屬公司在可預見的未來預期分派的自2008年1月1日起累計的可分派利潤相關的暫時性差異。

7 所得稅 (續)

(d) 已確認遞延稅項資產及負債

(i) 遞延稅項資產和負債各組成部分的變動

於合併財務狀況表內確認的遞延稅項資產/(負債)的組成部分及於年內的變動如下：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

7 INCOME TAX (continued)

(d) Deferred tax assets and liabilities recognised (continued)

(ii) Reconciliation to the consolidated statement of financial position

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net deferred tax asset recognised in the consolidated statement of financial position	於合併財務狀況表中確認的遞延稅項資產淨額	138,509	165,006
Net deferred tax liability recognised in the consolidated statement of financial position	於合併財務狀況表中確認的遞延稅項負債淨額	(101,962)	(93,431)
		36,547	71,575

(e) Deferred tax assets not recognised on tax losses

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB 176,991,000 (2015: RMB 153,768,000) 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. Tax losses of RMB 16,001,000, RMB 42,072,000, RMB 30,272,000, RMB 37,077,000 and RMB 51,569,000, if unused, will expire in 2017, 2018, 2019, 2020 and 2021, respectively.

(f) Deferred tax liabilities not recognised

At 31 December 2016, temporary differences relating to the distributable profits accumulated since 1 January 2008 of the Group's subsidiaries in the PRC, that are not expected to be distributed in the foreseeable future, amounted to RMB 6,124,587,000 (2015: RMB 6,146,491,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

7 所得稅 (續)

(d) 已確認遞延稅項資產及負債 (續)

(ii) 合併財務狀況表對賬

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net deferred tax asset recognised in the consolidated statement of financial position	於合併財務狀況表中確認的遞延稅項資產淨額	138,509	165,006
Net deferred tax liability recognised in the consolidated statement of financial position	於合併財務狀況表中確認的遞延稅項負債淨額	(101,962)	(93,431)
		36,547	71,575

(e) 未確認遞延稅項資產的稅務虧損

根據附註2(t)列載的會計政策，本集團並無確認有關未動用稅項虧損人民幣176,991,000元(2015年：人民幣153,768,000元)的遞延稅項資產，此乃由於在有關稅務司法權區及實體不可能有任何可動用該等虧損的未來應課稅溢利。稅項虧損人民幣16,001,000元、人民幣42,072,000元、人民幣30,272,000元、人民幣37,077,000元及人民幣51,569,000元(倘未動用)將分別於2017年、2018年、2019年、2020年及2021年到期。

(f) 未確認遞延稅項負債

於2016年12月31日，本集團各中國附屬公司在可預見的未來預期不予分派的自2008年1月1日起累計的可分派利潤相關的暫時性差異為人民幣6,124,587,000元(2015年：人民幣6,146,491,000元)。與分派該等保留盈利應付的稅項相關的未確認遞延稅項負債是由於本公司控制此等附屬公司的股息政策，且預計在可預見的未來不會分派該等利潤。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

8 董事薪酬

根據香港《公司條例》第383(1)條與《公司(董事利益信息披露)法規》第二部分披露的董事薪酬詳情呈列如下：

		2016					
		Salaries, allowances and fees	Discretionary bonuses	Retirement scheme contributions	Share option scheme	Total	
		薪金、津貼及袍金	酌情花紅	退休福利計劃供款	購股權計劃	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
<i>Executive directors</i>	<i>執行董事</i>						
Zhongguo Sun (before 6 November 2016)	Zhongguo Sun (2016年11月6日之前)	–	1,639	4,777	–	6,416	
Trevor Raymond Strutt (before 6 November 2016)	Trevor Raymond Strutt (2016年11月6日之前)	–	1,657	2,064	13	3,734	
Zhao Xiangti (removed in March 2017)	趙項題 (於2017年3月被罷免)	–	792	–	68	860	
He Yuanping (after 6 November 2016, and removed in March 2017)	何願平 (2016年11月6日之後，於2017年3月被罷免)	13	–	–	–	13	
Zhang Yunfeng (appointed in November 2016, and removed in March 2017)	張雲峰 (於2016年11月獲委任，於2017年3月被罷免)	–	340	–	–	340	

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

8 DIRECTORS' EMOLUMENTS (continued)

8 董事薪酬(續)

		2016					
		Directors' fees	Salaries, allowances and benefits in kind 薪金、津貼及 袍金	Discretionary bonuses 酌情花紅	Retirement scheme contributions 退休福利 計劃供款	Share option scheme 購股權 計劃	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<i>Non-executive directors</i>		<i>非執行董事</i>					
Zhongguo Sun (after 6 November 2016)	Zhongguo Sun (2016年11月6日 之後)	-	-	-	-	-	-
Trevor Raymond Strutt (after 6 November 2016)	Trevor Raymond Strutt (2016年11月6日 之後)	-	-	-	-	-	-
Suo Yaotang (appointed in November 2016, and removed in March 2017)	所耀堂 (於2016年11月 獲委任，於2017年 3月被罷免)	1,000	-	-	-	-	1,000
<i>Independent non-executive directors</i>		<i>獨立非執行董事</i>					
Zheng Fuya	鄭富亞	275	-	-	-	-	275
Wang Ching	王京	275	-	-	-	-	275
Feng Ke (appointed in November 2016, and removed in March 2017)	馮科 (於2016年11月 獲委任，於2017年 3月被罷免)	26	-	-	-	-	26
He Yuanping (before 6 November 2016)	何願平 (2016年11月6日 之前)	168	-	-	-	-	168
Total	總計	1,757	4,428	6,841	81	13,107	13,107

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

8 DIRECTORS' EMOLUMENTS (continued)

8 董事薪酬(續)

		2015						
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share option scheme (Note)	Total	
Directors' fees		薪金、 津貼及 袍金	酌情花紅	退休福利 計劃供款	小計	購股權 計劃 (附註)	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
<i>Executive directors</i>	<i>執行董事</i>							
Zhongguo Sun	Zhongguo Sun	—	1,661	4,691	—	6,352	1,193	7,545
Zhao Xiangti	趙項題	—	793	—	64	857	298	1,155
Trevor Raymond Strutt	Trevor Raymond Strutt	—	1,212	2,031	14	3,257	596	3,853
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>							
Zheng Fuya	鄭富亞	241	—	—	—	241	—	241
Wang Ching	王京	241	—	—	—	241	—	241
He Yuanping	何願平	193	—	—	—	193	—	193
Total	總計	675	3,666	6,722	78	11,141	2,087	13,228

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(s)(ii).

The details of these benefits, including the principal terms and number of options granted, are disclosed under the paragraph "Share Option Scheme" in the directors' report and Note 28(a).

附註：

此處金額為本公司購股權計劃下授予董事認股權的估計金額。該金額根據附註2(s)(ii)中陳列的本公司股份支付交易之會計政策計算得出。

此項期權計劃的詳情，包括主要條款及授出期權股份數，於董事會報告中的「購股權計劃」章節及附註28(a)中披露。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2015: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2015: three) individuals are as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other emoluments	薪金及其他福利	3,314	3,356
Discretionary bonuses	酌情花紅	2,104	—
Share Allotment Scheme	股份配發計劃款項	1,883	1,798
Retirement scheme contributions	退休福利計劃供款	162	172
		7,463	5,326

The emoluments of the three (2015: three) individuals with the highest emoluments are within the following bands:

9 最高薪酬人士

五名最高薪酬人士中有兩名(2015年：兩名)為董事，其薪酬於附註8中披露。其餘三名(2015年：三名)人士的薪酬總額如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries and other emoluments	薪金及其他福利	3,314	3,356
Discretionary bonuses	酌情花紅	2,104	—
Share Allotment Scheme	股份配發計劃款項	1,883	1,798
Retirement scheme contributions	退休福利計劃供款	162	172
		7,463	5,326

該三名(2015年：三名)最高薪酬人士的薪酬介乎下列範圍：

		Number of individuals	
		人數	
		2016	2015
HKD 1,500,001 to HKD 2,000,000 (RMB 1,283,514 to RMB 1,711,351)	1,500,001 港元至 2,000,000 港元 (人民幣 1,283,514 元至人民幣 1,711,351 元)	2	2
HKD 2,500,001 to HKD 3,000,000 (RMB 2,139,189 to RMB 2,567,026)	2,500,001 港元至 3,000,000 港元 (人民幣 2,139,189 元至人民幣 2,567,026 元)	—	1
HKD 5,000,001 to HKD 5,500,000 (RMB 4,278,378 to RMB 4,706,215)	5,000,001 港元至 5,500,000 港元 (人民幣 4,278,378 元至人民幣 4,706,215 元)	1	—
		3	3

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

10 (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 RMB 142,589,000 (2015: profit of RMB 535,941,000) and the weighted average number of shares of 1,793,173,500 issued and fully paid ordinary shares (2015: 1,793,173,500 ordinary shares) during the year.

10 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利是按本公司普通股權益持有人應佔虧損人民幣142,589,000元(2015年：溢利人民幣535,941,000元)，以及年內已發行和繳足加權平均普通股1,793,173,500股(2015年：普通股1,793,173,500股)。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

10 (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB 142,589,000 (2015: profit of RMB 535,941,000) and the weighted average number of ordinary shares of 1,793,173,500 shares (2015: 1,793,180,733 ordinary shares), calculated as follows:

- (i) (Loss)/Profit attributable to ordinary equity shareholders of the Company (diluted)

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/Profit attributable to ordinary equity shareholders	普通股權益持有人應佔(虧損)/利潤	(142,589)	535,941
After tax effect of expenses recognised on the Share Allotment Scheme	股份配發計劃確認費用(稅後)	—	—
(Loss)/Profit attributable to ordinary equity shareholders (diluted)	普通股權益持有人應佔(虧損)/利潤(攤薄)	(142,589)	535,941

- (ii) Weighted average number of ordinary shares (diluted)

		2016	2015
Weighted average number of ordinary shares at 31 December	於12月31日普通股加權平均數目	1,793,173,500	1,793,173,500
Effect of Share Allotment Scheme (Note 28)	股份配發計劃的影響(附註28)	—	—
Effect of share option scheme (Note 28)	購股權計劃的影響(附註28)	—	7,233
Weighted average number of ordinary shares (diluted) at 31 December	於12月31日普通股加權平均數目(攤薄)	1,793,173,500	1,793,180,733

10 每股(虧損)/盈利(續)

(b) 每股攤薄(虧損)/盈利

每股攤薄(虧損)/盈利是按本公司普通股權益持有人應佔虧損人民幣142,589,000元(2015年：溢利人民幣535,941,000元)，以及加權平均普通股1,793,173,500股(2015年：普通股1,793,180,733股)計算如下：

- (i) 本公司普通股權益持有人應佔(虧損)/利潤(攤薄)

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
(Loss)/Profit attributable to ordinary equity shareholders	(142,589)	535,941
After tax effect of expenses recognised on the Share Allotment Scheme	—	—
(Loss)/Profit attributable to ordinary equity shareholders (diluted)	(142,589)	535,941

- (ii) 普通股加權平均數目(攤薄)

	2016	2015
Weighted average number of ordinary shares at 31 December	1,793,173,500	1,793,173,500
Effect of Share Allotment Scheme (Note 28)	—	—
Effect of share option scheme (Note 28)	—	7,233
Weighted average number of ordinary shares (diluted) at 31 December	1,793,173,500	1,793,180,733

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

II PROPERTY, PLANT AND EQUIPMENT

II 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles and other equipment	Total
		房屋	廠房及 機器	汽車及 其他設備	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<i>Cost:</i>	<i>成本:</i>				
At 1 January 2015	於 2015 年 1 月 1 日	807,738	11,301,346	209,648	12,318,732
Additions	增加	1,490	47,810	14,172	63,472
Transfer from construction in progress	在建工程轉入	64,894	887,196	1,204	953,294
Disposals	處置	—	(1,259)	(7,051)	(8,310)
At 31 December 2015	於 2015 年 12 月 31 日	874,122	12,235,093	217,973	13,327,188
At 1 January 2016	於 2016 年 1 月 1 日	874,122	12,235,093	217,973	13,327,188
Additions	增加	17,109	33,787	13,310	64,206
Transfer from construction in progress	在建工程轉入	189,177	1,099,774	490	1,289,441
Disposals	處置	(4,243)	(68,002)	(11,226)	(83,471)
At 31 December 2016	於 2016 年 12 月 31 日	1,076,165	13,300,652	220,547	14,597,364

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

II PROPERTY, PLANT AND EQUIPMENT (continued)

II 物業、廠房及設備(續)

		Buildings	Plant and machinery	Motor vehicles and other equipment	Total
		房屋	廠房及 機器	汽車及 其他設備	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
<i>Accumulated depreciation and impairment losses:</i>	<i>累計折舊和減值虧損：</i>				
At 1 January 2015	於 2015 年 1 月 1 日	(137,739)	(2,048,855)	(117,550)	(2,304,144)
Charge for the year	本年計提折舊	(38,613)	(685,926)	(29,130)	(753,669)
Written back on disposals	於處置時轉回	—	214	4,693	4,907
At 31 December 2015	於 2015 年 12 月 31 日	(176,352)	(2,734,567)	(141,987)	(3,052,906)
At 1 January 2016	於 2016 年 1 月 1 日	(176,352)	(2,734,567)	(141,987)	(3,052,906)
Charge for the year	本年計提折舊	(45,926)	(812,354)	(24,606)	(882,886)
Impairment loss	減值虧損	(22,513)	(24,380)	—	(46,893)
Written back on disposals	於處置時轉回	764	9,516	7,864	18,144
At 31 December 2016	於 2016 年 12 月 31 日	(244,027)	(3,561,785)	(158,729)	(3,964,541)
<i>Net book value:</i>	<i>賬面淨值：</i>				
At 31 December 2016	於 2016 年 12 月 31 日	832,138	9,738,867	61,818	10,632,823
At 31 December 2015	於 2015 年 12 月 31 日	697,770	9,500,526	75,986	10,274,282

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

II PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) The Group's property, plant and equipment are mainly located in the PRC.
- (b) At 31 December 2016, certain of the Group's borrowings and bills payable were secured by the Group's plant and machinery with an aggregate net book value of RMB 2,348,569,000 (2015: RMB 2,351,237,000).
- (c) Certain of the Group's leased plant and machinery are considered as being held under finance leases. At the end of reporting period, net book value of such plant and machinery held under finance leases was RMB 1,167,968,000 (2015: RMB 1,155,372,000).
- (d) The Group has entered into long-term gas supply agreements with certain customers for periods up to 30 years. Certain of the Group's buildings are located on land leased from these customers. Accordingly, property ownership certificates are not obtained in respect of such buildings, with an aggregate net book value amounted to RMB 487,906,000 as at 31 December 2016 (2015: RMB 315,668,000).
- (e) At 31 December 2016, the Group was in the process of applying for the ownership certificates for certain buildings with an aggregate net book value of RMB 139,432,000 (2015: RMB 68,149,000). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy and use of the above mentioned buildings.

II 物業、廠房及設備(續)

- (a) 本集團物業、廠房及設備主要位於中國。
- (b) 於2016年12月31日，賬面淨值總計為人民幣2,348,569,000元(2015年：人民幣2,351,237,000元)的廠房和機器已就本集團獲授的若干借款及應付票據作抵押。
- (c) 本集團承租的若干廠房及機器被視為以融資租賃方式持有。截至報告期末，以融資租賃方式持有的廠房及機器的賬面淨值為人民幣1,167,968,000元(2015年：人民幣1,155,372,000元)。
- (d) 本集團與若干客戶簽訂長期氣體供應協議，最長期限為30年。本集團若干房屋位於向這些客戶租入的土地上。因此，於2016年12月31日，賬面淨值總計為人民幣487,906,000元(2015年：人民幣315,668,000元)的上述房屋尚未取得財產所有權證。
- (e) 於2016年12月31日，本集團正在辦理房屋所有權證的若干房屋的賬面淨值總計為人民幣139,432,000元(2015年：人民幣68,149,000元)。本公司董事認為，本集團有權合法及有效佔用及使用以上所述房屋。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

II PROPERTY, PLANT AND EQUIPMENT (continued)

- (f) Impairment losses of RMB 46,893,000, in respect of certain buildings, plant and machinery which were obsolete, damaged or that could not generate future economic benefits, were provided against for impairment for the year ended 31 December 2016. No impairment loss was recognised for the year ended 31 December 2015.
- (g) Certain production facilities of the Group were occupied and controlled by its on-site customer without the Group's consent. As at 31 December 2016, the carrying amount of the property, plant and equipment being occupied was RMB 36,515,000 (2015: RMB 548,947,000). The Group is under the process of communicating with the on-site customer and related government authorities to resolve the dispute and believes that there will not be any adverse material impact to the Group's consolidated financial statements.

II 物業、廠房及設備(續)

- (f) 截至2016年12月31日止年度，部分老化、損壞或無法產生未來經濟利益流入的物業、廠房及設備已計提減值虧損人民幣46,893,000元。本集團於截至2015年12月31日止年度未計提減值虧損。
- (g) 本集團本年部分生產設施在未經本集團同意的情況下被其現場供氣客戶佔有並控制。於2016年12月31日，被佔有的物業、廠房及設備的賬面淨值達人民幣36,515,000元(2015年：人民幣548,947,000元)。本集團正與其現場供氣客戶及相關政府機構進行溝通以解決該糾紛，並相信該糾紛不會對集團合併財務報表產生重大不利影響。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

12 CONSTRUCTION IN PROGRESS

12 在建工程

		2016	2015
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
At 1 January	於1月1日	3,013,037	3,055,457
Additions	增加	927,343	910,874
Transfer to property, plant and equipment	轉入物業、廠房及設備	(1,289,441)	(953,294)
Impairment losses	減值虧損 (i)	(565,019)	—
At 31 December	於12月31日	2,085,920	3,013,037

Note:

- (i) Management of the Company determine whether there are indicators for construction in progress at 31 December 2016. Where indicators of impairment are identified, the recoverable amounts of construction in progress are determined by management as the greater of the value in use and the fair value less cost of disposal of these assets. Where plant and machinery with impairment indicators and management considered that the carrying value may not be fully recoverable, a discounted cash flow forecast was prepared by management to determine the value in use.

附註：

- (i) 於2016年12月31日本公司管理層決定在建工程是否存在減值跡象。當識別出減值跡象時，本公司管理層以公允價值減處置成本與使用價值兩者中的較高者確定在建工程可收回金額。當廠房和設備存在減值跡象且管理層認為無法全部收回相關賬面值，管理層以預計未來現金流量的現值計算確定使用價值。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

12 CONSTRUCTION IN PROGRESS (continued)

Note: (continued)

(i) (continued)

In relation to the Kelamayi project involving the construction of a Coal to Hydrogen plant, having assessed its prospects and the Company's financial resources, the Company has decided to indefinitely suspend the project and will not make any further investment into it. The equipment purchased under the project will be transferred to other parts of the businesses of the Company and its subsidiaries. As a result, it indicates that construction in progress of the project in Kelamayi is impaired. The Company re-assessed the recoverable amount of this project with reference to the fair value less cost of disposal of these assets. For the assets which cannot be moved or disposed, mainly plant under construction and the capitalised interest cost, the Company decided to make full impairment provision as it is expected that the recoverable amount is minimal. While, the equipment and machinery in Kelamayi project site are nearly brand new, mainly includes a set of air separator and a set of hydrogen manufacturing converter, can be moved from the construction site in Kelamayi to another project. The Company assessed the recoverable amount of these equipment and machinery based on these equipment and machinery's fair value less costs of disposal, by reference to recent market prices of air separator set and hydrogen manufacturing converter set of similar capacity and condition. As a result of the above, a total impairment loss of RMB 481,686,000 for this project mainly related to the plant under construction in Kelamayi was recognised for the year ended 31 December 2016.

Besides, impairment losses of RMB 83,333,000 were recognised on other construction projects, mainly plants under construction, during the year ended 31 December 2016 due to projects suspension, primarily based on their assessment that the recoverable amount is minimal.

(ii) At 31 December 2016, certain of the Group's borrowings were secured by the Group's construction in progress with an aggregate net book value of RMB 1,266,000 (2015: RMB 93,833,000).

12 在建工程(續)

附註：(續)

(i) (續)

有關克拉瑪依之煤制氫建設項目，本公司在評估項目前景及本公司之融資來源後，已決定無限期暫停該項目，並不再進行進一步投資。該項目已採購設備將轉移至本集團其他經營項目。因而，該等決定提示克拉瑪依項目在建工程存在減值跡象。本公司根據公允價值減處置成本重新評估了該項目之可收回金額。針對無法移動或處置的資產，主要為在建廠房和已資本化利息開支，本公司已決定全額確認減值虧損。同時，克拉瑪依項目現場的機器設備幾近全新，主要包括一套空分設備和一套氣化爐，該等設備可從克拉瑪依建設現場轉移至本集團另一項目。本公司根據該等設備之公允價值減處置成本評估了該等設備之可收回金額，並參考至相同規制和情況之空分設備和氫氣轉化爐設備之最新市場價。因此，於截至2016年12月31日止年度，本公司就該項目主要就在建廠房確認減值虧損總計人民幣481,686,000元。

除此之外，於截至2016年12月31日止年度，有關其他停滯在建工程項目確認減值虧損人民幣83,333,000元，該等金額基於可收回金額很小。

(ii) 於2016年12月31日，賬面淨值合計為人民幣1,266,000元(2015年：人民幣93,833,000元)的在建工程已就本集團獲授的若干借款作抵押。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

13 LEASE PREPAYMENTS

Lease prepayments comprise interests in leasehold land held for own use under operating leases located in the mainland China and Hong Kong as follows:

Land use rights held under mid-term and long-term leases

中期及長期租賃項下持有的土地使用權

2016	2015
RMB'000	RMB'000
人民幣千元	人民幣千元

407,286	416,483
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The land use rights are amortised on a straight-line basis over the operating lease periods of 34-50 years.

土地使用權於34-50年經營租賃期內以直線法攤銷。

At 31 December 2016, certain of the Group's borrowings were secured by the Group's land use rights with the carrying amount of RMB 66,215,000 (2015: RMB 67,711,000).

於2016年12月31日，賬面淨值為人民幣66,215,000元(2015年：人民幣67,711,000元)的土地使用權已就本集團獲授的若干借款作抵押。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

14 INTANGIBLE ASSETS

14 無形資產

		Know-how 專有技術 RMB'000 人民幣千元	Software 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本：			
At 1 January 2015	於2015年1月1日	76,007	3,988	79,995
Additions	增加	—	910	910
At 31 December 2015	於2015年12月31日	76,007	4,898	80,905
At 1 January 2016	於2016年1月1日	76,007	4,898	80,905
Additions	增加	—	170	170
At 31 December 2016	於2016年12月31日	76,007	5,068	81,075
Accumulated amortisation and impairment losses:	累計攤銷和減值虧損：			
At 1 January 2015	於2015年1月1日	(26,901)	(1,258)	(28,159)
Charge for the year	本年攤銷	(4,401)	(482)	(4,883)
At 31 December 2015	於2015年12月31日	(31,302)	(1,740)	(33,042)
At 1 January 2016	於2016年1月1日	(31,302)	(1,740)	(33,042)
Charge for the year	本年攤銷	(6,545)	(524)	(7,069)
At 31 December 2016	於2016年12月31日	(37,847)	(2,264)	(40,111)
Net book value:	賬面淨值：			
At 31 December 2016	於2016年12月31日	38,160	2,804	40,964
At 31 December 2015	於2015年12月31日	44,705	3,158	47,863

The amortisation charge for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

本年計提的攤銷包含於合併利潤及其他綜合收益表中的「管理費用」。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

15 RECEIVABLES UNDER FINANCE LEASES

The gross investment and present value of receivables relating to future minimum lease payments under non-cancellable finance lease agreement or arrangement accounted for as finance lease are as follows:

15 應收融資租賃款

根據不可撤銷的融資租賃協議或入帳為融資租賃的安排，與未來最低租賃付款相關的總投資金額和應收款項現值呈列如下：

		2016		2015	
		Present value of the minimum lease payments	Gross investment	Present value of the minimum lease payments	Gross Investment
		最低租賃付款現值	總投資	最低租賃付款現值	總投資
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year	一年內	2,117	2,245	2,117	2,245
After 1 year but within 2 years	一年後但兩年內	1,899	2,245	1,899	2,245
After 2 years but within 5 years	兩年後但五年內	3,430	4,726	4,056	5,730
After 5 years	五年後	4,299	9,433	4,683	10,674
		9,628	16,404	10,638	18,649
Total	合計	11,745	18,649	12,755	20,894
Less: total future interest income	減：未來利息收入總額		(6,904)		(8,139)
Present value of lease receivables	租賃應收款項現值		11,745		12,755

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

16 INTEREST IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. All the subsidiaries are unlisted companies and the class of shares held is ordinary unless otherwise stated.

Name of company 公司名稱	Place of incorporation/ establishment and business 註冊成立/ 成立與運營地點	Issued and paid up capital 已發行 和繳足資本	Ownership interest held by 所有權權益比例		Principal activity 主要業務
			Company 本公司 持有	Subsidiary 附屬公司 持有	
Yingde Gases Investment Limited ("Yingde BVI") 盈德氣體投資有限公司(「盈德 (英屬處女群島)」)	BVI 英屬處女群島	USD14,700 14,700美元	100%	—	Investment holding 投資控股
Yingde Gases (Hong Kong) Company Limited 盈德氣體(香港)有限公司	Hong Kong 香港	HKD154,234,275 154,234,275港元	—	100%	Investment holding 投資控股
Yingde Investment (Shanghai) Co., Ltd.* 盈德投資(上海)有限公司*	PRC 中國	USD148,000,000 148,000,000美元	—	100%	Investment holding 投資控股
Anyang Yingde Gases Co., Ltd.* 安陽盈德氣體有限公司*	PRC 中國	USD62,500,000 62,500,000美元	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
Baotou Yingde Gases Co., Ltd.* 包頭盈德氣體有限公司*	PRC 中國	RMB520,000,000 人民幣520,000,000元	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
Hancheng Yingda Gases Co., Ltd.* 韓城盈達氣體有限公司*	PRC 中國	USD26,400,000 26,400,000美元	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
Zibo Yingde Gases Co., Ltd.* 淄博盈德氣體有限公司*	PRC 中國	USD17,710,000 17,710,000美元	—	100%	Production and sales of industrial gases 生產及銷售工業氣體

16 對附屬公司的權益

以下列表僅包含對本集團經營業績、資產或負債具有重要影響的附屬公司。除非另作說明，所有附屬公司均為非上市公司，所持股本均為普通股。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

16 INTEREST IN SUBSIDIARIES (continued)

16 對附屬公司的權益(續)

Name of company 公司名稱	Place of incorporation/ establishment and business 註冊成立/ 成立與運營地點	Issued and paid up capital 已發行 和繳足資本	Ownership interest held by 所有權權益比例		Principal activity 主要業務
			Company 本公司 持有	Subsidiary 附屬公司 持有	
Hebei Yingde Gases Co., Ltd. **	PRC	RMB282,000,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
河北盈德氣體有限公司**	中國	人民幣 282,000,000 元			
Zhangjiagang Yingda Gases Co., Ltd.	PRC	USD20,000,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
張家港盈達氣體有限公司	中國	20,000,000 美元			
Hunan Yingde Gases Co., Ltd. ("Hunan Yingde")*	PRC	RMB306,338,878	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
湖南盈德氣體有限公司(「湖南盈德」)*	中國	人民幣 306,338,878 元			
Neijiang Yingde Gases Co., Ltd.	PRC	USD33,000,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
內江盈德氣體有限公司	中國	33,000,000 美元			
Rizhao Yingde Gases Co., Ltd. **	PRC	RMB419,400,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
日照盈德氣體有限公司**	中國	人民幣 419,400,000 元			
Yingkou Yingde Gases Co., Ltd.	PRC	USD37,000,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
營口盈德氣體有限公司	中國	37,000,000 美元			
Tianjin Yingde Gases Co., Ltd. **	PRC	RMB60,000,000	—	100%	Production and sales of industrial gases 生產及銷售工業氣體
天津盈德氣體有限公司**	中國	人民幣 60,000,000 元			

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

16 INTEREST IN SUBSIDIARIES (continued)

16 對附屬公司的權益(續)

Name of company 公司名稱	Place of incorporation/ establishment and business 註冊成立/ 成立與運營地點	Issued and paid up capital 已發行 和繳足資本	Ownership interest held by 所有權權益比例		Principal activity 主要業務
			Company 本公司 持有	Subsidiary 附屬公司 持有	
Zhangjiagang Yingding Gases Co., Ltd. *	PRC	USD60,000,000	—	100%	Production and sales of industrial gases
張家港盈鼎氣體有限公司*	中國	60,000,000 美元			生產及銷售工業氣體
Zhuhai Yingde Gases Co., Ltd. **	PRC	RMB260,000,000	—	100%	Production and sales of industrial gases
珠海盈德氣體有限公司**	中國	人民幣 260,000,000 元			生產及銷售工業氣體
Anqing Yingde Shuguang Gases Co., Ltd. ("Anqing Yingde")	PRC	RMB200,000,000	—	51%	Production and sales of industrial gases
安慶盈德曙光氣體有限公司 (「安慶盈德」)	中國	人民幣 200,000,000 元			生產及銷售工業氣體
Zhejiang Zhihai Chemical Engineering Equipment Construction Co., Ltd. *	PRC	USD20,000,000	—	100%	Manufacturing and sales of air separation equipment
浙江智海化工設備工程有限公司*	中國	20,000,000 美元			空分設備的製造和銷售

* These entities were registered as wholly-foreign-invested enterprises under the law of the PRC.

* 上述實體為依照中華人民共和國法律註冊的外商獨資企業。

** These entities were registered as sino-foreign equity joint venture enterprises under the law of the PRC.

** 上述實體為依照中華人民共和國法律註冊的中外合資企業。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

16 INTEREST IN SUBSIDIARIES (continued)

The following table lists out the information relating to Anqing Yingde, the only subsidiary of the Group which has a material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

16 對附屬公司的權益(續)

下表列示了本集團唯一存在重大非控股股東權益的附屬公司安慶盈德的相關信息。抵銷集團內部交易之前的財務信息概述如下。

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	113,833	258,161
Non-current assets	非流動資產	361,104	114,800
Current liabilities	流動負債	(148,353)	(115,449)
Non-current liabilities	非流動負債	(133,396)	(62,125)
Net assets	資產淨值	193,188	195,387
Carrying amount of NCI	非控股股東權益賬面金額	94,662	95,740
Revenue	收入	74,979	—
Loss for the year	本年虧損	(2,199)	(2,051)
Total comprehensive income for the year	本年綜合收益總額	(2,199)	(2,051)
Loss allocated to NCI	分配至非控股股東的虧損	(1,078)	(1,005)
Dividend paid to NCI	支付非控股股東股息	—	—
Cash inflows/(outflows) from operating activities	經營活動現金流入/(流出)	11,286	(3,167)
Cash outflows from investing activities	投資活動現金流出	(9,377)	(271,956)
Cash inflows from financing activities	融資活動現金流入	9,332	275,824

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

17 INTEREST IN ASSOCIATES

17 於聯營公司的權益

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Share of net assets	應佔淨資產	184,001	518,671

The following list contains the particulars of associates of the Group as at 31 December 2016, all of which are unlisted incorporated entities whose quoted market price is not available:

以下列表包含本集團於2016年12月31日的聯營公司，本集團聯營公司均為非上市實體，因此不存在市場報價，詳情呈列如下：

Name of associate 聯營公司 名稱	Place of incorporation and operation 成立及業務地點	Particulars of issued and paid up capital 已發行和繳足資本詳情 RMB'000 人民幣千元	Group's effective interest 本集團有效權益	Principal activity 主要業務
Anyang Zhongying Fertilizer Co., Ltd. ("Anyang Zhongying") 安陽中盈化肥有限公司(「安陽中盈」)	PRC 中國	490,000	38.98%	Production and sales of chemical products 生產及銷售化工產品
Gansu Hongsheng New Energy Co., Ltd. ("Gansu Hongsheng") (Note (i)) 甘肅宏昇新能源有限公司 (「甘肅宏昇」)(附註(i))	PRC 中國	25,000	45%	Under construction of chemical plant 在建化工廠
China National Air Separation Engineering Co., Ltd. 中國空分工程有限公司	PRC 中國	50,000	30%	Manufacturing and sales of air separation equipment 空分設備的製造和銷售
Hangzhou Teying Energy Technology Development Co., Ltd. ("Hangzhou Teying") 杭州特盈能源技術發展有限公司 (「杭州特盈」)	PRC 中國	10,000	34%	Equipment trading and technical services 設備貿易和技術服務

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

17 INTEREST IN ASSOCIATES (continued)

Notes:

- (i) According to the board resolution of Gansu Hongsheng for capital reduction, the issued and paid up capital of Gansu Hongsheng has been reduced from RMB 666,670,000 to RMB 25,000,000.
- (ii) All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of Anyang Zhongying and Gansu Hongsheng, the Group's material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

17 於聯營公司的權益(續)

附註：

- (i) 根據甘肅宏昇關於減資的董事會決議，甘肅宏昇的已發行和繳足資本由人民幣666,670,000元減少至人民幣25,000,000元。
- (ii) 上述聯營公司均按權益法於合併財務報表入帳。

本集團重要聯營公司安陽中盈及甘肅宏昇之財務資料概要已就會計政策差異作出調整，與合併財務報表賬面值之對賬披露如下：

		Anyang Zhongying 安陽中盈	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gross amounts of the associate's	聯營公司總額		
Current assets	流動資產	70,663	81,232
Non-current assets	非流動資產	919,129	991,291
Current liabilities	流動負債	(443,708)	(325,292)
Non-current liabilities	非流動負債	(270,000)	(347,500)
Equity	權益	276,084	399,731
Revenue	收入	958,630	1,356,915
(Loss)/Profit for the year	本年(虧損)/利潤	(129,093)	14,685
Total comprehensive income for the year	本年綜合收益總額	(129,093)	14,685
Dividend received from the associate	於聯營公司取得股息	—	—
Reconciled to the Group's interests in the associate	與本集團於聯營公司的權益對賬		
Gross amounts of net assets of the associate	聯營公司資產淨額總額	276,084	399,731
Group's effective interest	本集團有效權益	38.98%	38.98%
Group's share of net assets of the associate	本集團佔聯營公司資產淨額	107,618	155,815
Elimination of unrealised loss/(profit)	未實現虧損/(盈利)之抵銷	80	(522)
Carrying amount in the consolidated financial statements	合併財務狀況表中賬面金額	107,698	155,293

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

17 INTEREST IN ASSOCIATES (continued)

17 於聯營公司的權益(續)

		Gansu Hongsheng 甘肅宏昇	
		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gross amounts of the associate's	聯營公司總額		
Current assets	流動資產	23,331	663,370
Non-current assets	非流動資產	6,890	7,529
Current liabilities	流動負債	(6)	(9)
Equity	權益	30,215	670,890
Revenue	收入	—	—
Profit/(Loss) for the year	本年利潤/(虧損)	995	(1,467)
Total comprehensive income for the year	本年綜合收益總額	995	(1,467)
Dividend received from the associate	於聯營公司取得股息	—	—
Reconciled to the Group's interests in the associate	與本集團於聯營公司的權益對賬		
Gross amounts of net assets of the associate	聯營公司資產淨額總額	30,215	670,890
Group's effective interest	本集團有效權益	45%	45%
Group's share of net assets of the associate	本集團佔聯營公司資產淨額	13,597	301,901
Carrying amount in the consolidated financial statements	合併財務狀況表中賬面金額	13,597	301,901

Aggregate information of associates that are not individually material:

個別不重大聯營公司合計信息：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	個別不重大聯營公司於合併財務狀況表中賬面金額總額	62,706	61,477
Aggregate amounts of the Group's share of those associates' (loss)/profit for the year	本集團佔聯營公司股份總額本年(虧損)/利潤	(2,001)	5,549
Total comprehensive income for the year	本年綜合收益總額	(2,001)	5,549

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

18 INTEREST IN JOINT VENTURES

18 於合營公司的權益

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of net assets	應佔淨資產	249,434	263,694

Details of the Group's interest in the joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

本集團於合營公司的權益按權益法計入合併財務報表，詳情呈列如下：

Name of joint ventures	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activity
合營公司名稱	註冊成立及業務地點	已發行和繳足資本詳情	集團有效權益	主要業務
Shandong Bositeng Chunye Co., Ltd.	PRC	USD47,025,000	40%	Under construction of chemical plant
山東博斯騰醇業有限公司	中國	47,025,000 美元		在建化工廠
Cangzhou Xuyang Chemical Co., Ltd. ("Cangzhou Xuyang")	PRC	USD107,985,000	10%	Production and sales of chemical products
滄州旭陽化工有限公司(「滄州旭陽」)	中國	107,985,000 美元		生產及銷售化工產品
Jiujiang Sinopec Yingde Gases Co., Ltd. ("Jiujiang Yingde")	PRC	RMB142,857,000	35%	Production and sales of industrial gases
九江石化盈德氣體有限公司(「九江盈德」)	中國	人民幣 142,857,000 元		生產及銷售工業氣體

All of the joint ventures are unlisted incorporated entities whose quoted market price is not available.

本集團合營公司均為非上市實體，因此不存在市場報價。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

18 INTEREST IN JOINT VENTURES (continued)

The summarised financial information, in aggregate of individually immaterial joint ventures is as follows:

18 於合營公司的權益(續)

個別不重大合營公司財務信息總額概要：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別不重大合營公司於合併財務狀況表中賬面金額總額	249,434	263,694
Aggregate amounts of the Group's share of those joint ventures' loss for the year	本集團佔合營公司份額總額本年虧損	(18)	(1,087)
Total comprehensive income for the year	本年綜合收益總額	(18)	(1,087)

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

19 OTHER NON-CURRENT ASSETS

		2016	2015
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Prepayment for property, plant and equipment and land use right	物業、廠房及設備和土地使用權的預付款		
– an associate	– 聯營公司	46,507	52,007
– third parties	– 第三方	516,586	690,810
Value-added tax recoverable	可收回增值稅	167,445	153,701
Other investment in equity securities	其他股本證券投資	174,727	174,727
Gross amounts due from customers for construction contract work	應收客戶建築合約工程總額	21(c) 345,574	—
Others	其他	22,676	10,541
		1,273,515	1,081,786

19 其他非流動資產

20 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials and consumables	原材料及低值易耗品	78,755	69,683
Finished goods	產成品	29,688	32,739
		108,443	102,422

20 存貨

合併財務狀況表中的存貨包括：

During the year ended 31 December 2016, the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss and other comprehensive income is RMB 5,737,013,000 (2015: RMB 5,392,816,000).

截至2016年12月31日止年度，存貨中已於合併利潤及其他綜合收益表中確認為費用的金額為人民幣5,737,013,000元(2015年：人民幣5,392,816,000元)。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

21 TRADE AND OTHER RECEIVABLES

21 應收賬款及其他應收款項

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade debtors	應收賬款		
– joint ventures	– 合營公司	13,384	55,952
– an associate	– 聯營公司	309,759	261,821
– a non-controlling shareholder	– 非控股股東	11,709	—
– third parties	– 第三方	1,434,762	1,601,892
Bills receivable	應收票據	374,920	685,139
Less: allowance for doubtful debts	減：呆帳準備	(444,530)	(376,809)
Trade debtors and bills receivable	應收賬款及應收票據	1,700,004	2,227,995
Gross amounts due from customers for construction contract work	應收客戶建築合約工程總額	40,916	—
Deposits and other receivables	押金及其他應收款項		
– an associate	– 聯營公司	25,000	25,000
– third parties	– 第三方	283,598	429,869
Current portion of trade and other receivables	應收賬款及其他應收款的即期部分	2,049,518	2,682,864

All of the trade and other receivables are expected to be recovered within one year.

預期所有應收賬款及其他應收款項可於一年內收回。

Credit terms may be granted to customers, depending on the credit assessment carried out by the management on an individual basis.

管理層會根據對個別客戶所作的信貸評估，授予其相應的信貸期。

At 31 December 2016, certain of the Group's trade debtors with total carrying amount of RMB 50,503,000 (2015: RMB 67,132,000) were pledged to secure the Group's borrowings amounting to RMB 203,557,000 (2015: RMB 469,087,000).

於2016年12月31日，本集團賬面價值為人民幣50,503,000元(2015年：人民幣67,132,000元)的應收賬款已就本集團人民幣203,557,000元(2015年：人民幣469,087,000元)的借款作抵押。

Notes to the Financial Statements (continued)

財務報表附註(續)

(Expressed in Renminbi)

(以人民幣列示)

21 TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the ageing analysis as of the year end date:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Neither past due nor impaired	既未逾期也不存在減值	795,051	1,313,194
Less than 1 month past due	逾期不超過一個月	242,406	134,947
1 to 3 months past due	逾期一至三個月	120,117	215,131
3 to 6 months past due	逾期三至六個月	102,686	259,033
6 to 12 months past due	逾期六至十二個月	336,150	226,809
12 to 24 months past due	逾期十二至二十四個月	103,594	78,881
Amounts past due	逾期金額	904,953	914,801
		1,700,004	2,227,995

The credit terms for trade debtors are generally 30 to 45 days. The bills receivable are normally due within 180 days from the date of issuing. Further details on the Group's credit policy are set out in Note 33(b).

21 應收賬款及其他應收款項(續)

(a) 賬齡分析

應收賬款及其他應收款項包括以下應收賬款及應收票據(扣除呆帳準備後)，於結算日賬齡分析呈列如下：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Neither past due nor impaired	795,051	1,313,194
Less than 1 month past due	242,406	134,947
1 to 3 months past due	120,117	215,131
3 to 6 months past due	102,686	259,033
6 to 12 months past due	336,150	226,809
12 to 24 months past due	103,594	78,881
Amounts past due	904,953	914,801
	1,700,004	2,227,995

應收賬款信貸期一般為30至45日。應收票據一般自開票日起180日內到期。本集團信貸政策詳情載於附註33(b)。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

21 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade debtors and bills receivable

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

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

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
At 1 January	於1月1日	376,809	233,232
Impairment loss recognised	確認減值虧損	141,340	151,687
Write-back of impairment loss	撥回減值虧損	(59,656)	(8,110)
Uncollectible amounts written off	撇銷減值虧損	(13,963)	—
At 31 December	於12月31日	444,530	376,809

At 31 December 2016, the Group's trade debtors of RMB 697,155,000 (2015: RMB 1,102,877,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB 141,340,000 (2015: RMB 143,577,000) were recognised during the year.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

21 應收賬款及其他應收款項(續)

(b) 應收賬款及應收票據的減值

應收賬款及應收票據的減值虧損以撥備賬記錄，除非本集團信納收回有關金額的可能性極低，在此情況下，減值虧損將直接於應收賬款及應收票據中撇銷(參見附註2(k)(i))。

年內呆帳準備的變動(包括個別及集體虧損部分)呈列如下：

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
於2016年12月31日，本集團的應收賬款人民幣697,155,000元(2015年：人民幣1,102,877,000元)已按其個別情況界定為已減值。個別已減值的應收賬款與有財務困難的客戶有關，而管理層估計僅有部分應收款預期可收回。因而，年內確認個別計提的呆帳準備人民幣141,340,000元(2015年：人民幣143,577,000元)。		

既未逾期也不存在減值的應收賬款及應收票據乃與近期並無拖欠款項記錄的廣泛客戶有關。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

21 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade debtors and bills receivable (continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(c) Gross amounts due from customers for construction contract work

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2016 is RMB 386,490,000 (2015: Nil). The gross amounts due from customers from contract work are expected to be recovered upon contract term.

21 應收賬款及其他應收款項(續)

(b) 應收賬款及應收票據的減值(續)

已逾期但不存在減值的應收賬款及應收票據與多位與本集團有良好的過往記錄的獨立客戶有關。根據過往經驗，管理層相信由於信貸質素並無重大改變及結餘仍被視為全數收回，故毋須就該等餘額計提減值準備。

(c) 應收客戶建築合約工程總額

於2016年12月31日，至今已產生成本加已確認利潤，再減已確認虧損後的總額(包括應收客戶合約工程款項總額)為人民幣386,490,000元(2015年：無)。應收客戶合約工程款項總額預計可於合同期滿時收回。

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Contract costs incurred plus recognised profits less anticipated losses	已產生合約成本加已確認利潤減預期虧損		386,490	—
Less: Progress billings	減：進度收款		—	—
Net contract work	合約工程淨額		386,490	—
<i>Representing:</i>	<i>指：</i>			
Gross amounts due from customers for contract work	應收客戶合約工程款項總額			
— Non-current	— 非即期部分	19	345,574	—
— Current	— 即期部分	21	40,916	—
			386,490	—

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

22 PLEDGED BANK DEPOSITS

The analysis of the carrying amount of pledged bank deposits is as follows:

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Guarantee deposits for borrowings	借款的擔保存款	24(d)	1,078,735	—
Guarantee deposits for issuance of bank acceptance bills	發行銀行承兌匯票的擔保存款		150,105	308,500
Others	其他		929	1,026
			1,229,769	309,526

23 CASH AND CASH EQUIVALENTS

Cash at bank and on hand

銀行存款及手頭現金

736,855

678,450

At 31 December 2016, cash included cash at bank and on hand of RMB 583,677,000 (2015: RMB 485,185,000) held in Mainland China. The conversion of RMB denominated balance into foreign currencies and the remittance of bank balance and cash out of the Mainland China is subject to the relevant rules and regulations of foreign exchange restriction imposed by the PRC government.

22 已抵押銀行存款

抵押銀行存款的賬面價值分析如下：

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Guarantee deposits for borrowings	借款的擔保存款	24(d)	1,078,735	—
Guarantee deposits for issuance of bank acceptance bills	發行銀行承兌匯票的擔保存款		150,105	308,500
Others	其他		929	1,026
			1,229,769	309,526

23 現金及現金等價物

2016
RMB'000
人民幣千元

2015
RMB'000
人民幣千元

於2016年12月31日，現金包括於中國大陸持有為人民幣583,677,000元(2015年：人民幣485,185,000元)的銀行存款及手頭現金。將以人民幣計值的結餘兌換為外幣及將銀行結餘及現金匯出中國大陸須受中國政府實施的外匯現值的有關規則及規例的監管。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS

(a) The analysis of the carrying amount of borrowings is as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Short-term borrowings	短期借款	1,511,456	709,676
Current portion of long-term borrowings	長期借款的即期部分	2,367,313	893,662
		3,878,769	1,603,338
Non-current portion of long-term borrowings	長期借款的非即期部分	6,505,224	8,060,162
		10,383,993	9,663,500

The interest rates per annum of borrowings were:

		2016	2015
Short-term loans	短期貸款	1.11%-5.52%	1.93%-6.9%
Long-term loans	長期貸款	LIBOR+ 2.75%-5%, HIBOR+3.2% or 4.75%-6% 倫敦銀行同業 拆息利率 +2.75%-5% 香港銀行同業 拆息利率 +3.2%或 4.75%-6%	LIBOR+ 2.75%-5%, HIBOR+3.2% or 4.75%-6.88% 倫敦銀行同業 拆息利率 +2.75%-5% 香港銀行同業 拆息利率 +3.2%或 4.75%-6.88%
Medium-term notes	中期票據	5.5%	5.5%
Senior notes	優先票據	7.25%/8.125%	7.25%/8.125%
Corporate bonds	公司債券	5.48%	5.48%

Interest rates comprise fixed rates and floating rates based on the London Interbank Offered Rate ("LIBOR") and the Hong Kong Interbank Offered Rate ("HIBOR").

利率包括固定利率、與倫敦銀行同業市場拆借(「倫敦銀行同業拆息利率」)及香港銀行同業拆借(「香港銀行同業拆息利率」)有關的浮動利率。

24 借款

(a) 借款的賬面價值分析如下：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

(b) At 31 December 2016, the borrowings were repayable as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
On demand (Note)	按要求償還(附註)	771,668	85,066
Within 1 year	一年內	3,107,101	1,518,272
After 1 year but within 2 years	一年後但兩年內	3,123,645	1,312,731
After 2 years but within 5 years	兩年後但五年內	3,381,579	6,747,431
		10,383,993	9,663,500

Note:

Certain borrowings of the Group are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down borrowing balances would become payable on demand. As at 31 December 2015, none of the covenants relating to borrowings had been breached.

24 借款(續)

(b) 於2016年12月31日，借款償還期限如下：

附註：

本集團若干借款須遵守若干有關本集團的財務比率之契約，而該等契約於金融機構之貸借安排中屬常見。倘本集團違反契約，則借款須按要求償還。於2015年12月31日，不存在違反借款財務契約的情況。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

- (b) At 31 December 2016, the borrowings were repayable as follows:
(continued)

Note: (continued)

As at 31 December 2016, there is a syndicated loan of USD 90,000,000 and HKD 77,500,000 equivalent to RMB 680,794,000. The Group has failed to fulfil a financial covenant requirement in relation to the amount of the net tangible assets of the Group ("Event of Default") under the syndicated loan and the Group has not remedied this requirement at the reporting date. Therefore, the syndicated loan lenders have (via the syndicated loan agent) the right at any time by notice to the Group to require the syndicated loan to be immediately repaid prior to its original repayment dates as defined in the original syndicated loan agreement. As at 31 December 2016, the entire outstanding amount of the syndicated loan was reclassified as current liabilities. The directors are in communication with the syndicated loan lenders about the syndicated loan and the Event of Default. If the directors are unable to come to an acceptable agreement with the syndicated loan lenders with regards to the Event of Default and the Company is unable to secure alternative funding to replace the syndicated loan, then an acceleration of repayment of the syndicated loan may trigger a cross default of other financial indebtedness and result in the Group being under an immediate repayment obligation for such financial indebtedness. As of the date hereof, the Company has not received notice from the syndicated loan agent to accelerate the repayment of the syndicated loan.

The amount of repayable on demand as at 31 December is the amount entitled to be repaid on demand in accordance with terms of certain loan contracts.

24 借款(續)

- (b) 截至2016年12月31日，借款償還期限如下：(續)

附註：(續)

於2016年12月31日，借款總額中包含一筆金額為90,000,000美元和77,500,000港元(相當於人民幣680,794,000元)的銀團貸款。本集團未能滿足銀團貸款下有關本集團有形資產淨值的財務契約要求(違約事項)，且於本報告日本集團尚未彌補此要求。因而，銀團貸款借款方有權(通過銀團貸款代理人)要求在原定還款日(定義見原銀團貸款協議)前立即提前償還銀團貸款。於2016年12月31日，銀團貸款的全部未償還金額已重列為流動負債。董事現正與銀團貸款借款方就銀團貸款及違約事項進行溝通。倘董事未能與銀團貸款借款方就違約事項達成可接納的安排，以及本公司未能獲取可取代銀團貸款的其他資金，則加快償還銀團貸款可能觸發其他財務債項的交叉違約，而導致本集團需履行該項財務債項的即時還款責任。於本報告日，本公司尚未收到銀團貸款代理人通知需加快償還銀團貸款。

於12月31日，按要求償還的借款餘額為按照特定貸款合同約定須按銀行要求償還的金額。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

(c) At 31 December 2016, the borrowings were secured as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans	銀行借款		
– secured	– 有抵押	755,350	897,962
– unsecured	– 無抵押	3,540,125	2,560,516
Other loans (Note (e))	其他借款(附註(e))		
– secured	– 有抵押	—	100,000
– unsecured	– 無抵押	24,500	91,500
Medium-term notes	中期票據		
– unsecured	– 無抵押	878,588	877,519
Senior notes (Note (f))	優先票據(附註(f))		
– unsecured	– 無抵押	4,225,953	4,181,112
Convertible notes and warrants (Note (g))	可轉股債券和認股權證(附註(g))		
– unsecured	– 無抵押	—	178
Corporate bonds (Note (h))	公司債券(附註(h))		
– unsecured	– 無抵押	959,477	954,713
		10,383,993	9,663,500

24 借款(續)

(c) 於2016年12月31日，借款抵押情況如下：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

- (d) At 31 December 2016, the carrying value of assets secured for borrowings were as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment	物業、廠房及設備	2,348,569	2,351,237
Construction in progress	在建工程	1,266	93,833
Lease prepayments	租賃預付款項	66,215	67,711
Trade and other receivables	應收賬款及其他應收款項	50,503	67,132
Pledged bank deposits	已抵押銀行存款	1,078,735	—
		3,545,288	2,579,913

- (e) Other loans:

In 2015, Anqing Yingde, a subsidiary of the Group, borrowed entrust loan of RMB 100,000,000 from its non-controlling shareholder at an interest rate of 6.04% per annum. The entrust loan was due in 2016 and has been repaid by the Group.

In 2013, Zhangjiagang Yingding Gases Co., Ltd. ("Zhangjiagang Yingding"), a subsidiary of the Group, borrowed loans of RMB 200,000,000 from a third party trust company at an interest of 5.75% per annum, and the remaining loan balance of RMB 24,500,000 will be due in 2017.

24 借款(續)

- (d) 於2016年12月31日，就借款抵押的資產賬面價值如下：

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment	物業、廠房及設備	2,348,569	2,351,237
Construction in progress	在建工程	1,266	93,833
Lease prepayments	租賃預付款項	66,215	67,711
Trade and other receivables	應收賬款及其他應收款項	50,503	67,132
Pledged bank deposits	已抵押銀行存款	1,078,735	—
		3,545,288	2,579,913

- (e) 其他借款

2015年，本集團一附屬公司，安慶盈德從其非控股股東處借入委託貸款人民幣100,000,000元，年利率6.04%。該委託貸款已於2016年到期並償還。

2013年，本集團一附屬公司，張家港盈鼎氣體有限公司(「張家港盈鼎」)從第三方信託公司借入貸款人民幣200,000,000元，年利率5.75%，尚未償還借款餘額人民幣24,500,000元將於2017年到期。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

(f) Senior notes:

Yingde BVI issued senior notes with amount of USD 425,000,000 in 2013 (the "Senior Notes I") and USD 250,000,000 in 2014 (the "Senior Notes II", together as the "Senior Notes"), respectively.

The Senior Notes I bear interest at 8.125% per annum, payable semi-annually in arrears, and will be due in 2018. USD 150,000,000 would be used for capital expenditure and general corporate purposes and the remaining balance to refinance certain existing indebtedness.

The Senior Notes II bear interest at 7.25% per annum, payable semi-annually in arrears, and will be due in 2020. USD 100,000,000 would be used for capital expenditure, USD 100,000,000 to refinance certain existing indebtedness and the remaining balance for working capital and general corporate purposes.

In 2015, the Group repurchased the Senior Notes I of USD 4,000,000 (approximately RMB 25,310,000) and the Senior Notes II of USD 22,000,000 (approximately RMB 137,032,000) at an aggregate consideration of USD 22,889,000 (approximately RMB 142,774,000), and the gain of RMB 19,568,000 on repurchase was recognised in other income.

In 2016, the Group repurchased the Senior Notes I of USD 29,830,000 (approximately RMB 197,162,000) and the Senior Notes II of USD 7,171,000 (approximately RMB 47,397,000) at an aggregate consideration of USD 31,919,000 (approximately RMB 207,481,000), and the gain of RMB 37,078,000 on repurchase was recognised in other income.

24 借款(續)

(f) 優先票據：

盈德(英屬處女群島)分別於2013年和2014年發行了425,000,000美元(「優先票據I」)和250,000,000美元(「優先票據II」)的優先票據(合稱「優先票據」)。

優先票據I年息為8.125%，每半年支付一次，將於2018年到期。其中150,000,000美元用於資本性開支和公司基本用途，剩餘資金用於若干現有債務再融資。

優先票據II年息為7.25%，每半年支付一次，將於2020年到期。其中100,000,000美元用於資本性開支，100,000,000美元用於若干現有債務再融資，剩餘資金用於營運資金和公司基本用途。

本集團於2015年以總計22,889,000美元(約合人民幣142,774,000元)的對價回購了4,000,000美元(約合人民幣25,310,000元)優先票據I與22,000,000美元(約合人民幣137,032,000元)優先票據II，相關收益人民幣19,568,000元於其他收入中確認。

本集團於2016年以總計31,919,000美元(約合人民幣207,481,000元)的對價回購了29,830,000美元(約合人民幣197,162,000元)優先票據I與7,171,000美元(約合人民幣47,397,000元)優先票據II，相關收益人民幣37,078,000元於其他收入中確認。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

(f) Senior notes: (continued)

As at 31 December 2016, the Senior Notes I and Senior Notes II were respectively guaranteed by the Company and 5 subsidiaries, and the Company and 9 subsidiaries of the Company registered in Hong Kong and the BVI. The guarantee will be released upon the full and final payments of the Senior Notes respectively.

The Senior Notes are subject to the fulfilment of covenants relating to limitations on indebtedness and certain transactions of the Group, as are commonly found in issue of corporate bonds. The Group regularly monitors its compliance with these covenants. As at 31 December 2016, none of the covenants relating to the Senior Notes had been breached.

(g) Convertible notes and warrants:

On 24 November 2013, the Company and China Development Bank International Investment Ltd. ("CDB International") entered into an investment agreement whereby the Company agreed to issue and CDB International agreed to subscribe for (i) the principal amount of USD 25,000,000 (approximately equivalent to RMB 153,312,500) 8% coupon convertible notes, which could convert to approximately 22,024,148 shares, due 2015; and (ii) at nil consideration, 18,953,853 warrants exercisable to purchase ordinary shares of USD 0.000001 each in the capital of the Company, due 2016. The above convertible notes and warrants were issued on 2 December 2013.

As at 31 December 2016, the convertible notes and warrants were mature and no share was converted.

24 借款(續)

(f) 優先票據：(續)

於2016年12月31日，優先票據I由本公司及5家於香港和英屬處女群島註冊成立的附屬公司提供擔保，優先票據II由本公司及9家於香港和英屬處女群島註冊成立的附屬公司提供擔保。有關擔保責任將於該等優先票據最終獲悉數支付時分別解除。

優先票據要求本集團須履行對本集團債務及若干交易的限制的契約。相關契約是在發行公司債中常見的。本集團定期監控對該等契約的遵循情況。於2016年12月31日，本集團並無違反任何與優先票據有關的契約。

(g) 可轉股債券和認股權證：

於2013年11月24日，本公司與國開國際投資有限公司(「國開國際」)訂立一項投資協議，據此本公司同意發行及國開國際同意(i)認購本金為25,000,000美元(約相當於人民幣153,312,500元)之2015年到期8厘可轉股債券(約可轉股22,024,148股)；及(ii)無償認購18,953,853份之2016年到期可行使認股權證以購買本公司股本中每股面值0.000001美元之普通股。上述可轉股債券及認股權證於2013年12月2日發行。

於2016年12月31日，可轉股債券和認股權證已到期，並無轉股。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

24 BORROWINGS (continued)

(h) Corporate bonds:

On 13 October 2015, Hunan Yingde issued corporate bonds with amount of RMB 980,000,000 in the PRC being traded on the Shanghai Stock Exchange.

The corporate bonds bear interest at 5.48% per annum, payable annually in arrears and will be due in 2020 with issuer's option to adjust the nominal interest rate and the bondholders' right to request the issuer to redeem the corporate bonds at the end of the third interest accruing year. The proceeds would be used to supplement working capital, repay existing bank borrowings and invest in the construction of projects.

24 借款(續)

(h) 公司債券

湖南盈德於2015年10月13日於中國境內發行了於上海證券交易所交易之公司債券人民幣980,000,000元。

該公司債券年息5.48%，於每年年末支付，將於2020年到期，並附第三個計息年度發行人調整票面利率選擇權及投資者回售選擇權。所得款項將用於補充營運資金、償還現有銀行借款及投資項目建設。

25 TRADE AND OTHER PAYABLES

25 應付賬款及其他應付款項

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 month	一個月內	60,836	142,806
Over 1 month but within 3 months	逾期一至三個月	377,723	277,022
Over 3 months but within 6 months	逾期三至六個月	39,968	189,758
Over 6 months but within 12 months	逾期六至十二個月	92,847	1,111
Total trade and bills payable	應付票據與應付賬款總計	571,374	610,697
Payables for property, plant and equipment	物業、廠房及設備應付款項		
– third parties	– 第三方	773,926	965,377
– an associate	– 聯營公司	75	—
– a non-controlling shareholder	– 非控股股東	30,071	10,359
Amount due to an associate (Note (ii))	應付聯營公司款項(附註(ii))	—	270,000
Amount due to a joint venture (Note (ii))	應付合營公司款項(附註(ii))	103,223	93,528
Advance from a non-controlling shareholder	從非控股股東借入款項	—	4,394
Accrued expenses and other payables	預提費用及其他應付款項	370,538	331,153
		1,849,207	2,285,508

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

25 TRADE AND OTHER PAYABLES (continued)

Notes:

- (i) All the trade and other payables are expected to be settled within one year or repayable on demand.
- (ii) The amounts due to an associate and a joint venture are unsecured, interest free and have no fixed term of payment.

26 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2016, the Group had obligations under finance leases repayable as follows:

25 應付賬款及其他應付款項(續)

附註：

- (i) 所有應付賬款及其他應付款項預期於一年內或按要求償還。
- (ii) 應付一間聯營公司及一間合營公司款項為無抵押、免息及無固定還款期。

26 融資租賃負債

於2016年12月31日，本集團的應付融資租賃負債呈列如下：

		2016		2015	
		Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元	Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元
Within 1 year	一年內	223,674	233,580	190,241	196,059
After 1 year but within 2 years	一年後但兩年內	65,353	89,781	179,513	195,959
After 2 years but within 5 years	兩年後但五年內	39,376	59,355	33,282	40,377
After 5 years	五年後	11,163	23,248	12,060	25,983
		115,892	172,384	224,855	262,319
Total	總計	339,566	405,964	415,096	458,378
Less: total future interest expenses	減：未來利息費用總額		(66,398)		(43,282)
Present value of lease obligations	租賃負債現值		339,566		415,096

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

27 OTHER NON-CURRENT LIABILITIES

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Advance from a non-controlling shareholder	從非控股股東借入款項	15,680	11,288
Deferred revenue	遞延收益	41,097	42,088
		56,777	53,376

28 SHARE SCHEMES

(a) Share option scheme

On 16 October 2014, the Company granted in aggregate 1,225,000 share options to certain directors, subject to their acceptance, for the subscription of 1,225,000 ordinary shares under the Company's share option scheme adopted on 12 September 2009. The validity period of the share options is from 16 October 2014 to 15 October 2019 and the exercise price is HKD 6.62.

On 20 November 2015, the Company additionally granted in aggregate 2,607,500 share options to certain directors, subject to their acceptance, for the subscription of 2,607,500 ordinary shares under the Company's share option scheme adopted on 12 September 2009. The validity period of the share options is from 20 November 2015 to 19 November 2020 and the exercise price is HKD 3.35.

No minimum period for which the option must be held before it can be exercised. No share options were exercised during the year ended 31 December 2016.

The fair value of the share option granted to the directors is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the shares were granted.

27 其他長期負債

28 股份計劃

(a) 購股權計劃

於2014年10月16日，本公司根據於2009年9月12日採納之本公司購股期權計劃向部分董事授出合共1,225,000份購股期權，待董事接納方作實。購股期權計劃有效期自2014年10月16日至2019年10月15日，行權價為港幣6.62元。

於2015年11月20日，本公司根據於2009年9月12日採納之本公司購股期權計劃向部分董事額外授出合共2,607,500份購股期權，待董事接納方作實。購股期權計劃有效期自2015年11月20日至2020年11月19日，行權價為港幣3.35元。

並無有關購股期權行使前必須持有的最短期間的規定。截至2016年12月31日止年度並無購股期權行權。

其公允價值於授予日期使用二項式期權定價模式計量，並計及授予股權的條款及條件。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

28 SHARE SCHEMES(continued)

(b) Share allotment scheme

Pursuant to the Company's board resolution dated 8 July 2013 ("Adoption Date"), the Company adopted a share allotment scheme ("Share Allotment Scheme") to recognise the contributions by certain employees and to give incentives for them to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders, and to attract high caliber personnel for further development of the Group. On the same date, the Company entered into a trust deed with KCS Trust Limited ("Trustee") for the Share Allotment Scheme.

In October 2013, in accordance with the terms and conditions of the Share Allotment Scheme, the Company lent loans of HKD 158,878,000 (approximately equivalent to RMB 125,974,000) and allotted 22,600,000 shares to the Trustee at an issue price of HKD 7.03 per share (represents a discount of approximately 5% to the average closing price of the share for the last 30 trading days prior to the determination of issue price). The Trustee subscribed the shares allotted on behalf of the trust and settled the subscription amount out of the loans from the Company accordingly. The shares allotted represent approximately 1.24% of the total issued share capital of the Company immediately upon the completion of the allotment. The Trustee will hold the shares allotted in trust for those selected employees of mid-and-senior-level management of the Company ("Participating Employees") until such shares allotted are vested.

During 2014, two Participating Employees resigned from the Group, and their entitled allotted shares (200,000 shares in aggregate) were sold to the open market at market price.

At 1 January 2015, a total of 22,400,000 allotted shares were held by the Trustee for the purpose of satisfying the shares allotted to the existing Participating Employees pursuant to the Share Allotment Scheme.

28 股份計劃(續)

(b) 股份配發計劃

根據本公司2013年7月8日(「採納日」)的董事會決議案，本公司採納股份配發計劃(「股份配發計劃」)，以嘉許若干僱員所做的貢獻並激勵其致力於提升本公司價值和股東利益而努力工作，以及為本集團的進一步發展吸引優秀人才。同日，本公司與KCS Trust Limited(「受託人」)訂立關於股份配發計劃之信託契據。

於2013年10月，根據股份配發計劃之條款及條件，本公司向受託人借出總金額為158,878,000港元的貸款(約相當於人民幣125,974,000元)，並按發行價每股配發股份7.03港元(代表作出配發股份決定日期前30個交易日股份平均收市價5%的折讓)配發22,600,000股股份。因此，受託人已為信託安排認購了配發股份，並通過從本公司的貸款結算認購金額。配發股份佔本公司緊隨配發事項完成後已發行股本總額約1.24%。受託人以信託形式為被選定的本公司中高級管理團隊(「參與僱員」)持有配發股份，直至該等配發股份歸屬為止。

於2014年期間，本集團2名參與僱員辭職，其名下配發的股份(總計200,000股)以市場價於開放市場出售。

於2015年1月1日，合共22,400,000股股份由受託人持有，以滿足根據股份配發計劃配發股份予現有參與僱員。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

28 SHARE SCHEMES (continued)

(b) Share allotment scheme (continued)

In order to allot shares at a lower price to the existing Participating Employees to appreciate their long services to the Company as well as to offer an opportunity for some of the Company's new employees to participate in the Share Allotment Scheme, pursuant to the Company's board resolution dated 13 April 2015, the board approved to issue and allot up to 36,000,000 new shares to replace the above allotment made in 2013. The Company lent loans of HKD 201,240,000 (approximately RMB 159,402,000) and allotted 36,000,000 new shares to the Trustee at an issue price of HKD 5.59 per share (represents a discount of approximately 1.9% to the average closing price of the share for the last 30 trading days prior to the determination of the number of shares to be allotted) on 28 April 2015. The Trustee subscribed the shares allotted on behalf of the trust and settled the subscription amount out of the loans from the Company accordingly.

Subsequently, pursuant to the Company's board resolution dated 7 December 2015, the board approved to issue and allot up to 39,000,000 new shares to replace the allotment made in April 2015. The Company lent loans of HKD 129,480,000 (approximately RMB 106,857,000) and allotted 39,000,000 new shares to the Trustee at an issue price of HKD 3.32 per share (represents a discount of approximately 0.8% to the average closing price of the share for the last 30 trading days prior to the determination of the number of shares to be allotted) on 28 December 2015. The Trustee subscribed the shares allotted on behalf of the trust and settled the subscription amount out of the loans from the Company accordingly.

28 股份計劃(續)

(b) 股份配發計劃(續)

為向現有參與僱員以較低價格配發股份以感謝其長期服務本公司，並為本公司部分新僱員提供參與股份配發計劃的機會，根據本公司董事會於2015年4月13日之決議案，董事會已批准發行及配發最多36,000,000股新股份以取代2013年配發。本公司於2015年4月28日向受託人借出總金額為201,240,000港元的貸款(約相當於人民幣159,402,000元)，並按發行價每股配發股份5.59港元(代表作出配發股份決定日期前30個交易日股份平均收市價1.9%的折讓)配發36,000,000股新股份。受託人已為信託安排認購了配發股份，並通過從本公司的貸款結算認購金額。

隨後，根據本公司董事會於2015年12月7日之決議案，董事會已批准發行及配發最多39,000,000股新股以取代2015年4月配發。本公司於2015年12月28日向受託人借出總金額為129,480,000港元的貸款(約相當於人民幣106,857,000元)，並按發行價每股配發股份3.32港元(代表作出配發股份決定日期前30個交易日股份平均收市價0.8%的折讓)配發39,000,000股新股份。受託人已為信託安排認購了配發股份，並通過從本公司的貸款結算認購金額。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

28 SHARE SCHEMES (continued)

(b) Share allotment scheme (continued)

During the year ended 31 December 2016, three participating employees resigned from the Group and one participating employee be re-designated as a non-executive director of the Company, all the 2,400,000 shares allotted to them were forfeited.

At 31 December 2016, a total of 36,600,000 allotted shares were held by the Trustee for the purpose of satisfying the shares allotted to the existing Participating Employees pursuant to the Share Allotment Scheme.

The shares allotted held by the Trustee shall be fully vested by the Participating Employees on 16 September 2023 provided that the Participating Employees remain at all times after the date of grant till vesting date an employee and subject to the full repayment of the outstanding loan amounts relating to the relevant shares allotted.

The Share Allotment Scheme shall terminate on the thirteenth anniversary date of the Adoption Date.

The Company accounts for the fair value of the shares allotted as an expense over the period from the allotment date to 16 September 2023 with a corresponding increase in equity. The shares allotted are treated as treasury shares and no loan receivable from the Trustee is recognised until vesting of the Share Allotment Scheme.

28 股份計劃(續)

(b) 股份配發計劃(續)

於截至2016年12月31日止年度，三名參與僱員已自本集團離職及一名參與僱員獲委任為本公司非執行董事，配發予該等僱員的2,400,000股股份全部被沒收。

於2016年12月31日，合共36,600,000股股份由受託人持有，以滿足根據股份配發計劃配發股份予現有參與僱員。

受託人持有的配發股份應於2023年9月16日全額歸屬於參與僱員，前提是參與僱員於授出日至歸屬日一直身為僱員，且償還有關配發股份的全部貸款餘額。

股份配發計劃將於採納日起第十三周年之日終止。

本公司將配發股份的公允價值在配發日至2023年9月16日期間計入費用，並相應增加權益。在股份配發計劃歸屬前，配發股份作為庫存股處理，且不確認借予受託人之貸款。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

28 SHARE SCHEMES (continued)

(b) Share allotment scheme (continued)

(i) The number of shares allotted are as follows:

		2016	2015
Outstanding at the beginning of the year	年初餘額	39,000,000	22,400,000
Issued during the year	本年發行	—	75,000,000
Forfeited/Replaced during the year	本年廢止/取代	(2,400,000)	(58,400,000)
Outstanding at the end of the year	年末餘額	36,600,000	39,000,000
Exercisable at the end of the year	年末可行權	—	—

(ii) Fair value of shares allotted

The fair value of services received in return for shares allotted is measured by reference to the fair value of shares allotted. The estimate of the fair value of the shares allotted is measured based on a binomial option pricing model. The contractual life of the Share Allotment Scheme is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

The volatility is based on the historic volatility (calculated based on the weighted average remaining life of the Share Allotment Scheme), 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.

Shares allotted 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 Allotment Scheme.

28 股份計劃(續)

(b) 股份配發計劃(續)

(i) 配發股份數量如下：

		2016	2015
Outstanding at the beginning of the year	年初餘額	39,000,000	22,400,000
Issued during the year	本年發行	—	75,000,000
Forfeited/Replaced during the year	本年廢止/取代	(2,400,000)	(58,400,000)
Outstanding at the end of the year	年末餘額	36,600,000	39,000,000
Exercisable at the end of the year	年末可行權	—	—

(ii) 配發股份的公允價值

以配發股份獲得服務的公允價值，參考配發股份的公允價值進行計量。配發股份的公允價值通過二項式期權定價模式計量。股份配發計劃的合約期限作為該模式的一項輸入值，預期提前行權的情況亦包含於二項式期權定價模式。

波動率是基於歷史波動率（基於股份配發計劃加權平均剩餘年限計算），並根據有關未來波動率變動的公開信息進行調整。預計股息是基於歷史股息計算。主要輸入值假設的變動將會對公允價值的估計產生重要影響。

配發股份的授出受一項服務條件所限，該條件在評估授出日所獲服務的公允價值時並未予以考慮。股份配發計劃並無任何市場條件。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

29 SHARE CAPITAL

29 股本

		2016		2015	
		Number of shares 股份數目	Amount 金額 RMB'000 人民幣千元	Number of shares 股份數目	Amount 金額 RMB'000 人民幣千元
Authorised:	法定：				
Ordinary shares of USD0.000001 each	每股面值0.000001美元的普通股	50,000,000,000		50,000,000,000	
Issued and fully paid	已發行和繳足	1,793,173,500	12	1,793,173,500	12
Shares issued and replaced under Share Allotment Scheme (Note 28(b))	股份配發計劃已配發且被取代股份(附註28(b))	60,800,000	—	58,400,000	—
Shares issued under Share Allotment Scheme (Note 28(b))	股份配發計劃配發股份(附註28(b))	36,600,000	—	39,000,000	—
		1,890,573,500	12	1,890,573,500	12

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

30 RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2015	於2015年1月1日	12	2,919,808	9,319	(1,299,675)	1,629,464
Total loss for the year	本年虧損總額	—	—	—	(105,255)	(105,255)
Dividends approved in respect of the previous year	有關上年度的 已宣派股息	—	—	—	(369,867)	(369,867)
Interim dividends approved in respect of the current interim period	有關本年度中期的 已宣派股息	—	—	—	(111,094)	(111,094)
Effect on share schemes	股份計劃影響	—	—	17,325	—	17,325
At 31 December 2015	於2015年12月31日	12	2,919,808	26,644	(1,885,891)	1,060,573
At 1 January 2016	於2016年1月1日	12	2,919,808	26,644	(1,885,891)	1,060,573
Total loss for the year	本年虧損總額	—	—	—	(153,925)	(153,925)
Dividends approved in respect of the previous year	有關上年度的 已宣派股息	—	—	—	(264,680)	(264,680)
Interim dividends approved in respect of the current interim period	有關本年度中期的 已宣派股息	—	—	—	(262,790)	(262,790)
Effect on share schemes	股份計劃影響	—	—	45,827	—	45,827
At 31 December 2016	於2016年12月31日	12	2,919,808	72,471	(2,567,286)	425,005

Details of movements of the Company's share capital are set out in Note 29.

30 儲備及股息

(a) 權益組成部分之變動

本集團合併權益各組成部分的年初和年末的調節表已呈列在合併權益變動表中。本公司權益各組成部分的年初和年末的變動詳情呈列如下：

本公司股本變動詳情已呈報於附註29。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

30 RESERVES AND DIVIDENDS (continued)

(b) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interim dividend declared and paid of RMB 0.139 per ordinary share (2015: RMB 0.06)	宣派每股普通股人民幣0.139元的中期股息 (2015年：人民幣0.06元)	262,790	111,094
No final dividend proposed after the end of the reporting period (2015: RMB 0.14 per ordinary share)	於報告期末後無提議分派末期股息 (2015年：每股普通股人民幣0.14元)	—	264,680
		262,790	375,774

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB 0.14 per ordinary share (2015: RMB 0.20)	於本年內批准及已支付的上年度末期股息，每股普通股人民幣0.14元 (2015年：人民幣0.20元)	264,680	369,867

30 儲備及股息 (續)

(b) 股息

- (i) 本年應付予本公司股東的股息：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
宣派每股普通股人民幣0.139元的中期股息 (2015年：人民幣0.06元)	262,790	111,094
於報告期末後無提議分派末期股息 (2015年：每股普通股人民幣0.14元)	—	264,680
	262,790	375,774

- (ii) 於本年內批准及已支付予本公司股東上年度的股息：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
於本年內批准及已支付的上年度末期股息，每股普通股人民幣0.14元 (2015年：人民幣0.20元)	264,680	369,867

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

30 RESERVES AND DIVIDENDS (continued)

(c) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary courses of business.

(d) Statutory reserve

Pursuant to the Articles of Association of the Company's subsidiaries in the PRC, appropriations to the statutory reserve were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The statutory reserve can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(e) Other reserve

Other reserve mainly included the difference between the carrying value of non-controlling interest previously acquired and the consideration paid, the amount recognised within equity in respect of conversion of loan in prior years, and the fair value effect recognised for share schemes.

30 儲備及股息 (續)

(c) 股份溢價

根據開曼群島公司法，本公司的股份溢價賬可用作支付應派予股東的分派或股息，惟緊隨擬支付分派或派付股息日期後，本公司仍可在日常業務過程中償付其到期債務。

(d) 法定儲備

根據本公司在中國的附屬公司的組織章程細則，該等公司須按中國會計規則及規例的要求，將除稅後利潤的若干百分比分配至法定儲備。法定儲備可用於彌補累計虧損或增加附屬公司資本。除清盤外，該儲備不得用於分派。

(e) 其他儲備

其他儲備主要為以前收購非控股股東權益和支付對價的賬面價值的差額以及以前年度轉換貸款於權益中確認的金額，及股份計劃的公允價值影響。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

30 RESERVES AND DIVIDENDS (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 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.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and obligations under finance leases) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2016, the Group's strategy, which was unchanged from 2015, was to maintain the adjusted net debt-to-capital at reasonable level. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raised new debt financing or sell assets to reduce debt.

30 儲備及股息 (續)

(f) 資本管理

本集團管理資本的主要目標是保障本集團持續營運的能力，使其通過制定與風險水平相當的產品價格及按合理成本取得融資，能繼續為股東提供回報及為其他利益相關者提供利益。

本集團主動定期評估及管理其資本架構，旨在維持高股東回報(可能提高借款水平)與良好的資本狀況所帶來的裨益及保障間的平衡，並就經濟狀況變動調整資本架構。

本集團按照經調整淨負債資本比率的基準觀察資本架構。就此而言，經調整債務淨額界定為債務總額(包括計息貸款及借款，及融資租賃負債)，加上非累計擬派股息減現金及現金等價物。經調整資本包括股東權益減非累計擬派股息。

於2016年，本集團秉承2015年之策略，維持經調整淨負債資本比率於一個合理水平。為維持或調整比率，本集團會對派付予股東的股息金額作出調整、發行新股份、籌措新的債務融資或出售資產以減債。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

30 RESERVES AND DIVIDENDS (continued)

(f) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2016 and 2015 was as follows:

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Current liabilities:	流動負債：			
Borrowings	借款	24	3,878,769	1,603,338
Amount due to an associate	應付聯營公司款項	25	—	270,000
Amount due to a joint venture	應付合營公司款項	25	103,223	93,528
Advance from a non-controlling shareholder	從非控股股東借入款項	25	—	4,394
Obligations under finance leases	融資租賃負債	26	223,674	190,241
			4,205,666	2,161,501
Non-current liabilities:	非流動負債：			
Borrowings	借款	24	6,505,224	8,060,162
Advance from a non-controlling shareholder	從非控股股東借入款項	27	15,680	11,288
Obligations under finance leases	融資租賃負債	26	115,892	224,855
Total debt	債務總額		10,842,462	10,457,806
Add: proposed dividends	加：建議股息	30(b)	—	264,680
Less: cash and cash equivalents	減：現金及現金等價物	23	(736,855)	(678,450)
Adjusted net debt	經調整債務淨額		10,105,607	10,044,036
Total equity	權益總額		6,248,773	6,878,592
Less: proposed dividends	減：建議股息		—	(264,680)
Adjusted capital	經調整資本		6,248,773	6,613,912
Adjusted net debt-to-capital ratio	經調整淨負債資本比率		162%	152%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

本公司或其他任何附屬公司概不受外部資本規定限制。

30 儲備及股息 (續)

(f) 資本管理 (續)

於2016年及2015年12月31日本集團經調整淨負債資本比率如下：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) 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:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term employee benefits	短期僱員福利	14,251	11,946
Post-employment benefits	離職後福利	28	93
Expenses of share schemes	股份計劃費用	628	1,331
		14,907	13,370

Total remuneration is included in "staff costs" (see Note 6(b)).

31 重大關聯方交易

(a) 關鍵管理人員薪酬

本集團關鍵管理人員薪酬，包括在附註8披露的支付予本公司董事的款項及在附註9披露的支付予若干最高薪酬人士的款項，如下：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Short-term employee benefits	14,251	11,946
Post-employment benefits	28	93
Expenses of share schemes	628	1,331
	14,907	13,370

薪酬總額計入「員工成本」(參見附註6(b))。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

31 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with associates, joint ventures and non-controlling shareholders of the Group

During the year ended 31 December 2016, the Group had the following transactions with associates, joint ventures and non-controlling shareholders:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Advance to associates (net)	聯營公司借入款項(淨額)	5,500	25,000
Repayment of advance from an associate as a reduction of investment	償還預收聯營公司款項作為減資	270,000	—
Sales to an associate	對聯營公司的銷售	(126,694)	(316,321)
Sales to joint ventures	對合營公司的銷售	(46,836)	(74,798)
Sales to non-controlling shareholders	對非控股股東的銷售	(74,608)	—
Purchases from a non-controlling shareholder	從非控股股東採購	54,398	2,011
Purchase from an associate	從聯營公司採購	253	—
Purchase from a joint venture	從合營公司採購	427	—
Interest expenses related to advance from a non-controlling shareholder	從非控股股東借入款項的利息費用	1,207	1,252
Loan received from a non-controlling shareholder	從非控股股東借入款項	(630)	(100,000)
Repayment of loan from a non-controlling shareholder	償還非控股股東借款	100,000	—

None of the above related party transactions constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

31 重大關聯方交易(續)

(b) 與本集團的聯營公司、合營公司及非控股股東的交易

於截至2016年12月31日止年度，本集團有如下與聯營公司、合營公司及非控股股東的交易：

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Advance to associates (net)	5,500	25,000
Repayment of advance from an associate as a reduction of investment	270,000	—
Sales to an associate	(126,694)	(316,321)
Sales to joint ventures	(46,836)	(74,798)
Sales to non-controlling shareholders	(74,608)	—
Purchases from a non-controlling shareholder	54,398	2,011
Purchase from an associate	253	—
Purchase from a joint venture	427	—
Interest expenses related to advance from a non-controlling shareholder	1,207	1,252
Loan received from a non-controlling shareholder	(630)	(100,000)
Repayment of loan from a non-controlling shareholder	100,000	—

上述關聯交易未構成上市規則第14A章下之非豁免關連交易或持續關連交易。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

31 MATERIAL RELATED PARTY TRANSACTIONS (continued)

As at 31 December 2016, amounts due from/(to) associates, joint ventures and non-controlling shareholders:

			2016	2015
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Trade and other receivables	應收賬款及其他應收款項			
Trade receivables from joint ventures	於合營公司之應收賬款	21	13,384	55,952
Trade receivables from an associate	於聯營公司之應收賬款	21	309,759	261,821
Trade receivables from a non-controlling shareholder	於非控股股東之應收賬款	21	11,709	—
Amount due from an associate	應收聯營公司款項	21	25,000	25,000
Other non-current assets	其他非流動資產			
Prepayment for property, plant and equipment to an associate	預付聯營公司物業、廠房及設備款項	19	46,507	52,007
Borrowings	借款			
Loan from a non-controlling shareholder	於非控股股東之借款	24(c)	—	(100,000)
Trade and other payables	應付賬款及其他應付款項			
Amount due to an associate	應付聯營公司款項	25	—	(270,000)
Amount due to a joint venture	應付合營公司款項	25	(103,223)	(93,528)
Advance from a non-controlling shareholder	從非控股股東借入款項	25	—	(4,394)
Payable for property, plant and equipment to a non-controlling shareholder	應付非控股股東物業、廠房及設備款項	25	(30,071)	(10,359)
Payable for property, plant and equipment to an associate	應付聯營公司物業、廠房及設備款項	25	(75)	—
Other non-current liabilities	其他非流動負債			
Advance from a non-controlling shareholder	從非控股股東借入款項	27	(15,680)	(11,288)

31 重大關聯方交易(續)

於2016年12月31日，應收／(應付)聯營公司、合營公司及非控股股東的款項：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

Capital commitments outstanding at 31 December 2016 not provided in the financial statements were as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Contracted for	已訂約	801,647	1,272,965
Authorised but not contracted for	已授權但未訂約	7,495,538	6,846,008
		8,297,185	8,118,973

(b) Operating lease commitments

At 31 December 2016, the Group's total future minimum lease payments under non- cancellable operating leases are payable as follows:

		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Within 1 year	一年內	18,116	16,358
After 1 year but within 5 years	一年後但五年內	22,978	23,217
After 5 years	五年後	29,390	37,551
		70,484	77,126

None of the leases includes contingent rentals.

32 承擔及或有負債

(a) 資本承擔

於2016年12月31日，未償付而又未在財務報表中提撥準備的資本承擔呈列如下：

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Contracted for	801,647	1,272,965
Authorised but not contracted for	7,495,538	6,846,008
	8,297,185	8,118,973

(b) 經營租賃承擔

於2016年12月31日，根據不可撤銷經營租約本集團應付的未來最低租賃付款總值呈列如下：

	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
Within 1 year	18,116	16,358
After 1 year but within 5 years	22,978	23,217
After 5 years	29,390	37,551
	70,484	77,126

該等租賃不包括或有租金。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

32 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(c) Contingent liability in respect of legal claims

The Group is the defendant in certain lawsuit as well as the plaintiff in other proceedings arising in the ordinary course of business. In particular, the Group received arbitration complaint by customers for gas supply arrangements and claims from construction contractors for delay payment in the aggregate amount of RMB 185,305,000 (2015: RMB 378,675,000). The claims were still in progress and no final rulings were made as at 31 December 2016. Based on the legal opinions of the Group's PRC lawyer, the directors consider the claims are groundless or without merit and no provision is necessary. While the outcomes of such contingencies, lawsuit or other proceedings cannot be estimated at present, the directors believe that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to liquidity, credit, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

32 承擔及或有負債(續)

(c) 法律索賠的或有負債

本集團是若干法律訴訟中的被告，也是日常業務中出現的其他訴訟中的原告。其中包括部分客戶因供氣合同安排及建造服務商因付款延遲向本集團提出申訴，並索賠共計人民幣185,305,000元(2015年：人民幣378,675,000元)。截至2016年12月31日，該等申訴仍在進行中並尚未達致最終裁決。根據本集團中國律師的法律意見，董事認為該等申訴缺乏事實依據，無需計提準備。儘管目前無法確定這些或有事項、法律訴訟或其他訴訟的結果，董事相信任何由此引起的負債將不會對本集團的財務狀況或經營業績造成重大的負面影響。

33 財務風險管理及金融工具的公允價值

本集團所承擔的流動資金風險、信貸風險、利率風險以及貨幣風險在日常業務過程中產生。

本集團所承擔的該等風險和本集團用於管理這些風險的財務風險管理政策和慣例描述如下。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk

As at 31 December 2016, the Group's current liabilities exceeded its current assets by RMB 1,993,452,000 (2015: RMB 481,044,000).

In 2016 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as they fall due, and its ability to obtain adequate external financing to meet its committed future capital expenditures.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2017. Based on such forecast, the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during that period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the above-mentioned loan finance which may impact the operations of the Group during the next twelve-month period. The directors are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

33 財務風險管理及金融工具的公允價值(續)

(a) 流動資金風險

本集團於2016年12月31日之流動負債超出其流動資產人民幣1,993,452,000元(2015年: 481,044,000元)。

就2016年及以後年度，本集團的流動資金狀況主要取決於本集團維持足夠營運現金淨流入以應付償還到期債務之能力及本集團取得足夠外部融資以應付未來已承擔的資本性開支能力。

本公司董事對本集團截至2017年12月31日止12個月的現金流量預測進行了詳盡的審閱。根據這些預測，董事認為本集團的流動資金足以應付該期間的營運資金及資本性開支需求。在編製現金流量預測時，董事已充分考慮了本集團的歷史現金需求和其他主要因素，其中包括上述可能會影響本集團未來12個月期間營運的貸款的充裕程度。董事會認為，現金流量預測所包括的假設及敏感度是合理的。但是鑒於所有假設受不明朗因素所限，部分或全部的假設是有可能不會實現的。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk (continued)

The Group has to maintain a suitable level of liquidity to finance the daily operation, capital expenditure and repayment of borrowings. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's 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 end of the reporting period) and the earliest date the Group can be required to pay:

		2016						
		Total contractual undiscounted cash flow	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
		合同約定的非貼現現金流量總額	按要求	1年內	1年以上但2年內	2年以上但5年內	5年以上	
		賬面價值	賬面價值	賬面價值	賬面價值	賬面價值	賬面價值	賬面價值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Borrowings	借款	10,383,993	11,575,262	771,668	3,642,418	3,476,912	3,684,264	—
Trade and other payables	應付賬款及其他應付款項	1,849,207	1,849,207	—	1,849,207	—	—	—
Obligations under finance leases	融資租賃負債	339,566	405,964	—	233,580	89,781	59,355	23,248
		12,572,766	13,830,433	771,668	5,725,205	3,566,693	3,743,619	23,248

33 財務風險管理及金融工具的公允價值 (續)

(a) 流動資金風險 (續)

本集團須維持適當的流動資金水平以供日常經營、資本開支及償還借款。本集團的政策是定期監督現時和預期的流動資金需求，確保符合借款契約的規定，並確保本集團維持足夠的現金儲備以及從主要金融機構取得充足的承諾貸款額，以應付其短期及長期流動資金需求。

根據合同約定的非貼現現金流量 (包括根據合約利率計算的利息支付，或如屬浮動利率，按報告期末的利率計算) 及要求本集團償付的最早日期，下表詳述了於報告期末本集團的金融負債的餘下合約到期情況：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk (continued)

		2015						
		Total contractual carrying amount	undiscounted cash flow	On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		合同約定的非貼現現金	流量總額	按要求的	1年內	1年以上但2年內	2年以上但5年內	5年以上
		賬面價值	流量總額	按要求的	1年內	1年以上但2年內	2年以上但5年內	5年以上
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Borrowings	借款	9,663,322	11,214,066	85,066	2,065,474	1,814,037	7,249,489	—
Trade and other payables	應付賬款及其他應付款項	2,285,508	2,285,508	—	2,285,508	—	—	—
Obligations under finance leases	融資租賃負債	415,096	458,378	—	196,059	195,959	40,377	25,983
		12,363,926	13,957,952	85,066	4,547,041	2,009,996	7,289,866	25,983

33 財務風險管理及金融工具的公允價值 (續)

(a) 流動資金風險 (續)

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Credit risk and concentration risk

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 generally due within 30 to 45 days from the date of billing. Moreover, extended credit terms are granted to certain on-site customers depending on the credit assessment carried out by the management on an individual basis.

Significant amounts of revenue are derived from a limited number of on-site customers. 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 2016, 15% (2015: 26%) of the total trade debtors and bills receivable were due from the Group's five largest customers. The Group maintains stable business relationships with these large customers and generally has no significant credit risk with these customers. Trade receivables are denominated in RMB and are derived from revenues earned from operations arising in the PRC. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on trade receivables.

33 財務風險管理及金融工具的公允價值(續)

(b) 信貸風險及信貸集中風險

本集團的信貸風險主要源於應收賬款及其他應收款項。管理層有適當的信貸政策，並持續監督該等信貸風險。

本集團會對所有要求就超過某一金額的應收及其他應收款項獲得信貸的客戶進行個別信貸評估。信貸評估主要關注客戶的歷史到期付款記錄及目前的償付能力，並考慮其他與客戶特定的會計資料和客戶業務所在的經濟環境。應收賬款通常由結算單發出日期起30至45日內到期。此外，管理層會根據對若干現場供氣客戶所作的個別信貸評估，延長授予其信貸期。

收入主要來源於數目有限的現場供氣客戶。本集團信貸風險主要受每個客戶的個別特徵所影響。客戶所處行業及國家的違約風險對信用風險也會產生影響，但影響較前者小。於2016年12月31日，本集團前五大客戶應收賬款及應收票據的餘額佔應收賬款及應收票據合計金額的15%(2015年：26%)。本集團和該等大客戶保持有穩定的合作關係，因此對該等客戶一般沒有重大信貸風險。應收賬款以人民幣計價且由來自於中國業務所賺取的收入。本集團對其客戶的財務狀況持續進行信貸評估，一般而言不對應收賬款收取抵押品。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Credit risk and concentration risk (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 21.

The Group does not provide any guarantees which would expose the Group to credit risk.

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. 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.

At 31 December 2016, borrowings from banks of RMB 1,767,111,000 (2015: RMB 2,740,302,000) by the Group were issued with variable interest rate, which were as 17.0% (2015: 27.2%) of the Group's total borrowings (including finance lease liabilities and borrowings). Details of the interest rate profile of the borrowings are disclosed in Note 24.

At 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB 14,981,000 (2015: RMB 23,276,000).

33 財務風險管理及金融工具的公允價值(續)

(b) 信貸風險及信貸集中風險(續)

最大信貸風險為合併財務狀況表中每項金融資產的賬面價值。

本集團源於應收賬款及其他應收款項的信貸風險的定量披露詳載於附註21。

本集團並無提供任何可能令本集團承受信貸風險的擔保。

(c) 利率風險

本集團利率風險主要來自長期借款。浮動利率和固定利率的借款分別使本集團面臨現金流量利率風險及公允價值利率風險。

於2016年12月31日，本集團的浮動利率借款金額為人民幣1,767,111,000元(2015年：人民幣2,740,302,000元)，佔總借款(包括融資租賃負債及借款)的比例為17.0%(2015年：27.2%)。借款利率詳情已於附註24中披露。

於2016年12月31日，在其他變量不變的情況下，假定利率上升/下降100個基點將會導致本集團稅後利潤和保留盈利減少/增加約人民幣14,981,000元(2015年：人民幣23,276,000元)。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The analysis is performed on the same basis as 2015.

(d) Currency risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through PBOC or other institutions authorised to buy and sell foreign currencies. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in Renminbi. The Group is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in currencies other than Renminbi. Depreciation or appreciation of the Renminbi against foreign currencies can affect the Group's results.

33 財務風險管理及金融工具的公允價值(續)

(c) 利率風險(續)

對於報告日持有的、使本集團面臨公允價值利率風險的金融工具，上述敏感性分析中稅後利潤和保留盈利的影響是假設在報告日利率發生變動，按照新利率對上述金融工具進行重新計量後的影響。上述分析基於2015年相同的假設和方法。

(d) 貨幣風險

人民幣不可自由兌換為外幣。所有涉及人民幣的外匯交易均須通過中國人民銀行或其他經授權機構進行外匯買賣。外匯交易所採納的匯率為中國人民銀行所報的匯率，該匯率會因一籃子非特定貨幣的受控波動所規限。

外幣付款，包括中國境外盈利的匯款，均受外幣可用性(取決於本集團以外幣列值的盈利)的限制，或須經政府批准通過中國人民銀行安排。

本集團所有產生收入的經營活動都用人民幣交易。本集團用人民幣以外的其他貨幣計價的金融資產和金融負債需要承受外幣匯兌風險。人民幣對外幣貶值和升值均會影響本集團的業績。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period 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. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of the reporting date.

Exposure to foreign currencies (expressed in Renminbi)

外幣承擔(以人民幣列示)

		2016		2015			
		United States	Hong Kong	United States	Hong Kong		
		Dollars	Euros	Dollars	Euros		
		美元	歐元	美元	歐元		
		'000	'000	'000	'000		
		千元	千元	千元	千元		
Cash and cash equivalents	現金及現金等價物	102,891	49	48,521	159,803	31	24,989
Borrowings	借款	(5,445,415)	—	(1,083,393)	(5,325,596)	—	(749,398)
Trade and other payables	應付賬款及其他						
	應付款項	(96,057)	—	(1,721)	(16,349)	(13,772)	(10,275)
Net exposure arising from	資產及負債所產生						
recognised assets and liabilities	風險淨額	(5,438,581)	49	(1,036,593)	(5,182,142)	(13,741)	(734,684)

33 財務風險管理及金融工具的公允價值(續)

(d) 貨幣風險(續)

(i) 外幣風險承擔

下表詳列本集團於報告期末有關以實體功能貨幣以外的貨幣計值之資產或負債所產生的貨幣風險承擔。就呈列目的而言，風險承擔之金額以人民幣列示，並以報告期末即時匯率換算。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

A 5% strengthening of Renminbi against the respective foreign currencies at the respective reporting period end dates would increase profit after tax and retained earnings by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Effect on profit after tax and retained earnings 除稅後利潤及保留盈利影響	234,582	294,112

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2015.

33 財務風險管理及金融工具的公允價值(續)

(d) 貨幣風險(續)

(ii) 敏感性分析

於各報告期末，人民幣對各貨幣增值5%會使除稅後利潤及保留盈利增加的金額呈列如下。該分析假設其他所有變量，尤其是利率，保持不變。

	2016	2015
	RMB'000	RMB'000
	人民幣千元	人民幣千元

上述敏感性分析是假設報告期末匯率發生變動，以變動後的匯率對報告期末本集團持有的、面臨外匯風險的金融工具進行重新計量得出的。上述分析不包括由境外業務的外幣報表折算至本集團列報貨幣的折算差額。2015年的分析基於同樣的假設和方法。

Notes to the Financial Statements (continued)

財務報表附註(續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

33 財務風險管理及金融工具的公允價值(續)

(e) 公允價值

(i) 按公允價值計量的金融資產和金融負債

公允價值層級

下表按照國際財務報告準則第13號「公允價值計量」中規定的公允價值三層層級，列示了本集團於報告期末金融工具的公允價值。根據公允價值計量時採用輸入值的可觀察性和重要性，公允價值計量層級分類如下：

- 層級1：公允價值僅通過第1層級輸入值計量，即未經調整的活躍市場中相同資產或負債於計量日的報價。
- 層級2：公允價值通過第2層級輸入值計量，即不滿足第1層級條件的可觀察到的輸入值，並且不使用重要的不可觀察到的輸入值(不可觀察到的輸入值為不存在市場數據的輸入值)。
- 層級3：公允價值通過重要的不可觀察到的輸入值計量。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

- (e) Fair values (continued)
 - (i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The Group has appointed a third party performing valuations for capped forward exchange contracts which are categorised into Level 2, and warrants which are categorised into Level 3. Valuation reports with analysis of changes in fair value measurement are prepared by the Group or a third party at each interim and annual reporting date, and are reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

33 財務風險管理及金融工具的公允價值 (續)

- (e) 公允價值(續)
 - (i) 按公允價值計量的金融資產和金融負債(續)

公允價值層級(續)

本集團委任了第三方機構對上限遠期外匯合約以及認股權證進行估值。上限遠期外匯合約在公允價值計量層次中被歸類為第2層級，可轉股債券中的轉股期權和認股權證在公允價值計量層級中被歸類為第3層級。於每個中期和年度報告日，本集團或第三方機構會編製包含公允價值計量變動的評估報告，並由首席財務官審閱及批准。首席財務官與審核委員會每年對評估過程及結果進行兩次討論，與報告日期保持一致。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 於2016年 12月31日的 2016 公允價值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2016 categorised into 於2016年12月31日的 公允價值計量所屬層級		
		Level 1 第1層級 RMB'000 人民幣千元	Level 2 第2層級 RMB'000 人民幣千元	Level 3 第3層級 RMB'000 人民幣千元
Recurring fair value measurements 持續的公允價值計量				
Asset: 資產:				
Derivative financial instrument: 衍生金融工具:				
– Capped forward exchange contracts 上限遠期外匯合約	68,587	–	68,587	–
Liability: 負債:				
Derivative financial instrument: 衍生金融工具:				
– Warrants 認股權證	–	–	–	–

33 財務風險管理及金融工具的公允價值 (續)

(e) 公允價值 (續)

(i) 按公允價值計量的金融資產和金融負債 (續)

公允價值層級 (續)

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 於2015年 12月31日的 2015 公允價值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2015 categorised into 於2015年12月31日的 公允價值計量所屬層級		
		Level 1 第1層級 RMB'000 人民幣千元	Level 2 第2層級 RMB'000 人民幣千元	Level 3 第3層級 RMB'000 人民幣千元
Recurring fair value measurements				
持續的公允價值計量				
Asset:				
資產：				
Derivative financial instrument:	衍生金融工具：			
– Capped forward exchange contracts	– 上限遠期外匯合約	–	–	–
Liability:	負債：			
Derivative financial instrument:	衍生金融工具：			
– Warrants	– 認股權證	178	–	178

33 財務風險管理及金融工具的公允價值 (續)

(e) 公允價值 (續)

(i) 按公允價值計量的金融資產和金融負債 (續)

公允價值層級 (續)

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

During the years ended 31 December 2015 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of capped forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

33 財務風險管理及金融工具的公允價值 (續)

(e) 公允價值 (續)

(i) 按公允價值計量的金融資產和金融負債 (續)

公允價值層級 (續)

於2016年及2015年，第1層級與第2層級之間沒有發生轉換，也未發生從第3層級的轉入或轉出。本集團的政策是於相關公允價值層級轉換發生的報告期末進行確認。

第2層級公允價值計量中使用的估值技術和輸入值

第2層級中的遠期外匯合約的公允價值是採用對遠期外匯合同的行權價格與市場遠期價格之差折現的方法來確定。所使用的折現率為報告期末相關的國債收益率曲線加上適當的信用利差。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements

The fair value of warrants are determined using binomial option pricing model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 31 December 2016, the warrants were mature.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Conversion option embedded in convertible notes and warrants:	可轉股債券中的轉股期權和認股權證：		
At 1 January	於1月1日	178	2,268
Changes in fair value recognised in profit or loss during the year	於本年計入損益的公允價值變動	(178)	(2,090)
At 31 December	於12月31日	—	178
Total gain for the year included in profit or loss for liabilities carried at the end of the year	年末呈列的負債於本年計入當期損益的收益總額	(178)	(2,090)

33 財務風險管理及金融工具的公允價值(續)

(e) 公允價值(續)

(i) 按公允價值計量的金融資產和金融負債(續)

第3層級公允價值計量信息

認股權證的公允價值使用二項式期權定價模式計量，計量中使用的重要的不可觀察到的輸入值為預期波動率。公允價值的計量隨預期波動率成正相關。於2016年12月31日，認股權證已到期。

上述第3層級金融工具賬面價值於本年變動如下：

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

In respect of cash and cash equivalents, pledged bank deposits, trade and other receivables, current portion of receivables/obligations under finance lease, current portion of long-term borrowings, short-term borrowings, and trade and other payables, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

In respect of long-term borrowings, receivables/obligations under finance lease and long-term receivables, the carrying amounts are not materially different from their fair values at 31 December 2016 and 2015. The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

Unlisted investments for which their fair values cannot be reliably measured are stated at cost less impairment losses.

33 財務風險管理及金融工具的公允價值 (續)

(e) 公允價值 (續)

(ii) 按公允價值外計量的金融資產和金融負債的公允價值

就現金及現金等價物、已抵押銀行存款、應收賬款及其他應收款項、應收融資租賃款／融資租賃負債的即期部分、長期借款的即期部分、短期借款以及應付賬款及其他應付款項而言，由於該等金融工具的到期日相對較短，其賬面價值接近公允價值。

就長期借款、應收融資租賃款／融資租賃負債和長期應收款而言，於2016年及2015年12月31日賬面價值與公允價值無重大差異。公允價值以未來現金流量按相似金融工具的現行市場利率進行貼現估計。

對於公允價值無法可靠計量的非上市投資，按原值扣除減值虧損列示。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

34 公司層面財務狀況表

		2016	2015
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment, net	物業、廠房及設備，淨額	46	72
Investment in subsidiaries	於附屬公司的投資	4,165,517	4,338,345
Total non-current assets	非流動資產總額	4,165,563	4,338,417
Current assets	流動資產		
Other receivables	其他應收款項	4,631	825
Cash and cash equivalents	現金及現金等價物	53,439	14,293
Total current assets	流動資產總額	58,070	15,118
Current liabilities	流動負債		
Borrowings	借款	1,363,752	185,354
Amounts due to subsidiaries	應付附屬公司款項	2,400,702	2,464,844
Other payables	其他應付款項	34,174	10,127
Total current liabilities	流動負債總額	3,798,628	2,660,325
Net current liabilities	流動負債淨額	(3,740,558)	(2,645,207)
Total assets less current liabilities	資產總額減流動負債	425,005	1,693,210

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION 34 公司層面財務狀況表(續) (continued)

		Note	2016	2015
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Borrowings	借款		—	632,637
Total non-current liabilities	非流動負債總額		—	632,637
Net assets	資產淨值		425,005	1,060,573
Equity	權益	30(a)		
Share capital	股本		12	12
Reserves	儲備		424,993	1,060,561
Total equity	權益總額		425,005	1,060,573

Approved and authorised for issue by the board of directors on 13 April 2017.

董事會於2017年4月13日批准及授權刊發。

Zhongguo Sun

Director

董事

Trevor Raymond Strutt

Director

董事

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

35 POST BALANCE SHEET EVENT

Voluntary conditional cash offer by UBS AG, Hong Kong Branch on behalf of PAG ("the Offer").

On 3 March 2017, the Company received an offer from PAG to be made through UBS AG, Hong Kong Branch to acquire all the issued shares of the Company at the PAG Offers Price of HKD6 per Share in cash and to cancel all outstanding options under the share option scheme of the Company at a cancellation price of HKD6 less the exercise price in respect of the relevant option in cash.

On 7 March 2017, the Company received an announcement from PAG which set out the details of the Offer. On the basis of the consideration of HKD6 per share under Offer, the total consideration of the Offer is valued at approximately HKD11,288 million.

As refer to announcement made on 6 April 2017, the PAG Offers have become unconditional in all respects, taking into account of approximately 23.61% of issued share capital held by PAG and valid acceptance under the PAG Offers which resulted PAG and its Concert Parties holding an aggregate of approximately 53.87% of the issued share capital and voting rights of the Company. PAG is the largest shareholder of the Company.

According to the terms in the agreement of the Senior Notes (Note 22(f)), the Company is required to make an offer to purchase of all outstanding Senior Notes at a purchase price equal to 101% of the principle amount thereof plus accrued and unpaid interest no later than 30 days following a Change of Control Triggering Event, which is defined as the occurrence of both a Change of Control and a Rating Decline, as defined in the Senior Notes Agreement. The principal amount of the Senior Notes outstanding as at 31 December 2016 is USD611,999,000.

The Company considers that the potential acquisition of the Company's shares by PAG will not trigger the above "Change of Control Triggering Event" as the Company believes the completion of the above Offer will not result in a Rating Decline.

35 期後事項

有關由瑞士銀行香港分行代表太盟提出之自願附條件現金要約(「要約」)。

本公司於2017年3月3日自太盟接獲將通過瑞士銀行香港分行作出的要約，以按太盟發售價每股股份6港元以現金收購本公司的全部已發行股份並按6港元減相關尚未行使的購股權行使價的注銷價以現金注銷本公司購股權計劃項下的所有尚未行使的購股權。

於2017年3月7日，本公司接獲太盟的公告，公告中呈列了要約的詳情。基於股份要約項下每股要約股份之代價6港元計算，總計要約價值將約為11,288百萬港元。

根據2017年4月6日之公告，太盟要約於各方面已成為無條件，考慮到太盟已持有本公司約23.61%已發行股份，太盟要約下之股份有效接納致使太盟與其一致行動人合共持有本公司約53.87%已發行股份及投票權，太盟為本公司第一大股東。

根據優先票據(附註22(f))協議中的條款，若控制權變更事項發生，本公司需在不超過30天內以票面價值加應計未付利息的101%之回購價格贖回所有尚未償還有限票據。根據協議界定，控制權變更事項界定為控制權變更及信用評級下降的同時發生。於2016年12月31日，尚未償還的優先票據票據價值為611,999,000美元。

本公司認為倘上述要約完成將不會導致信用評級下降，故而本公司考慮太盟對本公司股份的潛在收購不會導致上述控制權變更事項。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

36 已頒佈但於截至2016年12月31日止年度尚未生效的修訂、新準則和詮釋可能帶來的影響

截至該等財務報表日期，國際會計準則理事會頒佈多項於截至2016年12月31日止年度尚未生效且於該等財務報表尚未採用之修訂、新訂準則及詮釋。其中以下準則可能與本集團有關：

	Effective for accounting periods beginning on or after 於下列日期或之後開始的 會計期間生效
Amendments to IAS 7, <i>Statement of cash flows: Disclosure initiative</i> 國際會計準則修正第7號，現金流量表：「主動披露」	1 January 2017 2017年1月1日
Amendments to IAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i> 國際會計準則修正第12號，所得稅：「對於未實現損失的遞延所得稅資產確認」	1 January 2017 2017年1月1日
IFRS 9, <i>Financial instruments</i> 國際財務報告準則第9號，金融工具	1 January 2018 2018年1月1日
IFRS 15, <i>Revenue from contracts with customers</i> 國際財務報告準則第15號，來自客戶合同的收入	1 January 2018 2018年1月1日
Amendments to IFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> 國際財務報告準則修正第2號，股份支付：「股份支付交易的分類與計量」	1 January 2018 2018年1月1日
IFRS 16, <i>Leases</i> 國際財務報告準則第16號，租賃	1 January 2019 2019年1月1日

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

The Group is in the process of making an assessment of what the impact of these amendments 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, except for the following.

IFRS 9 Financial Instruments

IFRS 9 replaces the existing guidance in IAS 39 Financial instruments: Recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programs. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

36 已頒佈但於截至2016年12月31日止年度尚未生效的修訂、新準則和詮釋可能帶來的影響(續)

本集團正在評估預期初步應用該等修訂期間造成的影響。至今結論為本集團採納該等修訂不大可能對本集團的營運業績及財務狀況造成重大影響，惟下列各項則屬例外。

國際財務報告準則第9號，金融工具

國際財務報告準則第9號取代國際會計準則第39號—金融工具：確認及計量的現有指引。國際財務報告準則第9號包括有關金融資產分類及計量的經修訂指引、計算金融資產減值的預期信貸虧損的新模式，以及一般對沖會計的新規定，同時沿用國際會計準則第39號有關確認及終止確認金融工具的指引。

國際財務報告準則第15號，來自客戶合同的收入

國際財務報告準則第15號就釐定應否確認收益、確認收益的金額和時間建立一個全面的框架，取代現有收益確認指引，包括國際會計準則第18號—收益、國際會計準則第11號—建造合約及國際(國際財務報告準則詮釋委員會)第13號詮釋—客戶忠誠度計劃，同時包括就取得或履行未列入其他準則的合約的成本撥充資本作出的指引，以及包括經擴大的披露規定。

Notes to the Financial Statements (continued)

財務報表附註 (續)

(Expressed in Renminbi)

(以人民幣列示)

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

IFRS 16 Leases

IFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces IAS 17 Leases and the related interpretations including IFRIC 4 Determining whether an arrangement contains a lease.

The Group does not plan to early adopt the above new standards or amendments. With respect to IFRSs 9, 15 and 16, given the Group has not completed its assessment of their full impact on the Group financial statements, their possible impact on the Group's results of operations and financial position has not been quantified.

36 已頒佈但於截至2016年12月31日止年度尚未生效的修訂、新準則和詮釋可能帶來的影響(續)

國際財務報告準則第16號，租賃

國際財務報告準則第16號就識別租賃安排及出租人和承租人的處理方法提供全面的指引。國際財務報告準則第16號引入單一承租人會計模式，據此，所有租約的資產及負債均予以確認，惟須遵守有限的例外情況，亦取代國際會計準則第17號－租賃及相關詮釋，包括國際（國際財務報告準則詮釋委員會）第4號詮釋－釐定安排是否包含租約。

本集團無意提早採納上述新準則及修訂。就國際財務報告準則第9、15及16號而言，鑒於本集團尚未完成該等準則對本集團財務報表的評估影響，故未能量化該等準則對本集團營運業績及財務狀況的影響。

Financial Summary

財務摘要

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

簡明合併綜合收益表數據摘要

		Year ended 31 December 截至12月31日止年度				
		2012	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收入	4,955,933	6,865,508	7,716,161	7,918,861	8,403,932
Gross profit	毛利	1,573,121	2,130,846	2,478,908	2,550,268	2,553,458
Profit from operations	經營收益	1,101,717	1,526,884	1,796,056	1,875,169	1,360,003
Profit before taxation	除稅前利潤	907,129	1,203,613	1,292,841	950,490	372,918
(Loss)/profit and total comprehensive income for the year	本年(虧損)/利潤及綜合收益總額	771,285	909,612	912,162	532,705	(148,176)
Attributable to:	應佔：					
Equity Shareholders of the Company	本公司權益持有人	770,117	907,896	903,905	535,941	(142,589)
Non-controlling interests	非控股股東權益	1,168	1,716	8,257	(3,236)	(5,587)

Financial Summary (continued)

財務摘要(續)

SUMMARY DATA OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

簡明合併財務狀況表數據摘要

		As at 31 December				
		於12月31日				
		2012	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total non-current assets	非流動資產總額	12,059,846	14,281,074	15,565,366	15,791,460	15,022,080
Total current assets	流動資產總額	2,733,255	2,270,694	3,685,708	3,782,983	4,200,498
Total assets	資產總額	14,793,101	16,551,768	19,251,074	19,574,443	19,222,578
Total current liabilities	流動負債總額	(5,819,348)	(3,743,337)	(4,653,982)	(4,264,027)	(6,193,950)
Total assets less current liabilities	資產總額減流動負債	8,973,753	12,808,431	14,597,092	15,310,416	13,028,628
Total non-current liabilities	非流動負債總額	(3,426,602)	(6,578,663)	(7,853,569)	(8,431,824)	(6,779,855)
Net assets	資產淨值	5,547,151	6,229,768	6,743,523	6,878,592	6,248,773
Total equity	權益總額	5,547,151	6,229,768	6,743,523	6,878,592	6,248,773

Corporate Information

公司資料

EXTERNAL AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

HONG KONG LEGAL ADVISOR

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

PRC LEGAL ADVISOR

Jun He Law Offices
32th Floor, Shanghai Kerry Center
1515 Nanjingxi Road
Shanghai, China

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre 183 Queen's Road East
Wanchai
Hong Kong

LISTING DATE

8 October 2009

AUTHORIZED REPRESENTATIVES

Mr. Zhongguo Sun
Mr. Trevor Raymond Strutt

外聘核數師

畢馬威會計師事務所
香港 中環
遮打道10號
太子大廈8樓

香港律師

司力達律師樓
香港 中環
康樂廣場1號
怡和大廈47樓

中國律師

君合律師事務所
中國 上海
南京西路1515號
上海嘉里中心32層

香港證券登記處

香港中央證券登記有限公司
香港 灣仔
皇后大道東183號
合和中心17樓
1712-1716號舖

上市日期

2009年10月8日

授權代表

Zhongguo Sun 先生
Trevor Raymond Strutt 先生

Corporate Information (continued)

公司資料(續)

STOCK CODE

02168

COMPANY WEBSITE

www.yingdegases.com

INVESTOR RELATIONS CONTACT

ir@yingdegas.com

HEADQUARTERS/PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3212-13
32/F., Tower Two
Times Square, Causeway Bay
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

股份代號

02168

公司網址

www.yingdegases.com

投資者關係部聯繫方式

ir@yingdegas.com

總部／香港主要營業地點地址

香港
銅羅灣時代廣場
二座三十二層
3212-13室

註冊辦事處

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Definitions

釋義

“Board”	the board of directors of our Company	「董事會」	指 本公司董事會
“Business Day”	a day that is not a Saturday, Sunday or public holiday in Hong Kong	「營業日」	指 在香港除星期六、星期日及公眾假期以外的日期
“CAGR”	Compound annual growth rate	「CAGR」	指 年複合成長率
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to “China” and the “PRC” do not include Taiwan, the Macau Special Administrative Region and Hong Kong	「中國」	指 中華人民共和國，僅就本年報及作地區參考而言，除文義另有所指外，本年報對於「中國」的提述並不包括台灣、澳門特別行政區及香港
“Director(s)”	directors of the Company	「董事」	指 本公司董事
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong	「港元」	指 港元，香港法定貨幣
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC	「香港」	指 中國香港特別行政區
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time)	「香港公司條例」	指 香港法例第622章公司條例（經不時修訂）

Definitions (continued)

釋義(續)

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited	「香港聯交所」指	香港聯合交易所有限公司
“Hunan Yingde”	Hunan Yingde Gases Company Limited* (湖南盈德氣體有限公司), a company established in the PRC on 29 October 2001 and a wholly-owned subsidiary of our Company	「湖南盈德」指	湖南盈德氣體有限公司，一間於2001年10月29日在中國成立的公司，為本公司的全資附屬公司
“IFRS”	International Financial Reporting Standards	「國際財務報告準則」指	國際財務報告準則
“independent third party”	a person or entity which is not a connected person of our Company	「獨立第三方」指	並非本公司關連人士的人士或實體
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)	「上市規則」指	香港聯合交易所有限公司證券上市規則(經不時修訂)
“Nm ³ /hr”	normal cubic meter/hour	「標準立方米／小時」指	標準立方米／小時
“Renminbi” or “RMB”	the lawful currency of the PRC	「人民幣」指	中國法定貨幣
“SAI Report”	the industry report dated 29 March 2017 entitled China Industrial Gas Market Analysis published by Strategic Analysis Inc.	「SAI報告」指	由Strategic Analysis Inc.於2017年3月29日刊發的中國工業氣體市場分析的行業報告
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)	「證券及期貨條例」指	香港法例第571章證券及期貨條例(經不時修訂)
“Share(s)”	ordinary share(s) with nominal value of US\$0.000001 each in the share capital of our Company	「股份」指	本公司股本中每股面值0.000001美元的普通股

Definitions (continued)

釋義(續)

“Share Option Scheme”	the share option scheme conditionally approved by our shareholders on 12 September 2009 and approved and adopted by the Board on 12 September 2009	「購股權計劃」指	我們的股東於2009年9月12日有條件地批准且由董事會於2009年9月12日批准並採納的購股權計劃
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction	「美國」指	美利堅合眾國、其領土、屬地及其司法管轄範圍內的所有地區
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States	「美元」指	美元，美國法定貨幣
“Yingde BVI”	Yingde Gases Investment Limited* (盈德氣體投資有限公司), a company incorporated in the British Virgin Islands on 18 April 2006 and a wholly-owned subsidiary of our Company and investment holding company in our Group	「盈德(英屬處女群島)」指	盈德氣體投資有限公司，一間於2006年4月18日在英屬處女群島註冊成立的公司，為本公司的全資附屬公司及本集團的投資控股公司

In this annual report:

- “Company”, “our Company”, “our”, “we” and “us” refer to Yingde Gases Group Company Limited 盈德氣體集團有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2007 and, except where the context otherwise requires, include all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;
 - “Group” means our Company and its subsidiaries from time to time; and
 - the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.
- * denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only

於本年報內：

- 「公司」、「本公司」、「我們的」及「我們」指盈德氣體集團有限公司，一間於2007年9月25日在開曼群島註冊成立的獲豁免有限公司，除文義另有所指外，包括其所有附屬公司，或如文義所指其註冊成立之前的任何時間，則指其前身或其現有附屬公司的前身所從事且其於隨後承擔的業務；
 - 「本集團」指本公司及其不時的附屬公司；及
 - 除文義另有所指外，「聯繫人」、「關連人士」、「關連交易」、「控股股東」、「附屬公司」及「主要股東」等詞彙具備上市規則所賦予的涵義。
- * 表示中國公司或實體的英文譯名(反之亦然)，僅供識別。



YINGDE GASES GROUP COMPANY LIMITED
盈德氣體集團有限公司